Annual Report 2010

efficiency in food and energy processes.

GEA Group: Key IFRS figures

(EUR million)	Q1-Q4 2010	Q1-Q4 2009	Change in %
Results of operations			
Order intake	4,578.0	4,080.7	12.2
Revenue	4,418.4	4,411.2	0.2
Order backlog	2,414.0	2,164.1	11.5
EBITDA before restructuring expenses	463.5	433.7	6.9
as % of revenue	10.5	9.8	–
EBIT before restructuring expenses	356.8	333.2	7.1
as % of revenue	8.1	7.6	–
EBIT	237.5	268.2	-11.4
as % of revenue	5.4	6.1	–
EBT	174.8	209.2	-16.5
Profit after tax from continuing operations	133.5	161.4	-17.3
Profit after tax from discounted operations	0.2	0.3	-38.8
Profit for the period	133.7	161.7	-17.3
Net assets			
Total assets	5,105.0	4,994.4	2.2
Equity	1,895.3	1,735.0	9.2
as % of total assets	37.1	34.7	–
Working capital (reporting date) [1]	444.6	481.7	-7.7
Working capital (average) [2]	549.6	721.9	-23.9
as % of revenue [3]	12.4	16.4	–
Net liquidity [4/5]	104.8	47.1	> 100
Gearing in [% 4/6]	-5.5	-2.7	–
Financial position			
Cash flow from operating activities	298.4	540.6	-44.8
Capital employed (reporting date) [7]	2,828.5	2,846.7	-0.6
Capital employed (average) [2]	2,934.0	2,883.1	1.8
ROCE in % [2/8/9]	12.2	11.6	–
ROCE in % (goodwill adjusted) [2/8/10]	20.8	18.2	–
Capital expenditure on property, plant and equipment	87.9	135.4	-35.1
Employees (reporting date) [11]	20,386	20,693	-1.5
GEA Shares [12]			
Earnings per share from continuing operations	0.72	0.87	-17.8
Earnings per share from discontinued operations	0.00	0.00	-38.8
Earnings per share	**0.72**	**0.87**	**-17.8**
Weighted average number of shares outstanding (million)	183.8	183.8	–

1) Working capital = inventories + trade receivables - trade payables - advance payments received
2) Average of the past 12 months
3) Working capital (average) / revenue
4) Including discontinued operations
5) Net liquidity (+) or net debt (-) = cash and cash equivalents + marketable securities - liabilities to banks
6) Gearing = net debt (+) or net liquidity (-) / equity
7) Capital employed = noncurrent assets + working capital
8) ROCE = EBIT before restructuring expenses / capital employed (average)
9) Capital employed including goodwill from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999
10) Capital employed excluding goodwill from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999
11) Full-time equivalents (FTE) excluding vocational trainees and inactive employment contracts
12) EUR

Comparison of Segments by Key Figures

GEA Farm Technologies (FT)

(EUR million)

	2010 (2009)
Order intake	448.5 (389.6)
Revenue	446.7 (411.8)
EBIT*	21.9 (18.5)
EBIT margin (%)*	4.9 (4.5)

2010
2009

GEA Heat Exchangers (HX)

(EUR million)

	2010 (2009)
Order intake	1,506.0 (1,418.7)
Revenue	1,483.4 (1,623.4)
EBIT*	114.3 (142.0)
EBIT margin (%)*	7.7 (8.7)

2010
2009

GEA Mechanical Equipment (ME)

(EUR million)

	2010 (2009)
Order intake	740.4 (685.1)
Revenue	725.4 (717.5)
EBIT*	116.3 (99.3)
EBIT margin (%)*	16.0 (13.8)

2010
2009

GEA Process Engineering (PE)

(EUR million)

	2010 (2009)
Order intake	1,416.1 (1,148.3)
Revenue	1,288.5 (1,144.0)
EBIT*	91.3 (73.9)
EBIT margin (%)*	7.1 (6.5)

2010
2009

GEA Refrigeration Technologies (RT)

(EUR million)

	2010 (2009)
Order intake	579.6 (526.6)
Revenue	563.7 (565.6)
EBIT*	28.3 (19.4)
EBIT margin (%)*	5.0 (3.4)

2010
2009

GEA Group

(EUR million)

	2010 (2009)
Order intake	4,578.0 (4,080.7)
Revenue	4,418.4 (4,411.2)
EBIT*	356.8 (333.2)
EBIT margin (%)*	8.1 (7.6)

2010
2009

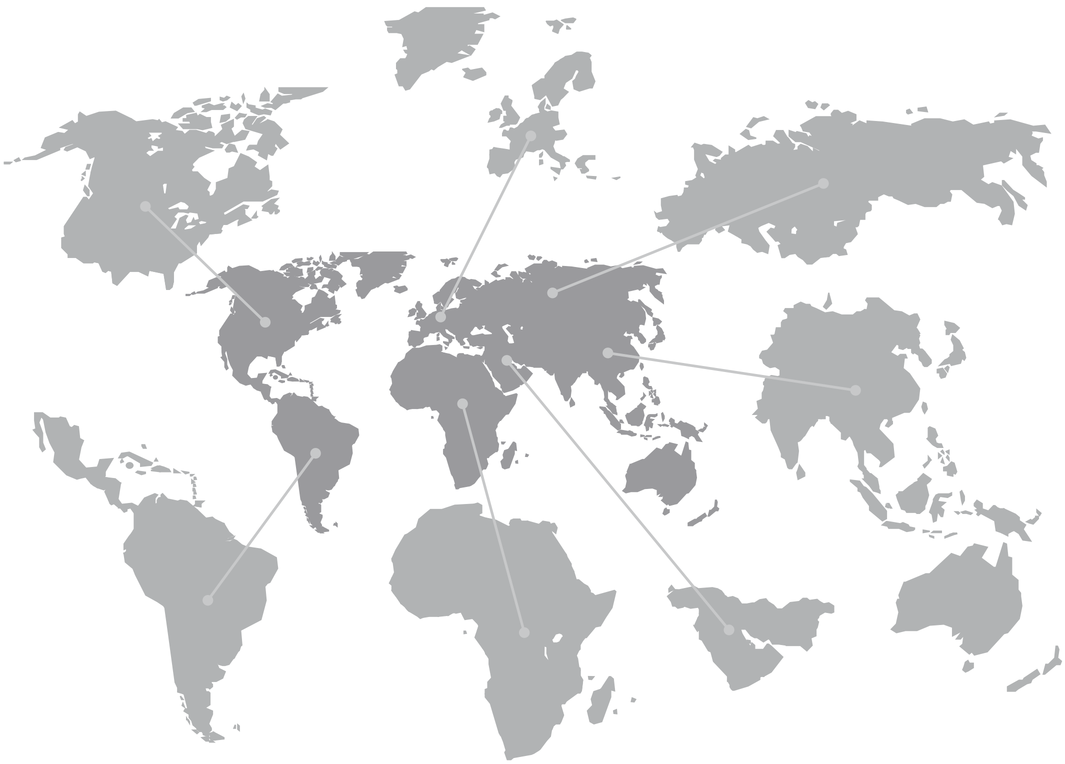
* EBIT before restructuring

GEA Group 2010: Globally Active

North America
2,163
604.8 million

Western Europe
12,947
1,786.4 million

Eastern Europe
1,369
419.0 million



Latin America
561
282.7 million

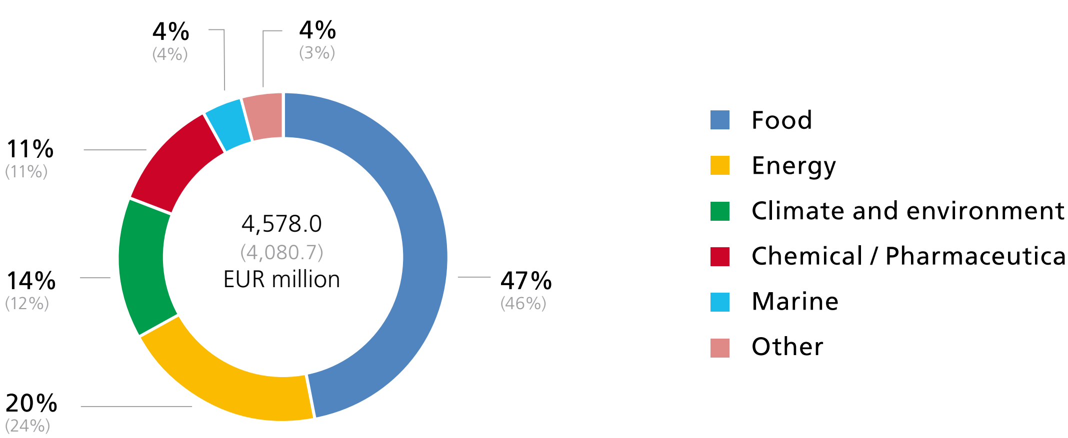
Africa
511
234.7 million

Middle East
205
280.7 million

Asia / Pacific
2,629
969.7 million

=Employees
=Order intake

Order intake by end markets / customer industries 2010 (2009)



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Jürg Oleas,
Chairman of the Executive Board
of GEA Group Aktiengesellschaft

Dear Shareholders,

The past fiscal year saw a clear economic recovery all over the world. The positive overall conditions also had an effect on GEA's performance during this period. The order intake rose by 12.2 percent year-on-year to total EUR 4,578 million. As expected, revenue remained on a par with the previous year at EUR 4,418 million, due to the time lag between order intake and revenue recognition.

As part of the new segment structure for the Group that we started implementing in 2009 and in particular of our bundling of all heat exchanger activities in the GEA Heat Exchangers Segment, we introduced a comprehensive restructuring program that has laid the foundations for a leaner organizational structure and faster workflows. This will allow us to react even faster and more flexibly to our competitive environment. All locations in which action was required were identified in the course of the past fiscal year and provisions established for the associated one-time expenses. This resulted in an aggregate expense of EUR 119 million in the year under review. No further restructuring programs are planned.

Earnings before interest, tax, and restructuring expenses amounted to EUR 357 million. This means we achieved the goal we set ourselves at the beginning of the fiscal year of revenue, earnings, and return on sales that are at least on a par with the previous year. Earnings per share amounted to EUR 0.72 after adjustment for the one-time expenses associated with the reorganization mentioned above. The fact that, once again, no losses were incurred overall from discontinued operations also had a positive effect.

Liquidity

Our net liquidity amounted to EUR 105 million at the year-end, up EUR 58 million on the comparative figure for the end of 2009. In addition to a further reduction in working capital, this was mainly due to the fact that we trimmed back our investment programs and extended their duration. Investment projects were reviewed in light of our reorganization and the regional shifts in the global markets. The extension in advance and/or replacement of credit lines due to expire in 2011 means that we have secured GEA's financial flexibility going forward.

Share price

GEA's shares recorded an above-average performance, despite the volatility seen in the first half of the year. They reached their 52-week high of EUR 21.86 on December 29 and closed the year on December 30 at EUR 21.63. This corresponds to a 39 percent increase in the course of the year. As a result, GEA's shares clearly outperformed the benchmark DAX and MDAX indices. The strategic and operational measures introduced to realign the group and to enhance earnings made a decisive contribution to this encouraging development. In addition, the announcement of our acquisition of Convenience Food Systems (CFS) and Bock helped lift GEA's share price at the end of the year. These acquisitions are still subject to approval by the antitrust authorities.

Employees

We have resolved that a renewed bonus in the aggregate amount of EUR 3.0 million will be paid for fiscal year 2010 to employees below the level of senior management as a token of our appreciation. On behalf of all Executive Board members, I would like to take this opportunity to thank all our staff for their dedication and their outstanding achievements. I would also like to expressly include the employee representatives in my thanks, who consistently contributed to finding practical solutions even in difficult situations.

The fifth tranche of the Performance Share Plan offered to senior managers for the period from 2010 to 2013 was subscribed for by 66 percent of the participants eligible for it in August 2010. As was the case for previous tranches, the requirement for participation is that managers use their own money to purchase GEA shares via the stock exchange and hold them for at least three years. In this context, the second tranche from 2007 was paid out in 2010. The high participation rate from the outset reflects the confidence that our managers have in the Company's medium-and long-term success.

New group headquarters

In the course of the past year we resolved to move GEA Group's headquarters to Düsseldorf Airport. This location reflects the international nature of our business and offers the opportunity for even closer integration with the segments, all of which will be represented at the new complex.

New segment

On December 20, 2010 we acquired CFS, which is domiciled in Bakel in the Netherlands. The transaction is subject to approval by the relevant antitrust authorities and will probably close in the first half of 2011. CFS primarily develops, manufactures, and delivers process and packaging technology for protein foods (meat, fish, and cheese) and expects revenue in the past fiscal year of approximately EUR 400 million. GEA's acquisition of CFS gives the Company an entry into the new and steadily growing food processing and packaging area. It also provides a basis for additional acquisitions to further round off the product portfolio. CFS will be integrated into the group structure as a new segment.

Outlook

Under the assumptions described in the management report, we are expecting order intake and revenue in 2011 to increase by at least 5 percent. To this must be added the volume of business attributable to the acquisitions of CFS, Bock, and Mashimpeks, which would contribute slightly less than EUR 500 million in a notional full year. Depending on when initial consolidation takes place, these companies will contribute to GEA's sales figures for roughly 6 to 9 months in 2011.

All segments are expected to contribute to the organic growth of our business volume in 2011. The breakdown of sales by customer industry is unlikely to change dramatically. From a regional perspective, the share accounted for by Western Europe will decline, whereas our business with Asia will continue to grow in importance. Eastern Europe, the Middle East, and Latin America should also see slightly above-average growth.

With regard to earnings, we expect that the EBIT margin will climb to approximately 9 percent. No further significant one-time expenses are expected for 2011. This also applies to the discontinued operations.

We are continuing our strategy of acquiring companies that provide GEA with an entry into new markets or that selectively expand our range of offerings in existing markets. This will enable us to provide our customers with a single-source solution for an ever-broader range of processes.

Dividend

The Executive Board and Supervisory Board will propose a dividend of EUR 0.40 per share for 2010 to the Annual General Meeting. Our ongoing goal of distributing one-third of the group's earnings as a dividend remains unchanged. For the past fiscal year, the figure is in fact significantly in excess of this.

Sincerely,

Jürg Oleas
Chairman of the Executive Board

The new GEA Center at Dusseldorf Airport

The GEA Group

GEA Group Aktiengesellschaft is one of the largest suppliers of process technology and components for the food and energy industries. As an international technology group, the Company focuses on sophisticated production processes. In 2010, GEA generated consolidated revenues in excess of EUR 4.4 billion, 70 percent of which came from the food and energy sectors, which are long-term growth industries. The group employed over 20,000 people worldwide as of December 31, 2010. GEA Group is a market and technology leader in its business areas.

The group's enduring success is founded on a number of major global trends:

1. The continuous growth in the global population,
2. The growing demand for high-quality foods, beverages, and pharmaceutical products,
3. The growing need for energy,
4. The increasing demand for production methods that are efficient and conserve valuable resources.

GEA Farm Technolgies

GEA Farm Technologies is one of the world's leading manufacturers of integrated product solutions for profitable milk production and livestock farming. The segment's combined expertise in the areas of milking and refrigeration technology, automatic feeding systems, professional slurry management systems, and barn equipment provides today's farmers with a complete range of products and solutions. Services and animal hygiene solutions round off its profile as a full-line systems provider for farms of all sizes. The segment's sales strategy is built upon a global network of specialist dealers and of sales and service partners.

GEA Heat Exchangers

GEA Heat Exchangers provides products and systems for numerous areas of use, ranging from air conditioning systems to cooling towers. Boasting what is probably the largest portfolio of heat exchangers worldwide, the segment is able to supply, from a single source, the optimal solution for every conceivable application and also offer customers professional support with project planning.

GEA Mechanical Equipment

GEA Mechanical Equipment specializes in separators, decanters, valves, pumps, and homogenizers – high-quality process engineering components that ensure seamless processes and cost-effective production in almost all major areas of industry worldwide. At the same time, such equipment helps reduce production costs and protect the environment in a sustainable manner.

GEA Process Engineering

GEA Process Engineering specializes in the design and development of process solutions for the dairy, brewing, food, pharmaceutical, and chemical industries. The segment is the acknowledged market and technology leader in the following business areas: liquid processing, concentration, industrial drying, powder processing and handling, and emission control.

GEA Refrigeration Technologies

GEA Refrigeration Technologies is a market leader in the field of industrial refrigeration technology. The segment develops, manufactures, and installs key components and innovative technical solutions for its customers. To ensure complete customer satisfaction, GEA Refrigeration Technologies also offers a broad range of maintenance and other services. Its product range comprises the following core components: reciprocating and screw compressors, valves, chillers, ice generators, and freezing systems.

Executive Board of GEA Group Aktiengesellschaft

Members of the Executive Board of GEA Group with the five Segment Heads at Düsseldorf Airport

Jürg Oleas, Chairman of the Executive Board

Jürg Oleas, a Swiss national born on December 8, 1957 in Quito, Ecuador, was appointed as Chairman of the Executive Board effective November 1, 2004. His period of office runs until December 31, 2013. Jürg Oleas has been a member of the Company's Executive Board since May 1, 2001. He heads the GEA Farm Technologies and GEA Heat Exchangers Segments. Mr. Oleas also continues to perform his duties as Director of Industrial Relations.

Dr. Helmut Schmale, Chief Financial Officer

On April 22, 2009, Dr. Helmut Schmale, born on November 9, 1956 in Gelsenkirchen, Germany, took over as Chief Financial Officer on the Executive Board, of which he has been a member since April 1, 2009. Dr. Schmale has been appointed until March 31, 2012.

Niels Graugaard, Member of the Executive Board

Niels Graugaard, born on February 4, 1947 in Copenhagen, Denmark, has been a member of the Executive Board since August 1, 2007. He heads the GEA Mechanical Equipment, GEA Process Engineering, and GEA Refrigeration Technologies Segments. Mr. Graugaard has been appointed until July 31, 2013.

Management Report

Preparation of a Combined Management Report

GEA Group Aktiengesellschaft is the strategic management holding company and as such controls the group. Profit and loss transfer agreements are in place with key domestic subsidiaries. In addition, GEA Group Aktiengesellschaft performs central financial and liquidity management. It also provides its subsidiaries with services on the basis of service agreements.

Since the performance of the business, the economic situation, and the opportunities and risks associated with future development of GEA Group Aktiengesellschaft do not differ from the performance of the business, the economic situation, and the opportunities and risks associated with future development of the group, the management report of GEA Group Aktiengesellschaft has been combined with that of the group in accordance with section 315(3) of the Handelsgesetzbuch (HGB – German Commercial Code). In contrast to the consolidated IFRS financial statements, the annual financial statements are based on the HGB, supplemented by the Aktiengesetz (AktG – German Stock Corporation Act).

Organization and Structure

Basic strategic principles and segmentation of the group

GEA Group is managed in accordance with four basic strategic principles:

Market leadership: The units in GEA Group focus on their respective core technologies and are leaders in their sales markets worldwide.

Technology leadership: GEA Group consistently promotes a pronounced innovation culture and by that continuously renews its technological edge.

Earnings orientation: GEA Group considers profitability more important than volume and practices systematic portfolio management and strict cost control.

Calculated risks: Active risk management, stability based on diversification, and a focus on the markets of the future are binding principles for all GEA Group business units.

In fiscal year 2010, GEA Group was reorganized into five operating segments. GEA Farm Technologies and GEA Heat Exchangers are headed by Jürg Oleas, and GEA Mechanical Equipment, GEA Process Engineering, and GEA Refrigeration Technologies by Niels Graugaard.

Pending approval by the antitrust authorities, Convenience Food Systems (CFS) – acquisition of which was agreed upon at the end of 2010 – will be added to the group as a new operating segment (GEA Food Processing) in fiscal year 2011 (see page 40 et seqq.).

The reporting segment “Other” comprises the holding company and those companies with business activities that do not form part of the core business. In the main, this means service companies.

Holding group structure

At an organizational level, GEA Group is a group that is structured into segments and headed by a listed strategic management holding company, GEA Group Aktiengesellschaft. This company performs all general functions for the entire group. These comprise the group-wide management of strategic, human resources, legal, and tax matters, mergers & acquisitions, supply management, central financial management, group controlling, group accounting, group communications, investor relations, and internal audit.

Business Activities

Description of business activities and competitive position

As an international technology group, GEA Group focuses on the development and production of process technology and components for sophisticated and efficient production methods in a variety of end markets. GEA Group is a market and technology leader in 90 percent of its business areas. The Company is one of the world’s largest systems providers for producers operating in the food and energy sectors – both of which are long-term growth markets, in which it generates approximately 70 percent of its revenue.

The group’s enduring success is founded on a number of major global trends:

1. The continuous growth in the global population,
2. The growing demand for high-quality foods, beverages, and pharmaceutical products,
3. The growing need for energy,
4. The increasing demand for production methods that are efficient and conserve valuable resources.

The group’s operating segments are described in detail below:

GEA Farm Technologies Segment

GEA Farm Technologies is one of the world’s leading manufacturers of integrated product solutions for profitable milk production and livestock farming. The segment’s combined expertise in the areas of milking and refrigeration technology, automatic feeding systems, professional slurry management systems, and barn equipment provides today’s farmers with a complete range of products and solutions. Services and animal hygiene solutions round off its profile as a full-line systems provider for farms of all sizes. The segment’s sales strategy is built upon a global network of specialist dealers and of sales and service partners.

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GEA Mechanical Equipment specializes in separators, decanters, valves, pumps, and homogenizers – high-quality process engineering components that ensure seamless processes and cost-effective production in almost all major areas of industry worldwide. At the same time, such equipment helps reduce production costs and protect the environment in a sustainable manner.

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GEA Process Engineering specializes in the design and development of process solutions for the dairy, brewing, food, pharmaceutical, and chemical industries. The segment is the acknowledged market and technology leader in the following business areas: liquid processing, concentration, industrial drying, powder processing and handling, and emission control.

GEA Refrigeration Technologies Segment

GEA Refrigeration Technologies is a market leader in the field of industrial refrigeration technology. The segment develops, manufactures, and installs key components and innovative technical solutions for its customers. To ensure complete customer satisfaction, GEA Refrigeration Technologies also offers a broad range of maintenance and other services. Its product range comprises the following core components: reciprocating and screw compressors, valves, chillers, ice generators, and freezing systems.

Internal management system

Basis of information

Group reports are prepared with the aid of standard applications that are precisely tailored to the needs of GEA Group and subject to continuous enhancement. For the reporting of net assets, financial position, and results of operations, standard reports prepared on the basis of unified data are used throughout the group. These standard reports are supplemented by ad hoc evaluations as well as analyses and reports related to specific businesses and strategic measures. Corporate planning – which, along with the budget, covers a further two planning years – and risk reporting are both based on the same reporting and consolidation system that is used for reporting actual figures.

Routine reporting procedures are also supplemented by committee meetings that provide members of group management with an opportunity to share information on strategic and operational issues. In addition to regular Executive Board meetings, which take place every two weeks, a meeting of the Extended Management Board, attended by Executive Board members and segment heads, is also held every two months. Whereas Executive Board meetings concentrate on issues of relevance to the group as a whole, the meetings of the Extended Management Board serve to prepare decisions that have a direct impact on the segments, before these pass to the Executive Board for approval. In addition, regular meetings (jours fixes) are held at least four times a year. These are attended by the Executive Board member responsible for the relevant segment along with the CFO, management members from the segment, and selected heads of department at the holding company. Such meetings provide for a detailed discussion of net assets, financial position, and results of operations as well as planning and operational issues concerning the segment. Ad hoc meetings for each segment are also held to discuss earnings for the latest fiscal year and the business plan for the following years.

Key performance indicators

GEA Group's overriding goal is to achieve sustainable growth in enterprise value. The return on capital employed (ROCE) provides the key performance indicator for measuring the value added that is generated by the group's operating activities. It therefore figures in both the group's regular reporting activities and the calculation of variable, performance-related elements of management remuneration. In order to further operationalize ROCE as the prime performance indicator, the ROCE drivers EBIT or EBIT margin, working capital, and the ratio of working capital to revenue are also continuously monitored. Investment as a component of capital employed is managed by means of a multilevel approval process. The differental between expected ROCE and the weighted average cost of capital (WACC) is a key criterion for investment and portfolio decisions. The performance of these key indicators is presented in section 10 ("Segment reporting") of the notes to the consolidated financial statements

The group calculates WACC on the basis of the following factors: costs of equity, as based on the return yielded by an alternative, risk-free investment plus a market risk premium; actual borrowing costs; and the interest rate employed for discounting pension obligations.

In addition, during the planning and implementation of restructuring measures, there was a focus on capacity- and productivity-related performance indicators as a means of monitoring the effectiveness of such measures.

A careful analysis of order intake and revenue, broken down by region and customer industry, is conducted on a monthly basis in order to identify emerging market trends as early as possible. For the purposes of portfolio enhancement, developments in sales, earnings, and margins in the business units below the segment level are also monitored.

In order to facilitate a rapid response to projected developments, monthly forecasts for the segments were once again produced in 2010 with regard to the following key performance indicators for the year as a whole: order intake, revenue, and EBIT before and after restructuring expenses. In addition, there was continuous analysis of both the realized and projected effects of restructuring measures.

Management of capital employed

Strategic planning and medium-term planning are the basis upon which resources are allocated within the group. They provide the framework for preparing key decisions on core technologies, sales markets, and other strategically important variables.

Acquisitions and expansion investments are assessed not only on the basis of key performance indicators showing potential returns, but also in terms of their importance for achieving the group's strategic goals. The key economic criterion for evaluating rationalization and replacement investments is the expected return compared with the cost of capital. The payback period is also calculated as an additional benchmark for assessing the risk arising from changing economic conditions. The management of working capital begins at the level of the payment conditions that are offered or negotiated, even before an order is accepted.

Project- and measure-based management

In addition to general management with the aid of the key performance indicators described above, the group has established individual assessment and approval procedures for customer and investment projects, utilizing specific thresholds for the different hierarchy levels. Customer projects are evaluated primarily on the basis of their expected margins (gross margin and fully absorbed cost basis) and their commercial and contractual risk profile, with a particular focus on cash flow. Project management is also backed up by extensive project controlling not only at operating unit level but also at segment and group level, where a separate reporting system is used for major contracts, depending on scaled criteria relating to size. At group level, the analysis focuses on deviations between the approved and the expected or realized contract margin. In many cases, the findings gained from this analysis yield suggestions for improving internal processes, which can be used in subsequent projects.

In fiscal year 2010, reporting and controlling procedures were also used to monitor reorganization measures in individual segments (see page 40), particularly in the GEA Heat Exchangers Segment. As implementation of reorganization measures at GEA Heat Exchangers will continue well into fiscal 2011, this segment will remain the focus of attention.

Compliance

The Executive Board has summarized its corporate governance principles in a Code of Conduct, which is supplemented by further guidelines, in particular regarding anticorruption and antitrust issues. These requirements were communicated throughout the group in fiscal year 2008 (see www.geagroup.com/de/ir/corporate_governance.html). The Code of Conduct and guidelines are designed to ensure that GEA Group's business practices comply fully with German legislation and the Company's internal rules. Each operating unit and each superordinate organizational level has appointed a staff member responsible for compliance issues. In addition, a Compliance Committee has been established to advise the Chief Compliance Officer, who reports to the Chairman of the Executive Board and the Supervisory Board's Audit Committee. Further information on the issue of compliance can be found in the Corporate Governance Report (see page 50 et seqq.).

Remuneration system and financial performance management

The development of key value drivers is also reflected in managers' remuneration. Variable, performance-related salary components are determined on the basis of ROCE and its key variables EBIT, EBIT margin, and the ratio of working capital to revenue. The payment of these performance-related components also depends on the achievement of personal goals. A further component of Executive Board remuneration is based on the performance of the GEA share price in relation to the MDAX.

Engineering, production, and investment

The companies of GEA Group develop and produce components, machines, systems, and plant primarily on a make-to-order basis for a broad range of industries. Customers include, in particular, producers from the food and beverages sectors, and companies that produce or consume energy in a manner designed to conserve valuable resources. With its global engineering and production network, the group is able to provide customers with solutions precisely tailored to their individual requirements. Customers also benefit from our flexible production concepts, which ensure fast throughput, low costs, and low capital commitment..

Capacity has increased in recent years as a result of a powerful expansion in business volume and various acquisitions, thus leading to some overlapping between individual areas of business. This additional capacity has been subjected to rigorous scrutiny in line with the global reorganization of the group and has been aligned with future challenges (see page 40). As part of this review, we have reduced the number of production facilities within the GEA Heat Exchangers Segment and created larger units, wherever possible in growth regions or at low-cost locations. However, we have retained our proven decentralized structure, complete with local decision-making responsibilities. In the area of production, we expect substantially improved efficiency as a result of a reduction in the multiplicity of products, some of which had the same function, and from a systematic standardization that has cut the number of parts we produce. In addition, a decrease in the number of production facilities will also lead to a reduction in inventory and therefore to a lower working capital commitment

Concentration and expansion of global production network

Five years on from the modernization of the GEA plant in Wurzen/Germany, European production of air-handling units is now to be concentrated at this location. In the first instance, existing production capacity is to be enlarged. This will be followed by the construction of additional plant buildings for the new production center on a site purposely acquired for the expansion. Once the work has been completed in Wurzen, the production expertise of three existing locations will be concentrated at the new plant. The creation of larger production facilities ensures, among other things, better capacity utilization for machinery and avoids bottlenecks in production. It also enables the group to react more rapidly and flexibly to customer inquiries and to enhance our capacity planning. In turn, this will mean even shorter delivery times in the future. Concentrating know-how in a new center of excellence also brings another advantage: Potential improvements in production can be identified more easily and realized more rapidly.

The GEA Mechanical Separation Segment manufactures separators and decanters in Germany and France. A new global production concept provides for investment in the following strategic areas: reducing process and production costs for each manufactured unit, shortening the process chain, securing a leading position in production technologies, and achieving greater market proximity to customers and suppliers. In order to achieve these goals, the segment began construction of a new separator plant in Wuqing/China in the year under review. Production is scheduled to start as early as 2011. The new site, which adjoins the existing production plant of GEA Heat Exchangers, occupies an area of 80,000 sqm. An option on the same area again has been negotiated with the Chinese authorities. Wuqing is located southeast of Beijing and offers an ideal infrastructure along with a well-trained workforce. Production at the new plant will therefore concentrate largely on products that are in demand in Asian markets.

In addition, the segment intends to expand its existing production operation in India, starting in 2011. In the first instance, this will increase production capacity for small decanters used in environmental projects. In Oelde/Germany, the production facility for both custom-made and standard separators is being modernized and reorganized. Oelde will therefore remain the center of excellence for bowl finishing, sheet metalworking, and surface finishing.

The GEA Process Engineering Segment has enlarged its production facility in Shijiazhuang/China from 6,800 sqm to 8,800 sqm. The plant, which is operated by GEA Process Engineering China Ltd. (GPCN), produces a range of components, including evaporators, filters, containers, tanks, fluid-bed dryers, and blenders.

In March 2010, work started on a new engineering center in Vadodara/India for the GEA Process Engineering Segment. In the future, more than 100 engineers will be employed here, developing process solutions for the Indian market and export markets in Asia.

Unchanged acquisition strategy

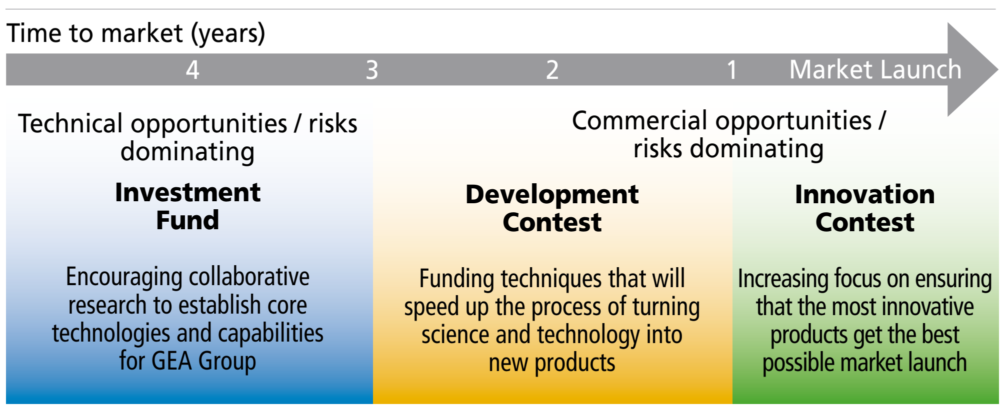
GEA Group continues to enlarge its product portfolio and strengthen its regional market coverage on the basis of selected investments and acquisitions. This strategy also provides it with the leverage to hedge against global exchange rate fluctuations and to exploit more favorable cost structures in the areas of production, purchasing, and logistics. The group's acquisitions of fiscal year 2010 are presented in detail on page 40 et seqq. and in section 5 (page 109 et seqq.) of the notes to the consolidated financial statements.

Research and development

In today's global markets, an engineering corporation such as GEA Group needs to show an enduring commitment to developing and refining its own processes and technologies. It is this culture of innovation that helps secure its continued commercial success. In addition to pursuing its own intensive research and development (R&D) activities, the group also encourages research cooperation with its customers.

At GEA Group, R&D activities are conducted on a decentralized basis at the individual segments and business units. This also facilitates direct cooperation with the customer. The potential drawbacks of a decentralized R&D structure are more than offset by cooperation between individual segments and a global exchange of knowledge throughout the group.

The culture of innovation at GEA Group has also given rise to a globally unified knowledge management system and three cross-segment innovation competitions.



The GEA Innovation Contest, which has been running with great success for a number of years now, provides a showcase for development projects that are potentially twelve months away from market launch. The winners at the segment level get to present their projects during a day at the annual international meeting of the group's senior managers. The three segments that present the most-promising developments in terms of market opportunities, earnings potential, chances of realization, and level of innovation are awarded total prize money of EUR 1.5 million as an addition to their development budget.

The overall winner in 2010 was the GEA Process Engineering Segment with a new integrated system for the aseptic filling of PET bottles. At present, PET bottle performs, only a few centimeters in length, are first inflated to the required size and shape. Only then are the bottles washed and disinfected in a laborious process requiring large amounts of water, energy, and chemicals. With the new GEA Procomac process, by contrast, only the small preform must be sterilized, thus cutting production costs per bottle by around 10 percent.

In 2010, an Innovation Fair was once again held in parallel to the GEA Innovation Contest. This event provides a platform for R&D managers from throughout the group to present their latest activities, identify areas for cross-segment cooperation, and discuss future innovation strategies. At the same time, it also offers those attending the meeting of senior management a concise overview of the latest technological developments throughout the segments.

The GEA Development Contest, which was inaugurated in 2009, is designed to foster promising new product ideas that are at an early stage of the development process and still require up to three years until market launch. This competition, too, involves group-wide presentation events and offers prize money of varying amounts.

In addition, a third innovation competition was launched in 2010. The GEA Investment Fund is aimed at product ideas that are still at an embryonic stage, and for which there are feasibility studies available but no prototypes. It is chiefly directed at projects that are the fruit of cooperation between individual group segments or with external companies and organizations. Among the prizewinners was a process currently under development by GEA Heat Exchangers and GEA Refrigeration Technologies, which is designed to recuperate the energy liberated during the vaporization of liquefied natural gas (LNG).

Companies of GEA Group filed applications for 61 (2009: 76) new patents in fiscal year 2010. Over this period, the group employed a total of 407 R&D employees, compared with 412 in 2009. Direct R&D expenses in the group amounted to EUR 72.7 million, compared with EUR 70.3 million in the previous year. In the year under review, GEA Group therefore invested 1.6 percent of revenue in R&D, as in the previous year.

Research and development (R&D) expenses (EUR million)	Q4 2010	Q4 2009	Change (%)	Q1-Q4 2010	Q1-Q4 2009	Change (%)
Refunded expenses (contract costs)	4.9	3.5	40.3	12.4	14.9	-16.3
Non-refunded R&D expenses	12.5	10.0	25.4	60.3	55.4	8.7
Total R&D expenses	**17.4**	**13.5**	**29.3**	**72.7**	**70.3**	**3.4**
R&D ratio (as % of revenue)	**1.3**	**1.1**	**–**	**1.6**	**1.6**	**–**

Procurement

Procurement activities at GEA Group are coordinated on a cross-segment basis, with the procurement of components and semifinished products organized by region and strategic commodity group. In addition, the procurement of logistics and travel services is managed centrally so as to achieve savings and make processes more efficient.

In parallel to a relocation of engineering and manufacturing activities, the group is also successively expanding its procurement activities in countries with low wage costs. Here, a careful distinction is drawn between purchased parts that are critical and those that are noncritical. By standardizing components and semifinished products, purchasing volumes have been increased in each category and thereby savings achieved. This process of standardization will continue.

The purchasing volume of GEA Group amounted to approximately EUR 2.3 billion in 2010. In many cases, the group was able to renegotiate with major suppliers in the first quarter of the year and bring conditions into line with the actual market situation. A concentration on selected suppliers has also slightly reduced the price of steel as well as the costs of reworking copper and aluminum products. Despite these measures, factors that are determined by market prices and are not susceptible to influence, such as alloy surcharges, have led overall to price increases for bought-in components and semifinished products.

Overall, the prices of raw materials, particularly metals, rose steadily after the first quarter of 2010. This trend is expected to continue in 2011. Although targeted hedging, in the case of aluminum and copper, along with risk diversification and other hedging activities, did reduce price volatility, such measures were only able to partially curb the strong rise in prices.

The environment

GEA Group fully recognizes its responsibility toward the environment. The group not only ensures that its own processes along the value chain are based on ecological principles, but also supplies efficient products and thereby helps its customers to protect the environment. As a rule, these customers employ very energy-intensive processes, with the result that factors such as energy consumption, emission levels, and waste reduction are now playing an increasingly significant role in their capital investment decisions. For many years now, solutions from GEA have provided the benchmark for a successful combination of economy and ecology.

Although energy consumption and emission levels are relatively low in the mechanical engineering sector, GEA regularly scrutinizes all areas of its operations for any potential for further improvements. A rich source of ideas in this respect is the GEA workforce, which contributes via the group's own knowledge management system. With respect to the group's production activities, measures taken to protect the environment frequently exceed the statutory requirements – as confirmed by environmental certification according to DIN EN ISO 14001. Production-integrated environmental protection, conservation of resources, vertical integration, and comprehensive health and safety are all standard practice throughout the group. This means, for example, that production waste is sorted and, wherever possible, recycled. Any further environmental impact is largely avoided through the use of exhaust gas filters and collecting vessels, and through the treatment and recycling of process liquids.

In the view of GEA Group, climate change around the world also creates a major opportunity for innovative technologies to help solve many of the problems of our time. Energy consumption is now an increasingly important factor in the overall costs incurred by a machine or item of equipment over its total lifetime, with the result that energy efficiency has become a key design criterion. Among the group's many innovations in this area are the new GEA Ultra-Denco HVAC systems, which provide air conditioning at an exact temperature and humidity. Specially designed for use in data centers, they feature a new configuration of enhanced components – heat exchangers, filters, valves, and, in particular, fans – that minimizes pressure drops in air and water, thus reducing power consumption by more than 50 percent. Further savings can be achieved by combining the systems with GEA chillers that feature a free-cooling function.

When it comes to sustainability, water and its conservation also play a key role in the design of systems and solutions from GEA. Around one-fifth of consolidated revenue is generated by products that are related in some way with the careful management of this precious resource. These include bottling systems that require substantially less water for cleaning purposes, air-cooled condensers that operate with a closed circuit without any water loss, efficient generator coolers, a range of cooling towers for different types of power plant (wet and dry cooling), and separators and decanters for the production of drinking water or for wastewater treatment plants. For the engineers at GEA, it is always their priority to ensure that a new process uses as little water, or reprocesses as much of it, as possible.

As in previous years, GEA Group took part in the Carbon Disclosure Project (CDP) survey in 2010. CDP is an independent, not-for-profit organization currently representing more than 500 institutional investors. Each year, it gathers information on the greenhouse gas emissions of major listed corporations and their strategies to combat climate change. The results are then made available to current and potential investors. In the survey, GEA also provided information on its assessment of the opportunities and risks that climate change entails for the company and the measures it employs to protect the climate. From a GEA Group perspective, any potential risks arising from a shift in demand will at the very least be offset by equally large opportunities to supply customers with energy-efficient solutions from our wide range of products. In our view, the days when economy and ecology were conflicting goals in the field of process technology and engineering are very much in the past. By using machinery, components, systems, and plant produced by GEA, our customers make an important contribution toward climate protection.

GEA Group also contributes regularly to the debate on climate change in its company magazine GENERATE. In this way, the group is able to show how innovative products and processes from across its portfolio combine maximum operating efficiency with the greatest environmental compatibility in a host of applications all over the world.

Discontinued Operations

All in all, discontinued operations did not have any material impact on group earnings. As in previous years, this relates to the residual risks remaining from the sale of plant engineering activities, the continued process of winding-up the business operations of Ruhr-Zink, and individual legal disputes.

With the exception of residual work on one plant, the major elements of which were handed over to the customer in fiscal 2010, all plants of the former Lurgi Division – for which a risk-sharing agreement was included in the share purchase agreement – have now been handed over to customers. Furthermore, an agreement regarding disputed purchase price adjustments has been reached with Lurgi's French buyer, Air Liquide Group. The remaining risks ensuing from the sale of Lurgi relate to the ongoing warranties for a number of plants due to the contract losses to be assumed on the basis of the risk-sharing agreement, and the standard warranties and guarantees with regard to legal and tax issues resulting from intercompany agreements. Overall, less risk materialized from these contractual arrangements in fiscal 2010 than was previously expected, with the result that risk provisions of almost EUR 4 million have been reversed.

Contrary to expectations, the remaining two projects still underway for AE&E Lentjes Group could not be handed over to customers in 2010. In line with the share purchase agreement signed with Lentjes' Austrian buyer, AE&E Group, companies of GEA Group have an obligation to assume losses with regard to these projects. These involve a waste incineration plant, for which the customer has already issued a declaration of acceptance (subject to certain conditions), and a flue gas desulfurization plant. It is expected that the plants will be handed over to customers in the next few months. In the case of one project, AE&E Lentjes Group is no longer actively involved in project execution, as the risks have passed internally to the other partner in the consortium. A-TEC Group, the Austrian owner of AE&E Lentjes Group, ran into financial difficulties in fiscal year 2010. In December 2010, the creditors agreed to a recapitalization plan. According to current assessments, AE&E Lentjes Group is not immediately affected by the financial difficulties of its parent. The order portfolio that remained with GEA companies after the sale of AE&E Lentjes Group had a negative impact on earnings of approximately EUR 2 million.

The business operations of Ruhr-Zink have been largely wound up and most of its business assets sold. A number of options still exist for the further use of Ruhr-Zink's former production site in Datteln. The measures to be undertaken in this regard will depend on the intended type of usage.

In addition, the legal dispute relating to a plant constructed in Ingolstadt for Esso was settled in 2010. This had a positive, if slight, impact on earnings. At the same time, provisions recognized in respect of costs and risks relating to the action brought by the insolvency administrator of Polyamid 2000 AG, which was dismissed in 2009, have been reversed. Further details of pending legal disputes in relation to discontinued operations are contained in the report on risks and opportunities (see page 61 et seqq.).

Earnings from discontinued operations in fiscal 2010 also reflect legal and consulting fees of approximately EUR 2 million.

Summary of Business Development

The explanation of our Group's business development now follows the new organizational structure with five segments. The relevant prior-year information that was still reported by two operating segments has been adjusted to enhance comparability.

The quarterly information contained in this Management Report is sourced from quarterly financial reports that were not audited or reviewed.

Economic environment

The macroeconomic environment in 2010 was driven by the economic upturn, although the pace of growth has slackened to a certain extent. The International Monetary Fund (IMF) estimates that gross domestic product (GDP) grew globally by 4.8 percent in 2010. The IMF estimates that the volume of global trade picked up again significantly by 11.4 percent last year, following the 11.0 percent slump in 2009. The dynamic growth rates recorded by the emerging economies significantly contributed to the global economic recovery. The IMF estimates that the emerging economies in Asia grew by 9.4 percent, and those in Latin America by 5.7 percent.

Following the strong recovery in the first half of 2010, the pace of growth weakened slightly in the industrialized nations. Economic indicators such as the ifo World Economic Climate index or the Composite Leading Indicator published by the Organization for Economic Cooperation and Development (OECD) were flat or trended downwards slightly. However, economic trends in the individual eurozone countries remain very uneven. The U.S. economy showed first signs of recovery on the back of global economic growth and government support measures towards the end of 2010.

The German economy continued its positive trend, although the pace of growth there eased slightly in the third and fourth quarters, as expected. Overall, the German economy recorded strong growth in 2010 and recovered most of the losses it suffered because of the crisis. According to preliminary estimates by the Federal Statistical Office, German GDP grew by 3.6 percent in 2010, following a drop of 4.7 percent in the previous year. This was the strongest growth rate recorded since German reunification.

The German Engineering Federation (VDMA) recorded 36 percent year-on-year growth in the industry's order intake in real terms in 2010. Domestic business rose by 29 percent in Germany, while demand from outside the country climbed by 39 percent.

Order intake

The global economy staged a significant recovery in the past fiscal year. The overall positive environment also boosted GEA's performance.

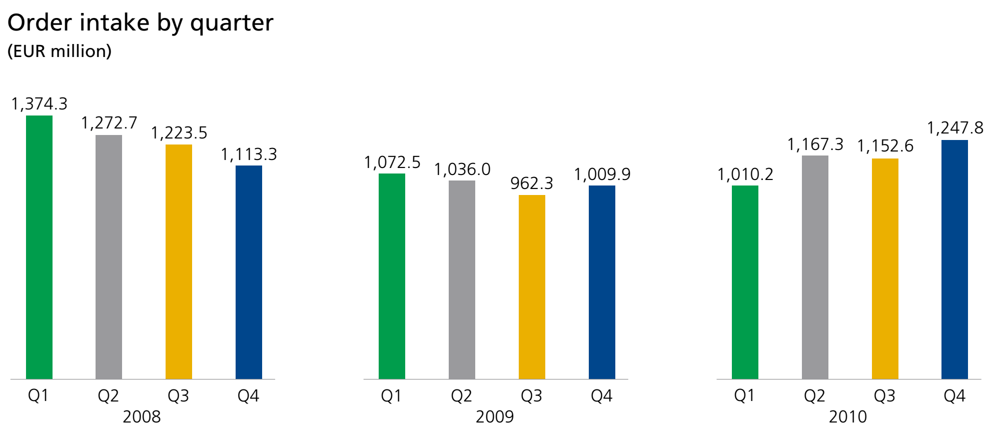
At EUR 1,247.8 million, the order intake in the fourth quarter of 2010 again reached the average level recorded in fiscal year 2008. It was thus 23.6 percent up on the comparable prior-year figure of EUR 1,009.9 million. It has already increased by approximately 30 percent compared with the low in the third quarter of 2009. This represents the third significant quarterly year-on-year increase in a row since the beginning of the financial and economic crisis. Significant major orders totaling over EUR 100 million were recorded in the milk industry in Ireland, Israel, and Japan, as well as in the beverage sector in China. There was also an order for a power plant cooling system for a power plant in Syria for around EUR 48 million.

In full-year 2010, order intake was up by 12.2 percent year-on-year to EUR 4,578.0 million (previous year: EUR 4,080.7 million). Although this growth rate is lower than the 36 percent the German Engineering Federation (VDMA) reported for its members, it should be noted that in the previous year, GEA's order intake had contracted by only 18 percent and thus significantly less than the German mechanical engineering sector as a whole (down 38 percent). GEA's order intake in 2010 was still around 8 percent down on fiscal year 2008.

This growth of EUR 497.3 million resulted in particular from medium-sized orders between EUR 1 million and EUR 5 million, which increased by 40 percent, while orders worth more than EUR 5 million declined by 7 percent. Smaller orders worth less than EUR 1 million, which account for around 68 percent of total volume, grew in line with total order intake. This trend is evident in virtually all segments. It reflects the fact that, during the economic crisis, larger investments, normally intended to increase the capacity of our customers, were understandably postponed; in the subsequent recovery phase, the longer lead times of such projects mean that they translate into contract awards only after a significant time lag.

Order intake (EUR million)	Q4 2010	Q4 2009	Change (%)	Q1-Q4 2010	Q1-Q4 2009	Change (%)
GEA Farm Technologies	116.3	98.6	17.9	448.5	389.6	15.1
GEA Heat Exchangers	399.2	301.3	32.5	1,506.0	1,418.7	6.2
GEA Mechanical Equipment	181.8	169.4	7.3	740.4	685.1	8.1
GEA Process Engineering	419.7	334.6	25.4	1,416.1	1,148.3	23.3
GEA Refrigeration Technologies	152.5	130.3	17.1	579.6	526.6	10.1
Total	**1,269.6**	**1,034.2**	**22.8**	**4,690.6**	**4,168.3**	**12.5**
Other and consolidation	-21.7	-24.3	10.5	-112.6	-87.5	-28.7
GEA Group	**1,247.8**	**1,009.9**	**23.6**	**4,578.0**	**4,080.7**	**12.2**

In total, the effect of acquisitions contributed EUR 36 million, or 0.9 percent, to the increase in order intake. Changes in exchange rates positively impacted this figure by 4.1 percent. Order intake thus grew organically by 7.2 percent compared with 2009.



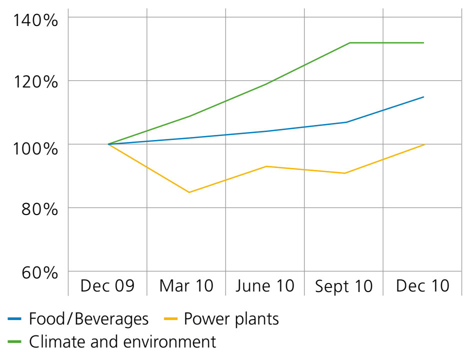
The distribution of order intake by end markets was driven by the following trends: The food and beverage sector expanded by 14.7 percent, thus increasing its share of GEA's business by 1.4 percentage points to 47.2 percent. Around two-thirds of the additional business volume was generated in the Asia/Pacific region, where the growth rate was 59 percent. This market's expansion in this region thus accounts for 40 percent of the group's total increase in order intake. Growth was also recorded in all other regions, with the exception of Western Europe. The customer industries in the solid food sector grew faster than average, while milk processing and the beverage sector expanded in line with the group as a whole. By contrast, in the energy end market, the oil and gas customer industry fell by 20.4 percent, triggering a decline in its share of order intake by 2.7 percentage points to 6.9 percent, almost entirely due to Western Europe. Although the power plant industry remained at exactly the same level as in the previous year, its share of GEA's business declined by 1.5 percentage points to 13.0 percent. In this industry, performance in the individual regions varied considerably. Increases in Eastern Europe, the Middle East, and Africa were partly offset by declines in Western Europe, North and Latin America, and Asia/Pacific. Overall, the food and beverage and energy end markets account for 67.1 percent of GEA's total order intake.

A sharp increase of 31.6 percent was reported by the climate and environment customer industry. Here, the Western European business, whose share accounted for a good two-thirds, expanded at almost the same rate. The sharp decline in the pharmaceutical customer industry in North America could not be fully offset by the other regions. Overall, the volume retreated by 4.5 percent to a share of 5.0 percent. By contrast, the chemical sector grew by 22.4 percent, especially in North America and Asia/Pacific, while order intake in Western and Eastern Europe declined. The share attributable to this industry rose slightly to 6.1 percent. The marine sector, which had already performed poorly in the previous year, lost another 9.0 percent and now accounts for only 3.5 percent of the total volume.

Overall, the distribution of order intake by sales regions revealed the following trends: While Western Europe's share fell by 4.2 percentage points to 39.0 percent, the Asia/Pacific region advanced by 1.7 percentage points to 21.2 percent and the Middle East by 2.0 percentage points to 6.1 percent. Eastern Europe and Africa also grew by 0.7 and 1.4 percentage points respectively, while North America contracted by 1.7 percentage points to 13.2 percent.

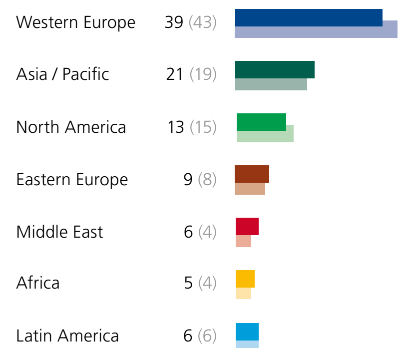
GEA Group order intake: EUR 4,578.0 million (previous year: EUR 4,080.7 million)

by sector [1]



1) Q1/10-Q4/10, last twelve months, 3 most important sectors

by region (in %) [2]



2) Cumulative figure for Q1-Q4/10 versus prior-year period

GEA Farm Technologies Segment

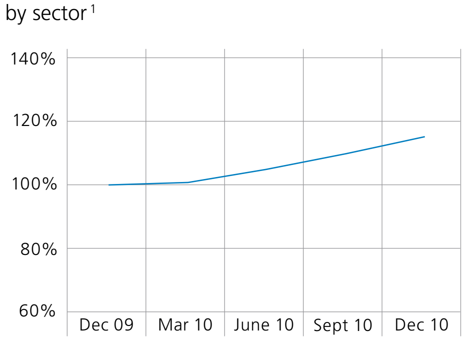
Order intake in the GEA Farm Technologies Segment in the fourth quarter of 2010 increased by 17.9 percent year-on-year to EUR 116.3 million. The slight recovery in milk prices since the low recorded in summer 2009 continued. However, the ratio of milk prices to feed costs, which is important to farmers, was still below the long-term average. The financing problems at customers eased slightly in some countries. Overall, demand in the traditional markets for milking systems and barn equipment (Europe and North America) rose slightly, although the price pressure remained unchanged. By contrast, the markets in Latin America and China performed well.

In full-year 2010, the segment's order intake rose by 15.1 percent to EUR 448.5 million. With the exception of one project in China, all orders were worth less than EUR 1 million. In previous years, major orders had still been received from the former CIS countries.

The segment only operates in the dairy industry and its sales are focused on Western Europe (40.9 percent) and North America (33.9 percent). These regions expanded more slowly than the segment as a whole, while Eastern Europe, Latin America, and Asia/Pacific recorded significant growth rates. These three growth regions increased their share by 5.7 percentage points to 24.6 percent in 2010.

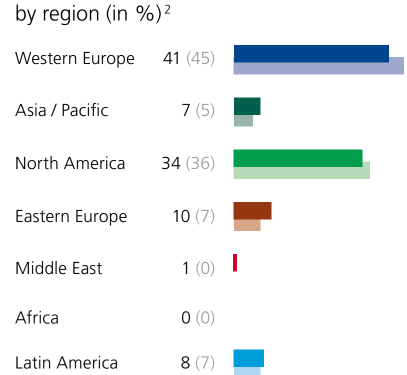
GEA Farm Technologies order intake: EUR 448.5 million (previous year: EUR 389.6 million)

by sector [1]



1) Q1/10-Q4/10, last twelve months

by region (in %) [2]



2) Cumulative figure for Q1-Q4/10 versus prior-year period

GEA Heat Exchangers Segment

Order intake in the GEA Heat Exchangers Segment increased by 32.5 percent to EUR 399.2 million in the fourth quarter of 2010. A major contract worth around EUR 48 million for an indirect dry cooling system for a power plant in Syria as well as increases in the machine coolers, plate heat exchangers, and wet cooling towers product areas contributed to this encouraging performance. Overall, however, the power plants business and demand from the oil and gas industries were weak, with the exception of the U.S.A. and Brazil.

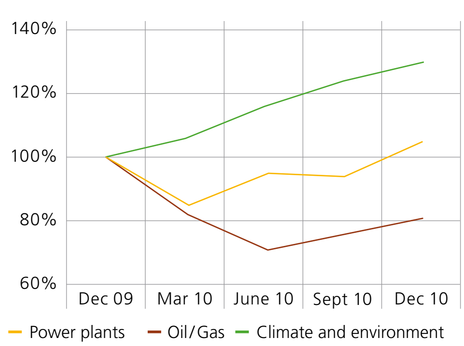
In full-year 2010, order intake amounted to EUR 1,506.0 million, up 6.2 percent compared with the previous year. Orders worth less than EUR 5 million increased by 8 percent, while orders over EUR 5 million declined by 1 percent overall. Their share of the total volume thus amounts to 19 percent. These figures also reflect the sluggish demand in the power plant and oil and gas industries. In addition to the above-mentioned order from the fourth quarter, there are three other noteworthy power plant orders for Russia and Syria totaling more than EUR 90 million.

The food and beverage end market, which has a share of 4.8 percent, only plays a minor role in this segment. The most important customer industries in this segment are oil and gas (15.4 percent share, down 4.6 percentage points year-on-year) and the power plant sector (share unchanged at 36.6 percent).

In spite of a decline of 1.4 percentage points caused by weak demand in the oil and gas business, Western Europe is still by far the most important sales region, accounting for 45.3 percent of the total volume. There have been major shifts among the other regions, in particular due to the locations of major power plant projects. It is for this reason that, in contrast to the development in other segments, the share of the Asia/Pacific region declined by 7.3 percentage points to 11.9 percent, while the share of the Middle East rose by a similar magnitude to 10.4 percent. The order volume in North and Latin America declined slightly, even in absolute terms, driving its share of the volume down to 13.9 percent in 2010.

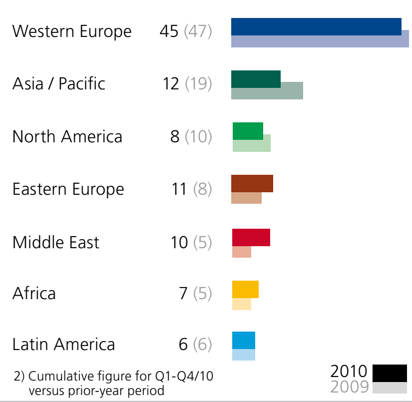
GEA Heat Exchangers order intake: EUR 1,506.0 million (previous year: EUR 1,418.7 million)

by sector[1]



1) Q1/10-Q4/10, last twelve months, 3 most important sectors

by region (in %)[2]



2) Cumulative figure for Q1-Q4/10 versus prior-year period

GEA Mechanical Equipment Segment

Order intake in the GEA Mechanical Equipment Segment increased by 7.3 percent to EUR 181.8 million in the fourth quarter of 2010, even though no major orders were recorded. The prior-year figure had included 3 major orders for a total of EUR 21.8 million. Growth in the flow components product area was particularly pronounced, especially in North America and Asia/Pacific. In mechanical separation, demand picked up in virtually all customer industries, including the marine sector.

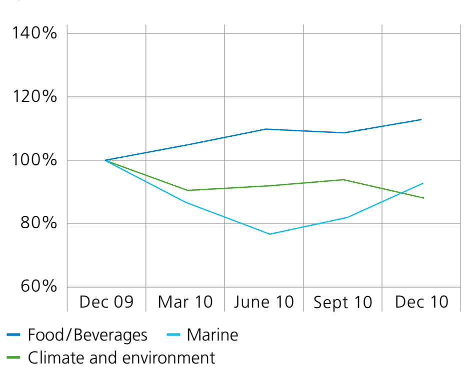
In full-year 2010, the segment recorded 8.1 percent growth in order intake to EUR 740.4 million. Small orders of less than EUR 1 million increased by 18 percent, while orders with a volume of more than EUR 1 million declined by 56 percent. Growth figures in flow components and homogenizers were well into double digits, thus giving them additional market share. Mechanical separation, which makes up almost five-sixths of the segment, hence expanded less rapidly. The largest orders received in this area were two power plant orders for a total of EUR 10 million for Morocco and Saudi Arabia and for a wastewater treatment plant in China, worth EUR 6 million.

The largest end market by far, food and beverages, rose faster than the total volume, thus increasing its share by 5.3 percentage points to 51.8 percent. This is exclusively due to growth in Asia/Pacific. By contrast, uncertainty in the biodiesel business led the energy sector down, causing its share to fall to 11.6 percent (previous year: 13.0 percent). The increase in the power plant business was more than offset by a decline in oil and gas. The pharmaceutical business fell short of the prior-year level in all regions except Asia/Pacific; it now stands at 6.5 percent (previous year: 10.8 percent). This trend also applies to the marine sector, which retreated by another 6.8 percent; it now represents a share of 14.4 percent, 1.3 percentage points down on the previous year. The upturn in the Western European business in this area was unable to offset the decline in Asia/Pacific. Climate and environment contracted by 11.7 percent (down 1.2 percentage points to 8.4 percent). By contrast, the chemical industry recorded growth of 37 percent, driven by North America and Asia/Pacific. Its share thus rose by 1.5 percentage points to 5.7 percent.

Overall, the regional distribution shows a shift from Europe (down 6.3 percentage points to 37.0 percent) to Asia/Pacific (up 7.0 percentage points to 30.4 percent). North America's share remained constant at 18.1 percent, Latin America was up 1.8 percentage points to 8.5 percent, and Middle East was down 3.0 percentage points to 3.8 percent.

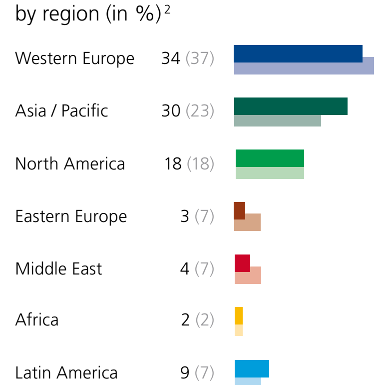
GEA Mechanical Equipment order intake: EUR 740.4 million (previous year: EUR 685.1 million)

by sector [1]



1) Q1/10-Q4/10, last twelve months, 3 most important sectors

by region (in %) [2]



2) Cumulative figure for Q1-Q4/10 versus prior-year period

GEA Process Engineering Segment

In the GEA Process Engineering Segment, order intake of EUR 419.7 million in the fourth quarter of 2010 was 25.4 percent above the prior-year quarter. Two major orders worth EUR 25 million each for milk processing plants in Ireland and Israel are the predominant features of the overall strong business, especially in Asia and in particular in China, in the liquid processing and bottling plants areas. After a long gap, two major orders were also recorded for Japan. Although recovery trends have been observed in Europe and North America, they could only have a positive impact on order intake in 2011.

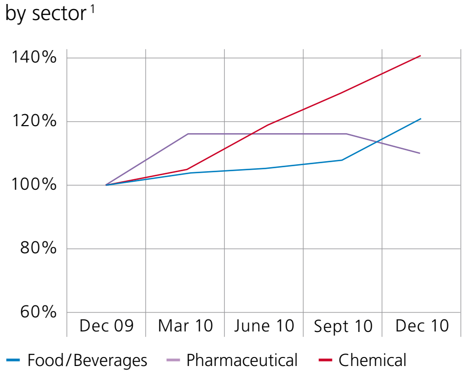
The cumulative order intake rose by 23.3 percent to EUR 1,416.1 million. This increase is to a significant extent due to orders between EUR 1 million and EUR 5 million, whose volume rose by 78 percent. As a result, their share of the total volume increased from 24 percent to 35 percent. While smaller orders worth less than EUR 1 million increased by 14 percent, the volume of major orders contracted by 4 percent. In addition to the orders mentioned above, eight filling and packaging lines in China with a total value of almost EUR 60 million and two orders for drying systems for milk factories in Vietnam and New Zealand with a total volume of EUR 56 million are also worth mentioning. In the former Emission Control Division, which was integrated at the beginning of the year, the recovery that started in the fourth quarter of 2009 continued.

Among the customer industries, the food and beverage end market expanded by 21.2 percent, marginally more slowly than the segment as a whole; its share of the total volume retreated by 1.3 percentage points to 65.0 percent. The increase is almost exclusively due to Asia/Pacific, while the decline in North America was offset by the other regions. The pharmaceutical sector grew by a total of 10.1 percent, mostly in Europe, and once again the decline in North and Latin America was offset by the other regions. It now accounts for 12.6 percent, after 14.2 percent in the previous year. The chemical industry expanded by 40.9 percent and thus more rapidly than the segment as a whole, most noticeably in Asia/Pacific and Africa. Its share of the total volume was thus up 1.4 percentage points to 11.7 percent.

Overall, the regional breakdown shows a sharp decline in Western Europe (down 4.6 percentage points to 30.1 percent) and in North America (down 5.6 percentage points to 9.2 percent), offset by significant increases in Asia/Pacific (up 7.9 percentage points to 35.5 percent), in the Middle East to 5.3 percent (previous year: 3.6 percent), and in Africa to 4.6 percent (previous year: 3.0 percent).

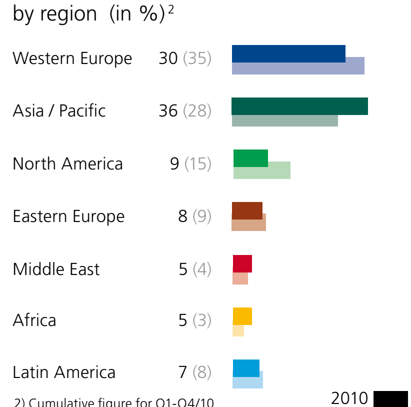
GEA Process Engineering order intake: EUR 1,416.1 million (previous year: EUR 1,148.3 million)

by sector[1]



1) Q1/10-Q4/10, last twelve months, 3 most important sectors

by region (in %)[2]



2) Cumulative figure for Q1-Q4/10 versus prior-year period

GEA Refrigeration Technologies Segment

At EUR 152.5 million, order intake in the GEA Refrigeration Technologies Segment was up 17.1 percent year-on-year in the fourth quarter of 2010, the third such increase in a row. Demand in the food and beverage end market picked up worldwide, with the exception of Western Europe. In the Baltic region and in Syria, two major orders totaling almost EUR 10 million were recorded for the energy sector.

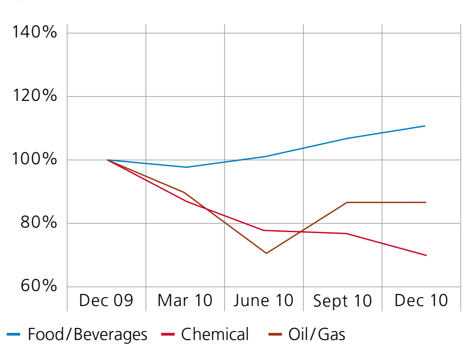
At EUR 579.6 million in full-year 2010, the segment exceeded its prior-year order intake by 10.1 percent. Orders in this segment also reflect the typical breakdown of order size for the GEA group in 2010. Small orders worth less than EUR 1 million grew in line with the total volume, medium-sized orders of up to EUR 5 million increased by around 44 percent, and major orders worth over EUR 5 million fell by 57 percent. With the restructuring of some contracting firms a more stringent project selection is connected. Only two orders for a total of EUR 15 million for the oil and gas industry were recorded here. Freezing technology overcame the previous year's downturn in demand and expanded again rapidly, with the focus being on North America.

The end markets continue to be dominated by the food and beverage sector, which has a share of 65.8 percent (up 0.9 percentage points on the previous year). The marginally above-average growth results primarily from the solid food sector in North America (freezing technology business). By contrast, the energy business contracted by 42 percent, due exclusively to Western Europe. As a result, its share fell by 7.8 percentage points to 8.6 percent. The absence of major orders was a factor in this development. Among the other customer industries, the chemical business declined by 30 percent (share down 3.4 percentage points to 6.1 percent), while marine as well as climate and environment recorded significant growth.

Overall, the regional breakdown shows a significant decline in business in Western Europe, where it retreated by 7.1 percent. This brought its share of the total volume down to 49.7 percent (previous year: 58.7 percent). North America, by contrast, expanded rapidly by 52.2 percent and its share consequently rose to 14.7 percent (previous year: 10.6 percent). Eastern Europe accounted for a virtually unchanged 12.0 percent. Asia/Pacific also rose by 1.9 percentage points to 10.0 percent. Africa, with its focus on solid foods, increased its share to 8.4 percent and the Middle East to 4.1 percent.

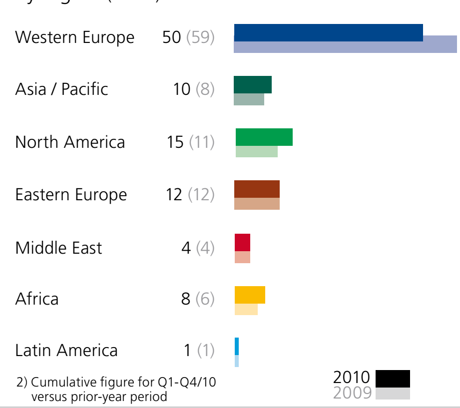
GEA Refrigeration Technologies order intake: EUR 579.6 million (previous year: EUR 526.6 million)

by sector [1]



1) Q1/10-Q4/10, last twelve months, 3 most important sectors

by region (in %) [2]



2) Cumulative figure for Q1-Q4/10 versus prior-year period

Revenue

In general, the same regional and sector-specific trends apply to revenue as to order intake, although with different time lags. Until the fall of fiscal year 2009, for example, the decline in the business volume had a less pronounced effect on revenue than on order intake because of the comparatively healthy order backlog. However, this time lag meant that the upturn in order intake is not yet reflected in revenue in fiscal year 2010. Furthermore, the various different throughput times for orders in the individual segments meant that revenue trends are less cyclical than order intake. As a result, the revenue growth rate was significantly lower than the order intake rate.

Revenue in the fourth quarter of 2010 was up year-on-year for the second time in a row, at EUR 1,290.4 million (previous year: EUR 1,191.9 million), an increase of 8.3 percent.

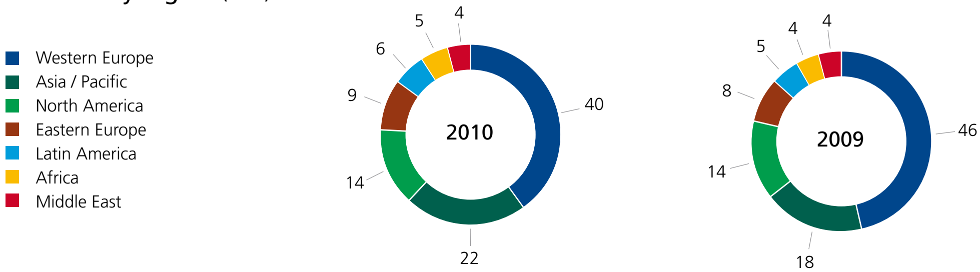
Group revenue in fiscal year 2010 increased by 0.2 percent to EUR 4,418.4 million (previous year: EUR 4,411.2 million) as against the previous year, and was thus 3.5 percent lower than order intake. The service business grew by 12.3 percent and increased its share of total revenue as against the previous year from 18.2 percent to 20.4 percent.

Revenue (EUR million)	Q4 2010	Q4 2009	Change (%)	Q1-Q4 2010	Q1-Q4 2009	Change (%)
GEA Farm Technologies	134.9	114.7	17.6	446.7	411.8	8.5
GEA Heat Exchangers	410.1	443.1	-7.5	1,483.4	1,623.4	-8.6
GEA Mechanical Equipment	201.9	174.0	16.0	725.4	717.5	1.1
GEA Process Engineering	402.2	313.2	28.4	1,288.5	1,144.0	12.6
GEA Refrigeration Technologies	171.3	158.2	8.3	563.7	565.6	-0.3
Total	**1,320.4**	**1,203.2**	**9.7**	**4,507.7**	**4,462.3**	**1.0**
Other and consolidation	-29.9	-11.2	< -100	-89.2	-51.1	-74.6
GEA Group	**1,290.4**	**1,191.9**	**8.3**	**4,418.4**	**4,411.2**	**0.2**

The low level of order intake in the previous year, which was 7.5 percent lower than revenue in fiscal year 2009, still had a negative effect on revenue in the first half of the year (decline of 7.2 percent compared with the prior-year period). In the second half of 2010, revenue increased by 7.2 percent again.

Acquisition effects made a revenue contribution of EUR 31 million or 0.7 percent. The effect of exchange rate movements amounted to 3.8 percent. Organic revenue for 2010 was thus down 4.3 percent year-on-year.

Revenue by region (in %)



This chart shows some significant year-on-year shifts in the distribution of revenue by region. The share for Western Europe decreased by 5.7 percentage points and now only amounts to 39.8 percent. This includes the German customers' share of revenue in the amount of 12.3 percent, following 13.6 percent in the previous year. By contrast, the share for Asia/Pacific increased by

3.5 percentage points to 22.0 percent. The shares of revenue in Eastern Europe and Africa also increased by 1.3 and 1.0 percentage points respectively. In North and Latin America and in the Middle East, the shares practically remained unchanged.

GEA Farm Technologies Segment

The same trends as in order intake largely apply to revenue in the GEA Farm Technologies Segment, as the order backlog usually covers only 1.5 to 2 months' revenues. The service area grew disproportionately by 11.6 percent and now represents 23.0 percent of the revenues for this segment (previous year: 22.4 percent).

GEA Heat Exchangers Segment

As a result of the long throughput times in some cases, the most significant differences between order intake and revenue trends can be seen in the GEA Heat Exchangers Segment. In the power plant customer industry, the segment was still suffering from the low level of order intake in the previous year, while at the same time, the previous year's revenue had still benefited from the high order backlog in the pre-crisis periods. The standard cooling towers and the related fills in the industrial sector, which was characterized by significant price pressure, saw an even greater decline. There were even more pronounced declines in the oil and gas customer industry than in the power plant area. In the air treatment sector, the stable business in Germany and Eastern Europe did not fully compensate for the declines in Western Europe. In the case of plate heat exchangers, the figures were significantly lower than in the previous year as the fiscal year began with a decrease of nearly EUR 50 million in the order backlog. The service business grew by 7.2 percent and therefore increased its share of total revenue from 10.3 percent to 12.1 percent.

GEA Mechanical Equipment Segment

Overall, the GEA Mechanical Equipment Segment recorded a slight year-on-year increase; the mechanical separation area fell short of the prior-year figures, which in some cases still included larger biodiesel orders that were received before the crisis. Flow components and homogenizers, which have order backlogs of less than under two months, were subject to the same revenue conditions as order intake. Growth of 10.0 percent was achieved in the service business, and its share of total revenue therefore increased to 34.6 percent (previous year: 31.8 percent).

GEA Process Engineering Segment

Growth in the GEA Process Engineering segment is mainly a result of powder technology, liquid processing, and packaging technology. The Chinese company, which doubled its revenue, is now the company with the highest revenue in this segment. The pharmaceuticals business stagnated and emission control also only saw a slight increase as against the figure for the previous year, which was still characterized by a high order backlog from pre-crisis periods. The service business's share increased by 3.1 percentage points to 14.8 percent due to a growth rate of 41.9 percent.

GEA Refrigeration Technologies Segment

The Refrigeration Technologies Segment fell only slightly short of the previous year's revenue figure thanks to the addition of new companies. The low proportion of larger orders in contracting with refrigeration systems for the oil, gas, and chemical industry and for power plants was therefore offset. In the components sector, increased demand led to a high level of utilization and a delayed increase in revenue. In this segment, revenue in the service business also declined by 1.5 percent and its share of total revenue therefore retreated slightly to 31.5 percent.

The revenue reported in the Others segment was largely a result of rental income.

Order backlog

At EUR 2,414.0 million, the order backlog as of December 31, 2010 was 11.5 percent above the figure for the prior-year reporting date (EUR 2,164.1 million) due to the increase in demand since the fourth quarter of 2009 and exchange rate movements.

Order backlog (EUR million)	12/31/2010	12/31/2009	Change (absolute)	Change (%)
GEA Farm Technologies	63.1	61.5	1.6	2.6
GEA Heat Exchangers	1,086.9	1,008.6	78.3	7.8
GEA Mechanical Equipment	284.1	280.8	3.4	1.2
GEA Process Engineering	813.0	660.2	152.7	23.1
GEA Refrigeration Technologies	183.8	169.9	13.9	8.2
Total	**2,430.9**	**2,180.9**	**249.9**	**11.5**
Other and consolidation	-16.8	-16.8	-0.0	-0.3
GEA Group	**2,414.0**	**2,164.1**	**249.9**	**11.5**

The order backlog thus essentially increased to the same extent as the order intake and represents an order intake of 6.3 months (previous year: 6.4 months).

The order backlog also only changed marginally year-on-year in the individual segments. Corresponding to the different types of transactions, the order backlog is 8.7 months and 6.9 months in the GEA Heat Exchangers and GEA Process Engineering Segments respectively, and up to 1.7 months in the GEA Farm Technologies Segment.

Results of operations

Overall, GEA again faced pronounced buyers' markets in almost all customer industries in fiscal year 2010. Nevertheless, the group remains committed to its conscious order selection policy in terms of price quality and contract terms. Earnings were boosted by the capacity adjustment measures implemented in the previous year. Despite ongoing price pressure in the markets, the gross margin increased again year-on-year to 29.2 percent (previous year: 28.7 percent). The service and spare parts business, which increased by 2.2 percentage points to 20.4 percent, as well as its above-average profitability, had a positive effect here.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to EUR 118.9 million in the fourth quarter (previous year: EUR 121.8 million). As a result, the EBITDA margin fell by 100 basis points to 9.2 percent of revenue. After adjustment for restructuring costs amounting to EUR 50.6 million, EBITDA grew disproportionately by 14.4 percent to EUR 169.5 million. The adjusted EBITDA-margin increased as against the prior-year quarter by 74 basis points to 13.1 percent. This is due to the fact that the restructuring measures, which were initiated at an early stage, are having a growing effect. When adjusted profit or loss is referred to in the following section, it relates solely to restructuring costs, which are explained in greater detail in note 8.3 to the consolidated financial statements (see page 149 et seq.).

In fiscal year 2010, EBITDA of EUR 365.7 million exceeded the prior-year figure of EUR 368.7 million by EUR 3.0 million. This corresponds to an EBITDA margin of 8.3 percent and a year-on-year decline of 8 basis points (8.4 percent). Adjusted for restructuring expenses amounting to EUR 97.8 million (previous year: EUR 65.0 million), the figure for the previous year (EUR 433.7 million) was exceeded by EUR 29.8 million to reach EUR 463.5 million. As a result, the adjusted EBITDA margin improved by 66 basis points to 10.5 percent.

EBITDA/EBITDA margin (EUR million)	Q4 2010	Q4 2009	Change in EBITDA (%)	Q1-Q4 2010	Q1-Q4 2009	Change in EBITDA (%)
GEA Farm Technologies	12.3	5.9	> 100	31.4	23.0	36.5
as % of revenue	9.1	5.2	–	7.0	5.6	–
GEA Heat Exchangers	15.2	59.4	-74.5	89.4	160.8	-44.4
as % of revenue	3.7	13.4	–	6.0	9.9	–
GEA Mechanical Equipment	45.2	27.1	66.4	124.2	103.5	20.0
as % of revenue	22.4	15.6	–	17.1	14.4	–
GEA Process Engineering	48.1	30.9	55.6	105.5	66.4	58.9
as % of revenue	12.0	9.9	–	8.2	5.8	–
GEA Refrigeration Technologies	2.6	6.6	-60.0	21.0	22.5	-6.5
as % of revenue	1.5	4.2	–	3.7	4.0	–
Total	**123.4**	**130.0**	**-5.1**	**371.4**	**376.1**	**-1.2**
as % of revenue	**9.3**	**10.8**	**–**	**8.2**	**8.4**	**–**
Others and consolidation	-4.5	-8.2	45.0	-5.7	-7.4	23.0
GEA Group	**118.9**	**121.8**	**-2.4**	**365.7**	**368.7**	**-0.8**
as % of revenue	**9.2**	**10.2**	**–**	**8.3**	**8.4**	**–**
Restructuring expenses	**50.6**	**25.9**	**94.9**	**97.8**	**65.0**	**50.5**
GEA Group before restructuring expenses	**169.5**	**147.7**	**14.7**	**463.5**	**433.7**	**6.9**
as % of revenue	**13.1**	**12.4**	**–**	**10.5**	**9.8**	**–**

The following table shows the reconciliation of EBITDA to EBIT:

Reconciliation of EBITDA to EBIT (EUR million)	Q4 2010	Q4 2009	Q1-Q4 2010	Q1-Q4 2009
EBITDA	**118.9**	**121.8**	**365.7**	**368.7**
Depreciation of impairment losses on property, plant, and equipment, and investment property, and amortization of and impairment losses on intangible assets and goodwill, as reported in the statement of changes in noncurrent assets	-49.9	-28.7	-127.6	-100.1
Other impairment losses and reversals of impairment losses	-0.6	-0.2	-0.6	-0.4
EBIT	**68.5**	**92.8**	**237.5**	**268.2**

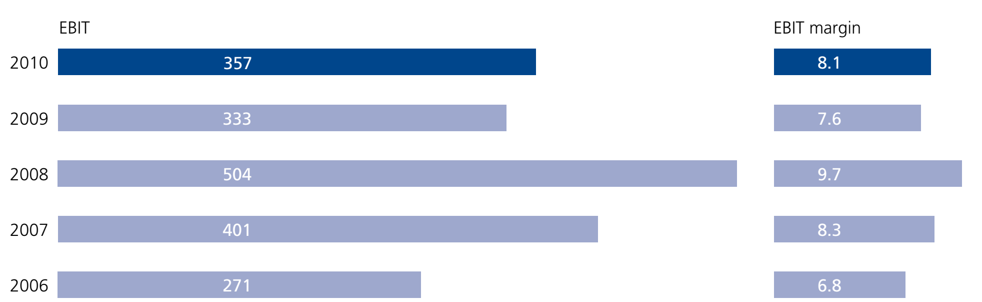
A similar trend is apparent in the development of earnings before interest and tax (EBIT). However, the percentage year-on-year decline in EBIT is greater than that of EBITDA; this is attributable to the increase in depreciation and amortization over the entire year, from EUR 100.4 million to EUR 128.2 million. In addition to the investment programs in recent years, the reason for this is impairment losses on noncurrent assets amounting to EUR 21.5 million relating to the extensive reorganization measures in 2010.

EBIT and the EBIT margin were both down year-on-year in the fourth quarter of 2010. By contrast, after adjustment for restructuring expenses of EUR 71.5 million (previous year: EUR 25.9 million), the EBIT margin saw a year-on-year increase of 88 basis points. The rise in restructuring expenses mainly resulted from high expenses in the GEA Heat Exchangers Segment.

EBIT/EBIT margin (EUR million)	Q4 2010	Q4 2009	Change EBIT (%)	Q1-Q4 2010	Q1-Q4 2009	Change EBIT (%)
GEA Farm Technologies	8.8	3.1	> 100	18.1	12.4	45.8
as % of revenue	6.5	2.7	–	4.0	3.0	–
GEA Heat Exchangers	-15.2	48.8	–	29.9	123.8	-75.9
as % of revenue	-3.7	11.0	–	2.0	7.6	–
GEA Mechanical Equipment	37.6	22.7	65.7	103.8	87.6	18.6
as % of revenue	18.6	13.1	–	14.3	12.2	–
GEA Process Engineering	43.9	27.4	60.3	90.2	52.3	72.6
as % of revenue	10.9	8.7	–	7.0	4.6	–
GEA Refrigeration Technologies	0.4	3.9	-88.7	12.3	13.3	-7.9
as % of revenue	0.3	2.5	–	2.2	2.4	–
Total	**75.5**	**105.8**	**-28.6**	**254.3**	**289.4**	**-12.1**
as % of revenue	**5.7**	**8.8**	**–**	**5.6**	**6.5**	**–**
Others and consolidation	-7.1	-13.0	45.6	-16.7	-21.1	20.8
GEA Group	**68.5**	**92.8**	**-26.2**	**237.5**	**268.2**	**-11.4**
as % of revenue	**5.3**	**7.8**	**–**	**5.4**	**6.1**	**–**
Restructuring expenses	**71.5**	**25.9**	**> 100**	**119.3**	**65.0**	**83.6**
GEA Group before restructuring expenses	**140.0**	**118.8**	**17.9**	**356.8**	**333.2**	**7.1**
as % of revenue	**10.8**	**10.0**	**–**	**8.1**	**7.6**	**–**

Overall, EBIT fell by 11.4 percent in the past fiscal year to EUR 237.5 million (previous year: EUR 268.2 million), and the EBIT margin declined by 70 basis points to 5.4 percent (previous year: 6.1 percent). Adjusted for restructuring expenses amounting to EUR 119.3 million (previous year: EUR 65.0 million), EBIT increased by 7.1 percent to EUR 356.8 million. As a result, the adjusted EBIT margin improved by 52 basis points to 8.1 percent. These figures include acquisition effects of EUR 1.7 million and effects from changes in exchange rates amounting to EUR 8.8 million.

EBIT* / EBIT margin*: Five-year review
(EUR million)



* Excluding restructuring expenses 2009 / 2010

The EUR 54.3 million increase in restructuring costs mainly resulted from the GEA Heat Exchangers Segment (up EUR 66.2 million to EUR 84.4 million) and GEA Refrigeration Technologies Segment (up EUR 10.0 million to EUR 16.1 million). Offsetting effects of EUR -20.5 million came from the GEA Process Engineering Segment, in which primarily the Pharma Systems area had been restructured in the previous year.

GEA Farm Technologies Segment

In the GEA Farm Technologies segment, adjusted EBIT and the adjusted EBIT margin increased by EUR 3.4 million to EUR 21.9 million and by 40 basis points to 4.9 percent respectively. This is mainly a result of the adjustment measures introduced in 2009, the 8.5 percent increase in revenue, an improved market environment (at least in Europe) with increasing milk prices, and a mature service business. Offsetting effects came from the costs relating to the development and market launch of fully automated milking equipment.

GEA Heat Exchangers Segment

Adjusted EBIT in the GEA Heat Exchangers Segment fell by 19.5 percent to EUR 114.3 million. The corresponding EBIT margin fell by 104 basis points to 7.7 percent. In addition to the 8.6 percent decline in revenue, this is attributable to the far-reaching reorganization measures in particular. These not only resulted in restructuring costs, but also led to negative effects triggered by inefficiencies in the operating business. This applies in particular to the companies or establishments affected by closures, but in individual cases also to facilities that integrate products from other locations into their production program and that therefore had to overcome start-up difficulties. There was a positive trend in earnings from plate heat exchangers, an area in which the main restructuring measures had already been completed in 2009. Earnings were also supported by the significantly increased revenue in the service business.

GEA Mechanical Equipment Segment

By contrast, the GEA Mechanical Equipment Segment increased its adjusted EBIT by 17.0 percent to EUR 116.3 million despite the only slight 1.1 percent increase in revenue, thus achieving an EBIT margin of 16.0 percent – 218 more basis points than in the previous year. This encouraging development is not only due to the measures to increase efficiency in the mechanical separation area, but also to the increased earnings from the flow components and homogenizers areas, which benefited from significant economies of scale achieved through high volume growth. This positive development was also supported by the share of smaller orders, which increased disproportionately compared to revenue. This also includes the service business, which increased its revenue and margins significantly. By contrast, the volume of major orders declined. In the previous year, several orders had still been invoiced that were booked before the crisis with relatively low added value and correspondingly lower margins.

GEA Process Engineering Segment

The GEA Process Engineering Segment increased its adjusted EBIT by 23.6 percent to EUR 91.3 million. As this increase in earnings exceeded the increase in revenue, the EBIT margin increased by 63 basis points to 7.1 percent. In addition to the improved utilization of engineering capacities in process technology, this is a result of significantly lower negative effects from the execution of individual major orders and a strong increase in volumes and profitability in the service area. The packaging and liquid processing areas recorded a strong increase in profit, in particular in China. By contrast, the price level in the brewery sector was disappointing. The pharmaceuticals business, which had been restructured in the previous year, returned to profitability. Emission control stabilized at the above-average level achieved in 2009.

GEA Refrigeration Technologies Segment

Despite the fact that revenue fell by 0.3 percent, the GEA Refrigeration Technologies Segment increased its adjusted EBIT by 46.1 percent to EUR 28.3 million. Therefore, the EBIT margin of 5.0 percent exceeded that of the previous year by 160 basis points. This was driven by an improved product mix, as the added value-intensive equipment business increased its revenue by nearly ten percent. By contrast, contracting was still suffering from the low level of order intake in the previous year, although it did improve its EBIT margin. The restructuring measures were focused on this area to be able to implement an improved order selection policy with a low level of capacity. The freezing technology segment, which was strengthened by acquisitions in the previous year, reported significant improvements in revenue and earnings, in particular in North America. The service area only made a small contribution to the improvement in earnings; the margins increased, but the volume declined slightly.

Net interest income of EUR -62.8 million (previous year: EUR -59.0 million) includes EUR 29.0 million (previous year: also EUR 29.0 million) of discount unwinding expenses relating to obligations from pension plans and supplementary healthcare benefit plans. The increase of a total of EUR 3.7 million is primarily a result of discount unwinding expenses for other provisions (up EUR 6.2 million year-on-year) and the transaction costs previously amortized over the expected term of the syndicated credit line 1 that were recognized immediately as expenses after early redemption. These additional costs were offset in part by a decline of EUR 5.2 million in expenses for bank loans and guarantee commissions. The lower drawdowns and the lower interest rates had an effect here.

Profit before tax (EBT) was EUR 46.8 million in the fourth quarter of the year under review and was significantly lower than the prior-year level due to the high level of restructuring costs. In full-year 2010, EBT declined by EUR 34.4 million year-on-year to EUR 174.8 million due to the EUR 54.3 million increase in restructuring expenses. However, adjusted for the restructuring costs, the figure for the previous year was exceeded by EUR 19.9 million: The adjusted EBT margin therefore improved by 44 basis points to 6.7 percent.

The income tax expense in fiscal year 2010 of EUR 41.3 million (previous year: EUR 47.8 million) comprises current taxes of EUR 56.1 million (previous year: EUR 77.1 million) and deferred taxes of EUR -14.8 million (previous year: EUR -29.3 million). The group tax rate is thus 23.6 percent, after 22.9 percent in the previous year.

Profit after tax from continuing operations amounted to EUR 133.5 million in the fiscal year (previous year: EUR 161.4 million). This corresponds to earnings per share of EUR 0.72, compared with EUR 0.87 in the previous year.

Overall, profit after tax from discontinued operations of EUR 0.2 million (previous year: EUR 0.3 million) did not have any significant impact on consolidated profit. This corresponds to earnings per share of EUR 0.00 (previous year: EUR 0.00). The discontinuation of risks at Lurgi contrasts with a slight negative impact on earnings from the Lentjes order portfolio retained by GEA, plus legal and consulting fees of nearly the same amount.

Profit for the period amounted to EUR 133.7 million (previous year: EUR 161.7 million), of which EUR 132.0 million (previous year: EUR 160.6 million) is attributable to GEA Group Aktiengesellschaft shareholders. This corresponds to earnings per share of EUR 0.72 (previous year: EUR 0.87).

Key figures: Results of operations (EUR million)	Q4 2010	Q4 2009	Change (%)	Q1-Q4 2010	Q1-Q4 2009	Change (%)
Revenue	1,290.4	1,191.9	8.3	4,418.4	4,411.2	0.2
EBITDA before restructuring expenses	169.5	147.7	14.7	463.5	433.7	6.9
EBITDA	118.9	121.8	-2.4	365.7	368.7	-0.8
EBIT before restructuring expenses	140.0	118.8	17.9	356.8	333.2	7.1
EBIT	68.5	92.8	-26.2	237.5	268.2	-11.4
EBT	46.8	75.9	-38.4	174.8	209.2	-16.5
Income taxes	4.6	11.8	-61.3	41.3	47.8	-13.6
Profit after tax from continuing operations	42.2	64.0	-34.2	133.5	161.4	-17.3
Profit/loss after tax from discontinued operations	0.2	1.7	-88.5	0.2	0.3	-38.8
Profit for the period	42.4	65.7	-35.5	133.7	161.7	-17.3

In addition to holding company costs in the narrower sense, the results of operations of GEA Group Aktiengesellschaft (the holding company) are primarily driven by net investment income and net interest income. Further details are presented in the section "Net assets, financial position, and results of operations of GEA Group Aktiengesellschaft" (see page 46 et seqq.).

Gea Group management is proposing to increase the dividend to EUR 0.40 per share (previous year: EUR 0.30). The ongoing goal of distributing approximately one third of the group's earnings to shareholders remains unchanged. This goal is actually significantly exceeded for 2010.

Financial position

The importance of safeguarding liquidity and of centralized financial management has remained high since the crisis broke out on the financial markets in 2008. GEA Group, too, has paid careful attention to these considerations. Its financial position remains stable. The group's short-term refinancing requirements are secured by credit lines that were newly granted or extended in 2010. GEA Group has sufficient financing options for its future business development. Therefore, the two major acquisitions from December 2010, which will lead to cash outflows of approximately EUR 500 million, can be financed from available credit lines.

GEA cash credit lines (EUR million)		12/31/2010 Approved	12/31/2010 Utilized
Syndicated credit line 1	July 2011	300	200
Borrower's note loan	August 2011	92	92
	August 2013	128	128
Syndicated credit line 2	June 2013	325	–
(club deal)	June 2015	325	–
European Investment Bank	2016 (depending on utilization)	150	–
Various (bilateral) credit lines	Maximum of 1 year or „until further notice"	261	39
Total cash credit lines incl. bilateral credit lines		**1,581**	**459**

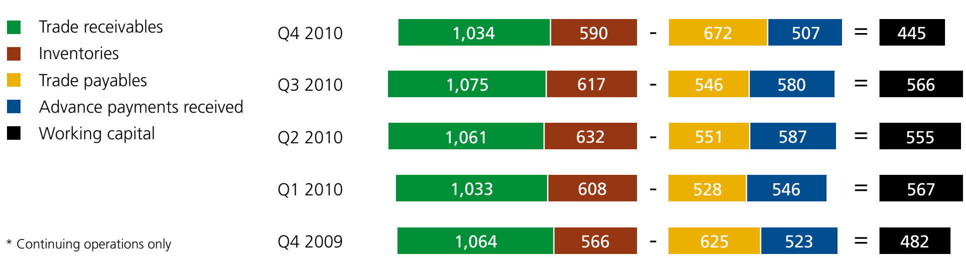
The group's financial management encompasses liquidity management, group financing, and the management of interest rate and exchange rate risks. As a holding company, GEA Group Aktiengesellschaft is responsible for GEA Group's central financial management in order to reduce financing costs as far as possible, to leverage economies of scale, to hedge interest rate and exchange rate risk exposures as effectively as possible, and to ensure that loan covenants are complied with. The goal of GEA Group's financing strategy is not only to be able to meet its payment obligations whenever they fall due, but also to have sufficient cash reserves at all times, in the form of credit lines, in addition to maintaining a strategic cash position. The maturity profile of credit lines, which had still revealed a peak for mid-2011 in the previous year, was significantly rebalanced in the first half of 2010. Furthermore, the borrower's note loan was increased by EUR 20 million and a portion of the loan amounting to EUR 128 million was extended to August 2012 ahead of schedule. The syndicated credit line 2 (club deal) was increased by EUR 420 million as part of a new agreement.

Cash flow from operating activities is the most important source of liquidity. Intragroup cash pooling should limit external cash investments and borrowings to as low a level as possible. To achieve this, GEA Group Aktiengesellschaft has established cash pooling groups in 13 countries that automatically balance the accounts of the participating group companies every day by crediting or debiting a target account at GEA Group Aktiengesellschaft. Any additional liquidity requirements are generally borrowed by the holding company, which also invests surplus liquidity. In a number of cases, however, liquidity peaks in individual countries cannot be reduced on a cross-border basis in individual countries due to legal or tax-related reasons.

Net liquidity as of December 31, 2009 (EUR 47.1 million) improved by EUR 57.7 million to EUR 104.8 million as of December 31, 2010 and therefore more than doubled. The decline in investing activities and the targeted reduction in working capital also contributed to this. The ratio of working capital to revenue was 10.1 percent as of the reporting date (previous year: 10.9 percent) and an annual average of 12.4 percent, which corresponds to a significant reduction of approximately 400 basis points compared with the previous year.

Overall, cash and cash equivalents thus increased to EUR 563.5 million as of December 31, 2010, compared with EUR 492.0 million in the previous year. Restricted cash amounted to EUR 10.8 million (previous year: EUR 3.9 million). Unrestricted cash in the amount of EUR 552.7 million will continue to guarantee GEA Group's financial independence in the future. Liabilities to banks amounted to EUR 458.7 million at the reporting date (previous year: EUR 444.9 million).

Change in working capital*
(EUR million)

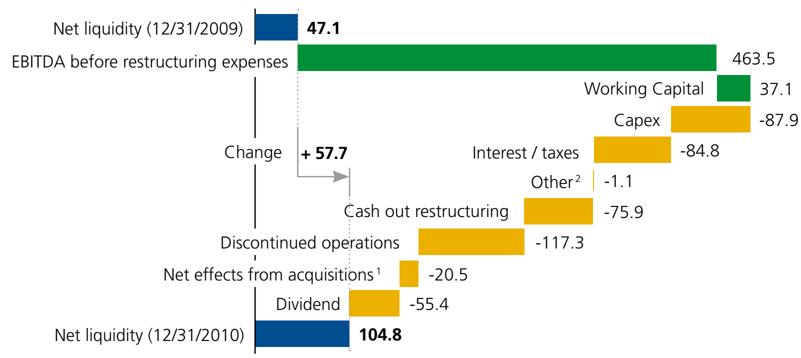


* Continuing operations only

EBITDA before restructuring expenses of EUR 463.5 million and a reduction of EUR 37.1 million in working capital (after changes in the basis of consolidation and adjusted for exchange rate effects by EUR 49.0 million) are offset by the following cash outflows: dividend payments for the previous year resulted in cash outflows of EUR 55.4 million, and EUR 108.4 million was spent on current capital expenditures, including acquisitions. Interest and income tax payments reduced net liquidity by EUR 84.8 million. Further payments of EUR 117.3 million arose in connection with the discontinued operations. Additionally, the restructuring measures in 2010 resulted in a cash outflow of EUR 75.9 million. Other changes negatively impacted net liquidity by EUR 1.1 million.

Payments in fiscal year 2010 for discontinued operations were made from the provisions recognized in previous years. Adequate provisions have been set up as of December 31, 2010 for the cash outflows of the discontinued operations expected in the following years. Of the remaining provisions amounting to EUR 157 million, approximately EUR 110 million is expected to be utilized in 2011.

Change in net liquidity
(EUR million)



1) Including debt assumed
2) Including changes in basis of consolidation and exchange rate effects

Detailed information on the maturity, currency, and interest rate structure of debt financing can be found in the notes to the consolidated financial statements (pages 101 et seqq. and 140 et seqq.).

Guarantee lines for contract performance, advance payments, and warranties amounting to EUR 2,464.6 million were available to GEA Group, of which EUR 1,088.6 million had been utilized.

In addition to the assets recognized in the consolidated balance sheet, GEA also uses unrecognized assets. These are mainly assets leased or rented under operating leases. GEA uses a small number of factoring programs as off-balance-sheet financing instruments. The obligations resulting from rental and leasing obligations are explained in section 9.2 to the consolidated financial statements (page 159 et seq.).

Cash outflows of around EUR 500 million are expected in fiscal year 2011 from the acquisitions agreed in 2010 that are still subject to approval by antitrust authorities.

Overview of cash flow statement /net liquidity (EUR million)	Q4 2010	Q4 2009	Change (%)	Q1-Q4 2010	Q1-Q4 2009	Change (%)
Cash flow from operating activities	257.5	314.8	-18.2	298.4	540.6	-44.8
Cash flow from investing activities	-57.8	-52.6	-10.0	-195.4	-304.0	35.7
Free cash flow	**199.7**	**262.3**	**-23.9**	**103.0**	**236.5**	**-56.4**
Cash flow from financing activities	-11.4	-71.8	84.2	-68.4	-190.9	64.2
Change in unrestricted cash and cash equivalents	197.6	194.8	1.5	64.7	57.0	13.6
Cash and cash equivalents	563.5	492.0	14.5	563.5	492.0	14.5
Liabilities to banks	458.7	444.9	3.1	458.7	444.9	3.1
Net liquidity	104.8	47.1	> 100	104.8	47.1	> 100
Gearing (%)	-5.5	-2.7	–	-5.5	-2.7	–

Cash flow from operating activities amounted to EUR 298.4 million in the year under review, down EUR 242.2 million as against the previous year. This is due on the one hand to the decline of EUR 30.7 million in EBIT due to the restructurings, and on the other, to the change of the working capital, which was further reduced by EUR 49.0 million in 2010, despite a further increase in business volume. However, the extent of the recovery amounting to EUR 317.2 million in the previous year was, understandably, not repeated.

Cash flow from investing activities improved from EUR -304.0 million to EUR -195.4 million in fiscal year 2010. Particular reasons for this were the payments for guarantees and warranties from the sale of companies in the past, which declined by EUR 43.4 million, and a reduction of EUR 47.3 million in the cash outflow for property, plant, and equipment, and intangible assets.

Cash flow from financing activities amounted to EUR -68.4 million in 2010 compared with EUR -190.9 million in 2009. This change is primarily a result of the year-on-year decrease of EUR 18.4 million in the dividend payment and the EUR 99.3 million change in net cash flows from financing activities. Compared with the outflows of EUR 80.9 million in the previous year for principal repayments, there were payments of EUR 18.5 million for loans in fiscal year 2010.

Overall, cash and cash equivalents thus increased to EUR 563.5 million as of December 31, 2010, compared with EUR 492.0 million in the previous year.

Net assets

Condensed balance sheet (EUR million)	12/31/2010	as % of total assets	12/31/2009	as % of total assets	Change (%)
Assets					
Noncurrent assets	2,748.1	53.8	2,703.2	54.1	1.7
thereof goodwill	1,550.4	30.4	1,530.9	30.7	1.3
thereof deferred taxes	348.8	6.8	321.9	6.4	8.4
Current assets	2,354.4	46.1	2,288.2	45.8	2.9
thereof cash and cash equivalents	563.5	11.0	492.0	9.9	14.5
Assets held for sale	2.6	0.1	3.0	0.1	-14.6
Total assets	**5,105.0**	**100.0**	**4,994.4**	**100.0**	**2.2**
Equity and liabilities					
Equity	1,895.3	37.1	1,735.0	34.7	9.2
Noncurrent liabilities	908.9	17.8	999.9	20.0	-9.1
thereof liabilities to banks	13.7	0.3	16.4	0.3	-16.5
thereof deferred taxes	80.6	1.6	74.4	1.5	8.3
Current liabilities	2,300.8	45.1	2,259.5	45.2	1.8
thereof liabilities to banks	224.6	4.4	228.8	4.6	-1.8
Total equity and liabilities	**5,105.0**	**100.0**	**4,994.4**	**100.0**	**2.2**

Total assets at December 31, 2010 rose by EUR 110.6 million or 2.2 percent compared with the previous reporting date. This is largely a result of the increase in exchange rates against the euro in nearly all of the countries that are important to GEA. The structure on the assets side hardly changed at all. Noncurrent assets rose by EUR 44.9 million, which is attributable in particular to the increase of EUR 27.0 million in deferred taxes and of EUR 19.5 million in goodwill.

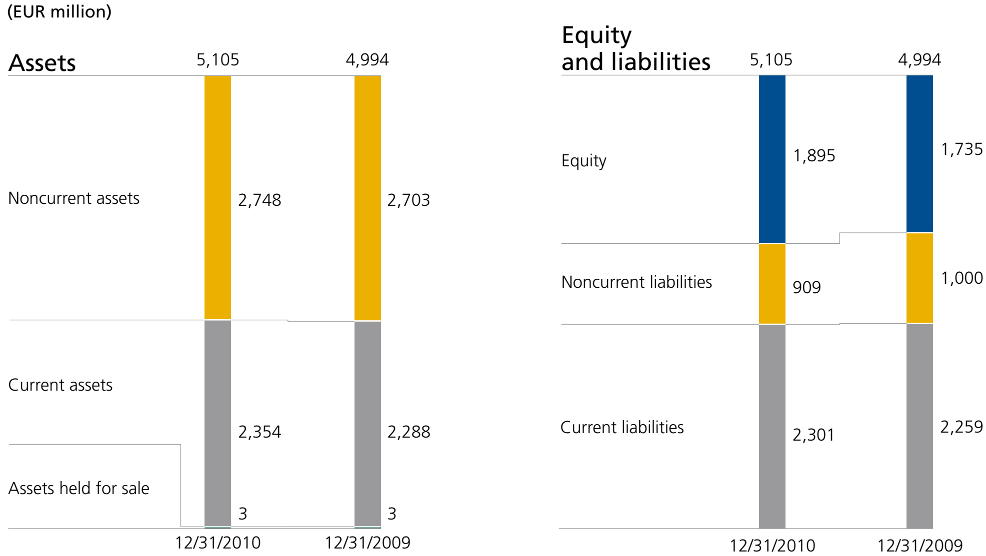
Current assets increased by EUR 66.2 million. This increase related mainly to cash and cash equivalents (up EUR 71.5 million). Although inventories increased by EUR 23.5 million, they only represent around one-third of the percentage growth rate in the order intake or order backlog. Receivables were even reduced by EUR 29.3 million.

On the equity and liabilities side, the structure shifted in favor of equity, which increased by EUR 160.3 million. EUR 133.7 million of this increase is attributable to consolidated profit and EUR 77.3 million is attributable to the translation of financial statements in foreign currencies. Offsetting effects came from the dividend paid for fiscal year 2009 amounting to EUR 55.1 million. The equity ratio rose by 2.4 percentage points to 37.1 percent as of December 31, 2010.

Noncurrent liabilities were down EUR 91.0 million year-on-year, due exclusively to the significantly lower financial liabilities. This is attributable to the reclassification of a borrower's note loan with a nominal value of EUR 92.0 million to short-term liabilities, as this it matures in 2011.

The current liabilities were up EUR 41.3 million year-on-year as of the reporting date. This is due to the reclassification of financial liabilities as described above, the EUR 47.0 million increase in trade payables, the EUR 32.4 million higher liabilities to employees, and EUR 121.5 million decline in provisions as a result of payments for obligations relating to the plant engineering activities sold in 2007.

Comparison of net assets (2010 v. 2009)
(EUR million)



Reorganization 2010

Since January 1, 2010, GEA has a new, more transparent group structure. Instead of the previous two-tier group structure, which comprised two segments and nine divisions below them, we now have five segments on a single level. This new structure offers greater transparency, as the current five operating segments also represent the reporting units relevant for IFRS reporting. First and foremost, the new structure is characterized by a leaner organization across all hierarchy levels in the group and contributes to the generation of substantial synergy effects in all stages along the value chain.

These synergy effects will mainly be apparent in the GEA Heat Exchangers Segment, as the most extensive measures are being implemented here. In the year under review, for example eleven production facilities were closed or restructured to create larger, more cost effective units, preferably in key growth regions or at low-cost locations. The business workflows were optimized at the main site in Oelde in the GEA Mechanical Equipment Segment. In preparation for the expected effects of the "Global Production Concept" investment program, and in view of the lower sales and production volume compared with fiscal year 2008, additional capacity adjustments were implemented in fiscal year 2010. In the GEA Refrigeration Technologies Segment area, 2010 was characterized by the restructuring of the contracting area.

Significant acquisitions

On December 20, 2010, GEA expanded its portfolio in the area of food process technology with the largest acquisition in the recent history of the Company. With the acquisition of Convenience Food Systems (CFS), GEA acquired one of the most broadly positioned manufacturers of process technology for the processing and packaging of protein foods (meat, fish, and cheese). The company is based in Bakel, the Netherlands, and, with a total of over 2,000 employees, expects revenue of approximately EUR 400 million for the past fiscal year. For GEA, the purchase of CFS offers an entry into the new and continuously growing area of food processing and packaging. Furthermore, it provides a basis for additional acquisitions to further round off the product portfolio. The transaction is still subject to approval by the relevant antitrust authorities and is expected to be completed in the course of the first half of 2011. Subsequently, CFS will be integrated as a new segment into the group structure.

Also on December 20, 2010, the GEA Refrigeration Technologies Segment acquired Bock Kältemaschinen GmbH in Frickenhausen, Germany – a leading manufacturer of open and semi-hermetic piston compressors for stationary and transport-related cooling applications that complements the existing compressor portfolio in the lower and mid-range performance segment. The Bock Group generated annual revenue of almost EUR 70 million in 2010 with around 340 employees. In addition to the main factory and headquarters in Frickenhausen, the company has smaller assembly sites in the Czech Republic, India, and China and sales offices in Singapore, Thailand, Malaysia, and Australia. Around half of the products are sold in Europe, one-third in Asia/Pacific, and the rest in North and Latin America and Africa. Typical end customers of Bock compressors include the world's leading manufacturers in the food and beverage industry, some of the largest retail chains, and customers in the infrastructure sector. The acquisition is still subject to approval by the antitrust authorities, which is expected to be granted in the first half of 2011.

GEA made additional smaller acquisitions in fiscal year 2010 in the GEA Farm Technologies, GEA Heat Exchangers, and GEA Process Engineering segments, which together represent a theoretical annual revenue of approximately EUR 22 million.

Summary of business development

GEA Group had responded to the decline in demand triggered by the financial and economic crisis promptly and systematically by adjusting capacity and cost structures. However, the macroeconomic conditions recorded continuous improvement again over the past fiscal year. The global economic recovery also had an impact on the performance of GEA, which due to the time lag was initially more clearly evident in order intake than in revenue. As part of the group's alignment on a new segment structure initiated in 2009, and in particular the pooling of all heat exchanger activities in the GEA Heat Exchangers Segment, a comprehensive reorganization program was launched that lays the foundation for a leaner organizational structure and faster workflows. These organizational adjustments led to considerable one-time expenses in fiscal year 2010. In spite of the decline in revenue in some areas and the high restructuring expenses, all segments generated clearly positive results in fiscal years 2009 and 2010, even after interest and one-time expenses (EBT).

As expected, the discontinued operations had no further negative impact on earnings.

Overall, it can be noted that all significant targets relating to order intake, revenue, and profit communicated at the beginning of fiscal year 2010 have been met and in some cases exceeded. In spite of the significantly lower order backlog at the beginning of 2010, the previous year's revenue level was matched. At 8.1 percent, the EBIT margin before restructuring expenses exceeded expectations of reaching at least the prior-year level of 7.6 percent.

Employees

The Executive Board of GEA Group Aktiengesellschaft would like to thank all of the group's employees for their hard work and active commitment in 2010.We would also like to extend these thanks in particular to employee representatives in Germany and abroad for their responsible and constructive contributions.

A total of 20,386 people were employed by the Company on December 31, 2010, 307 fewer than on December 31, 2009. Adjusted for 238 additions resulting from acquisitions and changes in the basis of consolidation, the headcount decreased by 545. This decline, which primarily affected Western Europe and the Americas, reflects the results of the restructuring measures – in particular in the GEA Heat Exchangers Segment – as well as the capacity adjustments initiated in 2009 due to the decline in order intake.

Employees (reporting date) 1	12/31/2010	12/31/2009
GEA Farm Technologies	2,004	1,918
GEA Heat Exchangers	7,340	7,590
GEA Mechanical Equipment	3,386	3,519
GEA Process Engineering	4,563	4,545
GEA Refrigeration Technologies	2,828	2,857
Total	**20,120**	**20,429**
Other	266	264
GEA Group	**20,386**	**20,693**
GEA Group adj. 2	20,148	20,693

1) Full-time equivalents (FTE) excluding vocational trainees and inactive contracts
2) Full-time equivalents (FTE) adjusted about adds because of acquisitions and changes in the basis of consolidation

As of December 31, 2010, GEA Group employed 605 vocational trainees compared with 618 at the same date in the previous year. In Germany, the vocational trainee ratio was 6.3 percent (previous year: 6.2 percent). As in the past, this figure exceeds the actual needs of GEA Group.

Employees * by region	12/31/2010		12/31/2009	
Western Europe	12,947	63.5%	13,568	65.6%
Asia/Pacific	2,629	12.9%	2,339	11.3%
North America	2,163	10.6%	2,224	10.7%
Eastern Europe	1,369	6.7%	1,271	6.1%
Latin America	561	2.8%	665	3.2%
Africa	511	2.5%	407	2.0%
Middle East	205	1.0%	219	1.1%
Total	**20,386**	**100.0%**	**20,693**	**100.0%**

* Full-time equivalents (FTE) excluding vocational trainees and inactive employment contracts

Bonus

As in the previous years, the Executive Board resolved to pay out an extraordinary bonus to all employees worldwide, with the exception of top management levels. Each employee will be paid a bonus of EUR 140, 95, or 50, depending on their country's average purchasing power. The total bonus paid out amounts to EUR 3.0 million.

Employee-driven ideas and improvement management scheme

GEA Group promotes and uses the innovative capacity of each and every employee with its group-wide "i^2m" Ideas & Improvement Management scheme. i^2m combines various instruments of the employee suggestion scheme into a comprehensive improvement system. With its clear structures and variable bonus system, it contributes to increasing the group's profitability and product and labor quality in the long term. In 2010, almost 18,000 ideas (up 14 percent from the previous year) were submitted through i^2m by employees across the group. Although not all of these employee ideas were finally assessed, 8,500 and thus 52 percent were successfully implemented in 2010. This result is particularly noteworthy, since it was achieved as the restructuring measures were being implemented. The annual net benefit of over EUR 13 million corresponds to an increase of nearly 30 percent year-on-year. The employee participation rate was 37 percent. This commitment was honored in 2010 by EUR 1.5 million in bonuses for implemented ideas, as well as recognition bonuses and numerous noncash bonuses. In addition to its economic benefits, i^2m strengthens the corporate culture, for instance by actively including employees and motivating them to be involved in shaping their Company.

GEA Performance Share Plan

Effective July 1, 2010, GEA Group Aktiengesellschaft issued the fifth tranche of the GEA Performance Share Plan for first-, second- and third-level managers. In 2010, the participation rate increased to 66 percent (previous year: 60 percent). As in previous years, all participants had to invest an amount equal to 20 percent of the issued performance shares. Details about this can be found in note 7.3.4 to the consolidated financial statements (page 137 et seqq.).

At the same time, the second tranche of the program issued in 2007 matured in 2010. Fortunately, the second tranche also performed very well, as shares of GEA Group Aktiengesellschaft had outperformed most of the companies listed in the MDAX in the three-year reference period.

Performance management

An annual assessment of managers worldwide is carried out using a standardized procedure. The assessment criteria include assertiveness, communication, leadership, commitment, use of management tools, creativity, and orientation on performance and results. The individual assessment helps GEA to identify specific training measures and, at the same time, to aid succession planning.

GEA Group Academy

In fiscal year 2010, the GEA Group Academy offered training in a variety of management and leadership areas at GEA's international locations. As it was the case last year, this training was organized in cooperation with an internationally recognized partner.

Global Business Consortium

GEA has been admitted to the Global Business Consortium of the London Business School, where top managers from diverse, internationally renowned companies can hone their strategic skills, including by using case studies. The executives of the participating companies are actively included in the program through presentations and by taking part in discussion groups.

First Professional Program

In addition to the “Professionals on Stage” personnel development program, which is geared towards managers with at least five years’ professional experience, a further international, cross-segment talent identification and development program for high-potential individuals was developed in 2010. The aim of this program is to identify talented young people with two to five years’ professional experience at GEA, to help them develop their potential, and to ensure that they remain with the Company. Here, too, experienced managers are actively involved in the program as observers or dialog partners.

Personnel marketing

To increase the attractiveness of the Company as an employer and to facilitate initial contact with potential candidates, a dedicated online career portal was created at www.GEA-people.com. Additionally, all segments of GEA were regularly represented at university career fairs and graduate conventions in 2010.

Diversity

GEA operates in a challenging international market environment with a variety of players who influence the Company in different ways – from competitors, customers, and employees down to the government and society in general. The many challenges associated with this very culturally diverse environment can be countered by the Company through awareness of diversity and by actively creating diversity within its own ranks. GEA has recognized that diversity is now a strategic success factor. Diversity is strength.

Because of this, GEA’s Executive Board, which itself is a successful example of diversity owing to its international composition, resolved at the end of 2010 to establish a diversity management system; this has been overseen by an experienced GEA female manager since January 1, 2011. The foundation for this system is the long-term aim of establishing diversity as an elementary component of GEA’s corporate culture, thereby benefiting its business in all areas.

Diversity relates to the composition of the GEA Group’s workforce with regard to specific criteria, namely internationality, gender, age, education, and mobility. To reflect this, GEA is currently developing a strategy and, based on this, an organization for group-wide diversity management. The relevant measures are overseen and implemented in the various segments.

In future, diversity aspects will be given particular weighting when recruiting personnel. One of the objectives is to recruit more women to GEA in this way and to involve a greater number of talented female employees in internal employee development initiatives. For example, the first step involves reaching at least 20 percent women across all such development measures.

Furthermore, diversity management should create the conditions for employee potential and talent to be identified reliably. The entire next generation of GEA managers will be trained in accordance with the aforementioned criteria (“mixed leadership”).

The outcome of all diversity measures must always be assessed based on three criteria: performance, potential, and diversity. To this end, a system of key performance indicators is being developed to measure the level of diversity achieved at GEA. However, diversity should never compromise performance, but should actually increase it.

In order to promote diversity at all levels, GEA also decided to take into account aspects of modern "work-life balance" concepts, for example. Accordingly, programs and working time models such as home office, flexible part-time work, or job sharing are to be offered to employees as supporting measures. Companies aiming to establish diversity must create an attractive working environment that is compatible with contemporary lifestyle concepts.

A plant and engineering company such as GEA must come up with new ways to help its employees develop their potential, to lay important foundations, and to find solutions. One challenge for society is that there are still not enough female graduates in the field of mechanical engineering/ process engineering. By contrast, the share of female university graduates in Germany in 2009 is already just over 50 percent.

Examinations passed	German		Non-Germans		Total Germany	
in Germany (2009)	Total	Female	Total	Female	Total	Female
Mechanical engineering	10,253	8%	1,359	15%	11,612	9%
Process engineering	1,168	33%	137	41%	1,305	34%
Total	**11,421**	**11%**	**1,496**	**18%**	**12,917**	**11%**

Source: Federal Statistical Office, Wiesbaden 2011; status on Febuary 4, 2011

Net Assets, Financial Position, and Results of Operations of GEA Group Aktiengesellschaft

In addition to the reporting by the group, the following section describes the performance of GEA Group Aktiengesellschaft (holding company). The annual financial statements are prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) and the Aktiengesetz (AktG – German Stock Corporation Act). The accounting rules amended on the basis of the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernization Act) of May 25, 2009 were applied for the first time in fiscal year 2010. They are presented here in condensed form.

Net assets of GEA Group AG (HGB) (EUR million)	31/12/2010	as % of total assets	31/12/2009	as % of total assets
Assets				
Intangible fixed assets	1.8	–	2.0	0.1
Tangible fixed assets	4.7	0.1	5.2	0.1
Long-term financial assets	2,830.9	75.1	2,785.3	77.6
Fixed assets	**2,837.4**	**75.2**	**2,792.5**	**77.8**
Receivables from affiliated companies	607.1	16.1	538.0	15.0
Other assets	27.6	0.7	29.0	0.8
Receivables and other assets	634.7	16.8	567.0	15.8
Securities	–	–	0.3	–
Cash	296.0	7.9	228.1	6.4
Current assets	**930.7**	**24.7**	**795.4**	**22.2**
Prepaid expenses	**4.0**	**0.1**	**0.1**	**–**
Total	**3,772.1**	**100.0**	**3,588.0**	**100.0**
Equity and liabilities				
Subscribed capital	496.9	13.2	496.9	13.8
Capital reserves	250.8	6.6	250.8	7.0
Revenue reserves	470.7	12.5	336.4	9.4
Net retained profits	74.3	2.0	55.8	1.6
Equity	**1,292.7**	**34.3**	**1,139.9**	**31.8**
Provisions	**204.6**	**5.4**	**288.6**	**8.0**
Liabilities to banks	429.1	11.4	408.8	11.4
Liabilities to affiliated companies	1,830.1	48.5	1,735.0	48.4
Other liabilities	15.5	0.4	15.6	0.4
Liabilities	**2,274.7**	**60.3**	**2,159.4**	**60.2**
Deferred income	**0.1**	**–**	**0.1**	**–**
Total	**3,772.1**	**100.0**	**3,588.0**	**100.0**

The increase in total assets by EUR 184.1 million is primarily the result of a rise in long-term financial assets by EUR 45.6 million and in receivables from affiliated companies by EUR 69.1 million, as well as a year-on-year rise in cash and cash equivalents by EUR 67.9 million. The change in long-term financial assets was mainly due to the reversal of writedowns of the carrying amount of investments.

On the equity and liabilities side, the change in the structure benefited equity, which rose by EUR 152.8 million. As a result, the equity ratio was up 2.5 percentage points to 34.2 percent. The EUR 84.0 million year-on-year decline in provisions is firstly attributable to the reversal of provisions for equity investment risks of EUR 37.0 million. Secondly, the first-time application of the BilMoG resulted in a decline of EUR 8.0 million from the effects of discounting as well as of EUR 11.1 million from offsetting plan assets against the corresponding obligations.

The Executive Board and Supervisory Board transferred a total of EUR 126.3 million to revenue reserves in fiscal year 2010. EUR 54.3 million of this amount related to the reversal of writedowns of the carrying amount of investments and was transferred to revenue reserves in accordance with § 58(2a) of the AktG. The equity ratio therefore amounted to 34.3 percent compared with 31.8 percent in the previous year.

As GEA Group Aktiengesellschaft is purely a management holding company, the following cash flow statement has only limited informative value.

(EUR million)	2010	2009
Cash flow from operating activities	106.2	96.6
Cash flow from investing activities	-3.4	-47.5
Cash flow from financing activities	-34.9	-80.4
Liquid funds	296.0	228.1

The rise in cash flow from operating activities was driven by a significant increase in cash inflows from net investment income. Cash flow from investing activities reflects the provision of cash to subsidiaries in the form of long-term loans or capital increases. Overall, there was a small net increase in loans compared with the previous year. Cash flow from financing activities relates to the 2010 dividend payment amounting to EUR 55.1 million and new bank borrowings in the amount of EUR 20.2 million.

Income statement of GEA Group AG (HGB) (EUR million)	31/12/2010	in %	31/12/2009	in %
Other operating income	121.2	50.3	109.1	60.7
Personnel expenses	-27.1	-11.2	-41.5	-23.1
Amortization amd writedowns of intangible fixed assets and depreciation and writedowns of tangible fixed assets	-1.2	-0.5	-1.5	-0.8
Other operating expenses	-121.1	-50.3	-83.8	-46.7
Investment income	240.9	100.0	179.6	100.0
Net interest income	-9.1	-3.8	-5.2	-2.9
Result from ordinary activities	**203.6**	**84.5**	**156.7**	**87.2**
Extraordinary expenses	-0.4	-0.1	–	–
Taxes on income	-3.3	-1.4	-13.4	-7.4
Net income for the fiscal year	**199.9**	**83.0**	**143.3**	**79.8**
Retained profits brought forward	0.7	0.3	0.5	0.3
Appropriation to other revenue reserves	-126.3	-52.4	-88.0	-49.0
Net retained profits	**74.3**	**30.9**	**55.8**	**31.1**

Personnel expenses fell by EUR 14.4 million year-on-year. In the previous year, additional expenses of EUR 20.7 had been incurred from the change in the valuation technique for pension provisions to the projected unit credit method. This was partially offset in fiscal year 2010 by higher provisions recognized for other personnel expenses. In other operating income and expenses, exchange rate gains and losses from matching intercompany hedges rose by around EUR 50 million to EUR 88 million each. Overall, however, they nearly offset each other, as in the previous year. Other operating income also includes income from cost transfers to subsidiaries, from ancillary operations, and from the reversal of provisions. In addition to exchange rate losses, other operating expenses mainly comprise the cost of expert opinions and consulting, as well as third-party goods and services. Investment income is composed above all of income and expenses from profit and loss transfer agreements, dividends, and writedowns of financial assets and their reversal.

Proposal on the appropriation of profits

GEA Group Aktiengesellschaft's annual financial statements in accordance with the HGB report net income of EUR 199.9 million. In accordance with section 58(2a) of the AktG, the Executive Board and Supervisory Board initially appropriated EUR 54.3 million followed by a further EUR 72.0 million from the remaining net income of EUR 145.6 million to other revenue reserves in accordance with section 58(2) sentence 1 of the AktG. The Executive Board and Supervisory Board will propose to the Annual General Meeting that a dividend of EUR 0.40 per share be paid to shareholders from the net retained profits of EUR 74.3 million for a total of 183,807,845 shares and to carry forward the remaining net retained profits of EUR 0.8 million to new account. The dividend will be paid from the contribution account for tax purposes (section 27 of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act)) without deduction of investment income tax and the solidarity surcharge.

Explanatory information in accordance with sections 289(4) and 315(4) of the HGB

Composition of the subscribed capital and restrictions on rights

The subscribed capital of GEA Group Aktiengesellschaft was unchanged at EUR 496,890,368.79 as of December 31, 2010. All the shares are ordinary shares and amount to 183,807,845 no-par value bearer shares. The rights and obligations arising from these shares are defined in the AktG. The Executive Board is not aware of any restrictions affecting the voting rights. Participation in the GEA Performance Share Plan requires a personal investment by participants in GEA shares, which are subject to a holding period of three years. Participants who infringe the holding period lose their right to participate in the plan.

Interests in the share capital exceeding 10 percent of the voting rights

There were no interests in the Company exceeding 10 percent of the voting rights as of December 31, 2010.

Provisions governing the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association

The Executive Board is appointed and dismissed in accordance with sections 84 and 85 of the AktG in conjunction with section 31 of the Mitbestimmungsgesetz (MitbestG – German Codetermination Act).

Under Article 20(1) of GEA Group Aktiengesellschaft's Articles of Association, amendments to the Articles of Association may – where legally permissible – be adopted by a simple majority of the share capital represented at the vote. Under Article 21 of the Articles of Association, the Supervisory Board may resolve amendments and additions to the Articles of Association that only affect their wording. Section 179 of the AktG also applies to amendments to the Articles of Association.

Powers of the Executive Board to issue and repurchase shares

Disclosures on contingent capital and authorized capital can be found in the notes under the presentation of equity (section 7.1, page 125 et seqq.).

Under a resolution adopted by the Annual General Meeting dated April 21, 2010, GEA Group Aktiengesellschaft is authorized to purchase own shares up to a total of 10 percent of the share capital in accordance with section 71(1) no. 8 of the AktG. The authorization is valid until April 20,

2015. The shares may be purchased via the stock exchange or by means of a public purchase offer to all shareholders. The shares may subsequently be used for all purposes allowed by law. In particular they may be redeemed, used to service bonds with warrants or convertible bonds, transferred to third parties as part of business combinations or acquisitions, or disposed of in another manner.

Further details on the resolutions adopted by the 2010 Annual General Meeting are available in the invitation to the Annual General Meeting, which was published in the electronic Federal Gazette on March 11, 2010.

Material agreements that take effect in the event of a change of control following a takeover bid

The individual lenders of a syndicated credit line amounting to EUR 300 million may refuse new drawdowns in the event of a change of control. The syndicate banks may call in any amounts already drawn down and terminate the respective credit line giving 20 days' notice.

In the event of a change of control, the lenders of a EUR 220 million borrower's note loan are entitled to require early repayment of their loan receivable, including interest accrued up to the date of the early repayment. The borrower determines the repayment date, which may not be fewer than 60 days or more than 90 days after the date on which the borrower was informed of the change of control and notified the lenders of this via the paying agent.

The individual lenders of the syndicated credit line 2 (club deal) amounting to EUR 650 million may refuse new drawdowns in the event of a change of control. The lenders may call in any amounts already drawn down and terminate the respective credit line giving 20 days' notice.

In the case of the loan agreement with the European Investment Bank (EIB) amounting to EUR 150 million, the EIB is entitled to call in the loan and require early repayment including accrued interest in the event of a change of control. In this case, the borrower is obliged to repay the amount on the date specified by the Bank, which may not be earlier than 30 days after the repayment request.

The lender of a guarantee loan amounting to USD 100 million for subsidiaries in the United States may require negotiations on new agreements within 30 days of a change of control. If no agreement is reached, the lender may require collateral for all outstanding guarantees with immediate effect.

All Performance Shares under the GEA Performance Share Plan expire in the event of a change of control. Managers who have participated in the plan then receive a compensation payment for the expired Performance Shares. This payment corresponds to the allocated target value.

A change of control within the meaning of these agreements and the GEA Performance Share Plan is deemed to have occurred in particular if a majority of voting rights or shares of the Company are transferred to a single person or group of persons.

Compensation arrangements with members of the Executive Board or employees

Executive Board members' contracts include provisions on the calculation of bonuses in the event of a change of control. Additional details can be found in the Remuneration Report starting on page 55. Further compensation arrangements with employees have been agreed with regard to the Performance Shares under the GEA Performance Share Plan, as described in the paragraph above.

Corporate Governance Report including the Corporate Governance Declaration

GEA Group Aktiengesellschaft places great importance on transparent and responsible corporate governance and management aimed at long-term value enhancement. GEA's activities are based on recognized corporate governance principles and comply to a large extent with the suggestions and recommendations of the German Corporate Governance Code as amended on May 26, 2010 (announced in the electronic Federal Gazette on July 2, 2010). The only departure from the Code's recommendations concerns the performance-related remuneration of the Supervisory Board members recommended in section 5.4.6(2) sentence 1 of the Code, which the group continues not to apply.

Declaration of Compliance

On December 16, 2010, the Executive Board and Supervisory Board of GEA Group Aktiengesellschaft issued the following Declaration of Compliance in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act); the Declaration of Compliance has been made permanently available to the public on the Company's website at www.geagroup.com:

> GEA Group Aktiengesellschaft complies and will continue to comply in the future with the recommendations of the German Corporate Governance Code as amended on May 26, 2010 with the following exception:
>
> – The compensation of the Supervisory Board members does not provide for a performance-related component (section 5.4.6(2) sentence 1 of the Code).
>
> Since the Declaration of Compliance dated December 17, 2009, GEA Group Aktiengesellschaft has complied with the recommendations of the German Corporate Governance Code, as amended, with the exception stated below:
>
> – The compensation of the Supervisory Board members did not provide for a performance-related component (section 5.4.6(2) sentence 1 of the Code).
>
> Explanation: The Company regards an appropriate fixed remuneration as more appropriately reflecting the Supervisory Board's control function, which must be performed independently of the Company's performance.
>
> Bochum, December 16, 2010

For the Supervisory Board	For the Executive Board	
Dr. Jürgen Heraeus	Jürg Oleas	Dr. Helmut Schmale

Code of Conduct

The Executive Board and Supervisory Board have drawn up a Code of Conduct that stipulates that the group's business activities comply with all laws and with high ethical standards. The Code of Conduct is binding on all employees. It is supplemented by guidelines on individual topics, in particular by the group's anticorruption guideline. Finally, the Company has agreed codes of conduct with its European Works Council that define ethical, social, and legal standards that are binding on all GEA Group employees. The Code of Conduct, the anticorruption guideline, and further information are published on GEA Group Aktiengesellschaft's website under Investor Relations/Corporate Governance.

Compliance organization

GEA Group's compliance organization helps implement the Code of Conduct and the other group-wide guidelines throughout the group. A Chief Compliance Officer, who reports to the CEO and the Supervisory Board's Audit Committee, has been appointed to monitor compliance with the principles laid down in the Code of Conduct and the individual guidelines. A Compliance Committee was also established to advise the Chief Compliance Officer. In addition, a Compliance Officer has been appointed for each segment and a Compliance Manager for each operating company. The members of the compliance organization meet regularly to discuss the latest developments and their potential impact and need to supplement GEA Group's compliance program. GEA Group's extensive compliance program is rounded off by classroom and web-based training sessions for the group employees responsible for compliance covering the rules contained in the law, the Code of Conduct, and GEA Group's additional compliance guidelines.

Responsible handling of risks

Sustainable growth can only be achieved if both the opportunities and risks of business activities are identified and suitably taken into account. Effective risk management is therefore one of the core elements of corporate governance at GEA Group Aktiengesellschaft. Further information on this is available on pages 61 et seqq. and 101 et seqq. of this Annual Report.

Transparency of accounting and auditing

GEA Group Aktiengesellschaft is committed to transparent reporting and publishes its consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs) as well as the corresponding interim reports. GEA Group Aktiengesellschaft's annual financial statements are based on the Handelsgesetzbuch (HGB – German Commercial Code). The Supervisory Board engages the external auditor elected by the Annual General Meeting. The Audit Committee agrees the areas of emphasis of the audit and negotiates the fee. It ensures that the auditor's work is not compromised by conflicts of interest. In addition to the consolidated and annual financial statements, the Audit Committee discusses the half-yearly and quarterly reports with the Executive Board as recommended in section 7.1.2 of the German Corporate Governance Code.

Detailed reporting

GEA Group Aktiengesellschaft communicates openly, actively, and in detail. It regularly and promptly informs shareholders, shareholder associations, analysts, and interested members of the public on equal terms about the Company's position and significant changes to its business. The Company's website is an important communications medium here. It contains the annual and interim reports, press releases, ad hoc announcements, and other disclosures required by the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), as well as the financial calendar and other relevant information in German and English. The group also holds regular analyst meetings, press conferences, and events for investors. All presentations made at these events can also be downloaded from GEA's website under Investor Relations/Presentations.

Directors' dealings and shareholdings of governing body members

Under section 15a of the WpHG, Executive Board and Supervisory Board members as well as their related parties are obliged to notify the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Federal Financial Supervisory Authority) and the Company of the purchase and sale of shares of GEA Group Aktiengesellschaft or related financial instruments if transactions entered into in a calendar year exceed the threshold of EUR 5,000. In fiscal year 2010, the Company received various disclosures regarding the purchase and sale of shares of GEA Group Aktiengesellschaft by Supervisory Board members (directors' dealings) and their related parties in accordance with section 15a of the WpHG. All transactions in the 2010 reporting period and the previous years are published on the Company's website under Investor Relations/Corporate Governance.

Total holdings of shares of GEA Group Aktiengesellschaft by all Executive Board and Supervisory Board members amount to less than 1 percent of the shares issued by the Company.

Securities-based remuneration program for company executives

Effective July 1, 2006, GEA Group Aktiengesellschaft launched a new long-term, share price-based remuneration program entitled "GEA Performance Share Plan" for managers in the first two contract levels below the Executive Board. This plan was extended in fiscal year 2008 to include managers in the third contract level. Details are available on page 43 and note 7.3.4 (page 137 et seqq.) to the consolidated financial statements.

Corporate governance and supervision: Executive Board and Supervisory Board

The Executive Board of GEA Group Aktiengesellschaft, which comprises three members, is the group's management body. The Supervisory Board – which has twelve members, half of whom are shareholder representatives and half employee representatives – advises and monitors the Executive Board. The Executive Board and Supervisory Board cooperate closely for the benefit of the Company; their common goal is a sustainable increase in enterprise value.

Executive Board

The Executive Board reports regularly, promptly, and extensively to the Supervisory Board on all issues relating to planning, business development, the risk position, risk management, and compliance that are relevant for the Company. The Articles of Association and rules of procedure specify key transactions that require the Supervisory Board's approval. Further information on the individual members of the Executive Board can be found on pages 8 and 188 of this Annual Report.

Supervisory Board

The Supervisory Board advises the Executive Board on the management of the Company and supervises its conduct of the Company's business. Five meetings of the Supervisory Board are usually held in each calendar year, which are attended by the Executive Board members unless the Chairman of the Supervisory Board determines otherwise. As a rule, the Supervisory Board's resolutions are adopted at these meetings. On the instruction of the Chairman of the Supervisory Board and unless the majority of Supervisory Board members objects immediately, resolutions can also be adopted outside meetings by casting votes in writing, in text form, or by telephone. However, this option is normally used in urgent cases only. Resolutions require a simple majority of the votes cast unless a different majority is stipulated by law.

The term of office of the current Supervisory Board members expires at the end of the Annual General Meeting in fiscal year 2011, with the result that new elections must be held for both the shareholder representatives and the employee representatives in fiscal year 2011.

In light of section 5.4.1 of the Code, the Supervisory Board resolved the following goals for its composition at its meeting on December 16, 2010: Reflecting the specific situation of the Company, the members of the Supervisory Board should collectively possess the knowledge, skills, and specialist experience required to properly perform their tasks. In this connection, the Supervisory Board also takes into consideration industry knowledge, a sufficient number of independent members, international experience, and an appropriate level of female representation (diversity). To ensure the well-being of the Company, however, the decisive factor in appointing members should always be the candidates' specialist and personal eligibility. Specifically, the Supervisory Board has the following objectives for its next term of office: (1) The Supervisory Board should have two female members. (2) The number of members with an international background should be maintained at least at the present level. (3) The Supervisory Board should have what it deems to be a sufficient number of independent members. Additionally, the principles for dealing with conflicts of interest laid down in the Rules of Procedure will be observed. (4) Only persons who have not reached the age of 70 at the time of the election will normally be considered as candidates for election.

The Supervisory Board does not currently have any female members. However, it is planned to propose a female candidate for election to the Supervisory Board when the shareholder representatives are elected at the 2011 Annual General Meeting.

Supervisory Board committees

The Supervisory Board's work is supported by committees. These are primarily the Presiding Committee and the Audit Committee, as well as the statutory Mediation Committee and the Nomination Committee recommended by the German Corporate Governance Code. The Presiding Committee, the Audit Committee, and the Mediation Committee each comprise four members and feature equal representation of shareholders and employees. The Nomination Committee consists of three members who are exclusively shareholder representatives in accordance with section 5.3.3 of the German Corporate Governance Code.

The Presiding Committee and the Audit Committee usually meet four times during a calendar year. Resolutions by the Presiding Committee and the Audit Committee are adopted at meetings by a simple majority of the votes cast, or outside meetings by a simple majority of the members. If a vote is tied, the Chairman has a second vote on the same resolution if another vote is held. The Nomination and Mediation Committees hold meetings when required.

The Presiding Committee's duties include preparing the Supervisory Board meetings. In particular, this Committee is also responsible for defining the legal relationships between the Company and the individual Executive Board members, and for succession planning for the Executive Board. Decisions on the Executive Board's remuneration system, the total remuneration of the individual Executive Board members, and their appointment and dismissal are made by the full Supervisory Board.

The Audit Committee is primarily responsible for issues relating to accounting, the internal control system, and risk management, including internal audit, as well as for the necessary independence of the external auditor. It also monitors compliance with key legislation and official regulations, as well as with internal guidelines including GEA Group's Code of Conduct (compliance). The Mediation Committee's duties are laid down in section 27 and 31 of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act). The Nomination Committee's task is to propose suitable candidates to the Supervisory Board for election at the Annual General Meeting.

Further information on the composition of the Supervisory Board and its committees can be found on page 189 of this Annual Report. The Report of the Supervisory Board on pages 183 et seqq. of this Annual Report also gives further details of the activities of the Supervisory Board and its committees in 2010.

In accordance with section 317(2) sentence 3 of the HGB, the Corporate Governance Declaration issued pursuant to section 289a HGB is not included in the audit of the financial statements.

Remuneration Report

(part of the Corporate Governance Report and the Management Report)

Executive Board remuneration

The remuneration of the Executive Board members is composed of both performance-related and non-performance-related components.

The fixed annual salary paid to Mr. Oleas in the year under review was EUR 1,124,550; it was increased to EUR 1,250,000 as of January 1, 2011. Dr. Schmale's fixed annual salary of EUR 577,500 was increased to EUR 625,000 effective April 1, 2010. Mr. Graugaard's fixed annual remuneration amounted to EUR 550,000 until his contract was extended; it was increased to EUR 600,000 as of August 1, 2010 and will be adjusted upward by 3.5 percent a year in subsequent years. The non-performance-related fixed basic remuneration is paid as a monthly salary. In addition, Executive Board members receive noncash benefits that mainly comprise the value of company car use in accordance with tax regulations, accident insurance contributions, and – for individual Executive Board members – the reimbursement of costs for the maintenance of two households and for flights home to their place of residence. Pension subsidies of up to half of the income threshold for contribution assessment under the statutory pension insurance system are granted to Dr. Schmale against evidence of costs incurred. Instead of pension benefits, Mr. Graugaard receives 12.5 percent of his fixed salary for a private pension insurance scheme limited to the term of his service contract. The other pension benefits for the Executive Board members are described below and listed in the table entitled "Individual vested rights and pension benefits of the Executive Board in 2010."

The performance-related remuneration (bonus) includes a ROCE (return on capital employed) component, a share price component, and a personal performance component. Each of the above components has a weighting of one-third in relation to the defined basic bonus. The respective target bonus is adjusted according to the amount by which the target is exceeded or undershot. The basic bonus for Mr. Oleas amounted to EUR 1,000,000 in 2010 and was increased to EUR 1,250,000 in line with his annual fixed remuneration as of January 1, 2011. For the other Executive Board members, the basic bonus amount largely corresponds to the fixed annual remuneration, which was revised for both Mr. Graugaard and for Dr. Schmale in the course of the year under review, as explained above. Accordingly, Mr. Graugaard's basic bonus was EUR 320,833 from January 1 through July 31, 2010 (EUR 550,000 p.a.) and EUR 250,000 after August 1, 2010 (EUR 600,000 p.a.); Dr. Schmale's basic bonus amounted to EUR 137,500 from January 1 through March 31, 2010 (EUR 550,000 p.a.) and EUR 468,750 after April 1, 2010 (EUR 625,000 p.a.). If the targets are met in full, the basic bonus for 2010 will therefore amount to EUR 570,833 for Mr. Graugaard and EUR 606,250 for Dr. Schmale.

The amount of the ROCE component corresponds to the ratio of earnings before interest and taxes (EBIT) to the average capital employed in the past 12 months. If 100 percent of the target is met, the target amount of this component is one-third of the basic bonus.

Under the share price component, the Executive Board receives a payment if GEA shares do not underperform the MDAX in the fiscal year. If the increase in GEA's share price corresponds to the MDAX growth rate, the amount paid out is 75 percent of the target amount attributable to this portion of the bonus. The Executive Board only receives the full amount of one-third of the target bonus if the increase in GEA's share price amounts to 120 percent of the MDAX growth. The amount paid out is increased or decreased accordingly in the case of growth rates above or below 120 percent of MDAX performance. The Supervisory Board may resolve a payment at its discretion if GEA shares have outperformed the MDAX when prices are falling (i.e., they have declined less sharply than the MDAX as a whole).

The personal performance component depends on the achievement of the 3-5 targets set by the Supervisory Board individually for each Executive Board member at the beginning of the fiscal year. The degree of target achievement is also determined in particular on the basis of the criterion of sustainable business development. In the case of 100 percent target achievement, the target amount of this component also amounts to one-third of the basic bonus. The Supervisory Board may also determine a degree of target achievement in excess of 100 percent.

Half of the calculated bonus is payable at the first payroll date following the Supervisory Board meeting adopting the annual financial statements ("short-term bonus"). If the targets have been overachieved, this portion of the bonus is limited to 75 percent of the annual basic bonus (cap 1). For the purpose of aligning the remuneration with sustainability, the other half of the calculated bonus is converted into phantom shares in the Company and their payment amount is determined on expiry of a holding period of three years. The share price relevant for this purpose is the mean of the daily closing prices in Xetra trading on the Frankfurt Stock Exchange on the exchange trading days of the three-month period ending one month before the Supervisory Board meeting adopting the annual financial statements of the fiscal year in which the holding period expires. The dividends distributed for each share during the holding period are added to the figure calculated in this way. The amount payable according to this method ("long-term bonus") is limited to 300 percent of the annual basic bonus (cap 2). Payment of the long-term bonus becomes due at the next payroll date. If the Executive Board member's contract is terminated, the holding period is cut from three years to one year, starting on the date of termination. The payment amount is then calculated by applying the above rules accordingly.

The combined total of short-term and long-term bonuses is in all cases limited to 375 percent of the basic bonus for the fiscal year to which the bonus relates.

Executive Board members may be granted an additional discretionary bonus if an exceptional increase in value for the Company's shareholders was achieved. The Company's Supervisory Board decides whether such a discretionary bonus is granted and on the amount. No discretionary bonus was awarded for fiscal year 2010.

The Chairman of the Executive Board, Jürg Oleas, has a pension commitment with an individually agreed fixed amount of EUR 220,000 p.a. defined in his employment contract, to which he is fully entitled after 15 years of service. Under this agreement, Mr. Oleas' pension is paid if his Executive Board contract ends when or after he reaches the age of 62 or if he becomes permanently unable to work. He is also entitled to his pension if his employment contract has lasted at least 15 years and ends before he reaches the age of 62. In this case, or if Mr. Oleas becomes permanently unable to work, his pension is paid as a transitional benefit until he reaches the age of 62 on December 8, 2019; his pension is reduced by up to half of the transitional benefit for the year in question for any severance payment and – until he reaches the age of 62 – any other income from new activities that he may have commenced after leaving the Company. If Jürg Oleas' Executive Board contract ends before one of the above conditions for payment of his pension is met, he will have a vested entitlement to a pro rata annual pension that is calculated on the basis of a maximum possible service period of 180 months (15 years of service). The ongoing pension is adjusted annually in line with the consumer price index.

The Chief Financial Officer, Dr. Helmut Schmale, has a pension commitment with an individually agreed fixed amount of EUR 111,000 p.a. defined in his employment contract. Under this agreement, Dr. Schmale's pension is paid if his Executive Board contract ends when or after he has reached the age of 62 or he leaves the Company due to permanent inability to work. If Dr. Helmut Schmale's Executive Board contract ends before one of the above conditions for payment of his pension is met, he will have a vested entitlement to a pro rata annual pension that becomes payable for the first time when he reaches the age of 62. It is calculated as a vested basic amount of EUR 76,000 plus an amount determined on the basis of a maximum possible remaining service period of 97 months (approximately 8 years until he reaches the age of 62). The ongoing pension is adjusted annually in line with the consumer price index.

Mr. Graugaard and Dr. Schmale are entitled to make a personal contribution per fiscal year to a deferred compensation pension scheme for Executive Board members. No employer subsidy is paid.

The surviving dependents' benefits defined in the contracts of Mr. Oleas and Dr. Schmale mainly provide for a lifelong widow's pension and an orphan's pension. The lifelong widow's pension amounts to 60 percent of the retirement pension. The orphan's pension is a specific percentage of the retirement pension and its amount depends on the number of children and whether they are full or half orphans. Entitlement to an orphan's pension expires on reaching the age of 18, or at the latest on reaching the age of 25 if the child in question is still at school or in vocational or professional training. Widow's and orphan's pensions may not collectively exceed the amount of the retirement pension.

The Company has recognized pension provisions for the future entitlements of Executive Board members. The amounts added to these pension provisions for the Executive Board members who are active at the end of the year under review are listed individually in the table below on the basis of IFRSs. These amounts comprise service cost and interest cost.

The Chairman of the Executive Board has a unilateral right of termination if the Supervisory Board revokes his appointment as Chairman of the Executive Board. If Mr. Oleas exercises his unilateral right of termination and leaves the Executive Board, he is entitled to receive the corresponding fixed salary for the remaining months of his contractual term, up to a maximum of 8 months.

If the appointment of an Executive Board member is revoked for good cause with legal effect in accordance with section 84(3) of the Aktiengesetz (AktG – German Stock Corporation Act) or an Executive Board member validly resigns his office in accordance with 84(3) of the AktG, the Executive Board member's employment contract ends on expiry of the statutory notice period under section 622(1), (2) of the Bürgerliches Gesetzbuch (BGB – German Civil Code). In addition to the bonus to which he is entitled up to the date of leaving, the Executive Board member concerned receives as compensation for leaving the Company's service early a severance payment amounting to the total remuneration agreed for the rest of the contractual term. For the calculation of the corresponding bonus entitlement, a degree of target achievement of 85 percent is assumed. The total remuneration for the remaining term is limited to a maximum of two full years of remuneration.

The following rule applies to all Executive Board members with regard to a change of control: If an Executive Board member is removed from office or if his employment contract is terminated by mutual consent within six months of a change of control, the bonus for the respective fiscal year – to the extent legally permissible, in particular in accordance with section 87(1) of the AktG – will be at least 85 percent of the basic bonus. In this context, a change of control is deemed to have occurred as soon as the Company is notified that a shareholder has reached or exceeded 50 percent or 75 percent of the Company's voting rights in accordance with section 21 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), an intercompany agreement is entered into with the Company as a dependent company in accordance with sections 291 et seqq. of the AktG, or absorption under section 319 of the AktG or a change of legal form of the Company in accordance with the Umwandlungsgesetz (UmwG – German Reorganization Act) is resolved with legal effect.

The total remuneration paid to active Executive Board members of GEA Group Aktiengesellschaft amounted to EUR 4,936 thousand in fiscal year 2010 (previous year: EUR 3,296 thousand) and comprises both a fixed component of EUR 2,309 thousand (previous year: EUR 2,287 thousand) and a variable bonus of EUR 2,380 thousand (previous year: EUR 753 thousand).

The following tables show an individualized breakdown of the fixed component, bonus, other remuneration, and pension benefits.

The table below presents the remuneration paid to each Executive Board member in 2010 compared with the previous year:

(EUR)	Fixed remuneration	Bonus	Noncash benefits	Pension subsidies	**Total**
Jürg Oleas	1,124,550.00	1,093,333.32	40,999.33	–	**2,258,882.65**
prior year	1,124,550.00	223,714.29	46,867.70	–	**1,395,131.99**
Hartmut Eberlein	–	–	–	–	**–**
prior year	200,000.00	276,164.00	5,150.20	2,149.00	**483,463.20**
Niels Graugaard	570,833.31	624,111.12	105,752.99	71,354.19	**1,372,051.61**
prior year	550,000.08	137,500.00	113,883.11	68,750.04	**870,133.23**
Dr. Helmut Schmale	613,125.00	662,833.29	22,294.48	6,447.60	**1,304,700.37**
prior year	412,500.00	116,015.63	13,746.29	4,835.70	**547,097.62**
Total	**2,308,508.31**	**2,380,277.73**	**169,046.80**	**77,801.79**	**4,935,634.63**
prior year	**2,287,050.08**	**753,393.92**	**179,647.30**	**75,734.74**	**3,295,826.04**

Niels Graugaard and Dr. Helmut Schmale were each paid EUR 27,653.13 during their term of office as Division President due to their participation in the GEA Performance Share Plan (GPS), 2007 tranche.

Individual vested rights and pension benefits of the Executive Board in 2010

(EUR)	Pension benefit p.a (as of December 31, 2010) (annual entitlement at start of pension)	Pension entitlements p.a. earned as of December 31, 2010	Additions to pension provisions (IFRS) in fiscal year 2010	Present value pension benefit (as of December 31, 2010
Jürg Oleas	220,000.00	141,777.77	187,469.00	2,428,268.00
Niels Graugaard	–	–	–	–
Dr. Helmut Schmale	111,000.00	77,082.48	609,380.00	1,321,272.00
Total	**331,000.00**	**218,860.25**	**796,849.00**	**3,749,540.00**

Remuneration of former Executive Board members and their surviving dependents

Former members of the Executive Board and their surviving dependents received remuneration of EUR 1,995 thousand (previous year: EUR 1,900 thousand) from GEA Group Aktiengesellschaft and payments of EUR 5,467 thousand (previous year: EUR 5,652 thousand) from the GEA group. GEA Group Aktiengesellschaft recognized pension provisions for former Executive Board members and their surviving dependents in accordance with IFRS, of EUR 26,860 thousand (previous year: EUR 27,623 thousand); the amount recognized by the GEA group for these persons was EUR 50,387 thousand (previous year: EUR 55,174 thousand).

Remuneration of the Supervisory Board members

The expenses incurred for the Supervisory Board amounted to EUR 745 thousand in fiscal year 2010 (previous year: EUR 735 thousand). Under Article 15(1) of the Articles of Association, each member of the Supervisory Board receives fixed annual remuneration of EUR 30 thousand, payable after the end of each fiscal year, in addition to the reimbursement of expenses. The Chairman of the Supervisory Board receives two and a half times this amount, and his deputy one and a half times this amount. Under Article 15(2) of the Articles of Association, the members of the Chairman's Committee and the Audit Committee each receive EUR 25 thousand. The chairman of each of these committees receives twice this amount. No separate remuneration is or was paid to members of the Mediation Committee or the Nomination Committee. Members who join or leave the Supervisory Board or its committees during the year are paid pro rata for the period of their membership. The Supervisory Board's remuneration does not include any performance-related component. Under Article 15(3) of the Articles of Association, at the end of the fiscal year Supervisory Board members also receive an attendance fee of EUR 750 for each meeting of the Supervisory Board and of the abovementioned committees that they have attended.

The following table shows the individual remuneration and its respective components for membership of the Supervisory Board and the Chairman's Committee and Audit Committee for 2010 compared with the previous year:

(EUR)	Supervisory Board remuneration	Chairman's Committee remuneration	Audit Committee remuneration	Attendance fees	**Totals**
Dr. Heraeus	75,000.00	50,000.00	25,000.00	9,750.00	**159,750.00**
prior year	75,000.00	50,000.00	25,000.00	9,000.00	**159,000.00**
Siegers	45,000.00	25,000.00	–	6,750.00	**76,750.00**
prior year	45,000.00	25,000.00	–	5,250.00	**75,250.00**
Ammer	30,000.00	–	–	4,500.00	**34,500.00**
prior year	30,000.00	–	–	3,750.00	**33,750.00**
Bastaki	30,000.00	–	–	3,000.00	**33,000.00**
prior year	30,000.00	–	–	3,750.00	**33,750.00**
Eberlein	30,000.00	–	–	4,500.00	**34,500.00**
prior year	20,000.00	–	–	2,250.00	**22,250.00**
Gröbel	30,000.00	25,000.00	–	6,750.00	**61,750.00**
prior year	30,000.00	25,000.00	–	6,750.00	**61,750.00**
Hunger	30,000.00	–	–	4,500.00	**34,500.00**
prior year	30,000.00	–	–	3,750.00	**33,750.00**
Kämpfert	30,000.00	–	–	4,500.00	**34,500.00**
prior year	30,000.00	–	–	3,750.00	**33,750.00**
Dr. Kuhnt	30,000.00	–	50,000.00	8,250.00	**88,250.00**
prior year	30,000.00	–	50,000.00	7,500.00	**87,500.00**
Löw	30,000.00	–	25,000.00	8,250.00	**63,250.00**
prior year	30,000.00	–	25,000.00	6,750.00	**61,750.00**
Dr. Perlet	30,000.00	25,000.00	–	6,000.00	**61,000.00**
prior year	30,000.00	25,000.00	–	5,250.00	**60,250.00**
Stöber	30,000.00	–	25,000.00	8,250.00	**63,250.00**
prior year	30,000.00	–	25,000.00	6,000.00	**61,000.00**
Graf von Zech	–	–	–	–	**–**
prior year	10,000.00	–	–	1,500.00	**11,500.00**
Total	**420,000.00**	**125,000.00**	**125,000.00**	**75,000.00**	**745,000.00**
prior year	**420,000.00**	**125,000.00**	**125,000.00**	**65,250.00**	**735,250.00**

Report on risks and opportunities

Risk policy is a component of the group's strategy

The exploitation of growth and earnings potential depends on GEA Group using the opportunities that arise, although this in turn is generally associated with business risks. Taking calculated risks is therefore part of GEA Group's corporate strategy. To meet the objective of sustainably increasing enterprise value, it is necessary, as far as possible, to enter into only those risks that are calculable and matched by greater opportunities. This requires active risk management to avoid taking inappropriate risks and monitor and control those risks that have been entered into.

GEA Group's strategic and medium-term planning is a key component of managing opportunities and risks. In the course of these processes, decisions on core technologies and markets are prepared, together with the corresponding allocation of resources. The objective is to ensure stability by diversifying and concentrating on markets of the future. At the same time, developments that may jeopardize GEA Group's continuing existence can be identified at an early stage.

Opportunities and risks arising from significant operating decisions, for example the acceptance of orders and the implementation of capital expenditure projects, are assessed and hence actively managed by the relevant departments and decision-makers at all group levels in a decision-making process that is classified by materiality criteria.

Internal control and risk management system

All group companies are integrated into GEA Group's risk management system. Quarterly or parameter-driven ad hoc risk reports ensure that segment and holding company decision-makers are informed promptly about material existing risks and potential risks affecting future development.

The basic principles of a proper risk management system and the related workflows are documented in a group-wide risk guideline. This guideline is specified and structured in greater detail by the divisions to meet their specific requirements. These guidelines also document mandatory requirements governing risk reporting and management. Compliance with these requirements is monitored regularly by Internal Audit.

Risk management instruments such as the Risk Assessment and Advisory Committees (RAAC) are supplemented by a reporting system encompassing consolidated financial projections, monthly consolidated financial statements, and regular meetings between the Executive Board and the segment presidents to enable the various risks to be identified and analyzed.

The specific requirements of the group's project business are addressed by risk boards at segment and holding company level. Before a binding quotation is submitted or an agreement signed, the commercial and contractual terms of potential orders are examined in detail by specialists from various departments so that risks are avoided that cannot be controlled. The risk management system therefore comes into play before risks arise, as the opportunity and risk profile of quotations is critically examined. If the risks overweigh the opportunities, no agreement may be signed. The risk management system is not only designed to identify risks that jeopardize the group's continued existence at an early stage, as required by law; it also captures all risks that may have a significant adverse effect on the operating result of a segment or the group. The implementation of the risk management system at all levels is reviewed regularly by Internal Audit.

Provided that the recognition criteria for liabilities were met, adequate provisions have been recognized for all identifiable risks that arose from the group's operating activities. The following section provides details of existing risks. Risks that are not yet known or currently regarded as insignificant may also have an adverse effect on business activities.

Internal control system

GEA Group's internal control system (ICS) comprises the risk management system (RMS) as well as other principles, measures, and rules (other components of the ICS). While the RMS aims at identifying and classifying risks, the other components of the ICS serve primarily to prevent or mitigate risk using control measures. Internal Auditing is another component of the ICS.

The RMS comprises principles, measures, and rules relating to the early risk recognition system in accordance with section 91(2) of the Aktiengesetz (AktG – German Stock Corporation Act) as well as those relating to other components of the risk management system. In the other components of the ICS, a distinction is made between principles, measures, and rules that are accounting- or non-accounting-related.

GEA Group's accounting-related ICS encompasses all principles, measures, and rules that ensure the proper approval and recording of business transactions for monthly, quarterly, and annual financial statements. The goal of the implemented ICS is to warrant reliable financial reporting, compliance with the relevant laws and standards, and the cost-effectiveness of business workflows.

In addition to GEA Group Aktiengesellschaft, all consolidated subsidiaries are integrated into the ICS.

The following key principles of GEA Group's ICS must be applied in all business functions: clearly defined areas of responsibility, the segregation of duties in all functional areas, dual signature policy, compliance with guidelines, instructions, and procedural requirements (manuals), obligation to obtain comparative offers before awarding contracts, protection of data from unauthorized access, and the holding of training sessions to ensure uniform procedures within the group.

Key accounting-related measures and rules designed to ensure uniform accounting at all subsidiaries are: accounting and account allocation manuals, a uniform chart of accounts, consolidation and calculation manuals, the approval of entries using the dual control principle, and of certain entries only being made by selected persons. To prevent errors, standardized IT systems that are regularly updated to reflect the latest legal requirements are used in GEA Group's accounting, controlling, and finance functions in all significant group companies.

Compliance with the ICS's and RMS's principles, measures, and rules as described above is monitored systematically by regular reviews by GEA Group's Internal Auditing, which reports directly to the Executive Board and regularly to the Audit Committee. The results enable the elimination of defects identified at the companies reviewed and the ongoing enhancement of the ICS in the group.

Overall, GEA Group's internal control system is set up to ensure reliable financial reporting.

Summary of the risk position and changes compared with 2009

The identified risks from operating activities and the negative impact on earnings that may result have not changed significantly as against the previous year. As in 2009, the structure of GEA Group with its regional and industry diversification offers broad protection from cluster risks. In addition, there is no dependence on individual business partners among either suppliers or customers.

No significant new risks arose with regard to discontinued operations in fiscal year 2010. The measurement uncertainty in relation to individual items was reduced further.

Overall, no risks to GEA Group or GEA Group Aktiengesellschaft were identified that, alone or in combination with other risks, could jeopardize the continued existence of the Company.

External risks

Risks arising from the economic environment

GEA Group's sales markets have a differentiated product and customer structure. This diversification moderates the impact on total demand of demand fluctuations in submarkets. However, the group does have a focus on the food, energy generation, and oil and gas industries. As a result of the focus on these industries, the financial and economic crisis had a less severe impact on the business of GEA Group in fiscal year 2009 than on the mechanical engineering sector as a whole. By the same token, this means that in financial year 2010 there was less potential to recover lost ground than for the market as a whole. To some extent, this also still applies to financial year 2011.

A significant proportion of GEA's business consists of projects that depend on the financing available to GEA's customers. A general decline in demand or the current shortage of credit may make it difficult to carry out such projects. For the same reason, existing orders may be deferred or even canceled.

Although country-specific conflict situations that may result in risks to the group are monitored continuously as part of the risk management process, the potential risks arising from such situations may be difficult to quantify. However, no risks are anticipated that could have a significant impact on the group's results of operations.

Price risk

On the sales side, future prices will depend to a considerable extent on the general economic trend going forward, but price pressure is expected to recede as capacity utilization increases in the industry.

Current expectations are that prices for key materials in procurement markets will increase. GEA Group processes a number of materials, such as steel, copper, aluminum, and titanium. Purchase prices for metals may fluctuate significantly depending on market conditions. Long-term supply agreements are entered into with selected suppliers in order to ensure the procurement prices used as the basis for costing orders. There are no commodity derivatives within GEA Group.

Legal risks

Award proceedings

An initial hearing was held on September 9, 2009 in the award proceedings pending at the Dortmund Regional Court relating to the control and profit transfer agreement entered into by Metallgesellschaft AG and the former GEA AG in 1999. The court proposed that the parties accept in principle the figures calculated by the court-appointed expert and to terminate the award proceedings by reaching a settlement. Implementing the court's settlement proposal would mean that, in addition to the shares that have already been issued or that may still be issued on the basis of the contingent capital increase resolved in 1999, GEA Group Aktiengesellschaft would be obliged to issue up to approx. 12.1 million shares to the external shareholders in 1999. This would represent 6.6 percent of the current total number of outstanding shares (around 183.8 million). Furthermore, the court proposed a cash payment of less than EUR 1 per share outstanding at the time (approx. 5.2 million ordinary shares and 20.75 million preferred shares). The costs relating to the proceedings would also have to be met. Irrespective of its legal opinion, which it maintains unchanged, GEA Group Aktiengesellschaft has initiated talks on a possible settlement with the applicants. Because of the divergent legal positions, the talks have not yet produced a final outcome. If these talks do not result in an acceptable settlement, GEA Group Aktiengesellschaft will use every means of defense in the further course of legal proceedings.

Plant engineering

There are still sector-specific legal disputes relating to order acceptance and processing in the former plant engineering business. In some cases, the amounts in dispute are in the high millions; often, they have been set too high for tactical reasons. The main legal disputes – now resolved – relating to the former plant engineering business included the following:

In Hamburg, Esso Deutschland GmbH ("Esso") pursued binding arbitration proceedings (Schiedsverfahren) against LL Plant Engineering AG ("LL PE"), a subsidiary of GEA Group Aktiengesellschaft from the former plant engineering business, in connection with a pioneering plant to convert vacuum residue at the Ingolstadt refinery. The claims asserted by Esso amounted to more than EUR 40 million in total. Through a cross-action, LL PE sought payment of additional costs of approximately EUR 12 million. At the suggestion of the court of arbitration, the proceedings were terminated by reaching a settlement.

In the arbitration action brought by LL PE (jointly in concert with Italian company Pianimpianti S.p.A.) against Biomasse S.p.A. ("Biomasse") at an ICC court in Milan over the unauthorized use of a guarantee in the amount of EUR 2.8 million, the defendant had brought a cross-action in which it claimed roughly EUR 38 million, citing poor workmanship and defects in the construction of a biomass plant in Calabria, Italy. Outside the proceedings, Biomasse had pursued additional claims for compensation. At the suggestion of the court of arbitration, the parties ended the proceedings by reaching a settlement.

In relation to the 2007 sale of the Lurgi Group, the dispute regarding a purchase price adjustment between GEA and Air Liquide has been resolved.

Dörries Scharmann AG

An action brought by the insolvency administrator of Dörries Scharmann AG against GEA Group Aktiengesellschaft is pending at the Düsseldorf Regional Court. The former Metallgesellschaft AG, the legal predecessor to GEA Group Aktiengesellschaft, held an interest in Schiess AG, which later became Dörries Scharmann AG. On the basis of that interest, the insolvency administrator is asserting various claims under company law, in particular for equity substitution, which amount to approximately EUR 20 million including possible interest. GEA Group Aktiengesellschaft considers the claims that have been asserted to be unfounded. The senior expert appointed by the court to decide matters relating to equity substitution has fully confirmed GEA Group Aktiengesellschaft's opinion. GEA Group Aktiengesellschaft will continue to defend itself against all claims.

Bechtel

GEA Power Cooling Inc. ("GPC"), a GEA Group subsidiary, had brought an action against Bechtel Power Corporation ("Bechtel") at the U.S. District Court for the District of Colorado for payment of a total amount of approximately USD 3.6 million due to the use of a letter of credit and outstanding payments for a completed project. In its cross-action, Bechtel demanded a monetary amount, to be determined by the court, as compensation for losses that it suffered in previous binding arbitration proceedings with a third party. The proceedings were terminated by reaching a settlement.

General

Further legal proceedings or official investigations have been or may be instituted against GEA Group companies as a result of earlier business disposals and operating activities.

Adequate provisions have been recognized for all risks arising from both the legal disputes described above and other legal disputes being pursued by GEA Group in the course of its ordinary operating activities. However, the outcome of those proceedings cannot be predicted with any degree of certainty. It is possible, therefore, that the conclusion of the proceedings may result in expenses that exceed the amounts that may have been set aside for them.

Internal risks

Risks arising from organizational changes

In implementing the new segment structure, extensive organizational changes were introduced, especially in the GEA Heat Exchangers Segment.

The reorganization measures within the group will reduce the number of locations and enhance efficiency in both production and administration. In addition, increased integration of related product ranges in each area of responsibility is expected to result in a higher degree of standardization and corresponding cost benefits. It is also intended to enable cost benefits in procurement.

These measures also involve reductions in capacity and, in some cases, site closures; their impact on the financial statements was recognized in fiscal year 2010. However, as a result of the relocation of business activities and far-reaching structural changes, the expected efficiency gains will in some cases be preceded by a phase of start-up difficulties, which are expected to still have an effect during fiscal year 2011.

The opportunities and risks resulting from the above-mentioned organizational changes have been weighed up carefully by the Executive Board of GEA Group Aktiengesellschaft. On balance, it was decided that the opportunities by far outweigh the risks.

Business performance risks

Long-term engineering orders are a significant element of GEA Group's business. Some of these contracts entail particular risks, as they involve assuming a significant portion of the risk associated with the project's completion, and may provide for warranty obligations that remain in force for several years after the project's acceptance. This applies in particular to fixed-price contracts. Technical problems, quality problems at subcontractors, and missed deadlines may lead to cost overruns. There is therefore an extensive risk management system in place at holding company and segment level to closely monitor order-related risks. This comes into play before binding quotations are submitted. Adequate provisions have been recognized for all foreseeable risks in this area.

Defined risks relating to selected orders have remained with the group following the sale of the Lurgi and Lentjes divisions. The final handover to customers of two plants from Lentjes' portfolio was not completed in fiscal year 2010 as intended. However, the plants are expected to be handed over in the next few months. The losses resulting from the additional delays were covered by existing provisions. Overall, the provisions recognized are adequate. Measurement certainty improved compared with the previous year in line with further project progress.

Even though a recovery has been observed, risks are expected to persist for macroeconomic trends. If a downturn in the economy leads to a reduction in order intake to below the previous year's level, this could have a negative impact on earnings due to capacity underutilization and capacity adjustment measures.

Dedicated and qualified employees are a key factor for the success of GEA Group as an engineering company. The group has various staff policy measures in place to counter the risk that it will be unable to fill vacant positions adequately or will lose skilled employees. The measures aim to position GEA as an attractive employer and foster employees' long-term loyalty to the group (see page 42 et seqq.).

Acquisition and integration risks

Acquisitions and group company reorganizations entail risks resulting from the integration of employees, processes, technologies, and products. It is possible, therefore, that the aims of the measure in question will not be achieved at all or within the timeframe envisaged. Moreover, such transactions may give rise to substantial administrative and other expenses. Portfolio measures may also result in the need for additional finance and may impact negatively on financing requirements and the financing structure.

Environmental risk

Several properties in our portfolio entail risks relating to environmental contamination and mining damage, primarily as a result of earlier business activities. These risks are countered through appropriate measures, for which adequate provisions were also recognized in 2010.

Financial risks

Principles of financial risk management

The Executive Board has put in place an effective set of guidelines to manage and thereby largely limit or hedge financial risks throughout the group. The objectives with regard to protecting assets, eliminating gaps in security, and improving efficiency in identifying and analyzing risks are clearly defined, as are the relevant organizational structures, powers, and responsibilities. The guidelines are based on the principles of system security, separation of functions, transparency, and immediate documentation.

Because it operates worldwide, GEA Group is exposed to currency, interest rate, commodity price, credit, and liquidity risk in the course of its ordinary activities. Financial risk management aims to reduce this risk through the appropriate use of derivative and non-derivative hedging instruments. The group's financial risks are quantified in section 3 in the notes to the consolidated financial statements (see pages 101 et seqq.).

Currency risk

Because GEA Group operates internationally, its cash flows are denominated not only in euros, but also in a number of other currencies, particularly U.S. dollars. Hedging the resulting currency risk is a key element of risk management.

The standardized group guideline on centrally steered currency management within GEA Group requires all group companies to hedge foreign-currency items as they arise in order to fix prices on the basis of hedging rates. The hedging period is determined by the maturity of the hedged item and is usually up to 12 months, but in exceptional cases may exceed that by far. Nevertheless, significant changes in exchange rates over the medium and long term may affect sales opportunities outside the euro zone.

Group companies based in the euro zone are obliged to tender to GEA Group's central finance unit all outstanding exposures relating to transactions in goods and services in major transaction currencies. Most of these exposures are passed on directly to banks, depending on the hedging objective of the derivatives and the related accounting treatment and provided their maturities are matched; they may also be hedged as part of a portfolio. The hedging of financial transactions and transactions conducted by subsidiaries outside the euro zone is also closely coordinated with the central finance unit. Orders in emerging markets are usually invoiced in U.S. dollars or euros.

Interest rate risk

Because GEA Group operates worldwide, liquidity is invested and raised in the international money and capital markets in different currencies, mainly euros and U.S. dollars, and at different maturities. The resulting investments and financial liabilities are exposed to interest rate risk, which must be assessed and controlled through central interest rate management. Derivative financial instruments may be used on a case-by-case basis to hedge the interest rate risk and reduce the interest rate volatility and financing costs of the hedged items. Only the central finance unit is permitted to enter into such interest rate hedges.

Credit risk

Financial instruments are exposed to credit risk in that the other party to the contract may fail to fulfill its obligations. In the case of customer receivables, this risk is countered by way of a standardized internal risk board procedure. Active receivables management, including non-recourse factoring and credit insurance, is also used. In export operations, confirmed and unconfirmed letters of credit are used alongside sureties, guarantees, and cover notes, including from export credit agencies such as Hermes. In addition to local monitoring by the subsidiary in question, GEA Group also oversees the main credit risks at holding company level so that any accumulation of risk can be better managed.

Since trade receivables are usually due from a large number of customers in different sectors and regions, there is no concentration of risk. Valuation allowances take account of specific credit risks.

Financial instruments aimed at minimizing credit risk are only entered into with reputable financial institutions. The maximum exposure to credit risk is limited to the fair value.

Liquidity risk

GEA Group is exposed to liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash funds at its disposal. Managing this risk is the task of GEA Group Aktiengesellschaft. Cash funds are arranged and credit lines managed on the basis of a multi-year financial plan and a rolling month-by-month cash forecast. The funds are then made available to the companies by the holding company. In order to optimize borrowing and the use of cash funds within GEA Group, cash pools have been established in a growing number of countries. To mitigate liquidity risk, GEA Group will continue to use various financing instruments in the future to diversify its sources of funding and stagger maturities.

Tax risks

The applicable national tax legislation may affect the use of loss carryforwards and thus the recoverability of the deferred taxes recognized in the consolidated financial statements and current taxation. Furthermore, future changes to the ownership structure may significantly reduce or even render impossible the use of German loss carryforwards (section 8c of the Körperschaftssteuergesetz (KStG – German Corporate Income Tax Act)). The ability to use U.S. loss carryforwards may also be restricted by certain changes to the ownership structure of GEA Group Aktiengesellschaft under IRC Sec. 382 (limitation on net operating loss carryforwards following an ownership change).

Moreover, in Germany and abroad, there is considerable uncertainty regarding future changes to tax legislation as a result of tighter public-sector finances and the existing pressure for reform.

Opportunities

GEA Group has started fiscal year 2011 on the basis of a very successful fourth quarter 2010 and a 12 percent year-on-year increase in the order backlog. The growth generated in fiscal year 2010 was driven primarily by successful sales in Asia's rapidly growing markets. GEA Group will further expand its presence in these regions and thus participate in the sustained growth of these markets.

If the expected moderate growth in the global economy materializes, GEA Group's focus on products used in applications for the production of food and the generation of energy will help it benefit to a disproportionately large extent, especially in growth markets.

In the area of food process technology, growth will be driven not only by an increase in the standard of living and the trend toward high-quality foods, but also an expected rise in production standards, innovative process improvements, and new product developments, especially in emerging economies.

Investments in energy generation and in the oil and gas industry were still at a very low level in 2010. The age structure of the power plant infrastructure in many countries and the rise in the oil price are expected to encourage investments in these segments, and this should translate into sales opportunities for GEA Group, including for larger order volumes.

The increased order backlog and the expected continuing rise in demand should lead to better utilization of the available engineering and production capacities and thus to an improvement in earnings quality. In the process, it will be important to align capacities with the changed demand structure, both geographically and in terms of applications, as promptly and efficiently as possible.

The implemented restructuring and reorganization measures did not yet have the expected full positive impact in fiscal year 2010. In the GEA Heat Exchangers Segment, the measures even had a negative effect, in addition to the restructuring expenses incurred. The full effect of the measures taken will not be felt, even in fiscal year 2011, because inefficiencies during the start-up phase cannot be ruled out. However, the positive earnings effects will increase as the implementation of the measures progresses.

The acquisitions made in fiscal year 2010, which are still subject to approval by the antitrust authorities, offer considerable opportunities for the GEA Group. For the business of CFS, regional expansion as well as acquisitions will deliver significant sales and earnings potential to the GEA group. The compressors produced by Bock Refrigeration Technology will extend this product range and allow additional applications to be covered.

On September 15, 2006, GEA Group Aktiengesellschaft won a judgment in its favor on the cause of action in the arbitration proceedings against Flex-N-Gate Corp., Urbana, Illinois, U.S.A. This requires Flex-N-Gate to compensate GEA Group Aktiengesellschaft for losses incurred as a result of the collapse of the sale of the Dynamit Nobel plastics business to Flex-N-Gate in the fall of 2004. In the second part of the proceedings, the court of arbitration ruled on the amount of compensation in favor of GEA Group Aktiengesellschaft on March 19, 2010. Flex-N-Gate Corp. appealed. The Frankfurt am Main Higher Regional Court reversed the arbitration ruling on February 17, 2011. GEA Group Aktiengesellschaft is examining an appeal against the reversal. The dispute is expected to continue for some time.

In 2008, GEA Group Aktiengesellschaft instituted arbitration proceedings against Ukraine at the International Centre for Settlement of Investment Disputes (ICSID), the court of arbitration of the World Bank Group. These relate to the enforcement of an arbitration award made by the International Chamber of Commerce (ICC) in 2002 against a former near-government entity for an amount in the low double-digit millions. The background to the ICC arbitration award, which fully vindicated the claimant, was the disappearance of large deliveries of diesel oil made to Ukraine by a former GEA Group subsidiary. The claimant accuses Ukraine of supporting the disappearance of the oil and hindering the enforcement of the ICC arbitration award in a manner tantamount to expropriation and in breach of the existing investment protection agreement between the Federal Republic of Germany and Ukraine. A final arbitration award in the ICSID proceedings is expected within the first six months of 2011.

Report on Post-Balance Sheet Date Events

On February 21, the Russian authorities approved the acquisition of the Russian company Mashimpeks Ltd. (see page 41). Following the approval, the company was integrated into the GEA Heat Exchangers Segment as GEA Mashimpeks.

Outlook

Economy

The mechanical engineering sector clearly recovered in fiscal year 2010 following the slump in 2009. The German Engineering Federation (VDMA) describes this development as a textbook V-shaped recovery. The main driver was the export business, which was buoyed up in particular by the ongoing boom in China and other emerging markets. This means that, to date, the global economic recovery was not fuelled by growth in North America, which – like other traditional engineering sales markets – experienced only a moderate recovery. Consequently, global trade flows have shifted. This underlines the need for further internationalization on the part of German businesses if they are to cater to the needs of the emerging markets.

The German government expects the recovery to continue, albeit at a more muted pace, and is forecasting real GDP growth of 2.3 percent in 2011. In line with this, the German economy will grow significantly faster than the eurozone average. For 2012, the government is forecasting growth of 1.8 percent.

According to a projection by the European Commission, which was published on November 30, 2010, growth in the European Union in 2010 is set to exceed previous forecasts. The Commission is expecting growth in the 27 EUR member states in 2011 to amount to 1.8 percent. In 2012, this figure is set to rise to 2.0 percent.

In accordance with the estimates by the International Monetary Fund (IMF), global GDP should increase by 4.4 percent in the current year and by 4.5 percent in 2012. Germany is expected to be one of the top performers among the industrialized nations. Overall, economic development in the emerging markets will continue to outstrip that in the rich nations of the world. However, the IMF considers far-reaching and rapid action to overcome the government debt problems and imbalances in the euro zone and, at a more general level, fixing and reforming the financial systems in the industrialized nations, as the key precondition for continued strong economic recovery. This must be flanked by measures designed to prevent the major emerging market economies from overheating and to help rebalance their current account positions.

As these growth forecasts suggest, the global economic recovery seems to be continuing in 2011. We expect the pace of growth to remain more or less unchanged in almost all key economies. The prolongation in the United States towards the end of last year of the tax breaks designed to further stimulate economic recovery and reduce unemployment is raising hopes of a sustained recovery there. China, the world's second-largest economy, remains on a growth path. Nevertheless, although the economic recovery was more pronounced than had been expected at the start of 2010, it must be said that setbacks may still occur, as the crisis in public-sector finances in a number of EU countries has shown.

Business outlook

Demand for food and energy is continuing to grow faster than average in the emerging markets in particular as the world's population grows and living standards rise. Our process engineering processes and machinery means we are excellently positioned to take advantage of the resulting market opportunities.

Our planning for the current fiscal year is based on the following assumptions:

- a further increase in investment in the food industry based on continued growth in demand for processed foods,

- an upturn in the energy market, especially in the oil and gas business, due to the global recovery and the assumption that energy prices will continue to rise in the medium term,

- growing interest in energy-efficient processes, which will boost demand for GEA's engineering solutions and products,

- price increases for key commodities and materials, and

- low interest rates designed to stabilize the highly indebted economies in the euro zone on the one hand and to support the economic recovery in North America on the other.

Provided that the trends described above materialize, demand for GEA Group's products and services should continue to pick up compared with 2010. We therefore assume that we shall be able to lift order intake and revenue by at least 5 percent in 2011. To this must be added the volume of business attributable to the acquisitions of CFS, Bock, and Mashimpeks, which would contribute slightly less than EUR 500 million in a notional full year. Depending on when initial consolidation takes place, these companies will contribute to GEA's sales figures for roughly 6 to 9 months in 2011.

All segments are expected to contribute to the organic growth of our business volume in 2011. The breakdown of sales by end market and customer industry is unlikely to change dramatically. From a regional perspective, the share accounted for by Western Europe will decline, whereas our business with Asia will continue to grow in importance. Eastern Europe, the Middle East, and Latin America should also see slightly above-average growth.

With regard to earnings, we expect that the EBIT margin will climb to approximately 9 percent. No further significant one-time expenses are expected for 2011. This also applies to the discontinued operations.

Revenue will continue to increase in fiscal year 2012 as against 2011. In 2012, when all restructuring measures will have taken full effect, we are expecting additional increases in both earnings and the EBIT margin. It is assumed that all segments will contribute to this positive development.

Assuming that the overall global economy continues to stabilize, we are expecting to see continued growth rates in excess of global GDP growth for our core sales markets in the coming years. Against this backdrop we remain of the opinion that, due to the measures we have initiated to reduce complexity, we can achieve a sustainable EBIT margin of 12 percent across economic cycles.

GEA will consolidate the CFS Group once approval has been obtained from the antitrust authorities. The order intake, revenue, and earnings for the new segment will be included in the consolidated financial statements as from this point.

We are continuing our strategy of acquiring companies that provide GEA with an entry into new markets or that selectively expand our range of offerings in existing markets. This will enable us to provide our customers with a single-source solution for an ever-broader range of processes.

The group's net liquidity amounted to EUR 105 million as of December 31, 2010. Unused cash credit lines totaled EUR 1,122 million. We are forecasting cash outflows of EUR 110 million in 2011 from the remaining provisions for discontinued operations. Overall, in addition to expected payments relating to discontinued operations and our ongoing restructuring activities, we expect to be able to fund significant investments in the Company's future from operating business and available credit lines.

The Executive Board and Supervisory Board will propose a dividend of EUR 0.40 per share for 2010 to the Annual General Meeting. Our ongoing goal of distributing one-third of the group's earnings as a dividend remains unchanged. For the past fiscal year, the figure is in fact significantly in excess of this.

Bochum, March 1, 2011

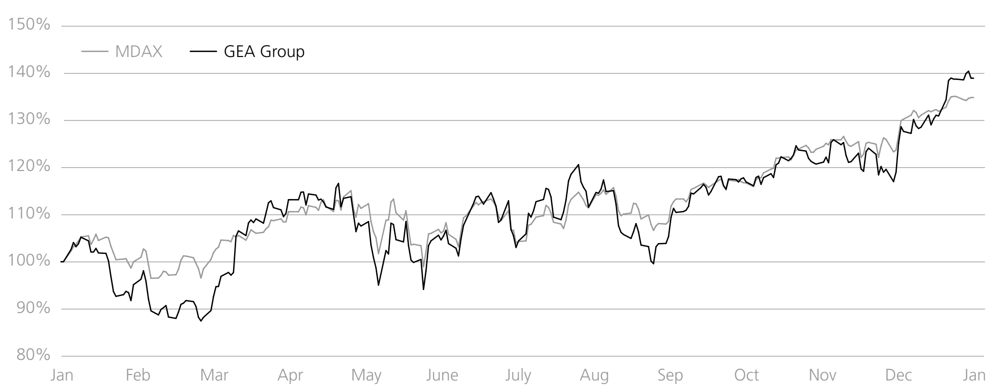
Jürg Oleas | Dr. Helmut Schmale | Niels Graugaard

GEA Shares

Performance of GEA Group shares on the capital markets

In the first half of 2010, stock markets were still characterized by high volatility and ongoing uncertainty about future global economic trends. The DAX and MDAX indices closed at their lowest levels for the year at the beginning of February. Doubts about the economic recovery did not begin to subside until the second half of the year. In particular the strong export performance of German companies caused share prices to rise. This upturn continued in spite of increasing worries about the high level of debt in many countries, particularly in the fourth quarter; on December 7, the DAX topped the 7,000-point mark for the first time since June 2008. The DAX closed at 6,914 points on December 30 with an annual increase of 16.1 percent, while the MDAX increased by as much as 34.9 percent.

In spite of a fluctuating price performance, GEA shares recorded an above-average development in this market environment in the first half of the year. They reached their high for the year at EUR 21.86 on December 29 and closed at EUR 21.63 on December 30. This corresponds to an increase of 39.0 percent over the course of the year, clearly outperforming the benchmark DAX and MDAX indices. This encouraging development was due in no small part to the strategic and operational measures taken with a view to realigning the group and improving the earnings situation. The announcement of plans to acquire CFS and Bock contributed to an increase in the price of GEA shares at the end of the year.



GEA Group shares versus the MDAX *			
Past 3 months	+ 2.5	percentage points	➡
Past 6 months	+ 5.3	percentage points	↗
Past 12 months	+ 4.1	percentage points	↗
Past 24 months	- 2.8	percentage points	➡
Past 36 months	- 11.8	percentage points	⬇

⬆ > 10 percentage points ↗ 3 to 10 percentage points ➡ 3 to -3 percentage points ↘ -3 to -10 percentage points ⬇ > -10 percentage points

Change year-on-year * Based on the closing prices as of December 31, 2010

Shareholder structure

GEA Group Aktiengesellschaft held no treasury shares as of December 31, 2010. As in the previous year, the number of outstanding shares was 183,807,845, leading to a market capitalization of just under EUR 4.0 billion as at the end of December. This corresponds to an increase of EUR 1.1 billion year-on-year. In the index listing of all listed German companies in the DAX, MDAX, SDAX, and TECDAX published by Deutsche Börse on December 31, GEA Group Aktiengesellschaft ranked 33rd (previous year: 34th) measured in terms of market capitalization and 39th (previous year: 41st) in terms of trading volume. At 0.9 million shares, the average daily trading volume in 2010 was below the prior-year figure of 1.1 million shares.

Disclosures received in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) reveal that two major shareholders held a stake of over 5 percent in GEA Group Aktiengesellschaft as of December 31, 2010. U.S. company BlackRock, Inc. has owned 9.99 percent of GEA shares since February 23, while Kuwait Investment Office is the second-largest shareholder with an equity interest of 8.25 percent.

GEA Group Aktiengesellschaft carried out two detailed analyses of its shareholder structure in 2010. In the more recent analysis from the fourth quarter, it was possible to identify 90 percent of our shareholders. At this point, 78 percent of all shares were held by institutional investors, not including the 8.25 percent stake held by Kuwait Investment Office. Of the institutional shareholders, 24 percent were headquartered in the UK or Ireland, 13 percent in the U.S.A. and Canada, 12 percent in France, 11 percent in Germany, 10 percent in Scandinavia, and the remainder primarily in other European states. Compared with earlier analyses, there was an increase in the share of investors from Europe, particularly from the UK and France, while the proportion of North American investors declined. 62 percent of all shares were held by investors with a long-term orientation, while hedge funds only accounted for an estimated 1 percent. This means that, since the last analysis, there has been an increase of some 4 percentage points in the proportion of investors with a long-term orientation. The share of funds that are only invested in growth stocks increased by 4 percentage points to around 25 percent.

Investor relations activities

In 2010, GEA Group's investor relations activities continued to ensure a consistently transparent and reliable exchange of information with the capital markets. A central objective in this connection was to further raise the profile of GEA Group by means of communications measures targeting existing or potential new investors. Attendance at international conferences and roadshow presentations gave the Company the opportunity to cultivate contacts. In 2010, the Company held 26 roadshows, visited 13 conferences, and held 465 one-on-one meetings. In addition, a Capital Markets Day was held in June 2010 at which the Company's presentations focused in particular on the new structure and the individual business units of the GEA Heat Exchangers Segment. This event also focused on the internal reorganization measures and cost-reduction measures in the segment.

	Q4 2010	Q4 2009	Q1 - Q4 2010	Q1 - Q4 2009
Shares issued (December 31, million)	183.8	183.8	183.8	183.8
Shares outstanding (December 31, million)	183.8	183.8	183.8	183.8
Average shares outstanding (million)	183.8	183.8	183.8	183.8
Share price (December 31, EUR)	21.63	15.56	21.63	15.56
High (EUR)	21.86	15.62	21.86	15.62
Low (EUR)	18.07	12.83	13.60	7.34
Market capitalization (December 31, EUR billion) [1]	3.98	2.86	3.98	2.86
Average daily trading vollume (million)	–	–	0.9	1.1
Earnings per share (EUR)	0.23	0.35	0.72	0.87
Earnings per share from continuing operations (EUR)	0.22	0.35	0.72	0.87
Earnings per share from discontinued operations (EUR)	0.00	0.01	0.00	0.00
Dividend [2]	–	–	0.40	0.30

1) Based on shares issued
2) Dividend proposal for 2010
Prices: XETRA closing prices

Earnings per share

Earnings per share (EPS) amounted to EUR 0.72 in the past fiscal year. They are calculated by dividing consolidated profit for the period by the weighted average number of shares outstanding in the course of the fiscal year. An average of 183.8 million no-par value shares were outstanding in the year under review.

Dividend proposal

The Executive Board and Supervisory Board of GEA Group Aktiengesellschaft will propose to the Annual General Meeting on April 21, 2011, that a dividend of EUR 0.40 per no-par value share be paid for fiscal year 2010. Given the share price of EUR 21.63 on December 30, 2010, this results in a dividend yield of 1.85 percent. The distribution ratio is thus 56 percent of consolidated profit. The dividend will be paid from the contribution account for tax purposes (section 27 of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act)) without deduction of investment income tax and the solidarity surcharge.

GEA Performance Share Plan

In July 2006, GEA Group Aktiengesellschaft launched a long-term remuneration program for first- and second-level managers (see page 43); this was extended to include third-level management in 2008. In July 2010, a fifth tranche was issued for these three management levels, with a participation rate of around 66 percent. Each GEA Performance Share Plan runs for three years. The second tranche, which was issued in 2007, was paid out in August 2010.

Consolidated Financial Statements

Consolidated Balance Sheet
as of December 31, 2010

The following information is an integral part of the consolidated financial statements

Assets (EUR thousand)	Section	12/31/2010	12/31/2009
Property, plant, and equipment	6.1	599,606	607,919
Investment property	6.2	20,696	22,694
Goodwill	6.3	1,550,423	1,530,861
Other intangible assets	6.4	161,593	159,219
Equity-accounted investments	6.5	13,492	10,784
Other noncurrent financial assets	6.6	53,415	49,863
Defered taxes	8.7	348,833	321,861
Noncurrent assets		**2,748,058**	**2,703,201**
Inventories	6.7	589,603	566,129
Trade receivables	6.8	1,034,348	1,063,659
Income tax receivables	6.9	20,181	21,303
Other current financial assets	6.6	146,740	145,114
Cash and cash equivalents	6.10	563,532	491,979
Current assets		**2,354,404**	**2,288,184**
Assets held for sale	6.11	**2,566**	**3,004**
Total assets		**5,105,028**	**4,994,389**

The following information is an integral part of the consolidated financial statements

Equity and liabilities (EUR thousand)	Section	12/31/2010	12/31/2009
Subscribed capital		496,890	496,890
Capital reserve		1,268,728	1,268,656
Retained earnings		93,754	16,909
Accumulated other comprehensive income / loss		34,151	-47,997
Noncontrolling interests		1,809	548
Equity	7.1	**1,895,332**	**1,735,006**
Noncurrent provisions	7.2	170,393	175,682
Noncurrent employee benefit obligations	7.3	485,206	491,727
Noncurrent financial liabilities	7.4	164,920	247,124
Other noncurrent liabilities	7.7	7,781	10,908
Deferred taxes	8.7	80,582	74,411
Noncurrent liabilities		**908,882**	**999,852**
Current provisions	7.2	392,047	513,543
Current employee benefit obligations	7.3	203,827	171,453
Current financial liabilities	7.4	343,507	238,950
Trade payables	7.5	672,103	625,104
Income tax liabilities	7.6	42,407	44,500
Other current liabilities	7.7	646,923	665,981
Current liabilities		**2,300,814**	**2,259,531**
Totaly equity and liabilities		**5,105,028**	**4,994,389**

Consolidated Income Statement
for the period January 1 - December 31, 2010

The following information is an integral part of the consolidated financial statements

(EUR thousand)	Section	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Revenue	8.1	4,418,419	4,411,170
Cost of sales		3,126,470	3,143,760
Gross profit		**1,291,949**	**1,267,410**
Selling expenses		469,954	475,014
Research and development		60,259	55,425
General and administrative expenses		464,750	466,068
Other income	8.2	232,964	160,333
Other expenses	8.3	303,116	169,094
Share of profit or loss of equity-accounted investments		3,727	2,162
Other financial income	8.5	8,392	5,535
Other financial expenses	8.6	1,412	1,603
Earnings before interest and tax (EBIT)		**237,541**	**268,236**
Interest income	8.5	16,463	15,453
Interest expense	8.6	79,214	74,483
Profit before tax from continuing operations		**174,790**	**209,206**
Income taxes	8.7	41,328	47,828
of which current taxes		56,146	77,083
of which deferred taxes		14,818	29,255
Profit after tax from continuing operations		**133,462**	**161,378**
Profit or loss after tax from discontinued operations	8.8	**196**	**320**
Profit for the period		**133,658**	**161,698**
of which attributable to shareholders of GEA Group Aktiengesellschaft		131,987	160,623
of which attributable to noncontrolling interests		1,671	1,075

(EUR)			
Earnings per share from continuing operations		0.72	0.87
Earnings per share from discontinued operations		0.00	0.00
Earnings per share	8.9	**0.72**	**0.87**
Weighted average number of shares outstanding (million)		**183.8**	**183.8**

(EUR)			
Diluted earnings per share from continuing operations		0.67	0.82
Diluted earnings per share from discontinued operations		0.00	0.00
Diluted earnings per share*	8.9	**0.67**	**0.82**
Weighted average number of ordinary shares used to calculate diluted earnings per share (million)		**195.9**	**195.9**

* On basis of settlement proposal by the Dortmunder Regional Court concerning the award proceedings (see Annual report 2009 page 207)

Consolidated Statement of Comprehensive Income
for the period January 1 - December 31, 2010

The following information is an integral part of the consolidated financial statements

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Profit for the period	**133,658**	**161,698**
Exchange differences on translating foreign operations	77,293	300
of which changes in unrealized gains and losses	77,293	300
Available-for-sale financial assets	-9	34
of which changes in unrealized gains and losses	-17	13
of which tax effect	8	21
Cash flow hedges	4,719	5,990
of which changes in unrealized gains and losses	1,177	1,443
of which realized gains and losses	5,261	5,959
of which tax effect	-1,719	-1,412
Other comprehensive income	**82,003**	**6,324**
Total comprehensive income	**215,661**	**168,022**
of which attributable to GEA Group shareholders	214,135	167,351
of which attributable to noncontrolling interests	1,526	671

Consolidated Cash Flow Statement
for the period January 1 - December 31, 2010

The following information is an integral part of the consolidated financial statements

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Profit for the period	133,658	161,698
plus income taxes	41,328	47,828
minus profit or loss after tax from discontinued operations	-196	-320
Profit before tax from continuing operations	174,790	209,206
Net interest income	62,751	59,030
Earnings before interest and tax (EBIT)	**237,541**	**268,236**
Depreciation, amortization, impairment losses, and reversal of impairment losses on noncurrent assets	128,168	100,445
Other noncash income and expenses	-7,203	-9,632
Employee benefit obligations	-33,822	-37,493
Change in provisions	6,801	19,717
Losses and disposal of noncurrent assets	-2,514	-2,976
Change in inventories including unbilled PoC receivables *	-49,649	210,286
Change in trade recievables	94,963	227,377
Change in trade payables	3,703	-120,456
Change in other operating assets and liabilities	-14,469	4,261
Tax payments	-61,766	-82,484
Net cash flow from operating activities of discontinued operations	-3,330	-36,699
Cash flow from operating activities	**298,423**	**540,582**
Proceeds from disposal of noncurrent assets	9,795	4,934
Payments to acquire property, plant, and equipment, and intangible assets	-87,864	-135,200
Payments to acquire noncurrent financial assets	-5,594	-931
Interest income	6,001	6,048
Dividend income	10,242	5,195
Payments to acquire subsidiaries and other businesses	-12,145	-23,498
Proceeds from sale of companies	-1,646	837
Cash flows from disposal of discontinued operations	-120,017	-163,405
Net cash flow from investing activities of discontinued operations	5,825	1,972
Cash flow from investing activities	**-195,403**	**-304,048**
Dividend payments	-55,411	-73,756
Change in finance leases	-2,611	-2,488
Proceeds from finance loans	17,667	5,953
Proceeds from borrower's note loan	19,484	–
Repayments of finance loans	-18,692	-86,831
Interest payments	-29,024	-33,342
Net cash flow from financing activities of discontinued operations	184	-449
Cash flow from financing activities	**-68,403**	**-190,913**
Effect of exchange rate changes and other changes on cash and cash equivalents	30,057	11,330
Change in unrestricted cash and cash equivalents	**64,674**	**56,951**
Unrestricted cash and cash equivalents at beginning of period	488,057	431,106
Unrestricted cash and cash equivalents at end of period	**552,731**	**488,057**
Restricted cash and cash equivalents	10,801	3,922
Cash and cash equivalents reported in the balance sheet	**563,532**	**491,979**

*) including advance payments received

Consolidated Statement of Changes in Equity
as of December 31, 2010

The following information is an integral part of the consolidated financial statements

				Accumulated other comprehensive income					
(EUR thousand)	Subscribed capital	Capital reserves	Retained earnings	Translation of foreign operations	Available-for-sale financial assets	Cash flow hedges	**Equity attributable to shareholders of GEA Group AG**	Non-controlling interests	**Total**
Balance at Dec. 31, 2008 (183,807,845 shares)	**496,890**	**1,079,610**	**-69,689**	**-42,716**	**-25**	**-11,984**	**1,452,086**	**3,319**	**1,455,405**
Total comprehensive income	–	–	160,623	702	34	5,992	**167,351**	671	**168,022**
Dividend payment by GEA Group AG	–	–	-73,523	–	–	–	**-73,523**	–	**-73,523**
change in other noncontrolling interests	–	–	–	–	–	–	**–**	-3,442	**-3,442**
Share-based payments	–	46	–	–	–	–	**46**	–	**46**
Award proceedings	–	189,000	-502	–	–	–	**188,498**	–	**188,498**
Balance at Dec. 31, 2009 (183,807,845 shares)	**496,890**	**1,268,656**	**16,909**	**-42,014**	**9**	**-5,992**	**1,734,458**	**548**	**1,735,006**
Total comprehensive income	–	–	131,987	77,438	-9	4,719	**214,135**	1,526	**215,661**
Dividend payment by GEA Group AG	–	–	-55,142	–	–	–	**-55,142**	–	**-55,142**
Change in other noncontrolling interests	–	–	–	–	–	–	**–**	-265	**-265**
Share-based payments	–	72	–	–	–	–	**72**	–	**72**
Award proceedings	–	–	–	–	–	–	**–**	–	**–**
Balance at Dec. 31, 2010 (183,807,845 shares)	**496,890**	**1,268,728**	**93,754**	**35,424**	**–**	**-1,273**	**1,893,523**	**1,809**	**1,895,332**

Notes to the Consolidated Financial Statements

1. Reporting principles

Basis of presentation

The consolidated financial statements of GEA Group Aktiengesellschaft were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related Interpretations issued by the International Accounting Standards Board (IASB), as adopted by the EU in compliance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council on the application of international accounting standards. The additional provisions of section 315a of the HGB were also complied with.

Accounting pronouncements applied for the first time

The following accounting standards and interpretations were applied by GEA Group for the first time in the year under review:

IAS 39 "Financial Instruments: Recognition and Measurement" – amendment relating to eligible hedged items
The amendment clarifies the recognition of hedges in two special situations – the designation of inflation risks as a hedged item and the designation of a one-sided risk in a hedged item. GEA Group did not enter into transactions in fiscal year 2010 that were covered by this amendment.

IFRS 2 "Share-based Payment" – amendment relating to group cash-settled share-based payment transactions
The amendment clarifies the accounting treatment of group cash-settled share-based payments in a subsidiary's separate financial statements. Requirements were also added to IFRS 2 that were previously contained in IFRIC 8 and IFRIC 11. The requirements do not affect consolidated financial statements, but only the separate financial statements of entities included in the consolidated financial statements.

IFRS 3 "Business Combinations" – revision relating to
the application of the purchase method and IAS 27 "Consolidated and Separate Financial Statements"
On the one hand, the revised IFRS 3 replaces various previously effective requirements, and on the other, fills in existing gaps in the guidance. The most significant amendment relates to the presentation of business combinations in which less than 100 percent of a company's shares are acquired. It introduces the option to realize goodwill from an acquisition in full, i.e., including in the amount attributable to noncontrolling interests. The transaction costs must also be recognized in full as an expense. Transaction costs of EUR 1,020 thousand were recognized as an expense because of this revision.

The main amendments to IAS 27 relate to accounting for transactions that do not result in a loss of control and transactions where control is lost. Transactions that do not result in a loss of control are recognized as equity transactions directly in equity. Step acquisitions are accounted for in the same way once control is acquired. If control is lost, a retained interest is measured at its fair value at the date control is lost. Under the revised Standard, the share of noncontrolling interests in gains and losses is attributed to those noncontrolling interests without limit.

GEA Group has decided not to exercise the option to also realize goodwill attributable to noncontrolling interests at present. In fiscal year 2010, there were no step acquisitions after acquiring control or disposals of shares without losing control; the amendment therefore had no effect.

Improvements to IFRSs 2009 – amendments under the IASB's annual improvements project
The "Improvements to IFRSs" document, which was published in the previous year as part of the annual improvements project, comprises a total of fifteen minor amendments to ten existing standards and two interpretations. One amendment relates to the classification of leases of land and buildings. Following the amendment leases of land are classified either as finance or operating leases under the general classification criteria. Previously, leases of land could only be accounted for as finance leases if legal title was likely to be transferred at the end of the period of use. As a result of this amendment, leasehold interests in the amount of EUR 2,906 thousand were reclassified from prepaid expenses to property, plant and equipment as of January 1, 2010. The other amendments had no effect on the consolidated financial statements.

IFRIC 15 "Agreements for the Construction of Real Estate"
The Interpretation provides further guidance on recognizing revenue from the sale of properties by entities in the real estate sector. There were no transactions to which IFRIC 15 was applicable in fiscal year 2010.

Accounting pronouncements not yet applied

The following accounting standards and interpretations, as well as amendments to existing standards and interpretations, were published but not yet required to be applied to the preparation of the IFRS consolidated financial statements as of December 31, 2010:

IAS 12 "Income Taxes" – amendment relating to the recovery of underlying assets
The amendment relates to the distinction between assets whose carrying amount will be recovered through use and assets whose carrying amount will be recovered through sale. The amendment introduces a rebuttable presumption that recovery of the carrying amount of an asset will normally be through sale.

IAS 24 "Related Party Disclosures"
The revision simplifies the reporting requirements for state-controlled entities. In addition, the definition of related parties was fundamentally changed. The amended standard is required to be applied for the first time to the first reporting period in a fiscal year beginning on or after January 1, 2011, although earlier application is permitted.

IAS 32 "Financial Instruments: Presentation" – amendment to the classification of rights issues
The amendment relates to the accounting treatment of rights issues and options and warrants denominated in foreign currency by issuers. The amended Standard is required to be applied for the first time for fiscal years beginning on or after February 1, 2010.

Improvements to IFRSs 2010 – amendments under the IASB's annual improvements project
The "Improvements to IFRSs" document, which was published in the previous year as part of the annual improvements project, comprises a total of eleven minor amendments to six existing standards and one interpretation. Unless otherwise indicated, the amendments are effective for fiscal years beginning on or after January 1, 2011. The amendments, which are primarily clarifications, are not expected to have any effects on the consolidated financial statements.

IFRS 7 "Financial Instruments: Disclosures" – amendments relating to enhanced disclosures on transfers of financial assets
Under certain conditions, the transfer of rights under financial assets to a third party or the obligation to transfer payments from financial assets to a third party may lead to those assets being derecognized. In such cases, the existing version of IFRS 7 did not impose any disclosure requirements. The amendment now requires extensive disclosures on any assets and liabilities retained or assumed in the course of the transaction. In addition, the disclosure requirements have been extended relating to restrictions on use if the asset continues to be recognized in its entirety, although the associated rights were transferred or the entity has entered into an obligation to transfer payments resulting from the asset. The amendments to IFRS 7 are required to be applied for fiscal years beginning on or after July 1, 2011. Earlier application is permitted.

IFRS 9 "Financial Instruments"
The publication of IFRS 9 ends the first phase of the three-part IASB project to completely revise IAS 39. IFRS 9 adopts a less complex approach for classifying and measuring financial assets. The previous four measurement categories have been replaced by only two. Classification is based on the entity's business model on the one hand, and on the contractual cash flow characteristics of the relevant financial asset on the other. Embedded derivatives may only be accounted for separately from the host in the case of non-financial hosts. IFRS 9 is required to be applied for the first time from January 1, 2013. It may be applied prior to this date for fiscal years ending in 2009 or later.

IFRIC 14 "The Limit on a Defined Benefit Asset" – prepayment of contributions to cover minimum funding requirements
The amendment relates to pension plans with a minimum funding requirement. If prepayments are made to cover these requirements, they may be recognized as an asset. The amendment is required to be applied for fiscal years beginning on or after January 1, 2011. Earlier application is permitted.

IFRIC 17 "Distributions of Non-cash Assets to Owners"
This Interpretation governs how entities measure non-cash distributions to owners. It is required to be applied for the first time for fiscal years beginning on or after July 1, 2010. Earlier application is permitted. No non-cash assets were paid to owners in fiscal year 2010.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
This Interpretation clarifies how to account for cases in which an entity renegotiates the terms of a financial liability with the creditor, and the creditor accepts shares or other equity instruments

of the entity to fully or partially extinguish the financial liability. It is effective for fiscal years beginning on or after July 1, 2010. Earlier application is permitted.

At this point in time, GEA Group does not believe that application of the new or revised pronouncements will have a material effect on its consolidated financial statements, provided that they are adopted by the EU as they stand.

The accompanying consolidated financial statements have been prepared in euros (EUR). All amounts, including the prior-year figures, are presented in thousands of euros (EUR thousand), except for the segment information. All amounts have been rounded using standard rounding rules. Adding together individual amounts may therefore result in differences in the order of EUR 1 thousand in certain cases.

To improve the clarity of presentation, various items in the consolidated balance sheet and income statement have been aggregated and are explained accordingly in the notes. Assets and liabilities are classified into current and noncurrent items. The income statement is prepared using the cost of sales method. In contrast to the previous years, research and development expenses are no longer presented in other expenses, but as a separate item in the income statement. In connection with the new segments defined for operating activities, the items presented in the segment reporting have been adjusted and the segment reporting by geographic areas has been modified. The items reported and the geographic reporting are based on the Company's internal reporting. The prior-period presentation was adjusted.

The cash flow statement is prepared using the indirect method for cash flow from operating activities and the direct method for cash flow from investing and financing activities.

The Executive Board of GEA Group Aktiengesellschaft approved these consolidated financial statements for publication on March 1, 2011.

2. Accounting policies

Basis of consolidation

GEA Group's consolidated financial statements include all significant companies in which GEA Group Aktiengesellschaft directly or indirectly holds the majority of voting rights or is otherwise able to directly or indirectly control the financial and operating policy decisions. Subsidiaries are consolidated from the date on which the group obtains the ability to control them. They are deconsolidated from the date on which control is lost.

Acquired subsidiaries are accounted for using the purchase method. The consideration paid is measured on the basis of the fair value of the assets given up, the liabilities assumed from the seller, and the equity instruments issued at the transaction date. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are recognized at their fair value at the transaction date, irrespective of any noncontrolling interests.

The excess of cost over the share of the fair value of the subsidiary's net assets acquired is recognized as goodwill. If, after a further examination, cost is lower than the share of the fair value of the subsidiary's acquired net assets measured at fair value, the difference is recognized as a gain in profit or loss.

Intercompany receivables and liabilities are eliminated, as are profits and losses from intercompany transactions with the exception of income and expenses between continuing and discontinued operations.

If consolidated subsidiaries have a different reporting date to the parent, they are included on the basis of interim financial statements as of December 31.

The consolidated group changed as follows in fiscal year 2010:

	Number of companies
Consolidated group as of January 1, 2010	**318**
German companies (including GEA Group AG)	63
Foreign companies	255
Initial consolidation	8
Merger	-38
Liquidation	-12
Deconsolidation	-5
Consolidated group as of December 1, 2010	**271**
German companies (including GEA Group AG)	49
Foreign companies	222

Four companies were deconsolidated due to insignificance and one was deconsolidated due to its sale. A total of 86 subsidiaries (previous year: 103) were not consolidated since their effect on the group's net assets, financial position, and results of operations is not material even when viewed in the aggregate.

A complete list of all subsidiaries, associates, and joint ventures can be found in section 13.4.

Investments in associates

Investments in significant companies over which significant influence can be exercised are accounted for using the equity method at the group's share of adjusted equity. They are initially recognized at cost. Entities over which a group company can exercise significant influence, i.e., it can participate in the investee's financial and operating policy decisions, are accounted for as associates. This generally relates to companies in which GEA Group directly or indirectly holds 20 to 50 percent of the voting rights.

The group's share of the profit or loss of associates is recognized and presented separately in the income statement. The group's share of income and expenses recognized outside profit or loss is reported directly in other comprehensive income. If the group's share of an associate's loss exceeds the carrying amount of the net investment in the associate, no further losses are recognized. Any goodwill arising on acquisition is included in the carrying amount of the investment.

Where necessary, the accounting policies of associates are adjusted to comply with uniform group accounting principles.

As of the reporting date, two investments in associates were accounted for in the consolidated financial statements using the equity method (previous year: two).

Interests in joint ventures

The group exercised the option to account for interests in joint ventures using the equity method.

As of the reporting date, 14 investments in joint ventures were accounted for in the consolidated financial statements (previous year: 14).

Currency translation

The group companies prepare their annual financial statements on the basis of their respective functional currencies.

Foreign currency transactions entered into by companies included in the consolidated financial statements are translated into the functional currency at the exchange rate prevailing at the transaction date. Monetary assets are translated at the applicable exchange rate at each reporting date. The exchange rate gains and losses resulting from these items are generally reported in the income statement under other income or expenses.

All financial statements of companies whose functional currencies differ from the reporting currency are translated into the reporting currency used in GEA Group's consolidated financial statements. The assets and liabilities of the companies included in the consolidated financial statements are translated at the middle rates prevailing at the reporting date. The income statements of these companies are translated at moving annual average rates. If the average rate is not a reasonable approximation of the actual transaction rates, the income statements are translated at the relevant transaction rates. Any translation differences are reported in equity under other comprehensive income and adjusted. These differences amounted to EUR 35,424 thousand as of December 31, 2010 (previous year: EUR -42,014 thousand).

Goodwill from the acquisition of foreign subsidiaries is translated at the closing rate as an asset attributable to these companies.

Property, plant, and equipment

Items of property, plant, and equipment are recognized at cost less cumulative depreciation and impairment losses, plus reversals of impairment losses.

Expenses for major regular maintenance are amortized over the remaining useful life of the asset concerned or over the period to the next maintenance date.

The carrying amount of items of property, plant, and equipment is reviewed if it is likely to have been impaired by events or changes in circumstances. An impairment test is performed by comparing the asset's carrying amount with its recoverable amount. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. To assess impairment, assets are grouped at the lowest level for which separate cash flows can be identified. If the reason for the impairment subsequently ceases to apply, the impairment loss is reversed up to a maximum of the amortized historical cost.

Leases

Leases are agreements granting the right to use a certain item of property, plant, and equipment for a defined period in return for a payment. Leases are accounted for as finance leases if substantially all the risks and rewards incidental to using the leased asset and therefore beneficial ownership are attributable to the lessee. As a result, the GEA Group companies that, as lessees, bear substantially all the risks and rewards associated with the leased asset recognize the asset at the lower of fair value or the present value of minimum lease payments, and depreciate the asset in subsequent periods over the shorter of the lease term or the asset's estimated useful life. A corresponding liability is recognized, which is reduced in the following periods using the effective interest method and adjusted. Payments to the lessor are divided into an interest and a principal repayment element, with the interest element being recognized in profit or loss over the lease term as a continuous interest payment on the residual lease liability. All other leases under which GEA Group is a lessee are treated as operating leases. In these cases, the lease payments are recognized as an expense using the straight-line method.

Lease transactions under which GEA Group companies are the lessor and substantially all the risks and rewards associated with the leased asset are transferred to the lessee are accounted for as sales and financing business. A receivable is reported in the amount of the net investment under the lease. The interest income subsequently generated is recognized in profit or loss. All other lease transactions under which the group is the lessor are treated as operating leases. In this case, the asset leased for use remains in the balance sheet and is depreciated. The lease payments are recognized as income using the straight-line method over the term of the lease.

Various companies included in the consolidated financial statements have sold and leased back items of property, plant, and equipment in the past. Depending on the distribution of risk, these sale and leaseback transactions resulted in a finance lease or an operating lease. The entire gain was recognized immediately if the asset was sold at fair value. If the asset was sold above its fair value, the gain was deferred and recognized over the lease term.

Investment property

Property that is held to earn rentals or for capital appreciation is reported as investment property. In the case of property that is held partly to earn rentals and partly to produce or supply goods or services or for administrative purposes, the entire property is classified as investment property if the proportion of owner-occupation is insignificant. This is assumed to be the case if the proportion is below 10 percent.

Cost is depreciated using the straight-line method over a period of between 10 and 50 years. The same measurement method is applied as for property, plant, and equipment.

Goodwill

Goodwill arising from business combinations is recognized as an intangible asset.

Goodwill is tested for impairment at segment level at least once a year at the end of the fiscal year and if there are any indications of impairment. The recoverable amount for the segment is compared with the carrying amount including goodwill. The recoverable amount corresponds to the higher of internal value in use and fair value less costs to sell. Fair value less costs to sell is the measure for the impairment of business units classified as discontinued operations. If the carrying amount of the segment's assets exceeds the recoverable amount, an impairment loss in the amount of the difference is recognized in profit or loss.

An impairment loss initially reduces the carrying amount of goodwill. Any amount exceeding goodwill is allocated proportionately to the carrying amounts of noncurrent nonfinancial assets.

The value in use of the individual business units is calculated in the fourth quarter of each fiscal year using the discounted cash flow method. It is only necessary to estimate a selling price if the value in use is less than the carrying amount.

Other intangible assets

Other intangible assets include both internally generated and purchased assets. Internally generated intangible assets comprise capitalized development costs. In addition to contract-based rights, purchased intangible assets mainly contain technologies, brand names, and customer relationships. Technologies, brand names, and customer relationships are usually acquired in connection with takeovers. Internally generated and purchased intangible assets are recognized at cost.

If the useful life of an intangible asset can be determined, the asset is amortized on a straight-line basis over its useful life. Intangible assets whose useful life cannot be determined are recognized at cost.

The carrying amount of an intangible asset is reviewed if it is likely to have been impaired by events or changes in circumstances. Intangible assets with an indefinite useful life are tested for impairment at least once a year. This requires the recoverable amount of the assets to be determined. The recoverable amount corresponds to the higher of internal value in use and fair value less costs to sell. If the carrying amount is higher than the recoverable amount, the asset is written down to the recoverable amount. Previously recognized impairment losses are reversed if the reasons for the impairment no longer apply. Impairment losses are reversed up to a maximum of the amortized historical cost.

Indefinite-lived intangible assets are also examined each year to determine whether the classification of the asset as indefinite-lived can be retained. Any change to a finite useful life is applied prospectively.

Other financial assets

Other financial assets include investments in unconsolidated subsidiaries and other equity investments, other securities, financial receivables (except trade receivables), and derivative financial instruments.

Shares in unconsolidated subsidiaries and other equity investments are allocated to the “available-for-sale financial assets” measurement category. They are measured at cost because the shares in these corporations are not traded in an active market and their estimated fair value is subject to fluctuations without the probabilities of the individual fair values being able to be reliably determined within the margin of fluctuation. A reliable fair value can only be determined during sale negotiations. The group does not intend to sell these financial assets.

Securitized debt instruments that are intended to be held to maturity are allocated to the “held-to-maturity investments” measurement category and measured accordingly at amortized cost using the effective interest method. All other securities are measured at fair value and any fluctuations in value are recognized directly in other comprehensive income. These instruments are only allocated to the “available-for-sale financial assets” measurement category if no other category applies.

Financial receivables are allocated to the "loans and receivables" measurement category and measured at amortized cost using the effective interest method.

Derivative financial instruments are used exclusively for hedging purposes, in particular to hedge currency risk and to mitigate the risk of interest rate fluctuations resulting from financing transactions. They are always carried at fair value. If derivative financial instruments are not included in a documented hedging relationship, they are allocated to the "financial assets at fair value through profit or loss" measurement category, and their fair value changes are recognized in the income statement. If the derivative financial instruments included in a recognized hedging relationship are used to hedge future cash flows, the fair value fluctuations are recognized in other comprehensive income.

The settlement date is relevant for both initial recognition and subsequent derecognition of primary financial assets. The assets are recognized as soon as the financial instrument is delivered to GEA Group. They are derecognized as soon as the right to receive cash payments or other financial assets expires as a result of payment, waiver, statutory limitation, offsetting, or any other factor, or the right is transferred to another person, with the risks passing in full to the purchaser.

Financial assets or groups of financial assets are tested for indications of impairment at each reporting date. Impairment losses are recognized in the income statement. Financial assets are impaired if, following one or more events that occurred after initial recognition of the asset, there is objective evidence that the expected future cash flows have declined. Objective evidence of impairment may be, for example, significant financial difficulties of the debtor or payment default. In the case of financial assets measured at amortized cost, the impairment loss corresponds to the difference between the carrying amount of the financial instrument and the present value of the future cash flows discounted at the original effective interest rate.

If the reasons for impairment no longer apply, impairment losses on financial assets – with the exception of equity instruments – are reversed to income up to the amount of the amortized cost that would have applied if no impairment loss had been charged.

Recognized hedging relationships (hedge accounting)

At the time they are entered into, derivative financial instruments that are included in a recognized hedging relationship are designated either as a hedge against changes in the fair value of assets, liabilities, or binding agreements (fair value hedge) or as a hedge of future cash flows in connection with assets and liabilities (cash flow hedge).

In order to effectively hedge risks relating to changes in fair value, the change in the fair value of both the derivative and the hedged item is recognized in the income statement. Changes in fair value offset each other in a perfect hedge.

If derivatives are used to hedge future cash flows, the effective portion of the change in the derivative's fair value is recognized in other comprehensive income. The ineffective portion of the change in fair value is reported as a gain or loss. The item recognized in other comprehensive income arising from the effective portion of the change in fair value is recognized in the income statement as soon as the hedged item is settled. If settlement of the hedged item leads to the recognition of a nonfinancial asset, the changes in value previously recognized in other comprehensive income are offset against the cost of the nonfinancial asset. If, contrary to previous assumptions, the hedged transaction is not executed, the changes in value previously recognized in equity are reversed directly to profit or loss.

Embedded financial derivatives are separated from their host contracts if certain qualifying criteria relating to their recognition and measurement are met.

The group predominantly uses cash flow hedges to hedge foreign currency and interest rate risk. GEA Group also enters into hedging transactions in accordance with its risk management principles, which help protect it against existing risks in economic terms, but do not meet the strict hedge accounting requirements of IAS 39. Currency forwards that are used to hedge currency risk arising from monetary assets and liabilities are not aggregated into a recognized hedging relationship. Effects arising from the translation of balance sheet items that are recognized in the income statement are largely offset by changes in the fair values of currency forwards that are also recognized in the income statement.

GEA Group does not currently apply the guidance on hedging changes in fair value by using fair value hedges.

Deferred taxes

Deferred tax assets and liabilities are recognized for all temporary differences between the carrying amounts in the respective national tax accounts and those in the IFRS financial statements that are included in the consolidated financial statements. Deferred tax assets are also recognized for tax loss carryforwards. Deferred tax assets arising from deductible temporary differences and tax loss carryforwards are recognized only to the extent that there is likely to be sufficient taxable income available in future.

No deferred tax liabilities are recognized on taxable temporary differences arising from investments in subsidiaries, associates, or joint ventures as long as the reversal of temporary differences is unlikely.

Inventories

Inventories are recognized at the lower of cost and net realizable value. Acquisition cost is calculated at average cost or using the first-in, first-out (FIFO) method. Production cost includes direct costs plus materials and production overheads, depreciation, and production-related administrative costs. Net realizable value is calculated as the estimated sale proceeds less costs incurred until completion, plus selling expenses. Previously recognized impairment losses must be reversed if the reasons for the impairment no longer apply. Impairment losses are reversed up to a maximum of the amortized historical cost.

Trade receivables
Trade receivables include no interest component and are recognized in the balance sheet at their principal amount less appropriate allowances for bad debts.

Trade receivables from financial services companies that are sold under factoring agreements are derecognized once substantially all the risks and rewards have been transferred to the financial services company.

Construction contracts
Receivables and revenue from construction contracts are recognized using the percentage of completion (PoC) method.

The percentage of completion is determined using the cost-to-cost method, which is derived from the ratio of contract costs incurred to the total estimated contract costs. Contracts are measured at production cost plus a profit in proportion to the stage of completion. Discounts are applied to reflect risks. Losses on construction contracts are immediately recognized in full in the fiscal year in which they are identified, regardless of the stage of completion. If the contract costs incurred and the gains or losses recognized exceed the progress billings, the excess amount is capitalized and reported under “trade receivables.” If the progress payments received exceed the capitalized costs and recognized gains or losses at the reporting date, they are reported as a liability under “other liabilities.” Advance payments on construction contracts are reported separately as a liability.

If the contract margin cannot be estimated reliably, revenue is recognized only in the amount of the contract costs incurred (zero-profit method). A profit is only recognized once the contract margin can be estimated reliably.

Payments for differences in the overall contract, claims, and premiums are included in the contract revenue to the extent agreed with the customer.

Cash and cash equivalents
Cash and cash equivalents comprise cash, demand deposits, and financial assets that can be converted into cash at any time and that are subject to only slight fluctuations in value. They are recognized at fair value.

Noncurrent assets held for sale and liabilities associated with assets held for sale
Noncurrent assets or groups of assets classified as “held for sale” within the meaning of IFRS 5 are recognized at the lower of carrying amount and fair value less costs to sell. They are classified as held for sale if their sale is highly probable, the assets or groups of assets held for sale are available for immediate sale, and their sale will have been completed within one year of their classification as held for sale. As the carrying amount of depreciable assets is realized by disposal rather than use, these assets are no longer depreciated once they have been reclassified. Corresponding liabilities are reported under “liabilities associated with assets held for sale.”

Subscribed capital

Ordinary shares are classified as equity. Treasury shares are deducted from the equity attributable to the shareholders of GEA Group Aktiengesellschaft.

Obligations under pension plans

Obligations under pension plans comprise post-employment benefit obligations and are calculated using the projected unit credit method. In order to provide pension benefits, the Company holds financial assets in long-term funds outside GEA Group (plan assets) and qualified insurance policies. Provisions are measured on the basis of actuarial reports by independent actuaries. Where actuarial gains and losses exceed 10 percent of the higher of either the present value of the defined benefit obligation or of the plan assets at the reporting date, they are allocated over the beneficiaries' average remaining working life and recognized in income. The interest component included in pension expenses is reported under interest expense, and the expected return on plan assets is included in interest income. The service cost for the period is recognized in the relevant functional costs.

The obligations under pension plans reported in the balance sheet represent the net amount of the present value of the obligation at the reporting date plus unrecognized actuarial gains (less unrecognized actuarial losses) less unrecognized past service cost. The fair value of any plan assets is deducted from the obligation.

Other employee benefit obligations

Other employee benefit obligations comprise other long-term benefits and all short-term benefits. Short-term employee benefit obligations generally fall due in full no more than 12 months after completion of the service rendered. They include wages, salaries, social insurance contributions, paid vacation, and profit-sharing schemes. They are recognized as an expense at the same time as the work is remunerated. Any expenditure in excess of the payments already made is reported as a deferred liability at the reporting date. Other long-term benefits, such as jubilee payments or partial retirement arrangements, are recognized at the present value of the obligation at the reporting date. Securities are pledged to the beneficiaries to protect vested partial retirement credits against the employer's insolvency. The fair value of these securities is offset against the corresponding liability.

Provisions

Provisions for uncertain liabilities are recognized where there is a legal or constructive obligation to a third party, a future outflow of resources is likely, and the expected settlement value can be estimated reliably.

The cost of creating warranty provisions is included in the cost of sales when revenue is recognized. In all other cases, provisions are recognized when the product is accepted. The provision is measured on the basis of both the warranty cost actually incurred in the past and on the evaluated overall risk inherent in the system or product. Provisions are also recognized if a claim is made under a warranty and a loss is likely. Recourse claims against suppliers are capitalized if their services are subject to a warranty and it is highly likely that the claim can be enforced.

Provisions for expected losses from onerous contracts are recognized if the economic benefits expected to be received under the contract are lower than the unavoidable costs of meeting the obligations under it.

Financial liabilities

Financial liabilities comprise bonds, liabilities to banks, and liabilities under finance leases. They are initially recognized at fair value less transaction costs incurred, and subsequently measured at amortized cost using the effective interest method. Liabilities under finance leases are initially measured at the lower of the fair value of the leased asset and the present value of minimum lease payments.

Other liabilities

The recognition and subsequent measurement of other liabilities is the same as for financial liabilities.

Trade payables

Trade payables also include liabilities for goods received or services rendered that have not yet been invoiced, as there is only slight uncertainty as to the amount of the liability.

Revenue recognition

Revenue generated by the sale of products is recognized when delivery occurs and price risk passes to the customer. Revenue from service agreements is recognized when the service is rendered. Revenue is measured at the fair value of the consideration received or to be received. Customer bonuses, discounts, or rebates and the elimination of intercompany profits and income reduce the amount of revenue recognized. Revenue from construction contracts is generally recognized using the percentage of completion method.

Interest income is recognized ratably over the remaining maturity based on the effective interest rate and the amount of the remaining receivable.

Revenue from royalties is recognized in the period in which it arises in accordance with the underlying contracts.

Share-based payment

GEA Group has a share-based payment program under which selected managers are granted Performance Shares. The fair value of these rights is calculated at the grant date and allocated as an expense over the vesting period using the straight-line method; a corresponding provision is recognized. The provision is remeasured at each reporting date and at the payment date. Changes in the fair value of the provision are recognized as an expense. Part of the bonus earned by the Executive Board members is converted into phantom shares. Rights under these phantom shares are measured at the share price at the reporting date (see section 7.3.4).

In addition, one group company grants its employees options on shares of the company via a trustee. The cost of this share-based payment is estimated at the grant date and amortized using the straight-line method up to the exercise date (see section 7.1).

Research and development

Research expenditures are recognized immediately as an expense. Development costs that are designed to significantly enhance a product or process are capitalized if completion of the product or process is technically and economically feasible, the development is marketable, the expenditures can be measured reliably, and adequate resources are available to complete the development project. All other development expenditures are recognized immediately as expenses. Capitalized development expenditures for completed projects are reported at cost less cumulative amortization.

Development costs that are required under construction contracts are capitalized as part of the cost of the asset.

Government grants

Government grants are recognized at fair value provided that the group meets the conditions necessary to receive the grant. Government grants to cover expenses are recognized over the period in which the costs for which the grants were awarded are incurred. Government grants for capital expenditure are deducted from the cost of purchasing the corresponding asset.

Estimates

Preparation of financial statements requires management to make certain estimates and assumptions that may affect the Company's assets, liabilities, provisions, and deferred tax assets and liabilities, as well as its income and expenses and contingent liabilities. Although management makes such estimates and assumptions carefully and in good faith, actual amounts may differ from the estimates used.

Factors that may cause amounts to fall below expectations include a deterioration in the global economy, movements in exchange rates and interest rates, as well as material litigation and changes in environmental or other legislation. Production errors, the loss of key customers, and rising borrowing costs may also adversely affect the group's future performance.

The recognition and measurement of the following assets and liabilities are in some cases based on assumptions by management. All assumptions represent the best of management's knowledge and belief in order to convey a true and fair view of the Company's net assets, financial position, and results of operations. If actual circumstances subsequently differ from those forecast, this will affect the recognition and measurement of assets and liabilities. Depending on the item concerned, earnings may also be affected.

Acquisitions

Goodwill is reported in the balance sheet as a result of acquisitions. When an acquired company is initially consolidated, all its identifiable assets, liabilities, and contingent liabilities are recognized at their acquisition-date fair value. The main problem is estimating these fair values. As a rule, land and buildings are measured on the basis of independent appraisals. If intangible assets are identified, their fair values are calculated internally using an appropriate measurement method. These measurements are made on the basis of assumptions by management with respect to the future value of the relevant assets and the discount rate.

Goodwill

The group tests goodwill for impairment annually. The recoverable amount of cash-generating units (segments) was determined on the basis of their value in use. Value in use is calculated using assumptions by management (see section 6.3).

Taxes

GEA Group operates in a large number of countries and is therefore subject to different tax jurisdictions. Calculating tax liabilities requires management to make various estimates. Management believes that it has made a reasonable estimate of tax uncertainties. However, no assurance can be given that the actual outcome of these uncertainties will correspond to the estimates made. Any deviations may have an impact on the level of tax liabilities or deferred taxes in the year of the decision.

When assessing the recoverability of deferred tax assets, management judges the extent to which the deferred tax assets are more likely to be realized than not. Whether the deferred tax assets can actually be realized depends on whether sufficient future taxable income can be generated against which the temporary differences or tax loss carryforwards can be offset. Management therefore analyzes the times at which the deferred tax liabilities reverse and expected future taxable income. Management forecasts whether deferred tax assets can be realized on the basis of expected future taxable income. Deferred tax assets decline if the estimate of planned taxable income decreases, if tax benefits available as a result of tax strategies are reduced, or the amount or timing of future tax benefits is restricted by changes in the law.

Provisions and contingent liabilities

Changes in estimates of the probability of a present obligation or of an outflow of resources embodying economic benefits could mean that items previously classified as contingent liabilities must be reported as provisions, or that the amount of provisions must be adjusted (see section 7.2). This also applies in particular to environmental obligations.

Obligations under pension plans

The present value of pension obligations depends on actuarial assumptions. These assumptions cover the discount rate, expected salary increases and returns on plan assets, mortality rates, and cost increases for medical care. These assumptions could differ significantly from actual future outcomes as a result of changes in market and economic conditions, and could therefore have a material effect on the level of the obligation and the related expenses.

The expected returns on plan assets are calculated on a uniform basis that reflects long-term forecast returns, asset allocation, and estimates of future long-term investment returns.

The discount rate is calculated at the end of each year. This is the rate used to calculate the present value of future cash outflows expected to be required to settle the obligation. In order to calculate the discount rate, the group uses the interest rate on high-quality corporate bonds denominated in the same currency in which the benefits are paid and whose terms to maturity correspond to those of the pension obligations.

Other significant assumptions relating to pension obligations are partly based on market conditions (see section 7.3.1).

Construction contracts
The recognition of construction contracts using the percentage of completion method is based on management's estimates of the cost of such contracts. Changes in estimates or differences between the estimated cost and the actual cost have a direct effect on recognized earnings from construction contracts. The operating units continuously review the estimates and adjust them if required.

Litigation
In some cases, GEA Group companies are parties to litigation. The outcome of this litigation could have a material effect on the group's net assets, financial position, and results of operations. Management regularly analyzes current information on these legal disputes and recognizes provisions for probable obligations, including estimated legal costs. Both internal and external lawyers are used to make this assessment. When deciding on the need to recognize provisions, management takes into account the probability of an unfavorable outcome and the ability to estimate the amount of the obligation with sufficient reliability. The filing of a suit or the formal assertion of a claim against a GEA Group company does not necessarily mean that a provision must be recognized for the related risk.

3. Financial risk management

The Executive Board has put in place an effective set of guidelines to manage and thereby largely limit or hedge financial risks throughout the group. The objectives with regard to protecting assets, eliminating gaps in security, and improving efficiency in identifying and analyzing risks are clearly defined, as are the relevant organizational structures, powers, and responsibilities. The guidelines are based on the principles of system security, the separation of functions, transparency, and immediate documentation.

Because it operates worldwide, GEA Group is exposed to currency, interest rate, commodity price, credit, and liquidity risk in the course of its ordinary activities. Financial risk management aims to reduce this risk through the appropriate use of derivative and non-derivative hedging instruments.

Currency risk

Because GEA Group operates internationally, its cash flows are denominated not only in euros, but also in a number of other currencies, particularly U.S. dollars. Hedging the resulting currency risk is a key element of risk management.

The group guideline requires all group companies to hedge foreign-currency items as they arise in order to fix prices on the basis of hedging rates. The hedging period is determined by the maturity of the hedged item and is usually up to 12 months, but in exceptional cases may exceed that period significantly. Nevertheless, changes in exchange rates may affect sales opportunities outside the euro zone.

Group companies based in the euro zone are obliged to tender to GEA Group Aktiengesellschaft's finance unit all outstanding exposures relating to transactions in goods and services in major transaction currencies. Most of these exposures are passed on directly to banks, depending on the hedging objective of the derivatives and the related accounting treatment and provided their maturities are matched; they may also be hedged as part of a portfolio. The hedging of financial transactions and transactions conducted by subsidiaries outside the euro zone is also closely coordinated with the finance unit. Orders in emerging markets are usually invoiced in U.S. dollars or euros.

Interest rate risk

Because GEA Group operates worldwide, liquidity is invested and raised in the international money and capital markets in different currencies, mainly euros and U.S. dollars, and at different maturities. The resulting investments and financial liabilities are exposed to interest rate risk, which must be assessed and controlled by GEA Group Aktiengesellschaft's finance unit. Derivative financial instruments may be used on a case-by-case basis to hedge the interest rate risk and reduce the interest rate volatility and financing costs of the hedged items. Only the corporate finance unit is permitted to enter into such interest rate hedges.

All interest rate derivatives are allocated to individual loans. The hedging relationships are documented and recognized as cash flow hedges. Overall, the interest expense from the loans and the allocated derivatives reported in the income statement represents the fixed interest rate for the hedging relationship.

Cross-currency swaps were used in connection with the financing of acquisitions in Canada and the UK. They are also recognized at fair value. However, they are not included in any documented hedging relationship with intragroup hedged items. The earnings effects arising from changes to currency parities that have occurred since the beginning of the cross-currency swaps, and the earnings effects due to the related intragroup receivables, do not match due to different calculation bases (forward rate relative to spot rate). The difference in value amounted to EUR 227 thousand in fiscal year 2010 (previous year: EUR 4,307 thousand).

Commodity price risk

GEA Group requires various metals such as aluminum, copper, steel, and titanium. Purchase prices for raw materials may fluctuate significantly depending on market conditions. Long-term supply agreements have been entered into with various suppliers in order to hedge commodity price risk. There were no commodity derivatives within GEA Group as of December 31, 2010. In the previous year, one company held a small number of copper options relating to the period before its acquisition by GEA Group.

Credit risk

Financial instruments are exposed to credit risk in that the other party to the contract may fail to fulfill its obligations. In the case of customer receivables, this risk is countered by way of a standardized internal risk board procedure. Active receivables management, including non-recourse factoring and credit insurance, is also used. In export operations, confirmed and unconfirmed letters of credit are used alongside sureties, guarantees, and cover notes, including from export credit agencies such as Hermes. In addition to local monitoring by the subsidiary in question, GEA Group also oversees the main credit risks at holding company level so that any accumulation of risk can be better managed.

Trade receivables are usually due from a large number of customers in different sectors and regions, thereby preventing any concentration of risk. Valuation allowances take account of specific credit risks.

To minimize credit risk affecting financial instruments, these instruments are only entered into with reputable financial institutions. The maximum exposure to credit risk is limited to the fair value.

Liquidity risk

GEA Group is exposed to liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash funds at its disposal. Managing this risk is the task of GEA Group Aktiengesellschaft's corporate finance unit. Cash funds are arranged and credit lines managed on the basis of a multi-year financial plan and a rolling month-by-month cash forecast. Cash flow from operating activities is the most important source of liquidity. Intragroup cash pooling avoids the need for external cash investments and borrowings to a large extent. To achieve this, GEA Group Aktiengesellschaft has established cash pooling groups in 13 countries that automatically balance the accounts of the participating group companies every day by crediting or debiting a target account at GEA Group Aktiengesellschaft. Any additional liquidity requirements are generally borrowed by the holding company, which also invests surplus liquidity.

The following tables show the undiscounted contractually agreed interest and principal payments for financial liabilities, including derivative financial instruments with negative fair values:

		Cash flows					
(EUR thousand)	Carrying amount	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
2010							
Trade payables	672,103	661,861	10,242	–	–	–	–
Borrower's note loan	220,379	96,955	4,136	131,804	–	–	–
Liabilities to banks	238,324	226,156	12,086	1,762	420	284	268
Liabilities under finance leases	12,578	965	1,088	1,216	1,287	1,604	13,003
Liabilities to investees	6,457	6,294	163	–	–	–	–
Currency derivatives not included in a recognized hedging relationship	5,570	244,425	754	–	–	–	–
Currency derivatives included in a cash flow hedge	7,109	157,161	11,936	610	244	–	–
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	9,800	4,199	3,787	3,412	3,026	2,645	4,410
Interest rate and cross-currency derivatives included in a cash flow hedge	8,210	8,382	249	–	–	–	–
Other liabilities	654,704	646,923	7,781	–	–	–	–
2009							
Trade payables	625,104	620,964	4,140	–	–	–	–
Borrower's note loan	199,707	4,624	204,922	–	–	–	–
Liabilities to banks	245,155	230,908	3,385	12,259	2,210	65	178
Liabilities under finance leases	13,744	1,683	1,104	932	1,046	1,595	14,084
Liabilities to investees	1,299	1,299	–	–	–	–	–
Currency derivatives not included in a recognized hedging relationship	3,943	172,838	4,040	–	–	–	–
Currency derivatives included in a cash flow hedge	4,478	98,012	15,922	1,718	–	112	–
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	3,617	2,012	1,890	1,781	1,670	1,552	3,985
Interest rate and cross-currency derivatives included in a cash flow hedge	14,131	8,301	8,367	241	–	–	–
Other liabilities	676,889	665,981	10,908	–	–	–	–

All financial liabilities outstanding as of December 31, 2010 are included to the extent that payments have already been contractually agreed. Projected figures for future new liabilities are not taken into account. Foreign currency amounts are translated at the closing rates. In the case of financial liabilities that can be repaid at any time, it is assumed that they will be repaid within one year.

Payments for derivative financial instruments totaling EUR 445,240 thousand (previous year: EUR 322,441 thousand) were partially offset by payments received from the same instruments of EUR 417,419 thousand (previous year: EUR 296,838 thousand).

As of December 31, 2010, the group held cash credit lines of EUR 1,581,450 thousand (previous year: EUR 1,393,494 thousand), EUR 458,781 thousand of which has been utilized (previous year: EUR 444,886 thousand). The cash credit lines are composed of the following items:

(EUR thousand)	Maturity	12/31/2010 Approved	12/31/2010 Utilized	12/31/2009 Approved	12/31/2009 Utilized
Syndicated credit line 1	July 2011	300,000	200,000	500,000	200,000
Borrower's note loan	August 2011	92,000	92,000	200,000	200,000
	August 2013	128,000	128,000	–	–
Syndicated credit line 2	March 2011	–	–	230,000	–
(club deal)	June 2013	325,000	–	–	–
	June 2015	325,000	–	–	–
European Investment Bank	2016 (depending on utilization)	150,000	–	150,000	–
Various bilateral credit lines	Maximum of 1 year or „until further notice"	261,450	38,781	313,494	44,886
Total		**1,581,450**	**458,781**	**1,393,494**	**444,886**

The liabilities maturing and cash credit lines expiring in 2011 were refinanced in June 2010. First, the syndicated credit line 2 due in March 2011 was extended early. The high level of interest shown by the banks approached enabled the volume to be increased from EUR 230,000 thousand to EUR 650,000 thousand. Half of the credit line is due in 2013 and half in 2015. The credit margins were set at the lower end of the proposed range. Second, a partial amount of EUR 108,000 thousand of the existing borrower's note loan with a nominal amount of EUR 200,000 thousand was extended by two years until August 2013 in the run-up to this transaction. In addition, a further borrower's note loan of EUR 20,000 thousand maturing in August 2013 was placed. The syndicated credit line 1 was reduced by EUR 200,000 thousand in October 2010 in connection with these transactions.

In addition, guarantee lines for the performance of contracts, advance payments, and warranty obligations of EUR 2,032,095 thousand were available (previous year: EUR 2,137,234 thousand), EUR 881,006 thousand of which has been utilized (previous year: EUR 1,024,099 thousand). Of this figure, guarantees amounting to EUR 328,249 thousand (previous year: EUR 407,304 thousand) are payable at first demand. As is generally customary for this type of order collateral and financing instrument, guarantees have only been drawn down by GEA Group in extremely rare exceptional cases in recent years.

As of the year-end, EUR 20,538 thousand (previous year: EUR 50,963 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 189,327 thousand (previous year: EUR 252,085 thousand) of group guarantees were granted to Lurgi AG's customers to collateralize the company's contractual obligations. EUR 20,472 thousand of the bank guarantees (previous year: EUR 41,167 thousand) are payable at first demand. The purchaser of Lurgi granted bank guarantees that largely cover the relevant amount as collateral in favor of GEA Group Aktiengesellschaft in the unlikely event of the default of both Lurgi AG and Air Liquide S.A. EUR 46,899 thousand (previous year: EUR 77,725 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 158,292 thousand (previous year: EUR 154,605 thousand) of group guarantees were granted to Lentjes GmbH's customers to collateralize that company's contractual obligations. EUR 24,797 thousand of the bank guarantees (previous year: EUR 49,928 thousand) are payable at first demand.

Future payments from operating leases and from purchase agreements entered into are reported separately under other financial liabilities (see section 9.2).

Foreign currency sensitivity analysis

GEA Group companies are always exposed to foreign currency risk if their cash flows are denominated in a currency other than their functional currency. Foreign currency risk is hedged using suitable hedging instruments, thus largely offsetting fluctuations arising from the hedged item and the hedging transaction over their term.

The foreign currency risk presented in the sensitivity analysis results from the following transactions:

- Currency derivatives that are included in hedging relationships for previously unrecognized hedged items, i.e., for contractually agreed or expected transactions.
  As these hedging relationships are regularly documented as such and presented as cash flow hedges, only equity is affected by exchange rate risk
- Cross-currency swaps
  Although swaps are matched by intragroup receivables as hedged items, they are not included in a documented hedging relationship. While receivables are measured using the spot rate, the currency components of the swaps are measured on the basis of the forward rates. The two rates could differ significantly depending on the interest-rate difference between the two currencies.
- Unsecured foreign currency transactions
  The translation of foreign currency receivables or liabilities at the closing rate has a direct effect on earnings

The currency pairs in which the major part of the foreign currency cash flows are settled are included as relevant risk variables in the foreign currency sensitivity analysis. The following table shows the sensitivity of a 10 percent increase or decrease in the relevant foreign currency in relation to the relevant base currency from the group's perspective:

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2010		2010	
			+ 10%	- 10%	+ 10%	- 10%
EUR	USD	417,994	133	-163	7,998	-9,776
EUR	GBP	76,998	2,429	-2,968	299	-366
EUR	CAD	57,927	3,904	-4,773	–	–
EUR	CNY	28,294	-9	11	-1,345	1,643
EUR	BRL	9,800	321	-393	317	-388
EUR	INR	8,214	746	-912	–	–

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2009		2009	
			+ 10%	- 10%	+ 10%	- 10%
EUR	USD	272,503	152	-186	6,129	-7,491
EUR	GBP	68,386	2,875	-3,514	237	-290
EUR	CAD	37,921	3,617	-4,421	–	–
EUR	RUB	14,215	–	–	500	-611
EUR	TRY	9,874	897	-1,096	–	–
EUR	BRL	7,119	434	-531	81	-99

The nominal amount relates to all contractually agreed foreign currency cash flows as of the reporting date, which are translated into euros at the closing rate. The nominal amount comprises the entire volume traded in foreign currency, and not only the volume on which the analysis of foreign currency sensitivity is based.

The potential fluctuations in the profit or loss for the year result primarily from derivatives that are not included in a designated hedging relationship, but are used to avoid currency risk as part of the general hedging strategy.

Interest rate sensitivity analysis

The interest rate sensitivity analysis presents the effects of changes in market interest rates on interest payments, interest income and expenses, and equity. The sensitivity analyses are based on the following assumptions:

- Nonderivative fixed-income financial instruments are only subject to balance-sheet interest rate risk if they are measured at fair value. GEA Group measures such financial instruments at amortized cost.

- Nonderivative variable-rate financial instruments whose interest payments are not included as hedged items in a hedging relationship that is recognized as a cash flow hedge are subject to interest rate risk both in the income statement and in cash flow (cash flow interest rate risk and interest rate risk recognized in profit or loss).

- Interest rate derivatives included in a hedging relationship that is recognized as a cash flow hedge are subject to equity-related interest rate risk in the amount of the effective portion of the hedging relationship (balance sheet interest rate risk).

- Interest rate derivatives not included in a hedging relationship that is recognized as a cash flow hedge are subject to interest rate risk both in the income statement and in cash flow (cash flow interest rate risk and interest rate risk recognized in profit or loss).

- Currency derivatives are not subject to material interest rate risk and therefore have no effect on interest rate sensitivity.

The sensitivity analysis assumes a linear shift in the yield curve for all currencies of +/- 100 basis points as of the reporting date. This results in the following effects:

	12/31/2010		12/31/2009	
(EUR thousand)	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
Cash flow interest rate risk	2,615	-2,647	-1,847	1,874
Balance sheet interest rate risk	3,737	-3,532	2,399	-1,491
Interest rate risk recognized in profit or loss	2,673	-2,863	-2,230	2,067

The calculation is based on a net volume of EUR 502,360 thousand (previous year: EUR 690,266 thousand).

Capital management

One of GEA Group Aktiengesellschaft's key financial goals is to sustainably increase enterprise value in the interests of investors, employees, customers, and suppliers, while safeguarding and securing the group's solvency at all times.

This goal is supported primarily by focusing on margin quality. However, it does not exclude growth through acquisitions. Improving profitability and, as a result, increasing the return on capital employed takes priority in all business decisions.

The creation of sufficient liquidity reserves, including a comfortable volume of credit lines, is extremely important to GEA Group in this form of capital management. In addition, maintaining a sound equity base is a key requirement for ensuring the continued existence of the Company in the long term and for driving forward its growth strategy.

Liquidity reserves and available credit lines are managed permanently on the basis of short- and medium-term forecasts of future liquidity and borrowing requirements. Capital is monitored regularly on the basis of various key indicators, the most important being the net liquidity/debt-to-equity ratio (gearing) and the equity ratio. Net liquidity/net debt represents liabilities to banks including the borrower's note loan, less cash and cash equivalents, and less current securities.

(EUR thousand)	12/31/2010	12/31/2009
Liabilities to banks	-238,324	-245,155
Borrower's note loan	-220,379	-199,707
Cash and cash equivalents	563,532	491,979
Net liquidity/ debt	**104,829**	**47,117**
Equity	**1,895,332**	**1,735,006**
Equity ratio	37.1%	34.7%
Gearing	-5.5%	-2.7%

The year-on-year increase in net liquidity is due to lower investing activity and the further reduction in working capital. The equity ratio amounted to 37.1 percent as of December 31, 2010 (previous year: 34.7 percent) and therefore rose slightly compared with the previous year. Gearing is -5.5 percent, after -2.7 percent in the previous year. The capital structure therefore provides an extremely healthy basis for funding the acquisitions of Bock Kältemaschinen GmbH and the Convenience Food Systems group announced at the end of the fiscal year as well as additional investments in property, plant, and equipment, and for continuing the group's acquisition strategy.

The rating agencies have given the following external assessment of GEA Group's financial risks:

	2010		2009	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa3	stable	Baa3	stable
Fitch	BBB-	stable	BBB-	stable

GEA Group's investment grade rating in the "BBB" range ensures that it has comfortable financing opportunities both with banks and directly on the capital markets. Among other things, the current ratings reflect the Company's strong solvency and generally secure access to a broad investor base.

4. Disposals

GEA Group sold its 100 percent interest in GEA Grenco Køleteknik A/S, Skanderborg/Denmark, in fiscal year 2010. The company's net assets were as follows at the date of disposal:

(EUR thousand)	2010	2009
Noncurrent assets	101	1,221
Current assets	4,414	2,695
Liabilities	4,362	2,053
Net assets before noncontrolling interests and accumulated other comprehensive income	**153**	**1,863**
less noncontrolling interests	–	-913
Net assets after noncontrolling interests and accumulated other comprehensive income	**153**	**950**
Selling price	181	1,020
Gain/loss on disposal	**28**	**70**
Cash received from sale	181	300
Cash and cash equivalents disposed	–	-750
Net cash flow from disposal	**181**	**-450**

No goodwill was disposed of when the investment was sold. The disposal gain is reported in other income.

The prior-year figures relate to the sale of the 51 percent interest in E.PRO.M s.r.l., Traversetolo/Italy.

5. Acquisitions

5.1 Companies acquired

GEA Group acquired the following companies in fiscal year 2010:

Business	Place	Acquisition Date	Percentage of voting interest (%)	Consideration transferred (EUR thousand)
SKIOLD MULLERUP A/S	Ullerslev/Danemark	March 31st, 2010	100.0	5,357
Farmers Industries Limited	Mount Maunga-nui/New Zealand	September 13th, 2010	100.0	4,264
Air Pollution Control Division	Thane/India	September 15th, 2010	Asset Deal	1,653
Beijing Sino-German Tianhe Technology Co. Ltd.	Beijing/China	November 10th, 2010	100.0	4,263

SKIOLD MULLERUP A/S and Farmers Industries Limited are allocated to the GEA Farm Technologies Segment. SKIOLD MULLERUP A/S is a leading producer of systems for automatic cow feeding and manure processing as well as of cow cubicles in Northern Europe. This acquisition allows the segment in particular to expand its product range, as well as its customer base. Farmers Industries Limited, New Zealand, specializes in developing, producing, and selling consumables in the milking industry. The acquisition strengthens the noncyclical consumables business and improves market access in New Zealand in particular.

The acquired activities of ACC Limited's Air Pollution Control Division (APC) and Beijing Sino-German Tianhe Technology Co. Ltd. have been integrated into the GEA Process Engineering Segment. The Air Pollution Control Division previously supplied technology for waste gas dust extraction at the ACC Group's cement plants and industrial power stations. The acquisition allows the segment to expand its activities in the field of emission control in India and Asian export markets. Beijing Sino-German Tianhe Technology Co. Ltd. is active in the field of spray drying for the pharmaceutical industry. The acquisition improves access to the Chinese market and reinforces the expansion of competitive production capacity.

5.2 Consideration paid

The consideration paid is composed of the following items:

Business	Cash (EUR thousand)	Contingent consideration (EUR thousand)	Total (EUR thousand)
SKIOLD MULLERUP A/S	5,357	–	5,357
Farmers Industries Limited	4,264	–	4,264
Air Pollution Control Division	1,653	–	1,653
Beijing Sino-German Tianhe Technology Co. Ltd.	931	3,332	4,263
Total	**12,205**	**3,332**	**15,537**

In connection with the acquisition of Beijing Sino-German Tianhe Technology Co. Ltd., GEA Group agreed to pay an additional amount of up to a maximum of EUR 3,503 thousand in the next four years, depending on the acquiree's results. In light of the growth in the market for pharmaceutical spray drying in the emerging economies, the company believes that it is likely that this amount will be paid. The amount of EUR 3,332 thousand represents the fair value of the obligation at the acquisition date. The contingent purchase price obligation is presented in other financial liabilities and assigned to the "financial liabilities at amortized cost" category.

GEA Group has granted the managing director and former co-owner of an acquired company a bonus in the event that he remains with the company for a further three years. The transaction has not been accounted for as part of the acquisition. The costs will be expensed ratably over the three-year period.

Acquisition-related costs amount to a total of EUR 1,020 thousand. They include fees for legal consultants, auditors, and other experts, and are expensed in the fiscal year and reported in other expenses in the income statement.

5.3 Assets and liabilities acquired

The following assets and liabilities were acquired with the four companies:

(EUR thousand)	Fair value
Property, plant, and equipment	2,131
Intangible assets	7,156
Equity-accounted investments	62
Noncurrent assets	**9,349**
Inventories	4,326
Trade receivables	2,825
Income tax receivables	13
Other current financial assets	563
Cash and cash equivalents	511
Current assets	**8,238**
Total assets	**17,587**
Noncurrent financial liabilities	2,202
Other noncurrent liabilities	1,134
Deferred taxes	1,709
Noncurrent liabilities	**5,045**
Provisions	383
Employee benefits	30
Current financial liabilities	618
Trade payables	1,711
Other current financial liabilities	1,404
Current liabilities	**4,146**
Total liabilities	**9,191**
Net assets acquired	**8,396**
Acquisition cost	15,537
Goodwill	7,141

The fair value of total receivables acquired – primarily trade receivables – amounts to EUR 2,913 thousand. The contractual principal amount of the receivables is EUR 2,956 thousand. It was assumed at the acquisition date that an amount of EUR 43 thousand was uncollectible.

The goodwill of EUR 7,141 thousand arising from the acquisitions primarily comprises benefits from expected synergies and future market developments, as well as workforce expertise. EUR 83 thousand of the goodwill is tax-deductible.

5.4 Effects on consolidated profit

Since their acquisition, these companies have generated revenue of EUR 12,404 thousand and profit before tax of EUR 553 thousand. If the companies concerned had been acquired as of January 1, 2010, they would have recorded revenue of EUR 21,698 thousand and profit before tax of EUR 850 thousand.

5.5 Net cash outflow

The acquisitions in fiscal year 2010 led to the following net cash outflow:

(EUR thousand)	2010	2009
Consideration transferred	15,537	28,996
Acquisition-related costs	593	1,219
less contingent consideration	-3,332	-5,017
Purchase price paid including acquisition-related costs	**12,798**	**25,198**
less cash acquired	-511	-539
Net cash used in acquisition	**12,287**	**24,659**

Payments to acquire subsidiaries and other businesses totaling EUR 12,145 thousand (previous year: EUR 23,498 thousand) are reported in the cash flow statement. These include payments for contingent purchase price components amounting to EUR 291 thousand (previous year: EUR 3,164 thousand) as well as cash inflows from previously unconsolidated subsidiaries amounting to EUR 20 thousand (previous year: EUR 4,325 thousand). There is also a purchase price payment of EUR 413 thousand (previous year: EUR 0 thousand) that was due but unpaid at the reporting date. This payment is not included in the cash flow statement.

6. Consolidated balance sheet disclosures: Assets

6.1 Property, plant, and equipment

Property, plant, and equipment changed as follows:

(EUR thousand)	Land and buildings (owner-occupied)	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	**Total**
Jan. 1, 2009					
Cost	489,330	641,434	301,354	51,389	**1,483,507**
Cumulative depreciation and impairment losses	-240,942	-477,005	-215,699	-2,139	**-935,785**
Carrying amount	**248,388**	**164,429**	**85,655**	**49,250**	**547,722**
Changes in 2009					
Additions	15,460	29,404	21,224	52,428	**118,516**
Disposals	-2,225	-3,569	-1,044	-742	**-7,580**
Depreciation	-16,201	-33,098	-24,380	-127	**-73,806**
Impairment losses	–	–	–	–	**–**
Reclassification of held for sale	–	–	–	–	**–**
Changes in consolidated Group	9,759	4,861	947	1,119	**16,686**
Currency translation	1,740	624	1,139	-16	**3,487**
Other changes	25,922	24,932	2,979	-50,939	**2,894**
Carrying amount at Dec. 31, 2009	**282,843**	**187,583**	**86,520**	**50,973**	**607,919**
Jan. 1, 2010					
Cost	539,218	672,556	320,412	51,251	**1,583,437**
Cumulative depreciation and impairment losses	-256,375	-484,973	-233,892	-278	**-975,518**
Carrying amount	**282,843**	**187,583**	**86,520**	**50,973**	**607,919**
Changes in 2010					
Additions	7,223	19,411	18,484	26,267	**71,385**
Disposals	-2,757	-3,715	-1,802	-124	**-8,398**
Depreciation	-16,627	-34,179	-26,415	-22	**-77,243**
Impairment losses	-5,573	-6,966	-2,974	-1,255	**-16,768**
Reclassification of held for sale	-373	-76	-11	–	**-460**
Changes in consolidated Group	1,397	566	389	-1	**2,351**
Currency translation	10,899	7,204	3,639	1,262	**23,004**
Other changes	26,524	16,242	603	-45,553	**-2,184**
Carrying amount at Dec. 31, 2010	**303,556**	**186,070**	**78,433**	**31,547**	**599,606**
Dec. 31, 2010					
Cost	569,592	573,952	324,837	32,605	**1,500,986**
Cumulative depreciation and impairment losses	-266,036	-387,882	-246,404	-1,058	**-901,380**
Carrying amount	**303,556**	**186,070**	**78,433**	**31,547**	**599,606**

Impairment losses of EUR 13,497 thousand are attributable to the GEA Heat Exchangers Segment and relate to the reorganization of heat exchanger activities resolved in the previous year. As a consequence of the consolidation of these activities, 11 production facilities were closed or restructured, mainly in Germany and Europe. Items of property, plant and equipment for which there was no further use following the consolidation of the heat exchanger activities were depreciated to their net realizable value. Assets that cannot be sold were depreciated to their scrap value. The impairment losses are part of the restructuring expenses presented in other expenses (see section 8.3.).

Impairment losses of EUR 2,920 thousand are attributable to the GEA Mechanical Equipment Segment and relate to property, plant and equipment in the membrane filtration systems business. The expected future cash flows no longer cover the carrying amounts because of the decline in orders received. EUR 549 of the impairment losses are included in cost of sales and EUR 2,371 thousand in administrative expenses.

The other changes are mainly attributable to reclassifications from assets under construction to other items of property, plant and equipment and to intangible assets.

Items of property, plant and equipment are depreciated on a straight-line basis using the relevant residual values and the following useful lives:

	Useful life in years
Buildings and parts of buildings	2 to 50
Technical equipment and machinery, other equipment	2 to 30
Operating and office equipment	3 to 40

The residual values and useful lives used as a basis for calculation are reviewed at each reporting date and adjusted if necessary.

Property, plant and equipment comprises land and buildings, technical equipment and machinery, and office and operating equipment under finance leases:

(EUR thousand)	2010	2009
Cost - capitalized leased assets under finance leases	31,866	32,699
Cumulative depreciation and impairment losses	-12,564	-13,590
Carrying amount	**19,302**	**19,109**

EUR 13,419 thousand (previous year: EUR 16,532 thousand) of the carrying amount of the leased items of property, plant and equipment relates to buildings. The leases for the buildings extend beyond 2020. None of the leases includes extension options or rent price adjustment clauses. An option to acquire the leased asset is provided for in two key leases.

The corresponding lease liabilities are explained under financial liabilities (see section 7.4).

The carrying amount of property, plant and equipment that serves as collateral for credit lines amounted to EUR 5,511 thousand at the reporting date (previous year: EUR 7,213 thousand). Most of these assets relate to land.

6.2 Investment property

The following table shows the changes in investment property:

(EUR thousand)	Land	Buildings	**Total**
Jan. 1, 2009			
Cost	9,856	23,697	**33,553**
Cumulative depreciation and impairment losses	-3,853	-15,267	**-19,120**
Carrying amount	**6,003**	**8,430**	**14,433**
Changes in 2009			
Additions	14	27	**41**
Disposals	–	–	**–**
Depreciation	–	-2,246	**-2,246**
Impairment losses	-1,000	–	**-1,000**
Reclassification of held for sale	14,963	–	**14,963**
Other changes	-2,997	-500	**-3,497**
Carrying amount at Dec. 31, 2009	**16,983**	**5,711**	**22,694**
Jan. 1, 2010			
Cost	21,836	22,630	**44,466**
Cumulative depreciation and impairment losses	-4,853	-16,919	**-21,772**
Carrying amount	**16,983**	**5,711**	**22,694**
Changes in 2010			
Additions	330	15	**345**
Disposals	-331	–	**-331**
Depreciation	–	-2,012	**-2,012**
Impairment losses	–	–	**–**
Reclassification of held for sale	–	–	**–**
Other changes	–	–	**–**
Carrying amount at Dec. 31, 2010	**16,982**	**3,714**	**20,696**
Dec. 31, 2010			
Cost	21,835	22,645	**44,480**
Cumulative depreciation and impairment losses	-4,853	-18,931	**-23,784**
Carrying amount	**16,982**	**3,714**	**20,696**

The increase in investment property in the previous year is attributable to the reclassification of assets previously reported as held for sale. These assets represent land and buildings that are no longer used for operating purposes and are therefore intended to be sold. The sale of these assets at an acceptable price in the short term did not appear feasible due to the economic and financial crisis. As a result, the criteria for continuing to report them as held for sale were no longer met.

The fair value of investment property is EUR 22,688 thousand (previous year: EUR 24,611 thousand). The fair values are calculated on the basis of comparable market-based prices that are determined internally.

The following amounts are reported in the income statement in connection with investment property:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/.2009
Rental income	18,876	27,405
Operating expenses	16,681	28,567
of which: properties used to generate rental income	16,681	28,567
Total	**2,195**	**-1,162**

The rental income generated by GEA Real Estate GmbH is reported in revenue.

6.3 Goodwill

Goodwill is allocated to the segments, which constitute the cash-generating units. The recoverable amount of a segment is determined by calculating the value in use using the discounted cash flow method. The cash flows used are the pre-tax operating cash flows from the consolidated medium-term planning (three-year period) prepared on a bottom-up basis and approved by the Executive Board. Cash flows equal to the amount in the final planning year are assumed for the period beyond the planning horizon. These are extrapolated using a uniform growth rate of one percent (previous year: one percent).

The cash flows are discounted using a uniform pre-tax rate of 12.82 percent (previous year: 12.69 percent). The calculation of this rate is based on the assumption of an unleveraged entity. The discount rate is calculated on the basis of the following assumptions:

	12/31/2010	12/31/2009
Risk-free rate of interest	3.65%	4.17%
Market risk premium	5.00%	5.00%
Beta factor	1.19	1.13
Expected tax rate	28.70%	27.00%

The planning is based on assumptions regarding specific trends in the global economy, commodity prices, and exchange rates. The weighted average growth rates used are largely consistent with forecasts in reports by economic research institutes.

All of GEA Group's segments reported goodwill. The carrying amount of goodwill as of December 31, 2010 was EUR 1,550,423 thousand (previous year: EUR 1,530,861 thousand). The impairment test performed in the fourth quarter confirmed that the value of the existing goodwill is unchanged.

As in the previous year, none of the segments' recoverable amounts – which are used to determine an impairment loss – is less than 10 percent above the carrying amount of the segment's net assets. A 100 or 200 basis point higher discount rate at any segment would not have resulted in goodwill impairment, either in fiscal year 2010 or in the previous year. Likewise, there would have been no goodwill impairment if 10 or 20 percent lower cash flows had been assumed at the measurement date for the period after the three-year detailed planning horizon. The prior-year figures are based on the new segment structure introduced as of January 1, 2010.

The following table shows the allocation of goodwill to the segments and changes in goodwill. The prior-year figures were adjusted to reflect the new segment structure:

(EUR thousand)	GEA Farm Technologies	GEA Heat Exchangers	GEA Mechanical Equipment	GEA Process Engineering	GEA Refrigeration Technologies	**Total**
Carrying amount at Dec. 31, 2008	**135,466**	**457,680**	**261,354**	**333,671**	**143,662**	**1,331,833**
Additions	31,419	68,407	44,783	40,667	18,276	**203,552**
Disposals	–	-3,759	–	-293	-1,265	**-5,317**
Currency translation	-1,274	1,102	-173	963	175	**793**
Carrying amount at Dec. 31, 2009	**165,611**	**523,430**	**305,964**	**375,008**	**160,848**	**1,530,861**
Additions	3,911	557	–	3,715	729	**8,912**
Disposals	–	–	–	-419	-85	**-504**
Currency translation	4,579	1,451	362	1,829	2,933	**11,154**
Carrying amount at Dec. 31, 2010	**174,101**	**525,438**	**306,326**	**380,133**	**164,425**	**1,550,423**

At EUR 7,141 thousand, the four acquisitions in fiscal year 2010 were the main reason for the additions amounting to EUR 8,912 thousand. The remaining addition of EUR 1,771 thousand is primarily attributable to purchase price adjustments for acquisitions in previous years. The main reason for the addition in the previous year was the need to reflect the potential outcome of the award proceedings relating to the control and profit and loss transfer agreement entered into by the former Metallgesellschaft AG and the former GEA AG in 1999. This increased goodwill by EUR 189,000 thousand (see section 7.1).

The disposal of goodwill amounting to EUR 504 thousand (previous year: EUR 5,317 thousand) is due to purchase price adjustments for acquisitions in previous years.

6.4 Other intangible assets

The carrying amount of intangible assets changed as follows:

(EUR thousand)	Market-related intangible assets	Customer-related intangible assets	Contract-based intangible assets	Technology-based intangible assets	Internally generated intangible assets	**Total**
Jan. 1, 2009						
Cost	42,936	27,761	72,402	65,330	18,625	**227,054**
Cumulative amortization and impairment losses	-1,225	-4,051	-46,177	-21,207	-10,044	**-82,704**
Carrying amount	**41,711**	**23,710**	**26,225**	**44,123**	**8,581**	**144,350**
Changes in 2009						
Additions	741	330	1,024	6,876	10,168	**19,139**
Disposals	-5,831	-51	–	-195	–	**-6,077**
Amortization	-374	-3,521	-2,903	-13,792	-2,410	**-23,000**
Impairment losses	-142	–	–	-524	–	**-666**
Changes in consolidated Group	5,986	4,680	-442	10,887	442	**21,553**
Currency translation	1,585	632	284	386	-34	**2,853**
Other changes	209	–	-1,476	2,137	197	**1,067**
Carrying amount at Dec. 31, 2009	**43,885**	**25,780**	**22,712**	**49,898**	**16,944**	**159,219**
Jan. 1, 2010						
Cost	45,640	33,073	71,124	84,876	29,594	**264,307**
Cumulative amortization and impairment losses	-1,755	-7,293	-48,412	-34,978	-12,650	**-105,088**
Carrying amount	**43,885**	**25,780**	**22,712**	**49,898**	**16,944**	**159,219**
Changes in 2010						
Additions	31	165	4,801	7,218	6,339	**18,554**
Disposals	–	–	-299	-105	-159	**-563**
Amortization	-458	-3,360	-8,039	-7,456	-4,676	**-23,989**
Impairment losses	-4,530	–	-28	-3,023	–	**-7,581**
Changes in consolidated Group	1,229	2,739	348	1,259	11	**5,586**
Currency translation	1,500	1,499	367	1,626	191	**5,183**
Other changes	-32	–	2,579	2,429	208	**5,184**
Carrying amount at Dec. 31, 2010	**41,625**	**26,823**	**22,441**	**51,846**	**18,858**	**161,593**
Dec. 31, 2010						
Cost	48,452	37,931	78,957	98,844	30,746	**294,930**
Cumulative amortization and impairment losses	-6,827	-11,108	-56,516	-46,998	-11,888	**-133,337**
Carrying amount	**41,625**	**26,823**	**22,441**	**51,846**	**18,858**	**161,593**

As part of the reorganization of the GEA Heat Exchangers Segment, production facilities were amalgamated and overlaps between the product ranges of the individual companies were eliminated. Companies acquired in previous periods were also affected by the streamlining of the product range. Where the brand names under which the products were sold were recognized as an asset at the time of acquisition, the reorganization also involved the impairment of capitalized brand names in some cases. The carrying amount of brand names was reduced overall by EUR 2,583 thousand. The carrying amounts of agreed restraints on competition were also written down. The total impairment losses of EUR 4,530 thousand are part of the restructuring expenses presented in other expenses.

The impairment losses of EUR 3,023 thousand recognized on technology-based intangible assets are also related to the reorganization of the GEA Heat Exchangers Segment. In the future, the consolidation of the product ranges will not only reduce the number of products marketed under a particular brand, but will also result in the use of certain product and production technologies being discontinued. These impairment losses are part of the restructuring expenses presented in other expenses.

The primary reason for the impairment losses recognized in the previous year was the impairment (EUR 524 thousand) recognized on the technology portfolio of two newly acquired companies, for which there was no further intended use.

The addition to internally generated intangible assets is primarily attributable to the GEA Farm Technologies Segment and relates to enhancements in the area of automated milking.

Brand-related intangible assets amounting to EUR 37,662 thousand (previous year: EUR 38,108 thousand) are not amortized because their useful life is indefinite. These assets are company and product names of the acquired companies. These are established brands in their respective sectors and will continue to be used indefinitely after the company in question has been acquired.

These brands are tested for impairment at least once a year. For this purpose, their internal value in use is determined using the relief from royalty method. Under this approach, the value of a brand is calculated on the basis of the future royalties that GEA Group would have to pay if it had to license the brands from third parties. The brand-related revenue is multiplied by the estimated license fee installments. The brand-related revenue is derived from the medium-term planning approved by the Executive Board. The assumed license fee installments generally correspond to those of the initial measurement. The payments saved thus calculated are then discounted using a brand-specific pre-tax discount rate. Valuation is based on the following assumptions:

	12/31/2010	12/31/2009
Discount rate	8,65%-18,54%	9,41%-22,48%
Royalty rate	0,25%-1,50%	0,25%-1,50%

As a consequence of the decision taken in 2010 to use a brand name for a limited period only, that brand name, which was previously not amortized, will be amortized over a remaining useful life of 10 years starting in fiscal year 2011. The future annual amortization charge for this brand name will be EUR 29 thousand. Over and above the impairment losses related to the reorganization, the annual impairment test for the brand names did not indicate a need to recognize additional impairment losses (previous year: EUR 142 thousand).

The carrying amount of intangible assets with indefinite useful lives is broken down as follows:

	12/31/2010		12/31/2009	
Segment	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)
GEA Farm Technologies	4,926	13.1	3,684	9.7
GEA Heat Exchangers	17,762	47.2	20,096	52.7
GEA Process Engineering	8,604	22.8	8,556	22.5
GEA Refrigeration Technologies	6,370	16.9	5,772	15.1
Total	**37,662**	**100.0**	**38,108**	**100.0**

Intangible assets with finite useful lives are amortized on a straight-line basis using the following useful lives:

	Useful life in years
Market-related intangible assets	3 to 20
Customer-related intangible assets	1 to 10
Contract-based intangible assets	1 to 18
Technology-based intangible assets	1 to 25

The amortization of intangible assets amounting to EUR 23,989 thousand in fiscal year 2010 (previous year: EUR 23,000 thousand) is reported in cost of sales.

6.5 Equity-accounted investments

Equity-accounted investments are reported at a carrying amount of EUR 13,492 thousand at December 31, 2010 (previous year: EUR 10,784 thousand).

The following overview presents the key figures for equity-accounted associates as of December 31, 2010. The relevant figures are stated at 100 percent and are based on the most recently available annual financial statements.

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Revenue	7,731	6,669
Profit after tax	-729	-1,009

(EUR thousand)	12/31/2010	12/31/2009
Assets	45,354	44,105
Liabilities	43,094	38,196

The proportionate total assets and the group's share of the profit of equity-accounted investments are insignificant in relation to the group's total assets and profit.

The following overview presents the proportionate key figures for equity-accounted joint ventures as of December 31, 2010.

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Revenue	38,350	19,807
Profit after tax	3,940	1,244

(EUR thousand)	12/31/2010	12/31/2009
Assets		
Noncurrent assets	5,961	3,769
Current assets	23,277	17,594
Liabilities		
Noncurrent liabilities	1,171	1,269
Current liabilities	18,785	12,513

6.6 Other financial assets

Other financial assets are composed of the following items:

(EUR thousand)	12/31/2010	12/31/2009
Investments in unconsolidated subsidiaries and other equity investments	40,109	34,744
Lease receivables	–	170
Other securities	–	128
Derivative financial instruments	1,600	1,636
Miscellaneous other financial assets	11,706	13,185
Other noncurrent financial assets	**53,415**	**49,863**
Lease receivables	776	2,107
Derivative financial instruments	10,921	6,131
Miscellaneous other financial assets	135,043	136,876
Other current financial assets	**146,740**	**145,114**
Total	**200,155**	**194,977**

Lease receivables

The lease receivables are the result of an earlier sales transaction. The payments received can be broken down as follows:

	Minimum lease payments		Present value of minimum lease payments	
(EUR thousand)	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Due within one year	781	2,206	776	2,107
Due in more than one year but no later than five years	–	173	–	170
Less unrealized financial income	–	–	–	–
Present value of the minimum lease payments to be received	**781**	**2,379**	**776**	**2,277**
Impairment losses on uncollectible lease payments	–	–	–	–
Total	**781**	**2,379**	**776**	**2,277**

No residual values of the assets used in finance leases are guaranteed.

The interest rate used for the leases is fixed for the entire term at the inception of the lease. As in the previous year, the contractually agreed average effective interest rate is 4.7 percent p.a.

Receivables from finance leases are collateralized by the machine sold. The Group is not permitted to sell the collateral or to recollateralize unless the lessee defaults on its payments.

The maximum default risk relating to receivables from finance leases for the current and previous fiscal year corresponds to the carrying amount of the receivables. The receivables from finance leases are neither past due nor impaired.

The fair value of receivables from finance leases is estimated at EUR 776 thousand (previous year: EUR 2,277 thousand) and is identical to the carrying amount.

Other securities

The listed shares amounting to EUR 128 thousand reported in investment securities in the previous year were sold in the course of fiscal year 2010. The sale resulted in a gain of EUR 12 thousand. The equity instruments were previously measured at fair value in other comprehensive income.

Derivative financial instruments

Derivative financial instruments are explained in section 7.8.

Miscellaneous other financial assets

Miscellaneous other financial assets with a carrying amount of EUR 146,749 thousand (previous year: EUR 150,061 thousand) were recognized as of the reporting date. They are broken down into noncurrent and current assets as follows:

(EUR thousand)	12/31/2010	12/31/2009
Other receivables from unconsolidated subsidiaries	223	1,434
Other receivables from equity investments	1,261	1,034
Receivables from tax authorities	3,628	2,692
Sundry miscellaneous other financial assets	6,594	8,025
Other noncurrent financial assets	**11,706**	**13,185**
Other receivables from unconsolidated subsidiaries	1,101	19,395
Other receivables from equity investments	9,069	958
Other receivables from tax authorities	66,970	56,665
Sundry miscellaneous other financial assets	57,903	59,858
Other current financial assets	**135,043**	**136,876**
Total	**146,749**	**150,061**

Receivables from tax authorities primarily comprise VAT receivables.

Miscellaneous other financial assets include prepaid expenses totaling EUR 33,086 thousand (previous year: EUR 28,708 thousand).

The maturity structure of miscellaneous other financial assets is as follows:

(EUR thousand)		12/31/2010	12/31/2009
Carrying amount before impairment losses		**72,525**	**72,167**
Impairment losses		8,028	4,284
Carrying amount		**64,497**	**67,883**
of which not yet due at the reporting date		64,367	67,740
of which past due at reporting date		130	143
Past due periods (time bands):	more than 360 days	130	143

6.7 Inventories

Inventories are composed of the following items:

(EUR thousand)	12/31/2010	12/31/2009
Raw materials, consumables, and supplies	184,038	187,128
Work in progress	133,652	125,524
Assets for third parties under construction	25,285	19,770
Finished goods and merchandise	202,720	200,692
Advance payments	43,908	33,015
Total	**589,603**	**566,129**

Impairment losses of EUR 18,995 thousand (previous year: EUR 25,594 thousand) were charged on inventories in the year under review. EUR 5,419 thousand of the impairment losses on inventories are contained in the restructuring provisions. The other impairment losses are reported in cost of sales. Impairment losses on inventories in previous years amounting to EUR 4,538 thousand (previous year: EUR 1,158 thousand) were reversed due to increased market prices. The reversals are recognized in cost of sales.

6.8 Trade receivables

Trade receivables are composed of the following items:

(EUR thousand)	12/31/2010	12/31/2009
Trade receivables	771,936	815,604
of which from third parties	744,129	796,392
of which from unconsolidated subsidiaries	27,807	15,869
of which from equity investments	–	3,343
Gross amount due from customers for contract work	262,412	248,055
Total	**1,034,348**	**1,063,659**

Trade receivables include receivables of EUR 22,054 thousand (previous year: EUR 9,059 thousand) that will not be realized until later than one year after the reporting date. Bad debt allowances on trade receivables totaled EUR 69,024 thousand (previous year: EUR 70,864 thousand).

Additional collateral has been assigned for receivables amounting to EUR 18,000 thousand (previous year: EUR 31,026 thousand).

The average payment period and volume of receivables outstanding are in line with the general market.

The maturity structure of trade receivables – with the exception of receivables from affiliated companies and equity investments – is as follows:

(EUR thousand)		12/31/2010	12/31/2009
Carrying amount before impairment losses		**813,153**	**867,256**
Impairment losses		69,024	70,864
Carrying amount		**744,129**	**796,392**
of which not yet due at the reporting date		573,490	622,091
of which past due at the reporting date		170,639	174,301
Past due periods (time bands):	less than 30 days	84,308	72,389
	between 31 and 60 days	26,961	23,890
	between 61 and 90 days	10,660	17,913
	between 91 and 180 days	16,767	18,293
	between 181 and 360 days	14,088	16,073
	more than 360 days	17,855	25,743

Construction contracts

The gross amount due from and to customers for contract work is composed of the following items:

(EUR thousand)	12/31/2010	12/31/2009
Capitalized production cost of construction contracts	2,270,880	1,983,915
plus POC gain	395,609	353,626
less anticipated losses	9,831	14,054
less progress billings	2,723,658	2,374,468
Total	**-67,000**	**-50,981**
Gross amount due from customers for contract work (included in trade receivables)	262,412	248,055
Gross amount due to customers for contract work (included in other liabilities)	-329,412	-299,036
Total	**-67,000**	**-50,981**

Advance payments received on construction contracts amounted to EUR 39,192 thousand at December 31, 2010 (previous year: EUR 54,417 thousand). Customer retention money amounted to EUR 31,387 thousand (previous year: EUR 24,701 thousand). Revenue of EUR 1,907,276 thousand (previous year EUR 2,199,328 thousand) was generated from construction contracts in fiscal year 2010.

6.9 Income tax receivables

Income tax receivables amounted to EUR 20,181 thousand at the reporting date (previous year: EUR 21,303 thousand). EUR 19,638 thousand (previous year: EUR 20,127 thousand) of this amount is due within one year. A further EUR 543 thousand (previous year: EUR 1,176 thousand) is due after more than one year.

6.10 Cash and cash equivalents

Cash and cash equivalents were composed of the following items at the reporting date:

(EUR thousand)	12/31/2010	12/31/2009
Unrestricted cash	552,731	488,057
Restricted Cash	10,801	3,922
Total	**563,532**	**491,979**

Cash and cash equivalents comprise cash funds and overnight deposits. Restricted cash consists of term deposits and bank deposits.

The standard market interest rate for short-term bank deposits in the euro zone was between 0.5 and 1.1 percent (previous year: between 0.3 and 2.0 percent). The average interest rate at the end of the year was 0.9 percent (previous year: 0.4 percent).

6.11 Assets held for sale/liabilities associated with assets held for sale

Assets held for sale include a property that is no longer required for operating purposes. After the property has been divided into lots, the individual lots will be sold. In addition, assets held for sale include items of property, plant, and equipment affected by location closures and for which there is no further use.

7. Consolidated balance sheet disclosures: Equity and liabilities

7.1 Equity

Equity

The subscribed capital of GEA Group Aktiengesellschaft was unchanged at EUR 496,890 thousand as of December 31, 2010. As before, the shares are composed of 183,807,845 no-par value bearer shares. All the shares are fully paid up.

As in the previous year, the shares have a notional value of EUR 2.70 each (rounded).

Authorized capital

(EUR thousand)	Annual General Meeting resolution	Expiring on	Amount (EUR thousand)
Authorized Capital I	30. April 2007	29. April 2012	77,000
Authorized Capital II	21. April 2010	20. April 2015	72,000
Authorized Capital III	22. April 2009	21. April 2014	99,000
Total			**248,000**

Under **Authorized Capital I**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash contributions on one or more occasions and, in accordance with Article 5(4) of the Articles of Association, to set a starting date for profit rights that deviates from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from the shareholders' preemptive rights. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increase from Authorized Capital I and the terms and conditions of the share issue.

Under **Authorized Capital II**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash or noncash contributions on one or more occasions and, in accordance with Article 5(4) of the Articles of Association, to set a starting date for profit rights that deviates from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from the shareholders' preemptive rights. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply the shareholders' preemptive rights in a partial amount of EUR 50,000 thousand in the case of capital increases against noncash contributions for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies. Additionally, the Executive Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increases from Authorized Capital II and the terms and conditions of the share issue. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

Under **Authorized Capital III**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash or noncash contributions on one or more occasions and, in accordance with Article 5(4) of the Articles of Association, to set a starting date for profit rights that deviates from the date stipulated by law. The Executive Board is also authorized, with the approval of the Supervisory Board, to disapply the shareholders' preemptive rights in the case of capital increases against noncash contributions for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply the shareholders' preemptive rights in the case of capital increases against cash contributions if the issue price of the new shares does not fall materially below the market price of the same class of shares of the Company at the time the issue price is set. This disapplication of preemptive rights in accordance with sections 203(1) and 186(3) sentence 4 of the AktG is limited to a maximum of 10 percent of the Company's share capital. The limit of 10 percent of the share capital is reduced by the proportion of the share capital attributable to the treasury shares of the Company that are sold during the term of Authorized Capital III while the shareholders' preemptive rights are disapplied in accordance with sections 71(1) no. 8 sentence 5 and 186(3) sentence 4 of the AktG. The limit is also reduced by the proportion of the share capital attributable to those shares that are issued to service bonds with warrants or convertible bonds with an option or conversion right or with an option or conversion obligation, provided that the bonds are issued during the term of Authorized Capital III and the shareholders' preemptive rights are disapplied in accordance with section 186(3) sentence 4 of the AktG. Furthermore, the Executive Board is entitled, with the approval of the Supervisory Board, to exclude fractions from the shareholders' preemptive rights. The Executive Board is also authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increases from Authorized Capital III and the terms and conditions of the share issue. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

Contingent capital

(EUR thousand)	12/31/2010	12/31/2009
Bonds with warrants and convertible bonds according Annual General Meeting resolution April 21, 2010	48,660	–
Right to compensation of the shareholders of the former GEA Aktiengesellschaft in accordance with § 305 of the AktG	3,211	3,211
Bonds with warrants and convertible bonds according Annual General Meeting resolution April 30, 2007	–	48,573
Total	**51,871**	**51,784**

Under a resolution adopted by the Annual General Meeting on April 21, 2010, the share capital was contingently increased by up to EUR 48,660 thousand, comprising up to 18,000,000 bearer shares. The contingent capital increase will only be implemented to the extent that the holders or creditors of option or conversion rights or persons obliged to convert or exercise options under bonds with warrants or convertible bonds that are issued against cash contributions or guaranteed by the Company or a subordinate group company of the Company up to April 20, 2015 on the basis of the authorization of the Executive Board by the Annual General Meeting resolution dated April 21, 2010 exercise their option or conversion rights or, if they are obliged to convert or exercise options, satisfy their obligation to convert or exercise options, or if GEA Group Aktiengesellschaft exercises its option to grant shares of GEA Group Aktiengesellschaft in full or in part instead of payment of the monetary amount due, and if no cash settlement is granted or own shares or shares of another listed company are used in settlement. New shares will be issued at the option or conversion price to be determined in accordance with the authorizing resolution referred to above. The new shares carry dividend rights from the beginning of the fiscal year in which they are created. The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the contingent capital increase.

As in the previous year, no bonds with warrants or convertible bonds were issued in fiscal year 2010.

The share capital was contingently increased by a further EUR 3,211 thousand, comprising 1,188,791 bearer shares. The contingent capital increase serves to grant compensation in shares of the Company to the external shareholders of the former GEA Aktiengesellschaft, Bochum, in accordance with section 5 of the control and profit transfer agreement entered into by the former Metallgesellschaft AG and the former GEA Aktiengesellschaft dated June 29, 1999. Award proceedings on the appropriateness of the settlement and compensation defined in the control and profit transfer agreement are pending before the Dortmund Local Court. The contingent capital increase will only be implemented to the extent that the external shareholders of the former GEA Aktiengesellschaft prior to the squeeze-out assert any right to compensation once the award proceedings have been concluded by a non-appealable ruling.

Capital reserves

Capital reserves increased by EUR 72 thousand compared with the previous year to EUR 1,268,728 thousand (previous year: EUR 1,268,656 thousand). The increase is due to the offsetting of expenses of EUR 72 thousand (previous year: EUR 46 thousand) resulting from the launch of an employee share-based payment plan in South Africa.

Under the major "Medupi" order received at the end of 2007, GEA Group undertook to meet certain assessment criteria defined by the Broad Based Black Economic Empowerment Act of 2003. To do this, GEA Group launched a share-based payment plan for staff at its South African company, among other things. The shares granted to these employees are held indirectly via a trustee, which in turn issues options on these shares to the employees. The options vest after a five-year holding period. Twenty percent of the options will be exercised each year after the holding period expires. The exercise price corresponds to the fair value of the shares at the grant date. The options lapse if employees leave the company before the five-year period expires.

13,685 options were outstanding at December 31, 2009. 335 options expired in fiscal year 2010. The number of options outstanding at December 31, 2010 was therefore 13,350.

The weighted average fair value of the options issued amounted to EUR 36.69 at the grant date of May 6, 2009. The fair value of the options was determined using a Monte Carlo simulation. Expenses of EUR 72 thousand (previous year: EUR 46 thousand) were recognized to reflect expected staff turnover in fiscal year 2010.

Retained earnings and net retained profits

The changes in retained earnings and net retained profits are reported in the statement of changes in equity.

The distribution of profits is based on the single-entity financial statements of GEA Group Aktiengesellschaft prepared in accordance with the HGB.

Other comprehensive income

Other comprehensive income comprises the gains or losses on financial assets measured at fair value and recognized directly in equity, the effective portion of the change in fair value of derivatives designated as cash flow hedges, and exchange rate gains or losses from the translation of the financial statements of foreign subsidiaries.

Noncontrolling interests

Noncontrolling interests in GEA Group companies amount to EUR 1,809 thousand (previous year: EUR 548 thousand).

7.2 Provisions

The following table shows the composition of and changes in provisions in 2010:

(EUR thousand)	Guaran-tees, warranties	Financial guarantee contracts	Litigation risks	Follow-up costs	Environmental protection, mining	Other provisions	**Total**
Balance at Jan. 1, 2010	**115,947**	**240,204**	**35,796**	**66,597**	**68,598**	**162,083**	**689,225**
of which noncurrent	17,180	25,736	10,363	7,121	61,586	53,696	**175,682**
of which current	98,767	214,468	25,433	59,476	7,012	108,387	**513,543**
Additions	55,723	10,406	3,397	50,277	7,503	61,499	**188,805**
of which reported in profit from discontinued operations	–	2,100	–	–	5,054	138	**7,292**
Utilization	-29,862	-118,799	-12,819	-35,084	-6,161	-71,540	**-274,265**
Reversal	-18,026	-4,735	-7,069	-8,162	-4,462	-23,922	**-66,376**
of which reported in profit from discontinued operations	–	-4,735	-4,188	–	–	2,096	**-6,827**
Changes in consolidated Group	-26	–	–	4	–	36	**14**
Effect of interest rate changes	–	-11	–	–	10,463	251	**10,703**
Interest cost	53	–	–	–	2,677	2,078	**4,808**
Exchange differences	3,279	829	130	2,693	-2	2,597	**9,526**
Balance at Dec. 31, 2010	**127,088**	**127,894**	**19,435**	**76,325**	**78,616**	**133,082**	**562,440**
of which noncurrent	17,195	21,532	8,365	6,877	67,786	48,638	**170,393**
of which current	109,893	106,362	11,070	69,448	10,830	84,444	**392,047**

Provisions for guarantees and warranties

Provisions for guarantees and warranties relate to warranty commitments for products and equipment. As is customary in the industry, the guarantees and warranties on which they are based are granted in connection with certain performance criteria relating to products or equipment (e.g., guaranteed output volume, quality of product manufactured). Warranties usually have a contractual term of between one and two years from the date on which the products or equipment are accepted. In addition to warranties explicitly agreed under contract, product liability rules apply in many sales countries and may also stipulate that the manufacturer is liable beyond the contractually defined term of the warranty. In some cases, recourse claims exist in the form of insurance refunds or subcontractor guarantees. The level of provisions is based on management’s best estimate. No refund claims against non-Group third parties were recognized as of December 31, 2010 (previous year: EUR 87 thousand).

Provisions for financial guarantee contracts

Provisions for financial guarantee contracts comprise obligations under indemnification agreements as well as warranties and undertakings relating to the sale of business activities. The utilization of the provisions in fiscal year 2010 relates primarily to contracts entered into by Lurgi and Lentjes for which risk-sharing had been agreed in the share purchase agreements, and to the agreement reached with Air Liquide on disputed purchase price adjustments. The income from the reversal of provisions reported in profit from discontinued operations relates among other things to lower estimated risks from other warranties and undertakings in the share purchase agreements for Lurgi and Lentjes.

Litigation risks

Provisions were recognized for risks arising from expected or pending litigation against GEA Group companies if it is believed that there is likely to be an unfavorable outcome to the proceedings. Assessments by the lawyers or legal experts representing the Company were used to determine the likelihood of such litigation. The probable damages or sanctions have been recognized as a liability.

Follow-up costs

This item comprises the cost of residual work that is incurred after a contract has already been invoiced and the profit from the contract has been recognized. The amount of the expected cost is stated.

Environmental protection, mining

This item mainly comprises provisions for the clean-up of pit water from past mining activities, the clean-up of other instances of groundwater contamination, and the removal of contamination resulting from zinc production by Ruhr-Zink, including related measures to safeguard groundwater. Due to a lack of legal precedents, the law is unclear in some cases as to the amount and duration of the Company's obligation to clean up pit and ground water. The amount of the obligation will be influenced by the legal clarification of this issue, which the Company aims to achieve in cooperation with the authorities and the state of North Rhine-Westphalia. The level of provisions is based on the best estimate.

Other provisions

Other provisions include provisions for expected losses of EUR 29,247 thousand (previous year: EUR 36,303 thousand), restructuring provisions of EUR 9,978 thousand (previous year: EUR 4,592 thousand), and provisions for repayments of investment subsidies of EUR 31,346 thousand (previous year: EUR 29,728 thousand). Provisions for expected losses of EUR 29,247 thousand (previous year: EUR 36,303 thousand) relate mainly to leases. In the previous year, other provisions contained a risk provision for unconsolidated subsidiaries amounting to EUR 12,659 thousand.

7.3 Employee benefit obligations

Employee benefit obligations are composed of the following items:

(EUR thousand)	12/31/2010	12/31/2009
Obligations under pension plans	430,306	432,799
of which defined benefit pension plans	428,959	431,948
of which defined contribution pension plans	1,347	851
Obligations under supplementary healthcare benefits	15,467	16,021
Other post-employment benefits	11,161	12,264
Partial retirement	17,717	22,909
Jubilee benefits	7,159	7,474
Other noncurrent obligations to employees	3,396	260
Noncurrent employee benefit obligations	**485,206**	**491,727**
Redundancy plan and severance payments	44,321	31,577
Outstanding vacation, flexitime/overtime credits	52,168	46,058
Bonuses	77,308	61,601
Other current obligations to employees	30,030	32,217
Current employee benefit obligations	**203,827**	**171,453**
Total employee benefit obligations	**689,033**	**663,180**

7.3.1 Defined benefit pension plans

Pension obligations and funded status

Pension benefits are granted to a large number of employees at GEA Group. The benefits in Germany usually comprise pension commitments. Employees typically receive fixed pension payments per year of service. Individual foreign subsidiaries operate country-specific pension plans, some of which are funded. As a rule, benefit obligations in Germany are unfunded.

As in the previous year, Klaus Heubeck's 2005G mortality tables were used as a basis for measuring all German pension plans as of December 31, 2010.

All German pension plans were measured as of December 31, 2010. The measurement date of the majority of foreign pension plans is also December 31, 2010.

The following table shows the changes in the present value of the defined benefit obligation and the plan assets, as well as in the calculation of the funded status:

	12/31/2010		12/31/2009	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of defined benefit obligation at beginning of fiscal year	**417,463**	**101,749**	**409,247**	**99,659**
Reclassification as held for sale	–	–	1,441	–
Service cost: present value of vested entitlements earned during the period	4,869	1,710	3,551	1,645
Interest cost of expected pension obligations	23,126	5,283	23,147	5,226
Employee contributions	–	739	–	646
Plan settlements	–	–	–	-2,684
Actuarial loss	21,100	9,953	9,903	4,911
Past service cost	–	893	–	-2,192
Transfer of assets	-63	–	–	–
Changes in consolidated Group	1,322	1,103	–	116
Exchange differences	–	5,932	–	31
Pension payments	-29,997	-5,502	-29,826	-5,609
Present value of defined benefit obligation at end of fiscal year	**437,820**	**121,860**	**417,463**	**101,749**
Fair value of plan assets at beginning of the fiscal year	**17,453**	**69,646**	**16,152**	**61,642**
Expected return on plan assets	814	4,297	729	3,570
Actuarial gain (+) / loss (-)	140	2,859	-75	5,251
Employer contributions	-3,668	6,272	1,680	4,652
Employee contributions	–	739	–	646
Plan settlements	–	–	–	-1,639
Changes in consolidated Group	1,133	1,533	–	–
Exchange differences	–	5,856	–	102
Pension payments by the funds	-795	-4,888	-1,033	-4,578
Fair value of plan assets at the end of fiscal year	**15,077**	**86,314**	**17,453**	**69,646**
Calculation of funded status				
Funded status	422,743	35,546	400,010	32,103
Unrecognized actuarial gains (+) / losses (-)	-10,983	-21,969	13,610	-15,844
Reclassification as held for sale	–	–	-80	–
Unrecognized past service cost	–	-982	–	-102
Net carrying amount	**411,760**	**12,595**	**413,540**	**16,157**

The following overview shows the present value of the defined benefit obligation broken down into funded and unfunded plans:

	12/31/2010		12/31/2009	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of funded obligations	100,359	113,252	113,447	94,074
Fair value of plan assets	15,077	86,314	17,453	69,646
Funded status	**85,282**	**26,938**	**95,994**	**24,428**
Unrecognized actuarial losses	-8,429	-21,014	-2,557	-14,919
Unrecognized past service cost	–	-632	–	-102
Net carrying amount of funded obligations	**76,853**	**5,292**	**93,437**	**9,407**
Present value of unfunded obligations	337,461	8,608	304,016	7,675
Unrecognized actuarial gains (+) / losses (-)	-2,554	-955	16,087	-925
Unrecognized past service cost	–	-350	–	–
Net carrying amount of unfunded obligations	**334,907**	**7,303**	**320,103**	**6,750**
Net carrying amount	**411,760**	**12,595**	**413,540**	**16,157**

Experience adjustments made to reflect differences between actuarial assumptions and actual developments had the following effects:

	Germany				
(EUR thousand)	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Present value of defined benefit obligation	**437,820**	**417,463**	**409,247**	**444,360**	**484,931**
Effects of experience adjustments in the fiscal year (gain (-) / loss (+))	-1,673	5,138	1,286	4,124	793
Fair value of plan assets	**15,077**	**17,453**	**16,152**	**15,594**	**14,734**
Effects of experience adjustments in the current fiscal year (gain (+) / loss (-))	140	-75	-18	-164	243
Funded status	**422,743**	**400,010**	**393,095**	**428,766**	**470,197**

	Other countries				
(EUR thousand)	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Present value of defined benefit obligation	**121,860**	**101,749**	**99,659**	**106,614**	**101,790**
Effects of experience adjustments in the fiscal year (gain (-) / loss (+))	-170	-11	1,100	-548	-552
Fair value of plan assets	**86,314**	**69,646**	**61,642**	**84,707**	**72,754**
Effects of experience adjustments in the current fiscal year (gain (+) / loss (-))	2,859	5,251	-21,333	-5,328	239
Funded status	**35,546**	**32,103**	**38,017**	**21,907**	**29,045**

The net carrying amount of defined benefit pension plans changed as follows in fiscal years 2010 and 2009:

	12/31/2010		12/31/2009	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Net carrying amount at beginning of fiscal year	413,540	16,157	420,753	18,020
Reclassification as held for sale	–	–	1,361	–
Net pension expenses	23,630	3,678	21,899	4,819
of which reported in profit from discontinued operations	179	–	348	–
Employer contributions	3,668	-6,272	-1,680	-4,652
Pension payments	-29,202	-614	-28,793	-1,031
Plan settlements / curtailments	–	–	–	-1,045
Changes in consolidated Group / transfers of assets / exchange differences	124	-354	–	46
Net carrying amount	**411,760**	**12,595**	**413,540**	**16,157**

The amounts for pensions plans relating to continuing operations reported in the consolidated balance sheet are composed of the following items:

	12/31/2010		12/31/2009	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Employee benefit obligations	411,760	17,199	413,540	18,408
Prepaid expenses	–	-4,604	–	-2,251
Net carrying amount	**411,760**	**12,595**	**413,540**	**16,157**

Of the pension provisions reported as of December 31, 2010, EUR 35,835 thousand (previous year: EUR 36,260 thousand) are classified as current.

Actuarial assumptions

The weighted actuarial assumptions used to calculate the present value of the defined benefit obligation and the obligations under key pension plans are as follows:

	12/31/2010		12/31/2009	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	5.30	4.34	5.75	5.10
Wage and salary increase rate	2.80	2.18	2.80	2.30
Pension increase rate	1.55	0.47	1.54	0.50

The actuarial measurement factors for German pension plans are established in consultation with actuarial experts Towers Watson Deutschland GmbH, Wiesbaden. The corresponding assumptions for pension plans outside Germany are determined with the help of local experts in accordance with national conditions.

Plan assets

The weighted composition of the plan assets used to cover the pension obligations was as follows at the reporting date:

	12/31/2010		12/31/2009	
(Percent)	Germany	Other countries	Germany	Other countries
Equity instruments	2.3	43.0	2.2	40.9
Debt instruments	5.0	23.8	29.8	25.6
Real estate	–	2.7	–	2.4
Insurance	91.8	17.3	67.0	22.1
Other	0.9	13.2	1.0	9.0
	100.0	**100.0**	**100.0**	**100.0**

The plan assets of German pension plans were managed by pension funds and an endowment fund, and are mainly invested in fixed-income securities and term deposits, with only a relatively small proportion invested in equities. Plan assets held outside Germany are invested according to country-specific conditions as shown in the table above. In addition, a proportion of both the German and foreign plan assets is managed by insurance companies in accordance with their specific investment guidelines. The basic objective is that these investments ensure secure returns and preserve the value of the underlying assets in order to fund current and future pension benefits. There are currently no plans to change this investment strategy. The fair values and the expected long-term return on the plan assets are presented in the relevant tables. The returns are based primarily on average historical interest rates and current capital market rates.

In fiscal year 2011, EUR 1,005 thousand is expected to be added to the plan assets of German pension plans and EUR 5,067 thousand to foreign plans.

The actual return on plan assets in 2010 was EUR 8,110 thousand (previous year: EUR 9,475 thousand). It exceeded the expected return by EUR 2,999 thousand (previous year: EUR 5,176 thousand).

Pension expenses

The pension expenses recognized in the income statement are composed of the following items:

	01/01/2010 - 12/31/2010		01/01/2009 - 12/31/2009	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Service cost: present value of vested entitlements earned during the year	4,869	1,710	3,551	1,645
Less service cost included from discontinued operations	-2	–	-45	–
Interest cost of expected pension obligations	23,126	5,283	23,147	5,226
Less interest cost reported in profit from discontinued operations	-240	–	-303	–
Expected return on plan assets	-814	-4,297	-729	-3,570
Effects of plan settlements	–	–	–	-1,045
Amortization of actuarial losses (+) / gains (-)	-3,551	970	-4,070	1,567
Less amortization expense reported in profit from discontinued operations	63	–	–	–
Amortization of past service cost	–	12	–	-49
Net pension expenses	**23,451**	**3,678**	**21,551**	**3,774**

Service cost, the effects of plan settlements, amortized actuarial gains and losses, and the past service cost of continuing operations are recognized as personnel expenses under functional costs (cost of sales, selling expenses, and general and administrative expenses). The cost of unwinding the discount on expected pension obligations and the expected return on plan assets are reported under net interest income.

Actuarial assumptions

The weighted actuarial assumptions used to calculate net pension expenses are as follows:

	2010		2009	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	5.75	5.10	5.85	5.50
Wage and salary increase rate	2.80	2.30	2.80	2.30
Pension increase rate	1.54	0.50	1.55	0.70
Expected long-term return on plan assets	4.68	6.28	4.80	6.50

Future payments

The following payments are expected to be made under the German and foreign pension plans in the coming years:

(EUR thousand)	2011	2012	2013	2014	2015	2016 - 2020
German pension plans	30,343	30,264	30,288	30,407	30,164	148,314
Foreign pension plans	5,492	5,362	5,775	6,035	6,260	34,006

7.3.2 Obligations under supplementary healthcare benefits

Obligations and funded status

In addition to occupational pension benefits, certain retired employees are granted health insurance subsidies. The following information relates to the group's obligations under supplementary healthcare benefits in Germany and abroad:

	12/31/2010		12/31/2009	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Changes in present value of defined benefit obligation				
Present value of defined benefit obligation at beginning of fiscal year	15,461	223	15,365	252
Reclassification as held for sale	–	–	527	–
Service cost: present value of vested entitlements earned during the period	17	1	20	2
Interest cost of expected additional payment obligations	853	10	893	11
Actuarial gain (-) / loss (+)	1,500	-2	-77	43
Exchange differences	–	25	–	-16
Payments	-1,305	-98	-1,267	-69
Present value of defined benefit obligation at end of fiscal year	**16,526**	**159**	**15,461**	**223**
Calculation of funded status				
Funded status	16,526	159	15,461	223
Unrecognized actuarial gains (+) / losses (-)	-1,319	101	257	106
Reclassification as held for sale	–	–	-26	–
Net carrying amount	**15,207**	**260**	**15,692**	**329**

Experience adjustments made to reflect differences between actuarial assumptions and actual developments had the following effects:

	Germany				
(EUR thousand)	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Present value of defined benefit obligation	**16,526**	**15,461**	**15,365**	**15,493**	**17,972**
Effects of experience adjustments in the current fiscal year (loss (+) / gain (-))	825	-213	669	-527	-396

	Other countries			
(EUR thousand)	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Present value of defined benefit obligation	**159**	**223**	**252**	**345**
Effects of experience adjustments in the current fiscal year (loss (+) / gain (-))	–	38	-9	7

The net carrying amount of obligations under supplementary healthcare benefits changed as follows in fiscal years 2010 and 2009:

	2010		2009	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Net carrying amount at beginning of fiscal year	15,692	329	15,627	411
Reclassification as held for sale	–	–	501	–
Net pension expenses	820	4	831	3
of which reported in profit from discontinued operations	13	–	21	–
Payments	-1,305	-98	-1,267	-69
Changes in consolidated Group / exchange differences	–	25	–	-16
Net carrying amount	**15,207**	**260**	**15,692**	**329**

Actuarial assumptions

The weighted actuarial assumptions used to calculate the present value of the defined benefit obligation relating to supplementary healthcare benefits were as follows:

	2010		2009	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	5.30	1.75	5.75	5.00
Growth rate in the cost healthcare benefits	4.00	9.00	4.00	9.00

The growth rate in the cost of supplementary healthcare benefits in Germany is estimated at an unchanged 4 percent for fiscal year 2011. Based on past experience, this rate is not expected to change in the future.

Forecast growth rates in the cost of additional medical and dental care benefits are taken into account when determining foreign supplementary healthcare benefits. The growth rates in the cost of supplementary medical benefits amounted to 9.0 percent (previous year: 10.0 percent). They will decrease by 1.0 percentage points per year until 2014. The growth rates in the cost of supplementary dental care benefits amounted to 5.0 percent (previous year: 5.5 percent). They will decline by 0.5 percentage points per year until 2012.

The date used to measure obligations under supplementary healthcare benefits in Germany and abroad is December 31, 2010.

Expenses

The cost of supplementary healthcare benefits is composed of the following items:

(EUR thousand)	01/01/2010 - 12/31/2010 Germany	01/01/2010 - 12/31/2010 Other countries	01/01/2009 - 12/31/2009 Germany	01/01/2009 - 12/31/2009 Other countries
Service cost: present value of vested entitlements earned during the year	17	1	20	2
Interest cost of expected additional payments obligations	853	10	893	11
Less interest cost reported in profit from discontinued operations	-18	–	-21	–
Amortization of actuarial gains	-50	-7	-82	-10
Less amortization of actuarial gains reported in profit from discontinued operations	5	–	–	–
Net pension expenses	**807**	**4**	**810**	**3**

Service cost and amortized actuarial gains and losses from continuing operations are reported as personnel expenses under functional costs; the cost of unwinding the discount on expected pension obligations is recognized under interest expense.

Actuarial assumptions

The weighted actuarial assumptions used to calculate the cost of supplementary healthcare benefits in Germany and abroad are as follows:

(Percent)	2010 Germany	2010 Other countries	2009 Germany	2009 Other countries
Discount factor	5.75	5.00	5.85	5.25
Growth rate in the cost of healthcare benefits	4.00	9.00	4.00	10.00

Future payments

Estimated future payments for additional benefits in Germany and abroad are as follows:

(EUR thousand)	2011	2012	2013	2014	2015	2016 - 2020
German plans	1,309	1,316	1,316	1,305	1,287	6,141
Foreign plans	78	58	32	–	–	–

The following overview presents the effects of a one percentage point change in the growth rate of healthcare and life insurance benefits in Germany and abroad on the total of service cost and interest cost, as well as on the present value of the defined benefit obligation at December 31, 2010:

(EUR thousand)	1% increase Germany	1% increase Other countries	1% decrease Germany	1% decrease Other countries
Effects on the total of service cost and interest cost	82	–	-81	–
Effects on the present value of the defined benefit obligation	1,529	3	-1,326	-3

7.3.3 Defined contribution pension plans

Various companies – especially in the U.S.A. and Scandinavia – operate defined contribution pension plans. Under these plans, the obligation does not lie with GEA Group, but with the respective pension funds. Contributions totaling EUR 13,838 thousand were paid in fiscal year 2010 (previous year: EUR 11,227 thousand). These contributions are recognized as personnel expenses at the same time as the relevant work is performed.

A joint pension plan operated by several employers in the Netherlands was recognized as a defined contribution pension plan because the manager of the plan does not provide sufficient information to the participating companies on the amount of the obligation and of the plan assets for it to be recognized as a defined benefit pension plan. Contributions amounting to EUR 88 thousand (previous year: EUR 42 thousand) were made to the joint pension plan in fiscal year 2010. Neither a surplus nor a deficit in the plan would have any effect on the amount of future contributions.

7.3.4 Share-based payment

Performance Share Plan

Effective July 1, 2006, GEA Group Aktiengesellschaft launched a long-term remuneration program entitled "GEA Performance Share Plan" for all first- and second-level managers below the Executive Board. Third-level managers were also eligible to participate for the first time in the third tranche of the program as of July 1, 2008. The fifth tranche was issued on July 1, 2010. The goal of the GEA Performance Share Plan is to link managers' remuneration with the long-term success of the Company and to align their interests with those of the shareholders.

Under the plan, participants are granted a defined number of Performance Shares at the beginning of the performance period. The number of Performance Shares allotted is determined by the participants' length of service. The Performance Shares must then be held for three years (performance period). To participate in the plan, managers must invest 20 percent of the amount of the allotted Performance Shares in shares of GEA Group Aktiengesellschaft.

The performance of GEA Group Aktiengesellschaft's shares relative to all other MDAX companies over the three-year performance period is measured on the basis of their total shareholder return (TSR). TSR is a suitable indicator for investors to compare the performance and appeal of different companies. It measures the total percentage return that an investor earns from a share over a certain period. In addition to share price performance, dividends and adjustments such as share splits are included in the calculation of TSR. This method of comparison eliminates share price performance that is due to general market volatility and enables the effects of different profit retention strategies to be compared. The relative performance of GEA Group Aktiengesellschaft's shares determines the number of Performance Shares finally paid out (between 0 percent and 300 percent).

The Performance Shares are paid out once the three-year performance period has expired. The performance of GEA Group Aktiengesellschaft's shares relative to the MDAX determines how many Performance Shares are paid out: If the performance of the Company's shares equals the median in a TSR comparison, 50 percent of the Performance Shares are issued; if it reaches the third quartile, 100 percent of the Performance Shares are paid out. If GEA Group Aktiengesellschaft's shares outperform all other MDAX companies, 300 percent of the Performance Shares are issued. Other performance figures are interpolated between these values. The total amount paid out corresponds to the number of Performance Shares allotted to a participant multiplied by the average share price over the last quarter of the three-year performance period. Once the performance period has expired, participants may freely dispose of their GEA Group Aktiengesellschaft shares.

The second tranche expired on June 30, 2010. The TSR comparison over the three-year performance period resulted in a payout ratio of 63.09 percent (previous year: 88.85 percent). The average share price over the last quarter of the performance period was EUR 16.79 (previous year: EUR 10.40). The fair value of the Performance Shares amounted to EUR 10.59 (previous year: EUR 9.24). A total of EUR 717 thousand (previous year: EUR 942 thousand) was paid out.

The number of Performance Shares changed as follows in fiscal year 2010:

(Number of shares)	12/31/2009	Additions	Expired	Paid Out	12/31/2010
2007 tranche	58,710	8,970	–	-67,680	–
2008 tranche	169,580	2,340	-17,200	-590	154,130
2009 tranche	363,495	8,100	-49,170	–	322,425
2010 tranche	–	242,400	–	–	242,400
Total	**591,785**	**261,810**	**-66,370**	**-68,270**	**718,955**

The total expense for fiscal year 2010 amounts to EUR 2,165 thousand (previous year: EUR 779 thousand), taking into account the fair value as of December 31, 2010 of EUR 1.59 (previous year: EUR 6.34) for the third tranche, EUR 14.51 (previous year: EUR 9.85) for the fourth tranche, EUR 12.49 for the fifth tranche, and EUR 10.59 (previous year: EUR 9.24) for the second tranche (previous year: first tranche) at the payment date.

The fair value of the Performance Shares is determined using a multidimensional Monte Carlo simulation. The following valuation assumptions are applied:

	2010			2009		
	2008	2009	2010	2007	2008	2009
Share price (EUR)	22.93	22.00	21.63	16.35	16.21	15.56
Dividend yield (%)	1.726	1.726	1.726	4.197	4.197	4.197
Risk-free interest rate (%)	0.454	0.703	1.060	0.440	1.069	1.574
Volatility GEA shares (%)	35.43	35.43	35.43	51.45	51.45	51.45

As the payout ratio of GEA Group Aktiengesellschaft's Performance Shares is linked to the MDAX, the volatilities of all MDAX shares and their correlations to GEA Group Aktiengesellschaft shares are also calculated.

The obligation under the plan amounted to EUR 3,027 thousand as of December 31, 2010 (previous year: EUR 1,579 thousand). The noncurrent portion is reported under provisions for other obligations to employees and the current portion under provisions for bonuses.

Phantom shares

The bonus arrangements for Executive Board members were modified in fiscal year 2010 and a long-term incentive component was added. Half of the bonus calculated under the new arrangements is payable with the next regular salary payment following the date of the Company's Supervisory Board meeting convened to adopt the financial statements for the preceding fiscal year. If the targets are exceeded, this part of the bonus is limited to an amount of 75 percent of the annual basic bonus. The other half of the bonus is converted into phantom shares of the Company. It is calculated as the arithmetic mean of the daily closing prices of GEA Group shares in Xetra trading operated by the Frankfurt Stock Exchange on the market days in the three-month period that ends one month before the date of the Supervisory Board meeting convened in the fiscal year to adopt the financial statements. The quantity of phantom shares to be granted for a fiscal year is thus only calculated in the following year.

The payout value of the phantom shares is calculated following the expiration of a lock-up period of three years following the conversion into phantom shares. The amount of the payout is calculated as the arithmetic mean of the daily closing prices of GEA Group Aktiengesellschaft shares in Xetra trading operated by the Frankfurt Stock Exchange on the market days in the three-month period that ends one month before the date of the relevant Supervisory Board meeting convened to adopt the financial statements in the fiscal year in which the lock-up period expires. The dividends payable per share during the lock-up period are added to the value calculated in this way. The amount to be paid out under these arrangements is limited to 300 percent of the annual basic bonus. In the event of termination of the Executive Board member's contract of service, the three-year vesting period is reduced to one year as from the date of termination.

Because the exercise price is zero and the incentive program does not feature a vesting period, the fair value of the phantom shares corresponds to their intrinsic value and thus to the quoted market price of GEA Group Aktiengesellschaft shares at the reporting date. The fair value of the liability is calculated by multiplying the number of phantom shares by the relevant closing price.

A total of 57,887 phantom shares were granted to the members of the Executive Board. The closing price of GEA shares as of December 31, 2010 was EUR 21.63, resulting in a liability of EUR 1,252 thousand. The amount of the liability is included in other obligations to employees reported in noncurrent provisions.

7.3.5 Redundancy plan and severance payments

The increase in provisions for redundancy plan obligations and severance payments in fiscal year 2010 is attributable to the restructuring of GEA Group's activities resolved in the previous year, in particular the consolidation of all heat exchanger activities in the GEA Heat Exchangers Segment. Various production facilities in this segment were closed, or their closure initiated, as a result of this reorganization. Other segments also instituted limited capacity adjustment measures (see section 8.3).

The provisions for redundancy plan obligations and severance payments recognized in the previous year are related to capacity adjustment measures due to the decline in orders caused by the financial and economic crisis.

7.4 Financial liabilities

Financial liabilities as of December 31, 2010 were composed of the following items:

(EUR thousand)	12/31/2010	12/31/2009
Borrower's note loan	128,372	199,707
Liabilities to banks	13,681	16,390
Liabilities under finance leases	11,700	12,155
Liabilities from derivatives	11,004	18,872
Liabilities to equity investments	163	–
Noncurrent financial liabilities	**164,920**	**247,124**
Borrower's note loan	92,007	–
Liabilities to banks	224,643	228,765
Liabilities under finance leases	878	1,589
Liabilities from derivatives	19,685	7,297
Liabilities to equity investments	6,294	1,299
Current financial liabilities	**343,507**	**238,950**
Total financial liabilities	**508,427**	**486,074**

Borrower's note loans

GEA Group Aktiengesellschaft placed a borrower's note loan with a nominal amount of EUR 200,000 thousand and a term of three years in August 2008. A partial amount of EUR 108,000 was extended in May 2010 until August 2013. The borrower's note loan bears interest at 110 basis points above 3M-Euribor until August 2011 and thereafter at 160 basis points. In May 2010, GEA Group Aktiengesellschaft additionally agreed a further borrower's note loan with a nominal amount of EUR 20,000 thousand that matures in August 2013. The terms are the same as those for the borrower's note loan placed in August 2008 that was extended in May 2010. Both borrower's note loans are unsecured.

In August 2010, the interest rates on both borrower's note loans were fixed for the remaining maturities of one and three years using interest rate swaps. The weighted average interest rate on the amount due in August 2011 is 2.07 percent, and 2.89 percent on the amount due in August 2013. As of December 31, 2010, the effective interest rate for the borrower's note loan placed in August 2008 was 2.77 percent (previous year: 1.95 percent), and 2.92 percent for the borrower's note loan placed in May 2010.

Transaction costs are amortized over the term using the effective interest method.

Liabilities to banks

The decline in bank liabilities is due in particular to the results of the measures to reduce working capital. The maturities of liabilities to banks are as follows:

(EUR thousand)	12/31/2010	12/31/2009
< 1 year	224,643	228,765
1 - 2 years	11,241	2,550
2 - 3 years	1,531	11,500
3 - 4 years	384	2,118
4 - 5 years	266	57
> 5 years	259	165
Total	**238,324**	**245,155**

The current liabilities relate mainly to the utilization of the syndicated multicurrency revolving credit facility. In July 2006 the facility was extended until July 2011. The interest rate on drawdowns is based on the fixed money market rate at the time of the drawdown. This corresponds to Euribor for the possible terms of 1 month to 12 months plus a margin of 40 basis points. The margin increases to 45 basis points once the total drawdowns reach EUR 250,000 thousand. As of the reporting date, EUR 200,000 thousand of the syndicated credit line had been utilized; the relevant interest payments were fixed for a total of three years in 2008 using four interest rate swaps. The weighted average interest rate for these swaps is 3.93 percent. This allowed an interest rate of 4.33 percent including the margin to be secured for this drawdown for a term of three years. The credit line is unsecured, as is the case with the borrower's note loans. However, compliance with a specific key performance indicator relating to the gearing level must be demonstrated at the end of each quarter.

Other liabilities to banks in the euro zone bore interest rates of between 0.8 percent and 5.5 percent, depending on their maturity and financing purpose (previous year: between 0.8 percent and 5.9 percent). The group also held foreign currency liabilities in Indian rupees (previous year: Indian rupees) and Brazilian real (previous year: Brazilian real) that also bear standard market interest rates in the respective countries of around 12.0 percent (previous year: 13.0 percent) and 14.0 percent (previous year: 11.4 percent).

Liabilities to banks totaling EUR 452 thousand (previous year: EUR 3,479 thousand) were secured.

Cash credit and guarantee credit lines

Including the borrower's note loans and the two syndicated credit lines, the group had cash credit lines of EUR 1,581,450 thousand as of December 31, 2010 (previous year: EUR 1,393,494 thousand). Of this amount, cash credit lines of EUR 1,122,669 thousand (previous year: EUR 948,608 thousand) are unutilized (see section 3). In addition, guarantee lines for the performance of contracts, advance payments, and warranty obligations of EUR 2,032,095 thousand were available (previous year: EUR 2,137,234 thousand), EUR 881,006 thousand of which has been utilized (previous year: EUR 1,024,099 thousand).

Liabilities under finance leases

The following table shows a breakdown of future payments under finance leases:

	Minimum lease payments		Present value of minimum lease payments	
(EUR thousand)	12/31/2010	12/31/2009	12/31/2010	12/31/2009
< 1 year	965	1,683	878	1,589
1 - 2 years	1,088	1,104	914	969
2 - 3 years	1,216	932	946	750
3 - 4 years	1,287	1,046	889	776
4 - 5 years	1,604	1,595	1,065	1,130
> 5 years	13,003	14,084	7,886	8,530
Total future payments under finance leases	**19,163**	**20,444**	**12,578**	**13,744**

Liabilities under finance leases relate mainly to land and buildings. The present value of minimum lease payments as of December 31, 2010 relating to leases for land and buildings amounted to EUR 11,695 thousand (previous year: EUR 12,770 thousand).

The weighted average incremental borrowing rate of interest used to calculate the present value of the minimum lease payments was 8 percent (previous year: 8 percent).

As the interest rates used in leases are constant, the fair value of lease liabilities may be exposed to interest rate risk. All leases comprise contractually agreed payments.

Liabilities under finance leases are effectively secured because the rights to the leased asset revert to the lessor if the terms and conditions of the lease are breached.

Derivative financial instruments

Derivative financial instruments are explained in section 7.8.

7.5 Trade payables

Trade payables were as follows as of December 31, 2010:

(EUR thousand)	12/31/2010	12/31/2009
Trade payables	672,103	625,104
of which to unconsolidated companies	5,437	3,366
of which to equity investments	–	845

Trade payables of EUR 661,861 thousand (previous year: EUR 620,964 thousand) are due within one year. As in the previous year, no liabilities were due after more than five years.

Trade payables in the amount of EUR 45,163 thousand (previous year: EUR 78,865 thousand) are secured.

7.6 Income tax liabilities

Income tax liabilities relate to current taxes and amounted to EUR 42,407 thousand at the reporting date (previous year: EUR 44,500 thousand).

7.7 Other liabilities

Other liabilities as of December 31, 2010 are composed of the following items:

(EUR thousand)	12/31/2010	12/31/2009
Other noncurrent liabilities	**7,781**	**10,908**
Payments on account received in respect of orders and construction contracts	177,950	224,591
Gross amount due to customers for contract work	329,412	299,036
Other liabilities to unconsolidated subsidiaries	27,707	30,424
Liabilities from other taxes	47,670	42,689
Other liabilities	64,184	69,241
of which social security	17,940	17,092
of which other liabilities to employees	10,112	10,025
Other current liabilities	**646,923**	**665,981**
Total other liabilities	**654,704**	**676,889**

Payments on account received in respect of orders amounting to EUR 34,129 thousand (previous year: EUR 61,906 thousand) and other liabilities amounting to EUR 6,340 thousand (previous year: EUR 14,311 thousand) are secured.

The gross amount due to customers for contract work is the aggregate amount of orders whose progress billings exceed the capitalized cost plus the contract gains and losses recognized.

7.8 Financial instruments

The following tables provide an overview of the composition of financial instruments as of December 31, 2010 by balance sheet items and measurement categories. The tables also include financial assets and liabilities as well as derivatives that are included in recognized hedging relationships that do not belong to any of the IAS 39 measurement categories.

		Measurement in accordance with IAS 39				
(EUR thousand)	Carrying amount 12/31/2010	Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income	Measurement in accordance with other IFRSs	Fair value 12/31/2010
Assets						
Trade receivables	1,034,348	771,936	–	–	262,412	1,034,348
Income tax receivables	20,181	–	–	–	20,181	20,181
Cash and cash equivalents	563,532	563,532	–	–	–	563,532
Other financial assets	200,155	83,174	5,742	6,779	104,460	200,155
of which: derivatives included in hedging relationships	6,779	–	–	6,779	–	6,779
In accordance with IAS 39 measurement categories						
Loans and receivables	1,378,533	1,378,533	–	–	–	1,378,533
Available-for-sale investments	40,109	40,109	–	–	–	40,109
Investments at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	5,742	–	5,742	–	–	5,742
Equity and liabilities						
Trade payables	672,103	672,103	–	–	–	672,103
Financial liabilities	508,427	465,160	15,370	15,319	12,578	508,060
of which: derivatives included in hedging relationships	15,319	–	–	15,319	–	15,319
Income tax liabilities	42,407	–	–	–	42,407	42,407
Other financial liabilities	654,704	73,876	–	–	580,828	654,704
Financial liabilities measured at amortized cost	1,211,139	1,211,139	–	–	–	1,210,772
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship)	15,370	–	15,370	–	–	15,370

		Measurement in accordance with IAS 39				
(EUR thousand)	Carrying amount 12/31/2009	Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income	Measurement in accordance with other IFRSs	Fair Value 12/31/2009
Assets						
Trade receivables	1,063,659	815,604	–	–	248,055	1,063,659
Income tax receivables	21,303	–	–	–	21,303	21,303
Cash and cash equivalents	491,979	491,979	–	–	–	491,979
Other financial assets	194,977	96,740	4,278	3,617	90,342	194,977
of which: derivatives included in hedging relationships	3,489	–	–	3,489	–	3,489
In accordance with IAS 39 measurement categories						
Loans and receivables	1,369,579	1,369,579	–	–	–	1,369,579
Available-for-sale investments	34,872	34,744	–	128	–	34,881
Investments at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	4,278	–	4,278	–	–	4,278
Equity and liabilities						
Trade payables	625,104	625,104	–	–	–	625,104
Financial liabilities	486,074	446,161	7,560	18,609	13,744	485,719
of which: derivatives included in hedging relationships	18,609	–	–	18,609	–	18,609
Income tax liabilities	44,500	–	–	–	44,500	44,500
Other financial liabilities	676,889	79,189	–	–	597,700	676,889
Financial liabilities measured at amortized cost	1,150,454	1,150,454	–	–	–	1,150,099
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship)	7,560	–	7,560	–	–	7,560

Financial instruments measured at fair value can be classified as follows into the respective levels defined in the valuation methodology:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments.
Level 2 – inputs that are observable directly (as prices) or indirectly (derived from prices) and that are not quoted prices as defined by Level 1.
Level 3 – inputs that are not based on observable market data.

	12/31/2010		12/31/2009	
(EUR thousand)	Level 1	Level 2	Level 1	Level 2
Assets				
Other financial assets	–	12,521	128	7,767
of which: derivatives included in hedging relationships	–	6,779	–	3,489
Equity and liabilities				
Financial liabilities	–	30,689	–	26,169
of which: derivatives included in hedging relationships	–	15,319	–	18,609

Nonderivative financial assets

The carrying amount of the trade receivables and other financial assets that are subject to the IAS 39 measurement requirements corresponds to their fair value. Assets allocated to the "available-for-sale financial assets" category are measured at amortized cost. These are shares in unconsolidated subsidiaries and other equity investments whose fair value cannot be determined reliably.

Nonderivative financial liabilities

The carrying amount of the trade payables and other current liabilities that are subject to the measurement rules of IAS 39 corresponds to their fair value. The fair value of fixed-interest liabilities is the present value of their expected future cash flows. They are discounted at the rates prevailing at the reporting date. The carrying amount of variable-rate liabilities corresponds to their fair value.

Derivative financial instruments

The fair value of currency forwards at the reporting date is calculated on the basis of the spot exchange rate, taking into account forward premiums and discounts corresponding to the relevant remaining maturities. Forward premiums and discounts are derived from yield curves observable at the reporting date. The fair value of currency options is calculated on the basis of recognized measurement models. The fair value is affected by the remaining term of the option, the current exchange rate, the volatility of the exchange rate, and the underlying yield curves.

The fair value of interest rate swaps and options is determined on the basis of discounted expected future cash flows using the market interest rates applicable to the remaining maturities of these financial instruments. Cross-currency swaps also include the exchange rates of the relevant foreign currencies in which the cash flows are generated.

The fair value of commodity futures and options is calculated by measuring all contracts at the market terms prevailing at the reporting date, and thus corresponds to the current value of the contract portfolio at the end of the fiscal year. The fair value of exchange-traded contracts is derived from their quoted market price. Measurements are performed both internally and by external financial institutions as of the reporting date.

GEA Group uses derivative financial instruments, including currency forwards, currency options, interest rate swaps, cross-currency swaps, and commodity futures. Derivative financial instruments serve to hedge foreign currency risk, interest rate risk, and commodity price risk for existing or planned underlying transactions.

The following table presents the notional values and fair values of the derivative financial instruments in use as of the reporting date. The notional value in foreign currency is translated at the closing rate.

	12/31/2010		12/31/2009	
(EUR thousand)	Notional value	Fair value	Notional value	Fair value
Assets				
Currency derivatives not included in a hedging relationship	109,340	5,735	91,792	3,572
Currency derivatives included in a cash flow hedge	165,192	5,695	71,497	3,489
Interest rate and cross-currency derivatives not included in a hedging relationship	–	–	24,772	673
Interest rate and cross-currency derivatives included in a cash flow hedge	220,000	1,084	–	–
Commodity derivatives not included in a hedging relationship	19	7	364	33
Total	**494,551**	**12,521**	**188,425**	**7,767**
Equity and liabilities				
Currency derivatives not included in a hedging relationship	259,085	5,570	179,280	3,943
Currency derivatives included in a cash flow hedge	161,848	7,109	111,964	4,478
Interest rate and cross-currency derivatives not included in a hedging relationship	68,870	9,800	37,348	3,617
Interest rate and cross-currency derivatives included in a cash flow hedge	208,713	8,210	208,445	14,131
Total	**698,516**	**30,689**	**537,037**	**26,169**

Derivative financial instruments included in a recognized hedging relationship

Derivative financial instruments included in a recognized hedging relationship serve exclusively to hedge future cash flows exposed to foreign currency risk from future sales and procurement transactions, as well as interest rate risk from long-term financing (cash flow hedges). Hedging relationships (fair value hedges) are recognized to hedge changes in the fair value of assets, liabilities, or binding agreements. As in the previous year, the group had not entered into any fair value hedges as of December 31, 2010.

Derivatives are measured at fair value, which is split into an effective and an ineffective portion. The effective portion and any change in this amount is reported directly in equity under other comprehensive income until the hedged item is recognized in the balance sheet. The ineffective portion is reported in the income statement. When the hedged item is recognized in the balance sheet, the effect reported in equity is realized and the hedge is unwound. In the case of a sales transaction, the effective portion is reported in revenue, while in the case of a procurement transaction the cost is adjusted accordingly. With regard to interest rate derivatives, the effects reported in equity are reversed to interest expenses.

As of December 31, 2010, gains of EUR 6,848 thousand (previous year: EUR 3,489 thousand) and losses of EUR 15,625 thousand (previous year: EUR 11,875 thousand) from currency and interest rate derivatives were reported in equity.

In the course of fiscal year 2010, EUR -2,813 thousand (previous year: EUR -4,954 thousand) was recognized in the income statement due to the hedged items being reported in the balance sheet and EUR -2,448 thousand (previous year: EUR -1,005 thousand) was offset against the cost of inventories. Of the amounts recognized in the income statement, EUR -986 thousand (previous year: EUR -4,802 thousand) was attributable to revenue and EUR 0 thousand (previous year: EUR -152 thousand) was attributable to general and administrative expenses. In addition, gains of EUR 4,412 thousand (previous year: EUR 0 thousand) and losses of EUR -6,239 thousand (previous year: EUR 0 thousand) were reported in net exchange rate gains/losses.

As in the previous year, there was no significant hedge ineffectiveness.

93 percent (previous year: 82 percent) of the hedged cash flows from the underlying transactions designated at the reporting date are expected to fall due in the following year. The other 7 percent (previous year: 18 percent) will fall due by 2014 (previous year: 2014). If financial assets are hedged, the derivatives are recognized in the income statement at the same time as the hedged items are recognized in the income statement and balance sheet. If financial liabilities from procurement transactions are hedged, the derivatives are recognized in the income statement when the purchased goods or services are recognized in the income statement.

Derivative financial instruments not included in a recognized hedging relationship

If the criteria for recognizing a hedging relationship are not met, the change in fair value is reported in the income statement.

8. Consolidated income statement disclosures

8.1 Revenue

Revenue is composed of the following items:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
From construction contracts	1,907,276	2,199,328
From sale of goods and services	1,610,133	1,409,800
From service agreements	901,010	802,042
Total	**4,418,419**	**4,411,170**

8.2 Other income

Other income is composed of the following items:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Income from disposal of assets	3,887	4,166
Income from compensation payments and cost reimbursements	1,779	13,344
Income from payments received on reversals previously written off	12,652	3,637
Exchange rate gains	76,355	49,652
Gains from the valuation of foreign currency derivatives	76,755	37,464
Income from the reversal of provisions	28,726	14,091
Rental and lease income	5,531	5,736
Difference between fair value and cost of assets acquired	–	1,252
Miscellaneous other income	27,279	30,991
Total	**232,964**	**160,333**

8.3 Other expenses

Other expenses are composed of the following items:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Exchange rate losses	79,953	39,871
Losses from the valuation of foreign currency derivatives	78,618	41,841
Restructuring expenses	119,307	64,991
Bad debt allowances on trade receivables	14,787	11,240
Cost of money transfers and payment transactions	1,481	865
Losses on the disposal of noncurrent assets	978	542
Miscellaneous other expenses	7,992	9,744
Total	**303,116**	**169,094**

Restructuring expenses

Goodwill is allocated as follows to the segments:

(EUR thousand)	2010	2009
GEA Farm Technologies	3,806	6,121
GEA Heat Exchangers	84,398	18,170
GEA Mechanical Equipment	12,437	11,773
GEA Process Engineering	1,101	21,642
GEA Refrigeration Technologies	16,073	6,085
Others	1,492	1,200
Total	**119,307**	**64,991**

The reason for the restructuring expenses in fiscal year 2010 is the restructuring of GEA Group's activities resolved in the previous year. The focus was on consolidating all heat exchanger activities in the GEA Heat Exchangers Segment with the goal of eliminating overlaps in the product range and organizational structure of the previous divisions, and of reducing the large number of variants in the parts to be produced by means of systematic standardization. In light of this goal, the number of production facilities was reduced and larger units were created, with preference given to key growth regions or low-cost locations. A total of 11 production facilities were affected by the restructuring measures.

The other segments also implemented or initiated other measures to enhance efficiency, although these were less far-reaching than those in the GEA Heat Exchangers Segment. In the GEA Mechanical Equipment Segment, workflows at the main Oelde location were optimized, and additional capacity adjustments were made in fiscal year 2010 in preparation for the expected impact of the "Global Production Concept" and in light of the lower unit sales and production volumes compared with fiscal year 2008. In the GEA Refrigeration Technologies Segment, the Contracting function was restructured to enable better order selection using less capacity.

The restructuring expenses are composed of the following items:

(EUR thousand)	2010	2009
Severance pay	66,175	49,850
Impairment on noncurrent assets	21,514	573
Impairment on current assets	5,419	270
Other restructuring costs	26,199	14,298
Total	**119,307**	**64,991**

The other restructuring expenses include additions to provisions for onerous contracts, consulting fees, relocation costs for items of plant and equipment, and costs resulting from inefficiencies in business operations. These apply in particular to the companies or facilities affected by closures.

The restructuring expenses in the previous year were attributable to the programs designed to adjust capacity, improve efficiency, and cut administrative costs that were initiated in fiscal year 2009 in the context of the general economic and financial crisis.

Miscellaneous other expenses

Miscellaneous other expenses primarily comprise additions to provisions.

8.4 Presentation of selected income and expenses by cost type

Cost of materials

The cost of materials included in cost of sales increased by EUR 18,602 thousand in the year under review to EUR 2,321,327 thousand (previous year: EUR 2,302,725 thousand). It therefore declined slightly as a proportion of revenue. The cost of materials accounted for 52.2 percent of gross revenue for the period, slightly below the previous year's figure of 52.6 percent. This was primarily due to lower procurement prices, weaker demand for products made from high-value materials, and a growing proportion of transactions involving a comparatively higher level of internally generated value added.

Personnel expenses

Personnel expenses increased by EUR 47,718 thousand in 2010 to EUR 1,240,666 thousand (previous year: EUR 1,192,948 thousand). The cost of unwinding the discount on expected pension obligations is not recognized under personnel expenses, but under financial and interest expenses. Personnel expenses include wages and salaries in the amount of EUR 1,037,384 thousand (previous year: EUR 980,839 thousand) as well as social security contributions and expenses for post-employment benefits of EUR 203,282 thousand (previous year: EUR 212,109 thousand). The increase in personnel expenses despite the lower headcount is due to personnel-related restructuring expenses of EUR 66,175 thousand (previous year: EUR 49,850 thousand), among other factors.

Depreciation, amortization, and impairment losses

Depreciation, amortization, and impairment losses totaling EUR 127,593 thousand (previous year: EUR 100,718 thousand) were charged on property, plant and equipment, investment property, and intangible assets in fiscal year 2010. Depreciation, amortization, and impairment losses are generally included in cost of sales. Impairment losses of EUR 21,514 thousand (previous year: EUR 573 thousand) attributable to restructuring measures are included in other expenses as part of the restructuring expenses. Impairment losses on nonderivative financial assets excluding trade receivables amounted to EUR 789 thousand in the year under review (previous year: EUR 652 thousand). EUR 576 thousand of this amount (previous year: EUR 372 thousand) was attributable to noncurrent financial assets. Impairment losses on equity investments and marketable securities are contained in the financial expenses item. Inventories were written down by EUR 18,995 thousand (previous year: EUR 25,594 thousand). Impairment losses of EUR 5,419 thousand (previous year: EUR 270 thousand) are included in restructuring expenses. The other impairment losses are reported in cost of sales.

8.5 Financial and interest income

Financial income

Financial income is composed of income from profit transfers and investment income from other equity investments:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Income from profit transfer agreements	6,998	703
Income from other equity investments	1,394	4,832
of which from unconsolidated subsidiaries	1,017	4,598
Total	**8,392**	**5,535**

The increase in income from profit transfer agreements is a result of the receipt of a payment on a receivable from the former steel trading division that had been largely written off.

Interest income

Interest and similar income is composed of the following items:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Interest income on receivables, cash investments, and marketable securities	7,863	8,417
of which from unconsolidated subsidiaries	442	479
Interest income on plan assets	5,111	4,299
Other interest income	3,489	2,737
Total	**16,463**	**15,453**

The following table shows the interest income on financial instruments broken down by the IAS 39 measurement categories, along with the interest income on assets measured in accordance with other standards:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Loans and receivables	9,812	9,059
Financial assets at fair value through profit or loss	1,480	1,993
Financial assets not measured in accordance with IAS 39	5,171	4,401
Total	**16,463**	**15,453**

8.6 Financial and interest expenses

Financial expenses

Financial expenses for fiscal year 2010 amounted to EUR 1,412 thousand (previous year: EUR 1,603 thousand) and comprised impairment losses on financial assets (excluding trade receivables) totaling EUR 789 thousand (previous year: EUR 652 thousand) plus expenses from loss assumptions totaling EUR 623 thousand (previous year: EUR 951 thousand).

Interest expenses

Interest and similar expenses comprised the following items:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Interest expenses in liabilities to banks	18,950	24,385
Interest cost on discounted pension obligations	29,014	28,953
Interest cost on discounted provisions and other employee benefit obligations	11,389	5,169
Other interest expenses	19,861	15,976
of which to unconsolidated subsidiaries	218	246
Total interest expenses	**79,214**	**74,483**

The following table shows the interest expenses on financial instruments broken down by the IAS 39 measurement categories, along with the interest expenses on liabilities measured in accordance with other standards:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Financial liabilities at amortized cost	31,751	33,474
Financial liabilities at fair value through profit or loss	6,245	6,012
Financial liabilities not measured in accordance with IAS 39	41,218	34,997
Total	**79,214**	**74,483**

If finance can be allocated to a specific investment, the actual borrowing costs are capitalized as part of the cost of the investment. Where no direct relationship can be established, the average interest rate for group borrowings in the current period is used as the capitalization rate due to the GEA Group's central financing function. This amounted to 3.9 percent in fiscal year 2010 (previous year: 4.4 percent). Interest income generated on advance payments received reduces the cost of the asset. In fiscal year 2010, net interest income (previous year: net interest expense) of EUR 773 thousand (previous year: EUR 455 thousand) was allocated to the cost of assets.

In the fiscal year under review, expenses totaling EUR 1,481 thousand (previous year: EUR 865 thousand) were incurred for fees that were not included in the calculation of the effective interest rate.

The following table shows the net income from financial instruments, broken down by the IAS 39 measurement categories:

	12/31/2010			12/31/2009		
(EUR thousand)	Net income	of which interest income/ expense	of which impairment losses/ reversals of impairment losses	Net income	of which interest income/ expense	of which impairment losses/ reversals of impairment losses
Loans and receivables	7,020	9,812	-2,924	12,830	9,059	-7,168
Available-for-sale investments	405	–	–	-153	–	-387
Financial assets/liabilities at fair value through profit or loss	-6,628	-4,765	–	-8,396	-4,019	–
Financial liabilities at amortized cost	-30,975	-31,751	–	-33,621	-33,474	–
Total	**-30,178**	**-26,704**	**-2,924**	**-29,340**	**-28,434**	**-7,555**

Net impairment losses on assets allocated to the “loans and receivables” measurement category relate to trade receivables.

8.7 Income taxes

Income taxes for continuing operations are composed of the following items:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Current taxes	56,146	77,083
Germany	5,088	25,544
Other countries	51,058	51,539
Deferred taxes	-14,818	-29,255
Total	**41,328**	**47,828**

The expected tax expense is calculated using the tax rate of 29.46 percent (previous year: 29.42 percent) applicable to German group companies. This includes an average trade tax rate of 13.63 percent (previous year: 13.59 percent) in addition to the uniform corporate income tax rate of 15.0 percent (previous year: 15.0 percent) and the solidarity surcharge of 0.825 percent (previous year: 0.825 percent). The following table shows a reconciliation to the effective tax rate of 23.64 percent (previous year: 22.86 percent):

	01/01/2010 - 12/31/2010		01/01/2009 - 12/31/2009	
	(EUR thousand)	(%)	(EUR thousand)	(%)
Profit before tax	**174,790**	**–**	**209,206**	**–**
Expected tax expense	51,493	29.5	61,548	29.4
Non-tax deductible expense	4,816	2.8	3,972	1.9
Tax-exempt income	-632	-0.4	-4,857	-2.3
Change in valuation allowances	-15,880	-9.1	-16,842	-8.1
Change in tax rates	-570	-0.3	-364	-0.2
Foreign tax rate differences	87	0.0	-3,325	-1.6
Other	2,014	1.2	7,696	3.7
Income tax and effective tax rate	**41,328**	**23.6**	**47,828**	**22.9**

As in the previous year, the change in valuation allowances in the amount of EUR 15,880 thousand (previous year: EUR 16,842 thousand) was due primarily to a revised assessment of the recoverability of the deferred tax assets on tax loss carryforwards in Germany and abroad.

The effects of changes in tax rates in the amount of EUR -570 thousand (previous year: EUR -364 thousand) were mainly due to various changes in tax rates outside Germany.

The foreign tax rate differences were due to different tax rates outside Germany in comparison to the German tax rate of 29.46 percent. The tax rates for foreign companies vary between 10.0 percent (Qatar) and 40.0 percent (Japan). The lower year-on-year tax rate differences are primarily attributable to the expiry of tax holidays, in particular in Asia.

As in the previous year, the other reconciliation effects were due primarily to tax expenses for previous years.

Deferred tax assets and liabilities during the year under review can be broken down into current and noncurrent assets and liabilities as follows:

(EUR thousand)	12/31/2010	12/31/2009
Current deferred tax assets	86,414	73,250
Noncurrent deferred tax assets	262,419	248,611
Total deferred tax assets	**348,833**	**321,861**
Current deferred tax liabilities	35,109	36,814
Noncurrent deferred tax liabilities	45,473	37,597
Total deferred tax liabilities	**80,582**	**74,411**
Net deferred tax assets	**268,251**	**247,450**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred taxes relate to income taxes levied by the same taxation authority.

Excluding offsetting, deferred taxes relate to the following items:

	Deferred tax assets		Deferred tax liabilities	
(EUR thousand)	2010	2009	2010	2009
Property, plant, and equipment	8,816	6,617	29,169	25,242
Investment property	79	932	–	–
Intangible assets	1,288	1,534	30,229	30,584
Goodwill	57,643	67,241	43,371	41,950
Equity-accounted investments	19	18	–	–
Other financial assets	3,936	6,662	5,885	4,229
Noncurrent assets	**71,781**	**83,004**	**108,654**	**102,005**
Inventories	34,613	26,116	1,702	2,535
Trade receivables	9,940	9,267	35,094	23,963
Other financial assets	4,739	7,981	4,606	4,584
Cash and cash equivalents	174	156	55	10
Current assets	**49,466**	**43,520**	**41,457**	**31,092**
Assets held for sale	**–**	**229**	**–**	**–**
Total assets	**121,247**	**126,753**	**150,111**	**133,097**
Provisions	23,649	19,208	813	680
Employee benefits	37,109	35,978	1,253	843
Financial liabilities	4,124	5,579	96	656
Other financial liabilities	1,315	1,044	1,796	3,050
Noncurrent liabilities	**66,197**	**61,809**	**3,958**	**5,229**
Provisions	36,636	38,797	9,953	7,344
Employee benefits	11,889	10,180	196	1,184
Financial liabilities	9,595	8,214	2,613	250
Trade payables	3,603	3,264	309	1,629
Other financial liabilities	8,206	10,318	14,452	34,568
Current liabilities	**69,929**	**70,773**	**27,523**	**44,975**
Total equity and liabilities	**136,126**	**132,582**	**31,481**	**50,204**
Valuation allowances on temporary differences	-12,797	-5,972	–	–
Deferred taxes on temporary differences	**244,576**	**253,363**	**181,592**	**183,301**
Tax loss carryforwards	1,078,172	1,063,289	–	–
Valuation allowances on tax loss carryforwards	-872,905	-885,901	–	–
Offsetting of deferred taxes	-101,010	-108,890	-101,010	-108,890
Recognized deferred taxes	**348,833**	**321,861**	**80,582**	**74,411**

The German consolidated tax group recorded negative taxable income in 2010 as a result of the restructuring measures. Deferred tax assets of EUR 157,218 thousand are attributable to the German consolidated tax group. Because certain charges resulting from the restructuring are nonrecurring, significantly positive taxable income is expected in the coming years. The deferred tax assets are therefore considered to be recoverable.

As of December 31, 2010, the GEA Group recognized deferred tax assets in the amount of EUR 205,267 thousand (previous year: EUR 177,388 thousand) on tax loss carryforwards:

(EUR thousand)	12/31/2010	12/31/2009
Deferred tax assets on domestic tax loss carryforwards		
- Corporate income tax	60,179	45,794
- Trade tax	51,397	39,040
Deferred tax assets on foreign tax loss carryforwards	93,691	92,554
Total	**205,267**	**177,388**

The increase in deferred tax assets on domestic tax loss carryforwards relates to an update of the extent to which tax loss carryforwards can be utilized in future periods. The amount of the deferred tax assets on foreign tax loss carryforwards was almost unchanged year-on-year.

No deferred tax assets were recognized for corporate income tax loss carryforwards in the amount of EUR 2,070,796 thousand (previous year: EUR 2,082,117 thousand) and trade tax loss carryforwards in the amount of EUR 1,582,895 thousand (previous year: EUR 1,704,355 thousand) as their utilization is not sufficiently certain. The tax loss carryforwards at the German companies can be carried forward for an indefinite period. Foreign tax loss carryforwards can generally only be utilized for a limited period.

8.8 Profit or loss from discontinued operations

Overall discontinued operations, at EUR 196 thousand (previous year: EUR 320 thousand), did not materially affect profit for the period. As in the past, the items recognized in profit or loss from discontinued operations relate to the implementation of the obligations resulting from the discontinuation of Ruhr-Zink's business operations, the residual risk resulting from the sale of the plant engineering activities, and specific material legal disputes relating to the discontinuation of operations in the past.

The winding-up of Ruhr-Zink's business operations incurred expenses of EUR 440 thousand (previous year: EUR 18,693 thousand). The previous year's expenses primarily related to expected measures to rehabilitate the site.

The provision from the sale of the Lurgi business unit for risks from indemnities granted for current projects and from general warranties and guarantees relating to legal and tax matters associated with intercompany transactions was reduced by EUR 3,876 thousand (previous year: EUR 4,549 thousand) because the risks crystallized to a lesser extent than previously expected.

The costs of processing the orders of the Lentjes business unit still remaining with GEA Group and the addition to the provision for risks from indemnifications granted reduced earnings by a total of EUR 3,207 thousand (previous year: EUR 6,658 thousand). The expense in the previous year includes the addition of EUR 10,000 thousand to a provision for legally binding arbitration proceedings (Schiedsverfahren) brought by Esso Deutschland GmbH against LL Plant Engineering AG as the legal successor of a former group plant engineering company.

Income of EUR 259 thousand (previous year: EUR 18,048 thousand) results from various adjustments to provisions relating to the sale of the Dynamit Nobel and Dynamit Nobel Plastics business units and for specific material law suits in connection with the discontinuation of operations in the past. Most of the income in the previous year resulted from the reversal of the provision for the risks relating to the case brought by the receiver of Dörries Scharmann AG against GEA Group Aktiengesellschaft in relation to the issue of equity substitution.

Negative tax effects (previous year: positive tax effects) amounted to a total of EUR -292 thousand (previous year: EUR 3,074 thousand).

Further details of legal disputes relating to discontinued operations are contained in the information on legal disputes (see section 9.4).

8.9 Earnings per share

Earnings per share are calculated as follows:

(EUR thousand)	01/01/2010 - 12/31/2010	01/01/2009 - 12/31/2009
Profit for the period attributable to shareholders of GEA Group Aktiengesellschaft	131,987	160,623
of which from continuing operations	131,791	160,303
of which from discontinued operations	196	320
Weighted average number of shares outstanding (thousand)	183,808	183,808
Earnings per share (EUR)		
from profit for the period	0.72	0.87
of which attributable to continuing operations	0.72	0.87
of which attributable to discontinued operations	0.00	0.00
Profit for the period attributable to shareholders of GEA Group Aktiengesellschaft	131,987	160,623
of which from continuing operations	131,791	160,303
of which from discontinued operations	196	320
Weighted average number of shares outstanding (thousand)	183,808	183,808
Potential dilutive effect of award proceedings under court's settlement proposal	12,115	12,115
Adjusted weighted average number of shares outstanding (thousand)	195,922	195,922
Diluted earnings per share (EUR)		
from profit for the period	0.67	0.82
of which attributable to continuing operations	0.67	0.82
of which attributable to discontinued operations	0.00	0.00

The award proceedings may result in a dilution of the earnings per share. The settlement proposal by the Dortmund Regional Court in 2009 would lead to diluted consolidated profit for the period of EUR 0.67 per share. It is uncertain from today's perspective whether a settlement will be reached at acceptable conditions. If this is not the case, the proceedings are expected to last at least another three to five years until a final judgment is obtained.

8.10 Appropriation of net profit

GEA Group Aktiengesellschaft reported net income for the fiscal year of EUR 199,876 thousand in accordance with the HGB (previous year: EUR 143,349 thousand). The Executive Board and Supervisory Board have transferred an amount of EUR 54,252 thousand (previous year: EUR 50,000 thousand) in accordance with section 58(2a) of the AktG, and an amount of EUR 72,000 thousand (previous year: EUR 38,000 thousand) out of the then remaining net income of EUR 145,624 thousand (previous year: EUR 93,348 thousand) in accordance with section 58(2) of the AktG, to retained earnings. Including the profit brought forward of EUR 684 thousand (previous year: EUR 478 thousand), the net retained profits amounted to EUR 74,308 thousand (previous year: EUR 55,827 thousand).

The Executive Board and Supervisory Board will propose to the Annual General Meeting that the net retained profits be appropriated as follows:

Appropriation (EUR thousand)	2010	2009
Dividend payment to shareholders	73,523	55,143
Profit carried forward	785	684
Total	**74,308**	**55,827**

The dividend payment corresponds to the payment of a dividend of 40 cents per share for a total of 183,807,845 shares. The dividend will be paid from the contribution account for tax purposes (section 27 of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act)) without deduction of investment income tax and the solidarity surcharge.

9. Contingent liabilities, other financial obligations, contingent assets, and litigation

9.1 Contingent liabilities

GEA Group Aktiengesellschaft has issued or instructed the issue of both bank and group guarantees in favor of customers or lenders. The obligations presented in the following table relate to contingent liabilities for which the primary creditor is not a consolidated company.

	Bank guarantees		Group guarantees	
(EUR thousand)	2010	2009	2010	2009
Guarantees for prepayments	431	6,375	725	124
Warranties	11,123	13,276	63	–
Performance guarantees	55,527	108,951	351,474	400,411
Other declarations of liability	2,318	2,798	14,691	20,892
Total	**69,399**	**131,400**	**366,953**	**421,427**
of which attributable to Lurgi/Lentjes	67,437	128,687	347,619	406,690

Most of the bank and group guarantees are attributable to Lurgi and Lentjes (see section 3).

The other guarantees relate mainly to customers of unconsolidated companies, banks, and employees of former subsidiaries. The beneficiaries are entitled to assert claims under the guarantees if the primary debtor fails to meet its contractual obligations, for example in the case of late or defective delivery, non-compliance with warranted performance parameters, or failure to repay loans in accordance with the contractual requirements.

The terms vary depending on the nature of the guarantee. The weighted average term of the group guarantees is 2.5 years (previous year: 3.1 years).

All guarantees issued by or on the instructions of GEA Group Aktiengesellschaft are issued on behalf of and with recourse against the primary debtor.

In addition to the liability risks resulting from bank and group guarantees, there are risks in particular from court, arbitration, or out-of-court disputes (see section 9.4) that could result in cash outflows.

9.2 Other financial obligations

Other financial obligations as of December 31, 2010 are composed of the following items:

(EUR thousand)	12/31/2010	12/31/2009
Rental and lease obligations	275,121	294,851
Purchase commitments	434,787	92,745
Obligations from acquisition contracts	384,930	–
Total	**1,094,838**	**387,596**

Rental and lease agreements

Obligations under rental and lease agreements amounting to EUR 275,121 thousand (previous year: EUR 294,851 thousand) relate primarily to land and buildings, and to a lesser extent to technical equipment and machinery. The leases run until no later than 2031. Payments are spread over future fiscal years as follows:

(EUR thousand)	12/31/2010
2011	77,818
2012	56,207
2013	36,965
2014	24,376
2015	17,900
Thereafter	61,855
Total payments	**275,121**

Expenses related to rental and lease agreements in fiscal year 2010 amounted to EUR 107,965 thousand (previous year: EUR 104,019 thousand), of which EUR 14,282 thousand (previous year: EUR 14,798 thousand) was attributable to variable payments. Subleases resulted in income of EUR 16,245 thousand in fiscal year 2010 (previous year: EUR 24,598 thousand). These subleases give rise to claims for rental income of EUR 37,159 thousand (previous year: EUR 46,347 thousand) over the coming years.

Sale and leaseback transactions relating to buildings resulted in future payments at the reporting date of EUR 74,743 thousand (previous year: EUR 91,802 thousand).

Purchase commitments

EUR 432,003 thousand (previous year: EUR 83,269 thousand) of the purchase commitments are attributable to inventories and EUR 2,784 thousand (previous year: EUR 9,476 thousand) to items of property, plant, and equipment.

Obligations under purchase agreements

Obligations under purchase agreements relate to the acquisitions of the interests in Mashimpeks Ltd., Moscow, Russia, Bock Kältemaschinen GmbH, Frickenhausen, Germany, and CFS Holdings B.V., Bakel, the Netherlands. As of December 31, 2010, these acquisitions had not yet been finalized as approval by the authorities or antitrust agencies was still pending. The final amount of the purchase price obligation will only be known once the transactions have been finalized.

9.3 Contingent assets

On September 15, 2006, GEA Group Aktiengesellschaft won a judgment in its favor on the cause of action in the arbitration proceedings against Flex-N-Gate Corp., Urbana, Illinois, U.S.A. This requires Flex-N-Gate to compensate GEA Group Aktiengesellschaft for losses incurred as a result of the collapse of the sale of the Dynamit Nobel plastics business to Flex-N-Gate in the fall of 2004. In the second part of the proceedings, the court of arbitration ruled on the amount of compensation in favor of GEA Group Aktiengesellschaft on March 19, 2010. Flex-N-Gate Corp. appealed. The Frankfurt am Main Higher Regional Court reversed the arbitration ruling on February 17, 2011. GEA Group Aktiengesellschaft is examining an appeal against the reversal. The dispute is expected to continue for some time.

In 2008, GEA Group Aktiengesellschaft instituted arbitration proceedings against Ukraine at the International Centre for Settlement of Investment Disputes (ICSID), the court of arbitration of the World Bank Group. These relate to the enforcement of an arbitration award made by the International Chamber of Commerce (ICC) in 2002 against a former near-government entity for an amount in the low double-digit millions. The background to the ICC arbitration award, which fully vindicated the claimant, was the disappearance of large deliveries of diesel oil made to Ukraine by a former GEA Group subsidiary. The claimant accuses Ukraine of supporting the disappearance of the oil and hindering the enforcement of the ICC arbitration award in a manner tantamount to expropriation and in breach of the existing investment protection agreement between the Federal Republic of Germany and Ukraine. A final arbitration award in the ICSID proceedings is expected within the first six months of 2011.

9.4 Litigation

Award proceedings

An initial hearing was held on September 9, 2009 in the award proceedings pending at the Dortmund Regional Court relating to the control and profit transfer agreement entered into by Metallgesellschaft AG and the former GEA AG in 1999. The court proposed that the parties accept in principle the figures calculated by the court-appointed expert and to terminate the award proceedings by reaching a settlement. Implementing the court's settlement proposal would mean that, in addition to the shares that have already been issued or that may still be issued on the basis of the contingent capital increase resolved in 1999, GEA Group Aktiengesellschaft would be obliged to issue up to approx. 12.1 million shares to the external shareholders in 1999. This would represent 6.6 percent of the current total number of outstanding shares (around 183.8 million). Furthermore, the court proposed a cash payment of less than EUR 1 per share outstanding at the time (approx. 5.2 million ordinary shares and 20.75 million preferred shares). The costs relating to the proceedings would also have to be met. Irrespective of its legal opinion, which it maintains unchanged, GEA Group Aktiengesellschaft has initiated talks on a possible settlement with the applicants. Because of the divergent legal positions, the talks have not yet produced a final outcome. If these talks do not result in an acceptable settlement, GEA Group Aktiengesellschaft will use every means of defense in the further course of legal proceedings.

Plant engineering

There are still sector-specific legal disputes relating to order acceptance and processing in the former plant engineering business. In some cases, the amounts in dispute are in the high millions; often, they have been set too high for tactical reasons. The main legal disputes – now resolved – relating to the former plant engineering business included the following:

In Hamburg, Esso Deutschland GmbH ("Esso") pursued binding arbitration proceedings (Schiedsverfahren) against LL Plant Engineering AG ("LL PE"), a subsidiary of GEA Group Aktiengesellschaft from the former plant engineering business, in connection with a pioneering plant to convert vacuum residue at the Ingolstadt refinery. The claims asserted by Esso amounted to more than EUR 40 million in total. Through a cross-action, LL PE sought payment of additional costs of approximately EUR 12 million. At the suggestion of the court of arbitration, the proceedings were terminated by reaching a settlement.

In the arbitration action brought by LL PE (jointly in concert with Italian company Pianimpianti S.p.A.) against Biomasse S.p.A. ("Biomasse") at an ICC court in Milan over the unauthorized use of a guarantee in the amount of EUR 2.8 million, the defendant had brought a cross-action in which it claimed roughly EUR 38 million, citing poor workmanship and defects in the construction of a biomass plant in Calabria, Italy. Outside the proceedings, Biomasse had pursued additional claims for compensation. At the suggestion of the court of arbitration, the parties ended the proceedings by reaching a settlement.

In relation to the 2007 sale of the Lurgi Group, the dispute regarding a purchase price adjustment between GEA and Air Liquide has been resolved.

Dörries Scharmann AG

An action brought by the insolvency administrator of Dörries Scharmann AG against GEA Group Aktiengesellschaft is pending at the Düsseldorf Regional Court. The former Metallgesellschaft AG, the legal predecessor to GEA Group Aktiengesellschaft, held an interest in Schiess AG, which later became Dörries Scharmann AG. On the basis of that interest, the insolvency administrator is asserting various claims under company law, in particular for equity substitution, which amount to approximately EUR 20 million including possible interest. GEA Group Aktiengesellschaft considers the claims that have been asserted to be unfounded. The senior expert appointed by the court to decide matters relating to equity substitution has fully confirmed GEA Group Aktiengesellschaft's opinion. GEA Group Aktiengesellschaft will continue to defend itself against all claims.

Bechtel

GEA Power Cooling Inc. ("GPC"), a GEA Group subsidiary, had brought an action against Bechtel Power Corporation ("Bechtel") at the U.S. District Court for the District of Colorado for payment of a total amount of approximately USD 3.6 million due to the use of a letter of credit and outstanding payments for a completed project. In its cross-action, Bechtel demanded a monetary amount, to be determined by the court, as compensation for losses that it suffered in previous binding arbitration proceedings with a third party. The proceedings were terminated by reaching a settlement.

General

Further legal proceedings or official investigations have been or may be instituted against GEA Group companies as a result of earlier business disposals and operating activities.

Adequate provisions have been recognized for all risks arising from both the legal disputes described above and other legal disputes being pursued by GEA Group in the course of its ordinary operating activities. However, the outcome of these proceedings cannot be predicted with any degree of certainty. It is possible, therefore, that the conclusion of the proceedings may result in expenses that exceed the amounts that may have been set aside for them.

10. Segment reporting

10.1 Disclosures by segment

Since January 1, 2010 the group is divided into six global operating segments. The main activities are as follows:

GEA Farm Technologies Segment

GEA Farm Technologies is one of the world's leading manufacturers of integrated product solutions for profitable milk production and livestock farming. The segment's combined expertise in the areas of milking and refrigeration technology, automatic feeding systems, professional slurry management systems, and barn equipment provides today's farmers with a complete range of products and solutions. Services and animal hygiene solutions round off its profile as a full-line systems provider for farms of all sizes. The segment's sales strategy is built upon a global network of specialist dealers and of sales and service partners.

GEA Heat Exchangers Segment

GEA Heat Exchangers provides products and systems for numerous areas of use, ranging from air conditioning systems to cooling towers. Boasting what is probably the largest portfolio of heat exchangers worldwide, the segment is able to supply, from a single source, the optimal solution for every conceivable application and also offer customers professional support with project planning.

GEA Mechanical Equipment Segment

GEA Mechanical Equipment specializes in separators, decanters, valves, pumps, and homogenizers – high-quality process engineering components that ensure seamless processes and cost-effective production in almost all major areas of industry worldwide. At the same time, such equipment helps reduce production costs and protect the environment in a sustainable manner.

GEA Process Engineering Segment

GEA Process Engineering specializes in the design and development of process solutions for the dairy, brewing, food, pharmaceutical, and chemical industries. The segment is the acknowledged market and technology leader in the following business areas: liquid processing, concentration, industrial drying, powder processing and handling, and emission control.

GEA Refrigeration Technologies Segment

GEA Refrigeration Technologies is a market leader in the field of industrial refrigeration technology. The segment develops, manufactures, and installs key components and innovative technical solutions for its customers. To ensure complete customer satisfaction, GEA Refrigeration Technologies also offers a broad range of maintenance and other services. Its product range comprises the following core components: reciprocating and screw compressors, valves, chillers, ice generators, and freezing systems.

Other

The "Other" segment comprises the companies with business activities that do not form part of the core business. In addition to the holding and service companies, it contains companies that report investment property held for sale, pension obligations, and residual mining obligations.

(EUR million)	GEA Farm Technologies	GEA Heat Exchangers	GEA Mechanical Equipment	GEA Process Engineering	GEA Refrigeration Technologies	Others	Consolidation	**GEA Group**
01/01/2010 - 12/31/2010								
Order intake	448.5	1,506.0	740.4	1,416.1	579.6	–	-112.6	**4,578.0**
External revenue	446.3	1,455.3	645.7	1,283.9	561.4	25.7	–	**4,418.4**
Intersegment revenue	0.4	28.0	79.6	4.6	2.3	–	-115.0	**–**
Total revenue	446.7	1,483.4	725.4	1,288.5	563.7	25.7	-115.0	**4,418.4**
Share of profit or loss of equity-accounted investments	0.5	1.1	–	-0.1	1.4	0.8	–	**3.7**
EBITDA	31.4	89.4	124.2	105.5	21.0	-5.7	–	**365.7**
EBIT before restructuring expenses	21.9	114.3	116.3	91.3	28.3	-15.2	–	**356.8**
As % of revenue	4.9	7.7	16.0	7.1	5.0	–	–	**8.1**
Restructuring expenses	3.8	84.4	12.4	1.1	16.1	1.5	–	**119.3**
EBIT	18.1	29.9	103.8	90.2	12.3	-16.7	–	**237.5**
As % of revenue	4.0	2.0	14.3	7.0	2.2	–	–	**5.4**
ROCE in % [1]	8.5	17.0	38.7	38.2	15.9	–	–	**20.8**
Interest income	1.7	4.4	5.2	5.3	2.1	28.4	-30.6	**16.5**
Interest expense	10.3	15.1	9.7	9.7	6.5	58.6	-30.6	**79.2**
Segment profit or loss before tax	9.5	19.1	99.3	85.8	7.9	-46.9	0.1	**174.8**
Income taxes	6.1	21.3	14.9	25.8	0.2	-22.5	-4.5	**41.3**
Profit or loss from discontinued operations	–	–	–	–	–	0.2	–	**0.2**
Segment assets	544.8	1,916.8	1,101.7	1,367.6	576.4	2,419.9	-2,822.1	**5,105.0**
Segment liabilities	252.3	1,021.1	453.6	825.5	331.8	1,966.5	-1,641.1	**3,209.7**
Carrying amount of equity-accounted investments	1.1	4.2	–	4.1	2.0	2.2	–	**13.5**
Working capital (reporting date) [2]	119.7	179.0	178.0	-78.7	59.7	-10.0	-3.2	**444.6**
Investments in property, plant, and equipment, intangible assets, and goodwill	26.1	30.4	16.1	19.1	8.6	7.6	–	**107.9**
Depreciation and amortization	12.9	38.5	17.4	15.3	8.8	10.4	–	**103.2**
Impairment losses	0.3	21.1	2.9	–	–	–	–	**24.3**
Additions to provisions	29.6	141.7	55.9	59.6	37.5	36.5	–	**360.8**

(in Mio. EUR)	GEA Farm Technologies	GEA Heat Exchangers	GEA Mechanical Equipment	GEA Process Engineering	GEA Refrigeration Technologies	Others	Consolidation	**GEA Group**
01.01.2009 - 31.12.2009								
Order intake	389.6	1,418.7	685.1	1,148.3	526.6	–	-87.6	**4,080.7**
External revenue	411.2	1,597.2	662.9	1,142.8	564.1	33.0	–	**4,411.2**
Intersegment revenue	0.6	26.2	54.6	1.2	1.5	–	-84.1	**–**
Total revenue	411.8	1,623.4	717.5	1,144.0	565.6	33.0	-84.1	**4,411.2**
Share of profit or loss of equity-accounted investments	-0.2	0.6	–	0.5	1.1	0.1	–	**2.2**
EBITDA	23.0	160.8	103.5	66.4	22.5	-7.6	0.2	**368.7**
EBIT before restructuring expenses	18.5	142.0	99.3	73.9	19.4	-20.1	0.2	**333.2**
As % of revenue	4.5	8.7	13.8	6.5	3.4	–	–	**7.6**
Restructuring expenses	6.1	18.2	11.8	21.6	6.1	1.2	–	**65.0**
EBIT	12.4	123.8	87.6	52.3	13.3	-21.3	0.2	**268.2**
As % of revenue	3.0	7.6	12.2	4.6	2.4	–	–	**6.1**
ROCE in % [1]	7.7	18.9	27.0	29.0	7.5	–	–	**18.2**
Interest income	1.8	5.0	5.4	5.6	3.3	28.9	-34.5	**15.5**
Interest expense	11.2	17.5	9.5	10.7	6.1	54.0	-34.5	**74.5**
Segment profit or loss before tax	2.9	111.3	83.4	47.2	10.5	-46.3	0.2	**209.2**
Income taxes	2.0	24.0	10.4	11.0	0.1	0.5	-0.2	**47.8**
Profit or loss from discontinued operations	–	–	–	–	–	0.3	–	**0.3**
Segment assets	483.1	1,924.4	1,052.0	1,240.6	635.7	2,102.3	-2,443.6	**4,994.4**
Segment liabilities	230.0	967.9	411.7	738.7	338.2	1,880.4	-1,307.4	**3,259.4**
Carrying amount of equity-accounted investments	0.6	3.0	–	4.1	1.5	1.6	–	**10.8**
Working capital (reporting date) [2]	111.7	196.7	170.4	-63.9	71.0	-5.8	1.6	**481.7**
Investments in property, plant, and equipment, intangible assets, and goodwill	59.9	143.2	69.7	56.7	40.9	23.4	–	**393.7**
Depreciation and amortization	10.6	37.0	15.9	14.1	8.6	13.0	–	**99.1**
Impairment losses	–	0.1	–	–	0.6	1.0	–	**1.7**
Additions to provisions	30.9	107.0	50.6	78.3	30.0	78.5	–	**375.2**

1) ROCE = EBIT before restructuring expenses in the past 12 months / (capital employed - goodwill from the acquisition of the former GEA AG by the former Metallgesellschalft in 1999 (both average of past twelve months));
Capital employed = noncurrent assets + working capital
2) Working capital = inventories + trade receivables - trade payables - advance payments received

Consolidation primarily comprises the elimination of intercompany revenue and interest income and expense. Intersegment revenue is calculated using standard market prices.

Sales (EUR million)	2010	2009
Sales from construction contracts		
GEA Farm Technologies	–	–
GEA Heat Exchangers	554.1	730.6
GEA Mechanical Equipment	–	151.2
GEA Process Engineering	1,071.7	1,005.8
GEA Refrigeration Technologies	290.5	311.0
Others	-9.0	0.7
Total Sales from construction contracts	**1,907.3**	**2,199.3**
Sales components		
GEA Farm Technologies	343.9	319.7
GEA Heat Exchangers	749.6	725.1
GEA Mechanical Equipment	474.7	338.4
GEA Process Engineering	26.6	4.2
GEA Refrigeration Technologies	95.5	74.3
Others	-80.2	-51.9
Total Sales Components	**1,610.1**	**1,409.8**
Sales from service agreements		
GEA Farm Technologies	102.8	92.1
GEA Heat Exchangers	179.7	167.7
GEA Mechanical Equipment	250.7	227.9
GEA Process Engineering	190.2	134.0
GEA Refrigeration Technologies	177.6	180.3
Others	–	–
Total Sales from service agreements	**901.0**	**802.0**
Total Sales	**4,418.4**	**4,411.1**

The segment asset recognition and measurement policies are the same as those used in the group and described in the accounting policies section. The profitability of the individual group segments is measured using “earnings before interest and tax” (EBIT) and “profit or loss before tax” (EBT), as presented in the income statement. It therefore includes restructuring expenses.

Impairment losses include all impairment losses on property, plant, and equipment, intangible assets, and investment property.

The following table shows the reconciliation of EBITDA to EBIT:

Reconciliation of EBITDA to EBIT (EUR thousand)	2010	2009
EBITDA	**365,710**	**368,681**
Depreciation of property, plant, and equipment, and investment property, and amortization of intangible assets (see notes 6.1, 6.2, 6.4)	-103,244	-99,052
Impairment losses on property, plant, and equipment, investment property, intangible assets, and goodwill (see notes 6.1, 6.2, 6.3, 6.4)	-24,349	-1,666
Plus depreciation and amortization contained in profit from discontinued operations	–	645
Impairment losses on noncurrent financial assets (see section 8.4)	-576	-372
EBIT	**237,541**	**268,236**

The following table shows the reconciliation of working capital to total assets:

Reconciliation of working capital to total assets (EUR million)	12/31/2010	12/31/2009
Working capital (reporting date)	**444.6**	**481.7**
Working capital (reporting date) of Ruhr-Zink	-0.1	-0.7
Noncurrent assets	2,748.1	2,703.2
Income tax receivables	20.2	21.3
Other current financial assets	146.7	145.1
Cash and cash equivalents	563.5	492.0
Assets held for sale	2.6	3.0
plus trade payables	672.1	625.1
plus advance payments in respect of orders and construction contracts	178.0	224.6
plus gross amount due to customers for contract work	329.4	299.0
Total assets	**5,105.0**	**4,994.4**

10.2 Disclosures by geographic region

In the presentation of segment disclosures by geographic region, revenue is allocated by the destination of the goods or place of performance of the services, or by customer domicile. Assets are allocated by their location.

(EUR millions)	Western Europe	Eastern Europe	North America	Latin America	Middle East	Asia / Pacific	Africa	**Total**
01/01/2010 - 12/31/2010								
External revenue	1,755.7	414.8	602.0	262.2	178.4	965.9	239.4	**4,418.4**
Noncurrent assets (property, plant and equipment, intangible assets, and investment property)	1,920.5	43.0	229.6	10.8	15.3	105.9	7.2	**2,332.3**
01/01/2009 - 12/31/2009								
External revenue	2,003.2	365.1	620.9	240.9	175.2	812.1	193.8	**4,411.2**
Noncurrent assets (property, plant and equipment, intangible assets, and investment property)	1,945.2	42.0	216.9	16.9	15.5	79.0	5.2	**2,320.7**

There are no relationships with individual customers whose revenue can be considered material in comparison to total group revenue.

11. Other disclosures

11.1 Cash flow disclosures

Cash flow from investing activities includes outflows of EUR 120,017 thousand (previous year: EUR 163,405 thousand) from the sale of discontinued operations. These outflows relate to payments linked to the sale of business activities in previous periods. The majority of this amount, at EUR 118,683 thousand (previous year: EUR 162,928 thousand), is attributable to the former Lurgi and Lentjes operations and results almost entirely from project-related indemnifications.

11.2 Government grants

Government grants related to income amounting to EUR 4,050 thousand were received in fiscal year 2010 (previous year: EUR 2,733 thousand). This item contains an amount of EUR 979 thousand (previous year: EUR 1,288 thousand) for grants related to short-time working and EUR 49 thousand (previous year: EUR 365 thousand) for grants for social security contributions. The grants received were deducted from the corresponding expenses. Grants related to assets amounting to EUR 806 thousand (previous year: EUR 502 thousand) were deducted from the carrying amounts of the assets concerned. In fiscal year 2010, expenses of EUR 1,001 thousand (previous year: EUR 488 thousand) were incurred for the potential repayment of grants received.

11.3 Related party disclosures

11.3.1 Related party transactions

Transactions between GEA Group Aktiengesellschaft and its consolidated subsidiaries have been eliminated in the course of consolidation, with the exception of income and expenses between continuing and discontinued operations.

Income and expenses from transactions with unconsolidated subsidiaries and associates are composed of the following items:

(EUR thousand)	Revenue	Other income	Other expenses
01/01/2010 - 12/31/2010			
Unconsolidated subsidiaries	53,013	5,357	**745**
Associates and joint ventures	8,012	143	8
Total	**61,025**	**5,500**	**753**
01/01/2009 - 12/31/2009			
Unconsolidated subsidiaries	28,460	1,648	**912**
Associates and joint ventures	11,864	117	86
Total	**40,324**	**1,765**	**998**

Related party transactions resulted in the following outstanding items as of December 31, 2010:

(EUR thousand)	Trade receivables	Trade payables	Other receivables	Other liabilities
12/31/2010				
Unconsolidated subsidiaries	25,738	3,968	9,833	33,141
Associates and joint ventures	2,080	1,462	1,821	1,197
Total	**27,818**	**5,430**	**11,654**	**34,338**
of which current	27,818	5,430	10,170	34,175
12/31/2009				
Unconsolidated subsidiaries	15,887	3,353	20,829	30,562
Associates and joint ventures	3,343	845	1,992	1,303
Total	**19,230**	**4,198**	**22,821**	**31,865**
of which current	19,230	4,198	20,353	31,732

The outstanding amounts will be settled by bank transfer and are unsecured.

11.3.2 Remuneration of the Executive Board and the Supervisory Board

The Executive Board of GEA Group Aktiengesellschaft received total remuneration of EUR 4,936 thousand in fiscal year 2010 (previous year: EUR 3,296 thousand). This is composed of the following components:

(EUR thousand)	2010	2009
Fixed salary	2,309	2,287
Current bonus	1,190	753
Non current share based bonus	1,190	-
Noncash benefits	169	180
Pension subsidies	78	76
Total	**4,936**	**3,296**

Former members of the Executive Board and their surviving dependents received remuneration of EUR 1,995 thousand (previous year: EUR 1,900 thousand) from GEA Group Aktiengesellschaft and payments of EUR 5,467 thousand (previous year: EUR 5,652 thousand) from the group. GEA Group Aktiengesellschaft recognized pension provisions for former Executive Board members and their surviving dependents in accordance with IFRSs of EUR 26,860 thousand (previous year: EUR 27,623 thousand); the amount recognized by the group for these persons was EUR 50,387 thousand (previous year: EUR 55,174 thousand).

The expenses incurred for the Supervisory Board amounted to EUR 745 thousand in fiscal year 2010 (previous year: EUR 735 thousand).

Other information on the remuneration of the Executive Board and the Supervisory Board can be found in the management report starting on page 55 et seqq.

There were no other transactions by members of the Executive Board or Supervisory Board or their related parties in either the reporting or the comparative period.

12. Events after the end of the reporting period

The agreement to purchase all shares of Mashimpeks Ltd., Moscow, Russia, was finalized on February 21, 2011. Mashimpeks has sold and installed GEA Group heat exchangers in Russia for several years. The company's customers are mainly in the food, oil, and gas, power generation, and HVAC industries. Mashimpeks also operates sales and service offices throughout the country. This sales and service network will allow GEA Group to further expand its heat exchangers business in Russia.

The preliminary acquisition cost amounts to EUR 10,963 thousand and is composed of a cash payment of EUR 6,546 thousand, a deferred payment obligation of EUR 2,000 thousand, and a contingent purchase price payment of EUR 2,416 thousand. The net assets received in return for the consideration paid have been provisionally estimated at EUR 5,795 thousand. The preliminary estimate of goodwill on this basis amounts to EUR 5,167 thousand.

13. Supplemental disclosures in accordance with section 315a of the HGB

13.1 Declaration on the Corporate Governance Code

The Executive Board and the Supervisory Board issued an updated declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on December 16, 2010 and made it permanently available to the shareholders on the Company's website.

13.2 Number of employees

The average number of employees during the year was as follows:

Average number of employees during the year *	2010	2009
Hourly workers	7,883	8,299
Salaried employees	12,530	12,618
Continuing operations	**20,412**	**20,917**
Hourly workers	4	29
Salaried employees	–	17
Discontinued operations	**4**	**46**
Total	**20,417**	**20,963**

* Full-time equivalents (FTEs) excluding vocational trainees and inactive employment contracts

The number of employees at the reporting date was as follows:

Employees at reporting date *	2010	2009
Hourly workers	7,795	8,108
Salaried employees	12,590	12,585
Continuing operations	**20,386**	**20,693**
Hourly workers	4	6
Salaried employees	–	2
Discontinued operations	**4**	**8**
Total	**20,390**	**20,701**

* Full-time equivalents (FTEs) excluding vocational trainees and inactive employment contracts

13.3 Audit and consulting fees

The fees charged by the auditors of the consolidated financial statements for fiscal year 2010 are broken down as follows:

(EUR thousand)	2010	2009
Audit	1,415	1,711
Tax consulting services	277	306
Other services	529	97
Total	**2,221**	**2,114**

13.4 Investments

The following list shows all subsidiaries, associates, and joint ventures. It does not contain investments in companies that GEA Group neither controls nor over which it can exercise significant influence. The complete list of investments is published in the electronic Bundesanzeiger (Federal Gazette). A list of investments is also available on the Company's website at www.geagroup.com.

Company	Head Office	Country	Shares %
Subsidiary			
"SEMENOWSKY VAL" Immobilien- Verwaltungs-GmbH	Bochum	Germany	100.00
Aero Products, Inc.	Redmond	USA	100.00
AeroFreeze, Inc.	Redmond	USA	100.00
Alunan Sukma Sdn. Bhd.	Petaling Jaya	Malaysia	100.00
Barr & Murphy Holdings Ltd.	Maidenhead, Berkshire	Great Britain	100.00
Beijing GEA Energietechnik Co., Ltd.	Beijing	China	100.00
Bliss & Co. Ltd.	Fareham	Great Britain	100.00
Bliss Refrigeration Ltd.	Fareham	Great Britain	100.00
Bloksma Asia Ltd.	Hongkong	China	100.00
Breconcherry Ltd.	Ledbury, Herefordshire	Great Britain	100.00
Brouwers Equipment B.V.	Leeuwarden	Netherlands	100.00
Brückenbau Plauen GmbH	Frankfurt am Main	Germany	100.00
Dairy Technology Services Pty Limited	Tatura, Victoria	Australia	100.00
Dawmec Limited	Fareham	Great Britain	100.00
Diessel Aktiengesellschaft	Zug	Switzerland	100.00
Dobbelenberg S.A./N.V.	Haren (Brüssel)	Belgium	100.00
Ecodelta Ltd.	Zarechny	Russian Federation	62.00
EGI Cooling System (China) Co. Ltd.	Tianjin New	China	100.00
EGI Cooling Systems Trading (Beijing) Co.	Beijing	China	100.00
EGI Enerji Ins. Ic Ve Dis Tic. Ltd. Sti.	Ankara	Turkey	90.00
EGI Structura Kft.	Budapest	Ungary	76.00
Farmers Industries Limited	Mt. Maunganui South, Tauranga	New Zealand	100.00
Frigostar S.A.S.	Les Sorinières	France	100.00
GEA (Philippines) Inc.	Manila	Philippines	100.00
GEA (Shanghai) Farm Technologies Company Ltd.	Shanghai Pudong	China	100.00
GEA 2H Water Technologies GmbH	Wettringen	Germany	100.00
GEA 2H Water Technologies Ltd.	Northampton	Great Britain	100.00
GEA 2H Water Technologies s.r.l.	Laveno Mombello	Italy	98.00
GEA 2H Water Technologies s.r.o.	Jilove	Czech Republik	70.97
GEA 2H Water Technologies Sp. z.o.o.	Bytom	Poland	63.00
GEA Abfülltechnik GmbH	Büchen	Germany	100.00
GEA Aerofreeze Europe SAS		France	
GEA Aerofreeze Systems, Inc.	Richmond	Canada	100.00
GEA Air Treatment GmbH	Herne	Germany	100.00
GEA Air Treatment Production GmbH	Wurzen	Germany	100.00
GEA Aircooled Systems (Pty) Ltd.	Germiston	South Africa	75.00
GEA Airflow Services SAS	Nantes	France	100.00
GEA ATG UK Holdings Limited	Cheshire, Warrington	Great Britain	100.00
GEA Avapac Ltd.	Hamilton	New Zealand	100.00
GEA AWP GmbH	Prenzlau	Germany	100.00
GEA Barr-Rosin Ltd.	Maidenhead, Berkshire	Great Britain	100.00
GEA Barr-Rosin, Inc.	Boisbriand, Quebec	Canada	100.00
GEA Batignolles Technologies Thermiques Qatar L.L.C.	Doha	Qatar	100.00
GEA Batignolles Technologies Thermiques S.A.S.	Nantes	France	100.00
GEA Batignolles Thermal Technologies (Changshu) Co. Ltd.	Changshu	China	100.00
GEA Beteiligungsgesellschaft AG	Bochum	Germany	100.00
GEA Beteiligungsgesellschaft I mbH	Bochum	Germany	100.00
GEA Bischoff GmbH	Essen	Germany	100.00

GEA Bischoff Oy	Helsinki	Finland	100.00
GEA Bloksma B.V.	Almere	Netherlands	100.00
GEA Brewery Systems GmbH	Kitzingen	Germany	100.00
GEA CALDEMON, S.A.	Revilla de Camargo, Cantabria	Spain	100.00
GEA Colby Pty. Ltd.	Sydney	Australia	100.00
GEA DELBAG SAS	Montry	France	100.00
GEA Denco Limited	Moreton-on-Lugg, Hereford	Great Britain	100.00
GEA Diessel GmbH	Hildesheim	Germany	100.00
GEA do Brasil Intercambiadores Ltda.	Franco da Rocha	Brazil	100.00
GEA Dutch Holding B.V.	s-Hertogenbosch	Netherlands	100.00
GEA Ecoflex (Asia) Sdn. Bhd.	Shah Alam Selangor	Malaysia	100.00
GEA Ecoflex China Co. Ltd.	Shanghai	China	100.00
GEA Ecoflex GmbH	Sarstedt	Germany	100.00
GEA Ecoflex India Pvt. Ltd.	Rabale Navi Mumbai	India	98.00
GEA Ecoflex Italia S.r.l.	Parma	Italy	100.00
GEA Ecoflex Middle East FZE	Dubai	United Arab Emirates	100.00
GEA Ecoflex Scandinavia Oy	Vantaa	Finland	100.00
GEA Ecoflex UK Limited	Dinnington, Sheffield	Great Britain	100.00
GEA EcoServe Belgie BVBA	Zele	Belgium	100.00
GEA EcoServe Deutschland GmbH	Holzwickede	Germany	100.00
GEA EcoServe Nederland B.V.	Belfeld	Netherlands	100.00
GEA EcoServe Scandinavia AB	Göteborg	Sweden	100.00
GEA EGI Energiagazdálkodási Zrt.	Budapest	Ungary	99.61
GEA Energietechnik Anlagen- und Betriebs-GmbH	Bochum	Germany	100.00
GEA Energietechnik GmbH	Bochum	Germany	100.00
GEA Energietechnik GmbH Kingdom of Saudi Arabia Branch	Dammam	Saudi Arabian	100.00
GEA Energietechnik UK Limited	Stafford	Great Britain	100.00
GEA Engenharia des Processos e Sistema Industriais do Brasil Ltda.	Campinas	Brazil	99.99
GEA Engenharia e Processos Industrias Ltda.	Sao Paolo	Brazil	100.00
GEA Ergé-Spirale et Soramat S.A.	Wingles	France	100.00
GEA Erste Kapitalbeteiligungen GmbH & Co. KG	Bochum	Germany	100.00
GEA Eurotek Ltd.	Aylsham	Great Britain	100.00
GEA Exergy AB	Göteborg	Sweden	100.00
GEA EXOS Ventilation AB	Enköping	Sweden	100.00
GEA Farm Technologies (Ireland) Ltd.	County Kildare	Ireland	100.00
GEA Farm Technologies (UK) Limited	Warminster	Great Britain	100.00
GEA Farm Technologies Argentina S.R.L.	Buenos Aires	Argentina	100.00
GEA Farm Technologies Australia Pty. Ltd.	Tullamarine, Victoria	Australia	100.00
GEA Farm Technologies Austria GmbH	Plainfeld	Austia	100.00
GEA Farm Technologies Belgium N.V./S.A.	Olen	Belgium	100.00
GEA Farm Technologies Bulgaria EOOD	Sofia	Bulgaria	100.00
GEA Farm Technologies CZ, spol. s.r.o.	Napajedla	Czech Republik	100.00
GEA Farm Technologies do Brasil, Industria e Comercio de Equipamentos Agricolas e Pecuarios Ltda.	Jaguariúna	Brazil	100.00
GEA Farm Technologies GmbH	Bönen	Germany	100.00
GEA Farm Technologies Ibérica S.L.	Granollers	Spain	100.00
GEA Farm Technologies New Zealand Limited	Cambridge	New Zealand	100.00
GEA Farm Technologies România S.R.L..	Alba Julia	Rumania	100.00
GEA Farm Technologies Serbia d.o.o.	Beograd	Serbia	100.00
GEA Farm Technologies Slovakia spol. S.r.o.	Bratislava	Slovakia	100.00
GEA Farm Technologies Sp. Z o.o.	Bydgoszcz	Poland	100.00
GEA Farm Technologies Suisse AG	Ittigen	Switzerland	100.00
GEA Farm Technologies, Inc.	Delaware	USA	100.00
GEA FarmTechnologies Tarim Ekip.Mak.Kim.Tek.Dan.San.Tic.Ltd.Sti.	Kemalpasa, Izmir	Turkey	100.00
GEA FES, Inc.	York , Pennsylvania	USA	100.00
GEA Finance B.V.	Barendrecht	Netherlands	100.00
GEA Geneglace S.A.S.	Les Sorinières	France	100.00
GEA Goedhart B.V.	Sint Maartensdijk	Netherlands	100.00
GEA Goedhart Bohemia s.r.o.	Prag	Czech Republik	100.00

GEA Goedhart Holding B.V.	Sint Maartensdijk	Netherlands	100.00
GEA Grasso (Africa) (Pty) Ltd.	Kapstadt	South Africa	100.00
GEA Grasso (Thailand) Co. Ltd.	Nonthaburi	Thailand	99.9994
GEA Grasso (Vietnam) Co. Ltd.	Ho Chi Min City	Vietnam	100.00
GEA Grasso GmbH	Berlin	Germany	100.00
GEA Grasso GmbH Halle	Schkopau-Döllnitz	Germany	100.00
GEA Grasso Holdings Ltd.	London	Great Britain	100.00
GEA Grasso International GmbH	Berlin	Germany	100.00
GEA Grasso Refrigeration OOO	Moskau	Russian Federation	100.00
GEA Grasso s.r.o.	Prag	Czech Republik	100.00
GEA Grasso Spólka z o.o.	Gdynia	Poland	100.00
GEA Grasso SRL	Cluj	Rumania	100.00
GEA Grasso TOV	Kiev	Ukraine	100.00
GEA Grasso UAB	Vilnius	Lithuania	100.00
GEA Grenco Ibérica S.A.	Alcobendas, Madrid	Spain	100.00
GEA Grenco Ireland Ltd.	Cavan	Ireland	100.00
GEA Grenco Ltd.	Kent	Great Britain	100.00
GEA Grenco N.V.	Mechelen	Belgium	100.00
GEA Happel Belgium N.V.	Haren (Brüssel)	Belgium	100.00
GEA Happel Nederland B.V.	Capelle an der Yssel	Netherlands	100.00
GEA Happel SAS	Roncq	France	100.00
GEA Happel Wieland GmbH	Sprockhövel-Haßlinghausen	Germany	100.00
GEA Heat Exchangers GmbH	Bochum	Germany	100.00
GEA Houle, Inc.	Drummondville	Canada	100.00
GEA Ibérica S.A.	Igorre	Spain	100.00
GEA Industrial Heat Exchanger Systems (China) Ltd.	Wuhu	China	97.08
GEA Industrial Services Ltd.	Willenhall, West Midlands	Great Britain	100.00
GEA Industriebeteiligungen GmbH	Bochum	Germany	100.00
GEA Insurance Broker GmbH	Frankfurt am Main	Germany	100.00
GEA Intec, LLC	Durham	USA	100.00
GEA Ireland Limited	Kildare	Ireland	100.00
GEA ISISAN TESISAT INSAAT TAAHHÜT TICARET VE SANAYI A.S.	Istanbul	Turkey	100.00
GEA IT Services GmbH	Oelde	Germany	100.00
GEA klima rashladna tehnika d.o.o.	Zagreb	Croatia	100.00
GEA Klima Sanayi ve Ticaret Anonim Sirketi A.S.	Istanbul	Turkey	100.00
GEA Klimaprodukter AS	Oslo	Norway	100.00
GEA Klimatechnik GmbH	Gaspoltshofen	Austia	100.00
GEA Klimatechnik GmbH & Co KG	Gaspoltshofen	Austia	100.00
GEA Klimatechnik Produktion GmbH	Gaspoltshofen	Austia	100.00
GEA Klimatechnika Kft.	Budapest	Ungary	100.00
GEA Klimateknik Aps	Kopenhagen	Denmark	100.00
GEA Klimatizace spol. s.r.o.	Liberec	Czech Republik	100.00
GEA Klimatizacia s.r.o.	Bratislava	Slovakia	100.00
GEA Klimatizacijska tehnika d.o.o.	Ljubljana	Slovenia	100.00
GEA Klimatyzacja Spolka z o.o.	Wroclaw	Poland	100.00
GEA Küba GmbH	Baierbrunn	Germany	100.00
GEA Levati Food Tech S.r.l.	Collecchio	Italy	100.00
GEA Luftkühler GmbH	Bochum	Germany	100.00
GEA LVZ, a.s.	Liberec	Czech Republik	100.00
GEA Lyophil (Beijing) Ltd.	Beijing	China	100.00
GEA Lyophil GmbH	Hürth	Germany	100.00
GEA Maschinenkühltechnik GmbH	Bochum	Germany	100.00
GEA Mechanical Equipment GmbH	Oelde	Germany	100.00
GEA Mechanical Equipment US, Inc.	Wilmington, Delaware	USA	100.00
GEA Messo AG	Zürich	Switzerland	100.00
GEA Messo GmbH	Duisburg	Germany	100.00
GEA Middle East FZE	Dubai	United Arab Emirates	100.00
GEA NEMA Wärmetauscher GmbH	Netzschkau	Germany	100.00

GEA Nilenca (Pty) Ltd.	Germiston	South Africa	55.00
GEA NIRO GmbH	Müllheim	Germany	100.00
GEA Niro PT B.V.	s-Hertogenbosch	Netherlands	100.00
GEA Niro Soavi S.p.A.	Parma	Italy	99.99
GEA North America, Inc.	Delaware	USA	100.00
GEA of Alabama, L.L.C.	Montgomery	USA	100.00
GEA Pharma Systems (India) Private Limited	Vadodara, Gujarat	India	100.00
GEA Pharma Systems AG	Bubendorf	Switzerland	100.00
GEA Pharma Systems Limited	Eastleigh Hampshire	Great Britain	100.00
GEA PHE Systems North America Inc.	York	USA	100.00
GEA PHE Systems Scandinavia AB	Ystad	Sweden	100.00
GEA Polacel Cooling Towers B.V.	Doetinchem	Netherlands	100.00
GEA Polacel Cooling Towers FZCO	Dubai	United Arab Emirates	100.00
GEA Polacel Cooling Towers, LLC	Houston	USA	100.00
GEA Polska Sp. z o.o.	Swiebodzice	Poland	100.00
GEA Power Cooling de Mexico S. de R.L. de C.V.	San Luis Potosí	Mexico	100.00
GEA Power Cooling Systems LLC	San Diego, California	USA	100.00
GEA POWER COOLING TECHNOLOGY (CHINA) LTD.	Langfang	China	100.00
GEA POWER COOLING, INC.	Lakewood, Colorado	USA	100.00
GEA Process Engineering (India) Limited	Vadodara	India	100.00
GEA Process Engineering (Pty) Ltd.	Midrand	South Africa	100.00
GEA Process Engineering (S.E.A.) Pte. Ltd.	Singapur	Singapore	100.00
GEA Process Engineering A/S	Soeborg	Denmark	100.00
GEA Process Engineering Asia Ltd.	Hongkong	China	100.00
GEA Process Engineering CEE Kft.	Budaörs	Ungary	100.00
GEA Process Engineering Chile S.A.	Santiago de Chile	Chile	100.00
GEA Process Engineering China Co. Ltd.	Shanghai	China	100.00
GEA Process Engineering China Co. Ltd.	Shanghai	China	100.00
GEA Process Engineering Inc.	Columbia	USA	100.00
GEA Process Engineering Italia S.P.A.	Segrate	Italy	100.00
GEA Process Engineering Japan Ltd.	Tokyo	Japan	100.00
GEA Process Engineering Ltd.	Auckland	New Zealand	100.00
GEA Process Engineering Ltd.	Birchwood,Cheshire,Warrington	Great Britain	100.00
GEA Process Engineering Ltda.	Bogota D.C.	Colombia	99.99171
GEA Process Engineering N.V.	Halle	Belgium	100.00
GEA Process Engineering Nederland B.V.	Deventer	Netherlands	100.00
GEA Process Engineering OOO	Moskau	Russian Federation	100.00
GEA Process Engineering Oy	Vantaa	Finland	100.00
GEA Process Engineering Pty. Ltd.	Victoria	Australia	100.00
GEA Process Engineering S.A.	Buenos Aires	Argentina	100.00
GEA Process Engineering S.A.	Alcobendas, Madrid	Spain	100.00
GEA Process Engineering S.A. de C.V.	Mexico City	Mexico	99.999
GEA Process Engineering S.A.S.	Saint-Quentin en Yvelines Ced.	France	100.00
GEA Process Engineering s.r.o.	Brno	Czech Republik	100.00
GEA Process Engineering Taiwan Ltd.	Taipeh	Taiwan	100.00
GEA Process Engineering Z o.o.	Warschau	Poland	100.00
GEA PROCESS MÜHENDISLIK MAKINE INSAAT TAAHÜT ITHALAT IHRACAT DANISMANLIK SANAYI VE TICARET LTD. STI.	Ankara	Turkey	100.00
GEA Process Technologies Ireland Limited	Dublin	Ireland	100.00
GEA Process Technology Netherlands B.V.	Cuijk	Netherlands	100.00
GEA PROCESS TECHNOLOGY NIGERIA LIMITED	Onikan Lagos	Nigeria	99.90
GEA Procomac S.p.A.	Sala Baganza	Italy	100.00
GEA PT France SAS	Montigny le Bretonneux	France	100.00
GEA PT Holding GmbH	Bochum	Germany	100.00
GEA PT Holdings Ltd.	Birchwood	Great Britain	100.00
GEA PT South Africa Ltd.	Midrand	South Africa	100.00
GEA Rainey Canada Corporation	Lethbridge, Alberta	Canada	100.00
GEA Rainey Corp.	Tulsa	USA	100.00
GEA Real Estate GmbH	Frankfurt am Main	Germany	100.00

GEA Refrigeration Africa (Pty) Ltd.	Kapstadt	South Africa	100.00
GEA Refrigeration Components (Australia) Pty. Ltd.	Thomastown, Victoria	Australia	100.00
GEA Refrigeration Components (France) SAS	Les Sorinières	France	100.00
GEA Refrigeration Components (Italy) Srl.	Castel Maggiore-Bologna	Italy	100.00
GEA Refrigeration Components (Nordic) A/S	Kolding	Denmark	100.00
GEA Refrigeration Components (UK) Ltd.	Herfordshire	Great Britain	100.00
GEA Refrigeration France SAS	Les Sorinières	France	100.00
GEA Refrigeration Netherlands N.V.	s-Hertogenbosch	Netherlands	100.00
GEA Refrigeration Technologies GmbH	Bochum	Germany	100.00
GEA Refrigeration Technology (Suzhou) Co., Ltd.	Suzhou	China	100.00
GEA Renzmann & Grünewald GmbH	Monzingen	Germany	100.00
GEA Scambiatori di Calore S.r.l.	Monvalle	Italy	100.00
GEA Searle Ltd.	Fareham	Great Britain	100.00
GEA Segment Management Holding GmbH	Bochum	Germany	100.00
GEA Services and Components OOO	Moskau	Russian Federation	100.00
GEA Shanxi Dry Cooling Design Ltd.	Taiyuan (Shanxi)	China	60.00
GEA Sistemas de Resfriamento Ltda.	Indaiatuba	Brazil	100.00
GEA TDS GmbH	Sarstedt	Germany	100.00
GEA Technika Cieplna Spolka z o.o.	Opole	Poland	100.00
GEA Technofrigo S.p.A.	Castel Maggiore-Bologna	Italy	100.00
GEA Thermal Engineering Investments (Pty) Ltd.	Germiston	South Africa	100.00
GEA Tuchenhagen Canada, Inc.	Stoney Creek, Ontario	Canada	100.00
GEA Tuchenhagen GmbH	Büchen	Germany	100.00
GEA Tuchenhagen Polska sp. z o.o.	Koszalin	Poland	100.00
GEA Univalve E.U.R.L	Hoenheim	France	100.00
GEA ViEX Inc.	Toronto	Canada	100.00
GEA Westfalia Separator (China) Ltd.	Wanchai,HongKong	China	100.00
GEA Westfalia Separator (S.E.A.) PTE. LTD.	Singapur	Singapore	100.00
GEA Westfalia Separator (Thailand) Ltd.	Bangkok	Thailand	97.30
GEA Westfalia Separator (Tianjin) Co., Ltd.	Tianjin	China	100.00
GEA Westfalia Separator Argentina S.A.	Buenos Aires	Argentina	100.00
GEA Westfalia Separator Australia Pty. Ltd.	Thomastown ,Victoria	Australia	100.00
GEA Westfalia Separator Austria GmbH	Wien	Austia	100.00
GEA Westfalia Separator Belgium N.V.	Schoten	Belgium	100.00
GEA Westfalia Separator Canada, Inc.	Toronto	Canada	100.00
GEA Westfalia Separator Chile S.A.	Santiago de Chile	Chile	100.00
GEA Westfalia Separator CIS Ltd.	Moskau	Russian Federation	100.00
GEA Westfalia Separator CZ s.r.o.	Prag	Czech Republik	100.00
GEA Westfalia Separator Deutschland GmbH	Oelde	Germany	100.00
GEA Westfalia Separator DK A/S	Skanderborg	Denmark	100.00
GEA Westfalia Separator do Brasil Industria de Centrifugas Ltda.	Campinas	Brazil	100.00
GEA Westfalia Separator France	Château-Thierry	France	100.00
GEA Westfalia Separator Group	Kiev	Ukraine	100.00
GEA Westfalia Separator Group GmbH	Oelde	Germany	100.00
GEA Westfalia Separator Hellas A.E.	Athen	Greece	100.00
GEA Westfalia Separator Hungária Kft.	Budaörs	Ungary	100.00
GEA Westfalia Separator Ibérica, S.A.	Granollers	Spain	100.00
GEA Westfalia Separator Iceland ehf	Reykjavik	Iceland	100.00
GEA Westfalia Separator India Pvt. Ltd.	New Delhi	India	100.00
GEA Westfalia Separator Ireland Ltd.	Ballincollig Cork	Ireland	100.00
GEA Westfalia Separator Italia S.r.l.	Parma	Italy	100.00
GEA Westfalia Separator Japan K.K.	Minato-ku,Tokyo	Japan	100.00
GEA Westfalia Separator Korea Ltd.	Seoul	South Korea	100.00
GEA Westfalia Separator Mexicana S.A. de C.V.	Cuernavaca,Morelos	Mexico	100.00
GEA Westfalia Separator Nederland B.V.	Cuijk	Netherlands	100.00
GEA Westfalia Separator Nederland Services B.V.	Cuijk	Netherlands	100.00
GEA Westfalia Separator Norway AS	Oslo	Norway	100.00
GEA Westfalia Separator NZ Ltd.	Penrose-Auckland	New Zealand	100.00

GEA Westfalia Separator Polska Sp. z o.o.	Warschau	Poland	100.00
GEA Westfalia Separator Production France	Château-Thierry	France	100.00
GEA Westfalia Separator Romania SRL	Bukarest	Rumania	100.00
GEA Westfalia Separator Sanayi ve Ticaret Ltd. Sti.	Kemalpasa, Izmir	Turkey	100.00
GEA Westfalia Separator Slovensko s.r.o.	Bratislava	Slovakia	100.00
GEA Westfalia Separator South Africa (Pty) Ltd.	Johannesburg	South Africa	100.00
GEA Westfalia Separator Sweden AB	Göteborg	Sweden	100.00
GEA Westfalia Separator UK Ltd.	Milton Keynes	Great Britain	100.00
GEA WestfaliaSurge Acier SAS	Château-Thierry	France	100.00
GEA WestfaliaSurge Canada Company	Halifax, Nova Scotia	Canada	100.00
GEA WestfaliaSurge Chile S.A.	Osorno	Chile	100.00
GEA WestfaliaSurge Croatia d.o.o.	Dugo Selo	Croatia	100.00
GEA WestfaliaSurge France SAS	Château-Thierry	France	100.00
GEA WestfaliaSurge Japy SAS	St. Apollinaire	France	100.00
GEA WestfaliaSurge Mexicana S.A. de C.V.	Aguascalientes	Mexico	100.00
GEA WestfaliaSurge Nederland B.V.	Zeewolde	Netherlands	100.00
GEA WestfaliaSurge Nordic A/S	Brørup	Denmark	100.00
GEA WestfaliaSurge UK Ltd.	Milton Keynes	Great Britain	100.00
GEA Wiegand (Schweiz) GmbH i. L.	Riehen	Switzerland	100.00
GEA Wiegand GmbH	Ettlingen	Germany	100.00
GEA WTT Baltics OÜ	Tallinn	Estonia	100.00
GEA WTT GmbH	Nobitz-Wilchwitz	Germany	100.00
GEA Zweite Kapitalbeteiligungen GmbH & Co. KG	Bochum	Germany	100.00
Goedhart Ibérica Cooling Equipment S.A.	València	Spain	100.00
Grasso Componentes Ibéria Lda.	Cascais	Portugal	100.00
Grasso Refrigeration Systems Shanghai Co., Ltd.	Shanghai	China	100.00
Hovex B.V. Engineering	Veendam	Netherlands	100.00
Kupferbergbau Stadtberge zu Niedermarsberg GmbH	Frankfurt am Main	Germany	100.00
Kupferexplorationsgesellschaft mbH	Bochum	Germany	100.00
Les Produits Agro B Inc.	Quebec	Canada	100.00
LL Plant Engineering (India) Private Limited	Mumbai Maharashtra	India	100.00
LL Plant Engineering AG	Ratingen	Germany	100.00
LL Plant Engineering France S.A.S.	Sartrouville	France	100.00
mg AIS GmbH Automotive Ignition Systems	Frankfurt am Main	Germany	100.00
mg Altersversorgung GmbH	Bochum	Germany	100.00
mg capital gmbh	Bochum	Germany	100.00
MG Rohstoffhandel GmbH	Frankfurt am Main	Germany	100.00
MG Stahlhandel GmbH	Bochum	Germany	100.00
MG Technologies Inc.	Delaware	USA	100.00
mg venture capital ag	Bochum	Germany	100.00
mg vv Projektgesellschaft Hornpottweg GmbH	Frankfurt am Main	Germany	100.00
mgvv Projektentwicklung Daimlerstrasse GmbH & Co. KG	Frankfurt am Main	Germany	100.00
mgvv Projektentwicklung Daimlerstrasse Verwaltungs GmbH	Frankfurt am Main	Germany	100.00
Morris & Young Ltd.	London	Great Britain	100.00
Niro Instalacoes Industrias Ltda.	Sao Paulo	Brazil	100.00
Niro Sterner Inc.	Columbia	USA	100.00
OOO GEA Energietechnik	Moskau	Russian Federation	100.00
OOO GEA Farm Technologies Rus	Moskau	Russian Federation	100.00
Paul Pollrich GmbH	Herne	Germany	100.00
Pelacci S.R.L. i.L.	Sala Baganza	Italy	67.00
Procomac Engenharia Ltda.	Barueri	Brazil	96.16
PT Westfalia Indonesia	Jakarta	Indonesia	100.00
PT. GEA Grasso Indonesia	Jakarta Barat, Cengkareng	Indonesia	100.00
Royal de Boer Stalinrichtingen B.V.	Leeuwarden	Netherlands	100.00
Ruhr-Zink GmbH	Datteln	Germany	100.00
Sachtleben Bergbau Verwaltungsgesellschaft mit beschränkter Haftung	Lennestadt	Germany	100.00
SC GEA KLIMATECHNIK SRL	Timisoara	Rumania	100.00
SCI Sartrouville	Sartrouville	France	100.00

Shanghai Zimmer International Trading Co. Ltd. i.L.	Shanghai	China	100.00
SKIOLD MULLERUP A/S	Ullerslev	Denmark	100.00
TOB GEA WestfaliaSurge Ukraine	Bila Zverka	Ukraine	100.00
TOV GEA-Ukrayina	Kiev	Ukraine	100.00
Trennschmelz Altersversorgung GmbH	Bochum	Germany	100.00
Tuchenhagen (Philippines) Inc.	Manila	Philippines	100.00
Tuchenhagen (S.E.A.) Pte. Ltd.	Singapur	Singapore	100.00
Tuchenhagen (Thailand) Co. Ltd.	Bangkok	Thailand	100.00
Tuchenhagen S.A.	Buenos Aires	Argentina	100.00
UAB GEA Klimatechnik	Vilnius	Lithuania	100.00
VDM-Hilfe GmbH	Frankfurt am Main	Germany	100.00
Westfalia Separator (Philippines), Inc.	Manila	Philippines	100.00
Westfalia Separator Malaysia SDN. BHD.	Petaling Jaya	Malaysia	100.00
WestfaliaSurge Canada, Inc.	Delaware	USA	100.00
WestfaliaSurge la Laguna, S.A. de C.V.	Torreon	Mexico	100.00
Wilarus OOO	Kolomna	Russian Federation	100.00
ZiAG Plant Engineering GmbH	Frankfurt am Main	Germany	100.00
ZiAG Plant Engineering Switzerland AG i.L.	Zürich	Switzerland	100.00
Associated Companies			
IMAI S.A.	Buenos Aires	Argentina	20.00
Polyamid 2000 Handels- und Produktionsgesellschaft Premnitz AG i.I.	Premnitz	Germany	49.90
Technofrigo Abu Dhabi	Abu Dhabi	United Arab Emirates	49.00
ZAO Moscow Coffee House	Moskau	Russian Federation	29.00
Joint Ventures			
Blue Glacier Technology, LLC	Durham	USA	50.00
GEA Cooling Tower Technologies (India) Private Limited	Chennai (Madras)	India	51.00
GEA Shanxi Thermal Equipment Company Ltd.	Taiyuan (Shanxi)	China	48.00
GRADE Grasso Adearest Limited	Dubai	United Arab Emirates	50.00
GRADE Refrigeration LLC	Sharjah	United Arab Emirates	49.00
Merton Wohnprojekt GmbH	Frankfurt am Main	Germany	50.00
MG NE Beteiligungs GmbH	Eschborn	Germany	50.00
Orion WestfaliaSurge Co., Ltd.	Nagano	Japan	49.00
RSZ Rott Sarstedt Zerspanung GmbH	Sarstedt	Germany	50.00
Shanghai GEA Cooling Tower Co., Ltd.	Shanghai	China	51.00
Siprotech S.p.A.	Parma	Italy	50.00
SNKS-Procomac K.K.	Osaka	Japan	50.00
TANSA-CALDEMON UTE	Muriedas Ayuntam. de Camargo	Spain	50.00
Wuhan Bloksma Heat Exchangers Co. Ltd.	Wuhan	China	50.00

13.5 Companies exempted in accordance with section 264(3) of the HGB

The following companies are exempted from the duty to comply with the supplementary accounting, audit, and publication provisions applicable to corporations in accordance with section 264(3) of the HGB:

GEA 2H Water Technologies GmbH, Wettringen
GEA Air Treatment GmbH, Herne
GEA Air Treatment Marketing Services International GmbH, Herne
GEA Air Treatment Production GmbH, Wurzen
GEA AWP GmbH, Prenzlau
GEA Brewery Systems GmbH, Kitzingen
GEA Diessel GmbH, Hildesheim

GEA Ecoflex GmbH, Sarstedt
GEA Energietechnik Anlagen- und Betriebs-GmbH, Bochum
GEA Energietechnik GmbH, Bochum
GEA Farm Technologies, Bönen
GEA Grasso GmbH, Berlin
GEA Grasso International GmbH, Berlin
GEA Happel Wieland GmbH, Sprockhövel-Haßlinghausen
GEA Industriebeteiligungen GmbH, Bochum
GEA Insurance Broker GmbH
GEA IT Services GmbH,Oelde
GEA Küba GmbH, Baierbrunn
GEA Luftkühler GmbH, Bochum
GEA Lyophil GmbH, Hürth
GEA Maschinenkühltechnik GmbH, Bochum
GEA Messo GmbH, Duisburg
GEA NEMA Wärmetauscher GmbH, Netzschkau
GEA NIRO GmbH, Müllheim
GEA PT Holding GmbH, Bochum
GEA Real Estate GmbH, Frankfurt am Main
GEA Refrigeration Technologies GmbH, Bochum
GEA Renzmann & Grünewald GmbH, Monzingen
GEA TDS GmbH, Sarstedt
GEA Tuchenhagen GmbH, Büchen
GEA Westfalia Separator Deutschland GmbH, Oelde
GEA Westfalia Separator GmbH, Oelde
GEA Westfalia Separator Group GmbH, Oelde
GEA Wiegand GmbH, Ettlingen
GEA WTT GmbH, Nobitz-Wilchwitz
LL Plant Engineering AG, Ratingen
mg Altersversorgung GmbH, Bochum
mg capital gmbh, Bochum
mg vv Projektgesellschaft Hornpottweg GmbH, Frankfurt am Main
Paul Pollrich GmbH, Herne
ZiAG Plant Engineering GmbH, Frankfurt am Main

Bochum, March 1, 2011

The Executive Board

Jürg Oleas Dr. Helmut Schmale Niels Graugaard

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the management report of the Group, which has been combined with the management report of the Company, 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.

Bochum, March 1, 2011

The Executive Board

Jürg Oleas　　Dr. Helmut Schmale　　Niels Graugaard

Independent Group Auditors' Report

We have audited the consolidated financial statements prepared by GEA Group Aktiengesellschaft, Bochum - comprising the group balance sheet, group income statement, statement of consolidated comprehensive income, consolidated cash flow statement, statement of changes in consolidated equity, and notes to the consolidated financial statements – and the group management report combined with the management report of the parent company for the financial year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and group management report in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and regulations under German commercial law to be applied as a supplement according to § 315a (1) German Commercial Code (HGB) is the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable accounting rules and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of GEA Group Aktiengesellschaft, Bochum, comply with the IFRS, as applicable in the EU, and regulations under German commercial law to be applied as a supplement according to § 315a (1) German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these regulations. The group management report which has been combined with the management report of the parent company is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 1, 2011

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Kompenhans	Dr. Buhleier
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Report of the Supervisory Board

In the year under review, the Supervisory Board comprehensively performed the controlling and advisory functions incumbent on it by virtue of the law, the Articles of Association and the internal Rules of Procedure, dealing in depth with the Company's position and its business prospects as well as some special issues. The Supervisory Board provided ongoing advice to the Executive Board on the management of the Company and monitored its conduct of business, based on regular written and oral reports provided by the Executive Board on all aspects material to the Company pursuant to § 90 AktG [German Stock Corporation Act], in addition to the consultations at the meetings. Moreover, the Supervisory Board chairman maintained continuous contact with the Executive Board and with the Executive Board's chairman in particular who provided him with regular and prompt information on the prospects of the individual business units and further important developments and imminent decisions. Besides the Supervisory Board chairman, other Supervisory Board members held regular contact with the Executive Board outside meetings to obtain information on the current business progress and important transactions and to support the Executive Board with advice.

The Supervisory Board was directly involved in all decisions of fundamental importance for the Company and was comprehensively and promptly informed on all relevant matters of the Company, on the course of business and the position of the group.

In between the meetings, the Supervisory Board obtained continuous and thorough information on the order intake, revenue, earnings and capacity utilization trends at the group, its Segments and the other companies as well as the discontinued operations. Any variances of the course of business from the plans and targets were explained to the Supervisory Board in detail on the basis of supporting documents and made plausible to it. The prospects and strategic development of the Company and its business units, including corporate planning, were extensively discussed and agreed with the Supervisory Board. Against the backdrop of the persistent impact of the worldwide financial and economic crisis on the business progress of GEA Group it again proved essential in the year under review to focus specifically on the necessary restructuring measures, the strategic advance development of the group and the financial situation. The Supervisory Board also monitored the risk management of the Company.

After in-depth examination and following comprehensive debates, the Supervisory Board approved and voted on the reports and motions submitted by the Executive Board to the extent that this was required under the law and the provisions of the Articles of Associations as well as the Rules of Procedure. Before and in between the meeting dates, the Executive Board provided written reports on material events. The Supervisory Board and/or its committees were informed extensively about projects and plans which called for urgent decision also in between regular meetings. As far as required, resolutions were adopted by correspondence.

Conflicts of interest of members of the Executive Board and the Supervisory Board, which would have had to be promptly disclosed to the Supervisory Board and on which the Annual General Meeting should be informed did not occur in the past fiscal year.

None of the Supervisory Board members attended less than half the meetings.

Focal Points of the Supervisory Board's Deliberations

Six Supervisory Board meetings were held in the year under review, 2010. The financial position and the risks remaining from the divested Plant Engineering business as well as the closure of Ruhr-Zink GmbH were the subject of regular discussions on the Supervisory Board.

An important topic of the Supervisory Board meeting held on March 9, 2010 encompassed matters relating to Executive Board members including the remuneration structure for the Executive Board which was reviewed in light of new statutory provisions and subsequently adjusted. Further subjects treated were the annual financial statements and the consolidated financial statements for fiscal 2009, the determination of the motions to be submitted for approval to the Annual General Meeting on April 21, 2010 as well as the strategic advance development of the group in connection with the reorganization of the Segments. At the mentioned meeting, the Supervisory Board also dealt with the current award proceedings and, after the respective preparation, carried through an efficiency check of its own performance.

The Supervisory Board meeting held directly before the Annual General Meeting on April 21, 2010 served in particular to prepare for the Annual General Meeting. In addition, the Executive Board reported on the current business progress and the restructuring initiative for the HX Segment.

The Supervisory Board used the meeting held on June 22, 2010 to resolve, on the basis of a comprehensive report by the Executive Board, on the concentration of the Company's business locations in Bochum and the planned new headquarters of the holding company in Düsseldorf. The Supervisory Board was also informed on the status of divestments and the restructuring measures as well as further strategic moves. Moreover, the Executive Board provided a detailed report on the risk management system of GEA Group.

The Supervisory Board held its meeting of September 21, 2010 in Bologna/Italy. On the occasion of several plant visits to various business units of GEA Group it assured itself of the outstandingly innovative activities of the Company in Italy. The meeting focused on the second phase of the reorganization of the HX Segment proposed by the Executive Board and then approved by the Supervisory Board. The Supervisory Board discussed and, based on a recommendation by the Audit Committee, approved the election of a new accounts auditor for the 2011 fiscal year, i.e. KPMG. Other items discussed at the meeting, besides matters relating to Executive Board members, were the preliminary key figures for the mid-term planning 2011 through 2013, the executive staff development and the status of residual risks from the divestments.

At an extraordinary meeting on December 8, 2010 the Supervisory Board deliberated on the acquisition of Convenience Food Systems (CFS). Focal items of the meeting held on December 16, 2010 related to the imminent acquisitions, the status of the award proceedings, corporate governance issues, the report on the business progress as well as the mid-term plan for the group and its Segments. The Supervisory Board approved the budget for fiscal 2011 and the Declaration of Compliance with the German Corporate Governance Code. Moreover, it dealt with the target composition of the Supervisory Board with a view to item 5.4.1 of the German Corporate Governance Code (cf. Corporate Governance Report on p. 50 et seqq.). The Supervisory Board was also informed on the results of the diversity study prepared at the group. Another topic presented was the comprehensive report of the Chief Compliance Officer on his area of responsibility and the further extension of compliance activities at the group. Finally, the Supervisory Board deliberated on early information of the capital market on the key financials of the past fiscal year which was planned for the year 2011.

Work of the Committees

The Chairman's Presiding Committee met on three occasions. Besides the preparation of the Supervisory Board meetings, key topics related to the remuneration structure for the Executive Board members and the concomitant amendments of the Executive Board members' employment contracts, pending legal disputes at the group as well as the reporting on potential acquisition projects. Furthermore, the Presiding Committee dealt with the report of the Internal Audit function on the findings of the audits performed in 2009 and the audit plan for 2010. Moreover, the Presiding Committee approved the renewal of the note loan and of the so-called Club Deal.

The Audit Committee met five times. In the presence of the accounts auditor as well as the Executive Board chairman and the CFO, the Audit Committee focused on the annual financial statements and the consolidated financial statements for the 2009 fiscal year as well as the quarterly financial statements and the respective quarterly reports in fiscal 2010. The remaining risks emanating from the divested Plant Engineering business and the closure of Ruhr-Zink GmbH were discussed comprehensively. The Audit Committee also received reports on the appropriateness of the internal risk control system and the risk management and exposure situation of the Company. The Committee was informed in detail on the financial planning of GEA Group. The accounts auditors explained their auditing activities in depth. The Audit Committee also deliberated on the order award to the auditors as well as the definition and monitoring of the audit process including agreement on the auditors' fees. In addition, the Audit Committee was concerned with the reports of the Internal Audit function and of the Chief Compliance Officer.

The only item on the agenda of an extraordinary meeting in September was the presentation of four accounts auditing companies for the annual financial statements and the consolidated financial statements of GEA Group AG and the group with effect from the 2011 fiscal year. This was motivated by the Supervisory Board's objective to bring about a change of the auditing firm in each case after a reasonable number of years, irrespective of the excellent auditing performance of Deloitte & Touche. Following thorough discussion the Committee recommended that the Supervisory Board should propose to the Annual General Meeting KPMG as the new accounts auditor for fiscal 2011.

The Nomination Committee met twice in order to deliberate on candidates to be proposed for election to the Annual General Meeting in connection with the election of a new Supervisory Board in 2011 and to conduct interviews with candidates. As Dr. Dietmar Kuhnt will not campaign again for election in April 2011, special efforts were made with the aid of a recruitment agency in order to find a suitably qualified female candidate.

The Mediation Committee did not have to be convened in the year under review.

The respective committee chairmen reported to the Supervisory Board on the committee work at the subsequent plenary Supervisory Board meetings.

Corporate Governance

The Supervisory Board continuously followed up on the further development of the German Corporate Governance Standards. At its meeting on December 16, it discussed the amendments to the German Corporate Governance Code resolved on by the Government Commission in May 2010. In particular, it dealt with the Supervisory Board's concrete target composition in view of item 5.4.1 German Corporate Governance Code (cf. the comprehensive Corporate Governance Report on p. 50 et seqq.). At that meeting, the Executive Board and the Supervisory Board issued an updated Declaration of Compliance in accordance with § 161 AktG which they made permanently accessible by publication at the Company's website. GEA Group Aktiengesellschaft complies with the updated version of the German Corporate Governance Code with only one exception (no performance-related remuneration component for Supervisory Board members). Further information on corporate governance can be found in the Corporate Governance Report (p. 50).

Annual Financial Statements and Consolidated Financial Statements for 2010

The 2010 annual financial statements of GEA Group Aktiengesellschaft, the consolidated financial statements prepared in accordance with IFRS and the combined management report have been audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft and have been given their unqualified opinion.

The combined management report, the annual financial statements of GEA Group Aktiengesellschaft, the proposal for the appropriation of the net earnings as well as the consolidated financial statements and the audit reports for 2010 were discussed exhaustively and examined in detail at the meeting of the Audit Committee on March 1, 2011 and at the meeting of the Supervisory Board held on March 8, 2011 for adopting the annual accounts in the presence of the accounts auditors. The auditors reported on the procedures applied and the material findings of their audit. They were also available to answer any questions.

On the basis of the final results of the examination performed by the Audit Committee and having conducted its own audit, the Supervisory Board agreed with the auditors' findings at its meeting on March 8, 2011 and found that it had no reservations to make. The Supervisory Board approved the 2010 consolidated financial statements and the annual financial statements of GEA Group Aktiengesellschaft as well as the combined management report. The annual financial statements of GEA Group Aktiengesellschaft have been adopted therewith. The Supervisory Board regards the proposal for the appropriation of the net earnings as reasonable.

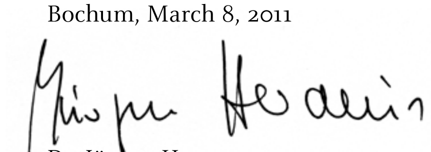
Composition of the Supervisory Board and Executive Board

The term of office of the Supervisory Board members is ending with effect from the close of the Annual General Meeting on April 21, 2011. The Annual General Meeting to be held on April 21, 2011 will elect the new shareholder representatives. The regular election of the employee representatives is still pending. For this reason, it is proposed to have the following employee representatives appointed by resolution of the Local Court of Bochum with effect from the close of the Annual General Meeting held on April 21, 2011 up to the regular election of the employee representatives: Ms. Eva-Maria Kerkemeier as well as Messrs. Siegers, Gröbel, Hunger, Kämpfert and Löw.

At the Supervisory Board meeting held on March 9, 2010, the term of office of Mr. Jürg Oleas on the Executive Board was renewed by another three years until December 31, 2013. The employment contracts of all Executive Board members were adjusted with respect to the new statutory provisions governing the remuneration of management board members.

The Supervisory Board would like to express its thanks and appreciation to the managements, employee representatives and, especially, all employees of the companies of the GEA Group for their personal dedication and performance in a difficult business climate.

Bochum, March 8, 2011



Dr. Jürgen Heraeus
Chairman of the Supervisory Board

The Company's Executive Bodies and their Appointments

Vorstand

Jürg Oleas, Meerbusch / Hausen b. Brugg (Switzerland),
CEO – Chairman of the Executive Board
COO – GEA Farm Technologies, GEA Heat Exchangers

a) LL Plant Engineering AG, Ratingen,
Chairman of the Supervisory Board

b) Allianz Global Corporate & Specialty AG, Munich,
Member of the Advisory Board

Deutsche Bank AG, Frankfurt am Main,
Member of the Central Regional Advisory Board

Dr. Helmut Schmale, Bochum,
CFO – Chief Financial Officer

b) GEA North America, Inc., Delaware, U.S.A.,
Chairman of the Board of Directors

Niels Graugaard, Düsseldorf,
COO – Member of the Executive Board

b) GEA North America, Inc., Delaware, U.S.A.,
Member of the Board of Directors

Royal GEA Grasso Holding N.V., 's-Hertogenbosch, Netherlands
Member of the Supervisory Board (until December 30, 2010)

GEA Process Engineering A/S, Søborg, Denmark,
Chairman of the Supervisory Board

a) Membership of statutory German supervisory boards

b) Membership of comparable German or foreign supervisory bodies of business entities

The Company’s Executive Bodies and their Appointments

Supervisory Board

Dr. Jürgen Heraeus, Maintal,
Chairman of the Supervisory Board
Chairman of the Supervisory Board of Heraeus Holding GmbH

a) Heraeus Holding GmbH, Hanau,
Chairman of the Supervisory Board

Messer Group GmbH, Sulzbach,
Chairman of the Supervisory Board

b) Argor-Heraeus S.A., Mendrisio/Switzerland,
Chairman of the Board of Directors

Helikos SE, Luxembourg/Luxembourg
Member of the Board of Directors (from January 10, 2010)

Reinhold Siegers, Mönchengladbach,
Deputy Chairman of the Supervisory Board
Chairman of the Works Council of GEA Group Aktiengesellschaft

Dieter Ammer, Hamburg,
Former Chairman of the Executive Board of Conergy AG (until October 5, 2010)

a) Conergy AG, Hamburg,
Member of the Supervisory Board (from October 5, 2010)

Heraeus Holding GmbH, Hanau,
Member of the Supervisory Board

Ahmad M.A. Bastaki, Safat, Kuwait,
Executive Director, Office of the Managing Director, Kuwait Investment Authority

Hartmut Eberlein, Gehrden,
Former Chief Financial Officer of GEA Group Aktiengesellschaft

Rainer Gröbel, Sulzbach/Ts.,
Departmental Head, IG Metall, Management Board

a) Schunk GmbH, Heuchelheim,
Deputy Chairman of the Supervisory Board

Klaus Hunger, Herne,
Chairman of the Works Council of GEA Maschinenkühltechnik GmbH

Michael Kämpfert, Düsseldorf,
Head of Human Resources at GEA Group Aktiengesellschaft

Dr. Dietmar Kuhnt, Essen,
Former Chairman of the Executive Board of RWE AG

a) BDO Deutsche Warentreuhand AG, Hamburg,
Member of the Supervisory Board (until January 31, 2010)

Hapag-Lloyd AG, Hamburg,
Member of the Supervisory Board (from February 23, 2010)

TUI AG, Hanover,
Chairman of the Supervisory Board

Kurt-Jürgen Löw, Ebernhahn,
Chairman of the Works Council of GEA Westfalia Separator Group GmbH

Dr. Helmut Perlet, Munich,
Former Member of the Management Board of Allianz SE

a) Allianz Deutschland AG, Munich,
Member of the Supervisory Board

Commerzbank AG, Frankfurt
Member of the Supervisory Board

b) Allianz Life Insurance Company of North America, Minneapolis, U.S.A.,
Member of the Board of Directors

Fireman’s Fund Ins. Co., Novato, U.S.A.,
Member of the Board of Directors

Allianz of America Inc., Novato, U.S.A.,
Member of the Board of Directors

Allianz S.p.A., Milan, Italy,
Member of the Board of Directors

Allianz France S.A., Paris, France
Member of the Board of Directors

Joachim Stöber, Biebergemünd,
Executive Secretary to the Management Board of IG Metall

a) Rheinmetall AG, Düsseldorf,
Deputy Chairman of the Supervisory Board

Supervisory Board committees of GEA Group Aktiengesellschaft

Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act)

Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Klaus Hunger

Presiding Committee

Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Rainer Gröbel

Audit Committee

Dr. Dietmar Kuhnt, Chairman
Dr. Jürgen Heraeus
Kurt-Jürgen Löw
Joachim Stöber

Nomination Committee

Dr. Jürgen Heraeus, Chairman
Dr. Dietmar Kuhnt
Dr. Helmut Perlet

a) Membership of statutory German supervisory boards

b) Membership of comparable German or foreign supervisory bodies of business entities

Key Figures by Quarter

	Q1 2010	Q1 2009	Q2 2010	Q2 2009	Q3 2010	Q3 2009	Q4 2010	Q4 2009	**2010**	**2009**	**2008**
Order intake (EUR million)											
GEA Farm Technologies	101.1	94.9	116.1	101.2	115.0	94.9	116.3	98.6	**448.5**	**389.6**	**497.1**
GEA Heat Exchangers	304.4	413.6	398.3	338.9	404.1	365.0	399.2	301.3	**1,506.0**	**1,418.7**	**1,721.9**
GEA Mechanical Equipment	172.0	194.9	194.7	162.2	191.9	158.6	181.8	169.4	**740.4**	**685.1**	**929.4**
GEA Process Engineering	335.7	251.0	339.0	308.7	321.7	254.0	419.7	334.6	**1,416.1**	**1,148.3**	**1,333.6**
GEA Refrigeration Technologies	127.5	138.9	150.6	143.2	148.9	114.3	152.5	130.3	**579.6**	**526.6**	**613.9**
GEA Group	1,010.2	1,072.5	1,167.3	1,036.0	1,152.6	962.3	1,247.8	1,009.9	**4,578.0**	**4,080.7**	**4,983.9**
Revenue (EUR million)											
GEA Farm Technologies	85.4	86.6	106.6	98.5	119.8	112.0	134.9	114.7	**446.7**	**411.8**	**504.5**
GEA Heat Exchangers	340.9	387.0	370.8	421.2	361.6	372.0	410.1	443.1	**1,483.4**	**1,623.4**	**1,859.2**
GEA Mechanical Equipment	156.7	200.0	173.7	179.9	193.1	163.8	201.9	174.0	**725.4**	**717.5**	**809.7**
GEA Process Engineering	256.9	270.7	298.5	281.9	330.9	278.1	402.2	313.2	**1,288.5**	**1,144.0**	**1,487.4**
GEA Refrigeration Technologies	117.4	122.3	135.3	136.9	139.7	148.2	171.3	158.2	**563.7**	**565.6**	**610.6**
GEA Group	938.2	1,054.5	1,065.1	1,103.9	1,124.7	1,060.8	1,290.4	1,191.9	**4,418.4**	**4,411.2**	**5,179.0**
EBIT (EUR million)											
GEA Farm Technologies	0.0	-1.6	1.7	3.6	7.7	7.4	8.8	3.1	**18.1**	**12.4**	**53.4**
GEA Heat Exchangers	22.8	27.2	13.4	21.8	8.9	26.0	-15.2	48.8	**29.9**	**123.8**	**215.4**
GEA Mechanical Equipment	20.5	23.0	21.0	19.1	24.6	22.7	37.6	22.7	**103.8**	**87.6**	**125.6**
GEA Process Engineering	11.1	6.7	16.1	10.4	19.1	7.8	43.9	27.4	**90.2**	**52.3**	**100.2**
GEA Refrigeration Technologies	1.6	1.8	5.3	5.9	5.0	1.7	0.4	3.9	**12.3**	**13.3**	**40.7**
GEA Group	51.3	53.8	56.7	58.1	61.1	63.5	68.5	92.8	**237.5**	**268.2**	**504.2**
EBIT margin (%)											
GEA Farm Technologies	0.0	-1.8	1.6	3.6	6.4	6.6	6.5	2.7	**4.0**	**3.0**	**10.6**
GEA Heat Exchangers	6.7	7.0	3.6	5.2	2.5	7.0	-3.7	11.0	**2.0**	**7.6**	**11.6**
GEA Mechanical Equipment	13.1	11.5	12.1	10.6	12.8	13.8	18.6	13.1	**14.3**	**12.2**	**15.5**
GEA Process Engineering	4.3	2.5	5.4	3.7	5.8	2.8	10.9	8.7	**7.0**	**4.6**	**6.7**
GEA Refrigeration Technologies	1.3	1.5	3.9	4.3	3.6	1.1	0.3	2.5	**2.2**	**2.4**	**6.7**
GEA Group	5.5	5.1	5.3	5.3	5.4	6.0	5.3	7.8	**5.4**	**6.1**	**9.7**

EBIT margin before restructuring expenses in 2010:

EBIT margin (%)	Q1 2010	Q1 2009	Q2 2010	Q2 2009	Q3 2010	Q3 2009	Q4 2010	Q4 2009	**2010**	**2009**	**2008**
GEA Farm Technologies	0.0	-1.8	1.8	5.7	6.5	7.1	9.0	5.7	**4.9**	**4.5**	**10.6**
GEA Heat Exchangers	7.0	7.2	6.6	6.9	7.9	9.8	9.1	10.9	**7.7**	**8.7**	**11.6**
GEA Mechanical Equipment	13.1	11.5	13.0	10.7	17.3	15.0	19.6	18.7	**16.0**	**13.8**	**15.5**
GEA Process Engineering	4.3	2.8	5.6	4.9	5.8	6.3	11.0	11.2	**7.1**	**6.5**	**6.7**
GEA Refrigeration Technologies	1.4	1.8	4.4	4.6	5.1	1.9	8.0	5.0	**5.0**	**3.4**	**6.7**
GEA Group	5.6	5.3	6.7	6.4	8.2	8.2	10.8	10.0	**8.1**	**7.6**	**9.7**

Published by	GEA Group Aktiengesellschaft Investor and Public Relations Peter-Müller-Straße 12 40468 Düsseldorf Germany www.geagroup.com	
Design	www.kpad.de	
Printed by	Laupenmühlen Druck, Bochum	
Picture credits	Page 2	Dietmar Richtsteiger
	Page 5	kPaD
	Page 8	Carola Wolters
	All other pictures: GEA Group Aktiengesellschaft	

This report is a translation of the German original; in the event of variances, the German version shall take precedence over the Englisch translation.

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Financial Calendar

April 21, 2011	Annual Shareholders' Meeting for 2010
May 06, 2011	Quarterly Financial Report for the period to March 31, 2011
July 29, 2011	Half-yearly Financial Report for the period to June 30, 2011
November 2, 2011	Quarterly Financial Report for the period to September 30, 2010

The GEA Group Stock: Key data

WKN	660 200
ISIN	DE0006602006
Kürzel Reuters	G1AG.DE
Kürzel Bloomberg	G1A.GR
Xetra	G1A.DE

American Depository Receipts (ADR)

WKN (CUSIP)	361592108
Symbol	GEAGY
Sponsor	Deutsche Bank Trust Company Americas
ADR-Level	1
Verhältnis	1:1

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