

The Technology Group: Turning, Milling, Ultrasonic / Laser and Services

Interim Report

1st Quarter 2004



GILDEMEISTER

To our shareholders,

World-wide, both economic development and demand for machine tools showed initial signs of recovery. This also applied to the course of business at GILDEMEISTER, where the order intake in particular has picked up. The first quarter closed as planned.

In the first three months group sales revenues of € 222.7 million were roughly at the same level of the previous year (-1%). The order intake was up to € 241.0 million and exceeded the corresponding preceding year's figure by 5%. At € 2.7 million EBIT were positive (previous year: € 2.6 million); whilst EBT showed a slight loss of € 3.5 million as announced (previous year: loss of € 3.8 million).

For the financial year 2004, GILDEMEISTER expects a steadily increasing recovery in demand. With a gradual improvement over the year, we are now planning for a 5% increase in order intake for the reporting year. Based on our order backlog and the order intake expected in the current financial year, we are planning for a 3-5% increase in sales revenues. Due to our consistent pursuit of measures to improve our earning power and increase efficiency in sales revenues, along with the reduced investments particularly in tangible fixed assets and materials, we are planning for a considerable improvement in EBT for the financial year 2004, thereby achieving a profit for the year. We aim to attain a better result in order to distribute another dividend.

Key Figures

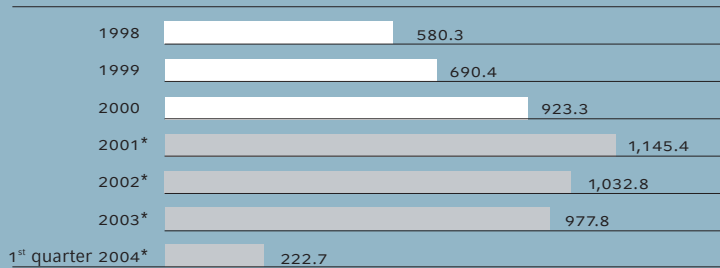
The Consolidated Interim Financial Statements of GILDEMEISTER Aktiengesellschaft were prepared in accordance with International Financial Reporting Standards (IFRS). The Interim Report has not been audited.

GILDEMEISTER group	1 st quarter 2004	1 st quarter 2003	Changes 2004 against 2003	
	€ M	€ M	€ M	%
Sales revenues				
Total	222.7	226.0	-3.3	-1
Domestic	106.7	114.3	-7.6	-7
International	116.0	111.7	4.3	4
% International	52	49		
Order intake				
Total	241.0	229.0	12.0	5
Domestic	115.8	110.1	5.7	5
International	125.2	118.9	6.3	5
% International	52	52		
Order backlog*				
Total	277.7	258.4	19.3	7
Domestic	116.7	122.2	-5.5	-4
International	161.0	136.2	24.8	18
% International	58	53		
Investments	5.8	6.3	-0.5	-8
Personnel costs	67.9	68.2	-0.3	0
Employees	4,869	4,856	13	0
plus trainees	182	192	-10	-5
Total employees**	5,051	5,048	3	0
EBITDA	11.6	11.0	0.6	
EBIT	2.7	2.6	0.1	
EBT	-3.5	-3.8	0.3	
Profit / loss for the year	-3.9	-4.3	0.4	

* Adjustment as at reporting date 31 March, please see explanatory note on page 12

** Reporting date 31 March

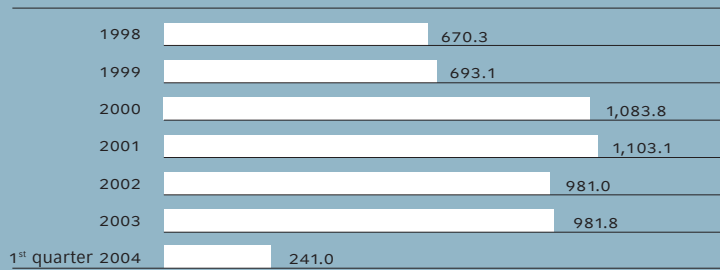
Sales revenues
in € million



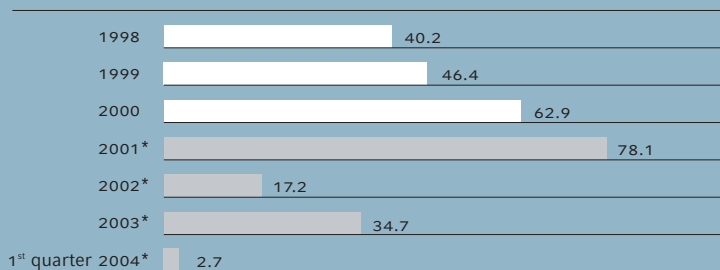
◀◀ GILDEMEISTER group-
key figures

◀◀ Sales revenues
Order intake
EBIT
Employees

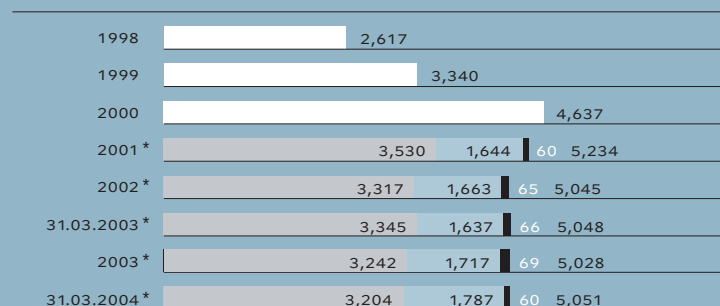
Order intake
in € million



EBIT
in € million



Number of employees
incl. trainees



* in acc. w. IFRS

Machine Tools	Corporate Services
Services	Total employees

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COVER PICTURE



Farsightedness in modern milling:

The new **DMU 50** – a CNC – universal milling machine with innovative **DMG** technology – here to be seen in front of the natural wonder „Mesa Arch“ in the National Park Utha, USA.

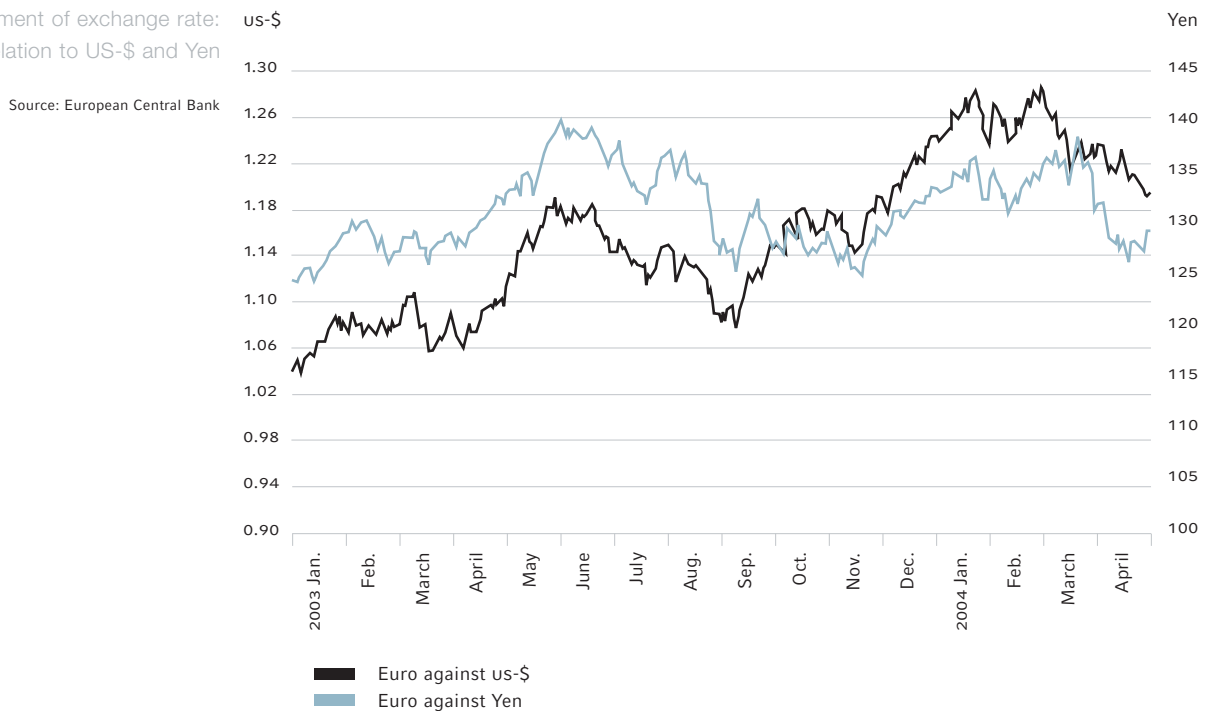
Overall Economic Development

Overall economic development improved in the first three months of the current year. Important fresh stimuli came from the USA. In Asia, the speed of expansion accelerated; this was mainly due to the constant high growth in China. This development also benefited Japan. The growth forces in the Euro region continued to be restrained. In Germany economic development improved little. According to the German Economic Research Institute (DIW) the gross domestic product rose by just 0.2% in the first quarter. Both the DIW and the Ifo Institute forecast a gradual upwards trend over the year.

The **exchange rates** with respect to those currencies that are relevant to us, namely the US-\$ and the Yen, changed over the first three months. Initially, the Euro was up at US-\$ 1.29; however, it has lost in value since mid-February and was down again at US-\$ 1.21. According to experts, this development may continue. The development of the Yen in relation to the Euro varied. Initially, it lost in value against the strong Euro in January and February, but this was followed by a strong upswing in March. In the first quarter the exchange rate was between Yen 126 and 138. The changes in these exchange rate relations could affect our export business.

Sources: German Economic Research Institute (DIW), Berlin
Economic Research Institute (Ifo), Munich
Institute for World Economics (IfW), Kiel

Development of exchange rate:
Euro in relation to US-\$ and Yen



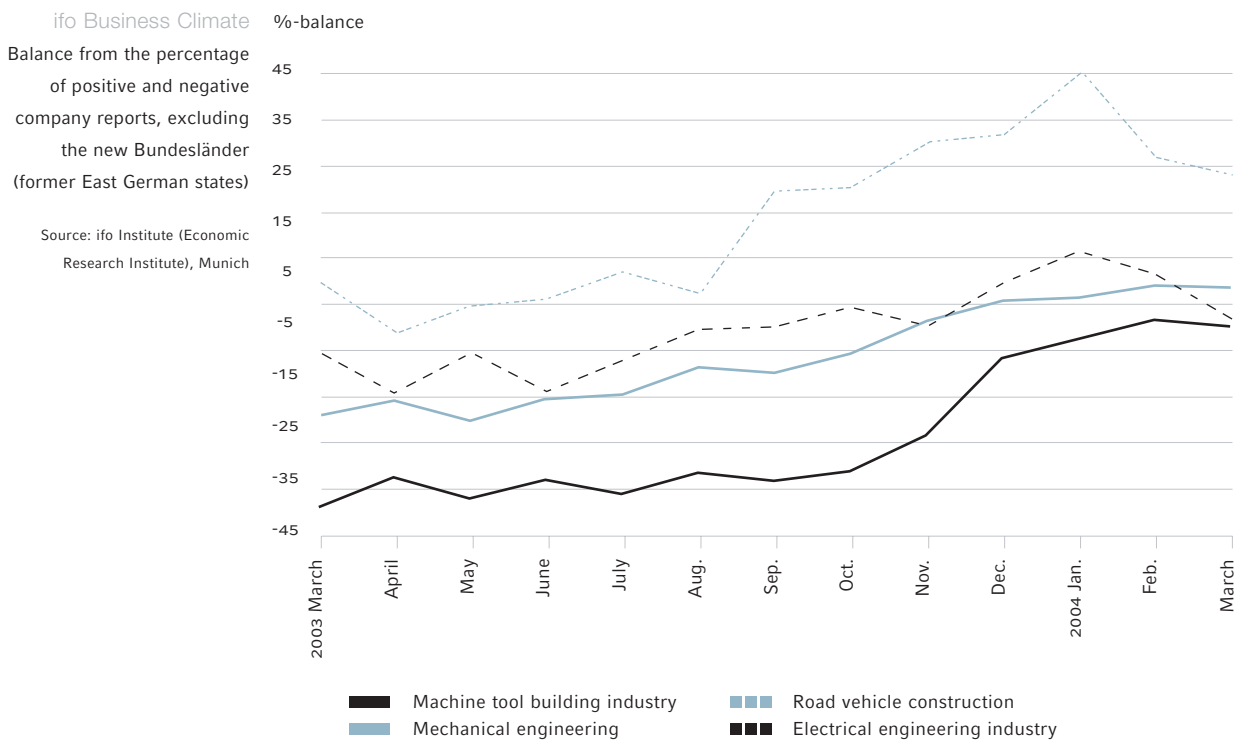
Development of the Machine Tool Industry

According to publications by trade associations, the **world-wide market for machine tools** is expected to improve in the year 2004. There are no new forecasts for the – American, Asian and European – markets. We stick to our assessment made in the Forecast 2004 of our Annual Report in which we expect both global output and world-wide consumption of machine tools to be around 4% above the preceding year's figure, i.e. approximately € 33 billion.

The **German machine tool industry** in its forecast for sector trends expects further growth for 2004. Economic trends appeared to pick up slightly at beginning of the year, whilst demand continued to grow. In the first three months the order intake was again above the value for the preceding year. In this respect international orders in particular picked up.

The expected shift in sentiment in the machine tool industry can also be detected in the ifo **Business Climate**. The engineering industry, and particularly the machine tool building industry, continued to grow during the last months. This development with respect to sales revenues and new orders of the German engine and plant construction industry has been confirmed by the VDMA in its latest publication.

Source: vdw (Association of German Machine Tool Factories)



Business Development in the GILDEMEISTER group

GILDEMEISTER Aktiengesellschaft Bielefeld	PRODUCTIONS PLANTS					
GILDEMEISTER Drehmaschinen GmbH Bielefeld 100%	GILDEMEISTER Italiana S.p.A. Brembate di Sopra 100%	GRAZIANO Tortona S.p.A. Tortona direct 100%	DECKEL MAHO Pfronten GmbH Pfronten direct 100%	DECKEL MAHO Geretsried GmbH Geretsried 100%	DECKEL MAHO Seebach GmbH Seebach 100%	
	SACO S.p.A. Castelleone direct 100%					

As at 31 March 2004, the GILDEMEISTER group remained unchanged and is comprised of 61 companies, including GILDEMEISTER Aktiengesellschaft. In early 2003, the organisational structure at DMG Vertriebs und Service GmbH was geared to market and customer needs in line with the regional organisation. The financial year 2004 will see the further optimisation of the management structure and strengthening of the functional areas. With effect from 30 January 2004, 100% of the shares in DMG Microset GmbH were taken over by DMG Vertriebs und Service GmbH in line with the company's positioning in the "Services" segment. GILDEMEISTER Aktiengesellschaft acquired the remaining 10% of shares in a & f Stahl- und Maschinenbau GmbH. To achieve high flexibility in commercial authority and for the pooling of our participation activities, a management and profit and loss transfer agreement was entered into between GILDEMEISTER Aktiengesellschaft and GILDEMEISTER Beteiligungen AG, Bielefeld, on 16 March 2004. The agreement is subject to approval by the company in General Meeting on 14 May 2004.

The shareholders' structure of GILDEMEISTER Aktiengesellschaft has not changed significantly since the last quarter of 2003. The GILDEMEISTER shares continue to be held primarily in diversified holdings. According to available information, the largest share of 6.75% is held by WestLB AG.

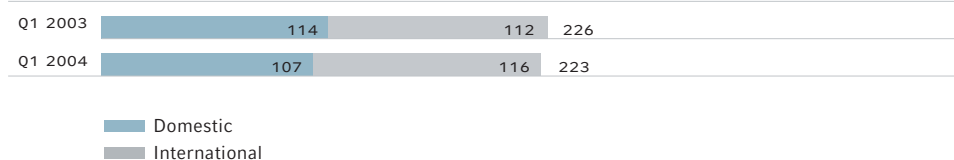
Business development for the GILDEMEISTER group in the first two months of the current financial year was set out in detail in the Annual Report 2003.

			PROCUREMENT	SALES AND SERVICE ORGANISATION
FAMOT Pleszew S.A. Pleszew 99%	SAUER GmbH Idar-Oberstein 95%	DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd. Shanghai 100%	a & f Stahl- und Maschinenbau GmbH Würzburg 100%	DMG Vertriebs und Service GmbH Bielefeld 100%
	LASERTEC GmbH Pfronten direct 100%			DMG Microset GmbH Bielefeld 100%
				52 Sales and Service Organisations world-wide

Sales revenues

In the first quarter, group sales revenues reached € 222.7 million, and was therefore roughly at the previous year's level (€ 226.0 million), as published in the Annual Report 2003. Whilst domestic sales revenues decreased by € 7.6 million or 7% to € 106.7 million, international sales revenues increased by € 4.3 million or 4% to € 116.0 million. The foreign quota was 52% (previous year period: 49%).

GILDEMEISTER group-
sales revenues
in € million



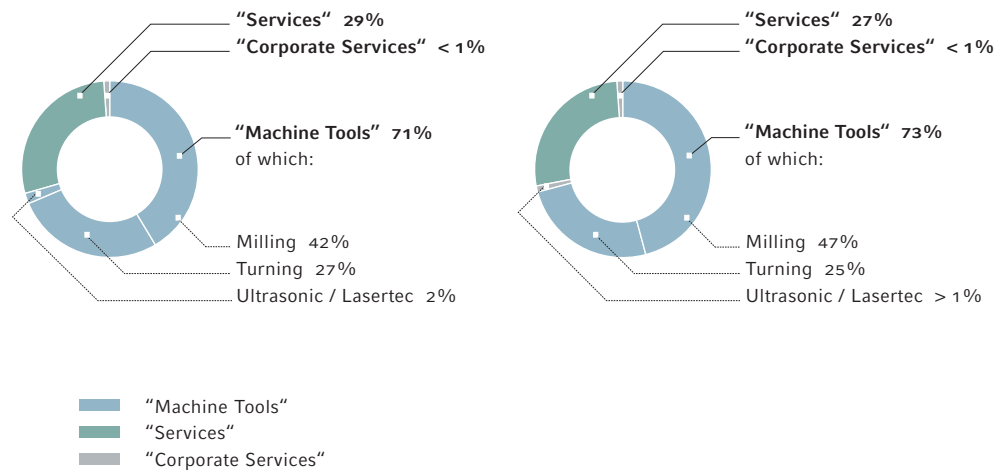
In the "Machine Tools" segment, the ten production plants of the GILDEMEISTER group contributed 71% of the sales revenues at their six domestic and four international sites (previous year: 73%). The DECKEL MAHO milling technology represented 42% of total sales revenues (previous year quarter: 47%). The sales revenues contribution of the GILDEMEISTER, GRAZIANO and FAMOT turning technology amounted to 27% (previous

year quarter: 27%). The new SAUER ultrasonic and lasertec technologies contributed 2% (previous year quarter: 1%). 29% (previous year period: 27%) of external sales revenues were attributed to the "Services" of DMG Vertriebs und Service GmbH, a & f Stahl- und Maschinenbau GmbH and SACO S.p.A. with its components business.

GILDEMEISTER group-
sales revenues distribution
by segments / divisions

1st quarter 2004: € 222.7 million

1st quarter 2003: € 226.0 million

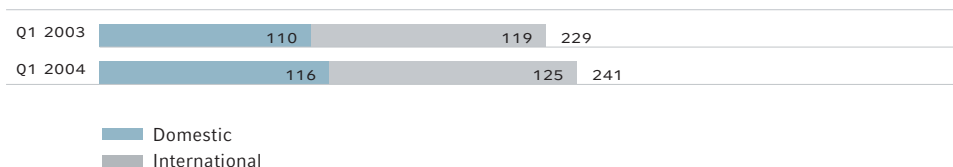


As for the later quarters of the year, we are planning for a sales revenues development that should be above the level of the previous year's quarters. Based on our order backlog and the order intake expected in the current financial year, we are planning for a 3-5% increase in sales revenues.

Order intake

For the financial year 2004, GILDEMEISTER expects a steadily increasing recovery in demand. In the first quarter of the reporting year, the order intake amounted to € 241.0 million and was therefore considerably higher than the figure for the previous quarter (+5%). This development is due to the good incoming business in March. Following the 17% increase in February over the restrained incoming January business, March was our best month since the EMO in September 2001 and has exceeded our projections.

GILDEMEISTER group-order intake in € million



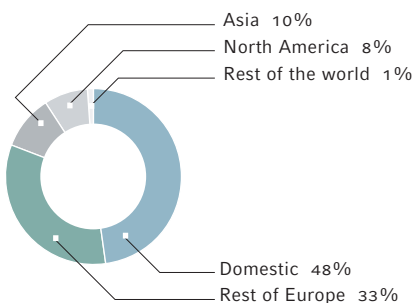
At € 115.8 million, our domestic orders were 5% or € 5.7 million above the benchmark figure for the preceding year. International orders amounted to € 125.2 million, which is also 5% or € 6.3 million more than in the same previous year period. The foreign quota remained unchanged against the previous year quarter at 52%.

Almost 72% of new orders were attributed to "Machine Tools" (previous year quarter: 72%) and a good 28% to "Services" (previous year quarter: 28%).

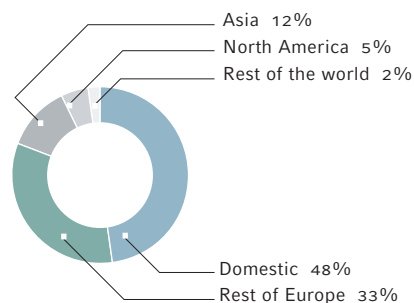
The order intake in each market region developed as follows:

GILDEMEISTER group-order intake by regions

1st quarter 2004: € 241.0 million



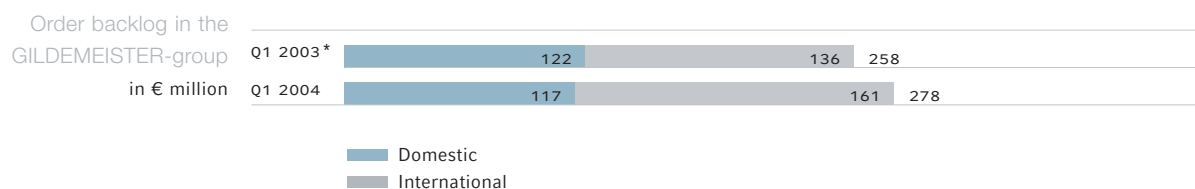
1st quarter 2003: € 229.0 million



This positive new orders development continued throughout April. In the first four month the order intake amounted to € 340.1 million (previous year period: € 316.5 million). We expect rising bookings for the following quarters; due to major orders and buying stimuli triggered by the spring trade fairs – particularly the METAV in June, which is the German main trade fair in metal working. With a gradual improvement over the year, we are now planning for a 5% increase in order intake for the reporting year.

Order backlog

With effect from 31 March 2004, a methodological change was implemented with respect to the order backlog, which, prior to this date, used to be determined as an arithmetic value derived from the development of order intake and sales revenues. Within the remit of our risk management system that has been expanded over the entire group, we have reviewed and refined our standards; a more conservative compilation of figures was implemented in both the "Machine Tools" and "Services" segments. Based on comparable criteria a € 19.3 million increase (+7%) over the previous year quarter has been calculated.



* Values adjusted accordingly. The original previous year value was € 331.8 million. The adjusted value of the order book as of 31 December, 2003 amounted to € 259.4 million (originally € 332.8 million).

On 31 March 2004, the group's order backlog amounted to € 277.7 million. 58% of the existing orders were attributed to international orders (previous year: 53%). When compared with the same time in the previous year, the backlog of international orders increased by € 24.8 million or 18%, whilst the domestic order backlog decreased by € 5.5 million or 4% over the same period. For computing purposes, our order backlog continues to represent a production capacity utilisation of around three months. Currently, capacity use in production is mainly determined by the technology machines in our production programme, which have proportionally longer processing times. By the end of the first quarter, the order backlog pertaining to "Machine Tools" amounted to € 239.8 million, representing an 86% share in total order backlog. € 37.9 million or 14% were attributed to "Services".

Results, Net Worth and Financial Position

Performance development went according to plan in the first quarter. **EBITDA** amounted to € 11.6 million (previous year: € 11.0 million). At € 2.7 million (previous year: € 2.6 million) **EBIT** were positive; whilst **EBT** showed a slight loss of € 3.5 million as announced (previous year: loss of € 3.8 million). The quality of performance has therefore slightly improved against the corresponding figures for the previous year. GILDEMEISTER has recorded an annual loss after taxes of € 3.9 million within the group (previous year: loss of € 4.3 million).

In relation to the company's total work done of € 243.0 million, the materials quota of 54.8% is in line with the previous year's level (€ 243.7 million). With a € 0.7 million decrease in total work done, gross yield of € 109.9 million is therefore € 0.2 million below the previous year's value. Personnel costs were reduced by € 0.3 million to € 67.9 million. Due to partial reductions of costs, the balance from other income and expenses was reduced by € 0.5 million to € 30.4 million. Depreciation increased by € 0.5 million to € 8.9 million when compared with the previous year period. This is due to an increase in depreciation arising from capitalised development costs. The financial result of € -6.2 million also improved by € 0.2 million in comparison with the previous year's value (€ -6.4 million). With the application of IFRS accounting principles and the deferred taxes, tax expenditure as of 31 March amounted to € 0.4 million (previous year: € 0.5 million).

	31 Mar. 2004	31 Dec. 2003	31 Mar. 2003
	€ M	€ M	€ M
Net worth position			
Fixed assets	267.6	270.6	274.0
Current assets	615.9	604.3	604.9
Equity	182.9	187.6	188.2
Outside capital	700.6	687.3	690.7
Balance sheet total	883.5	874.9	878.9

The balance sheet total for the quarter ended 31 March 2004 increased by € 8.6 million to € 883.5 million in comparison with the Annual Balance Sheet 2003.

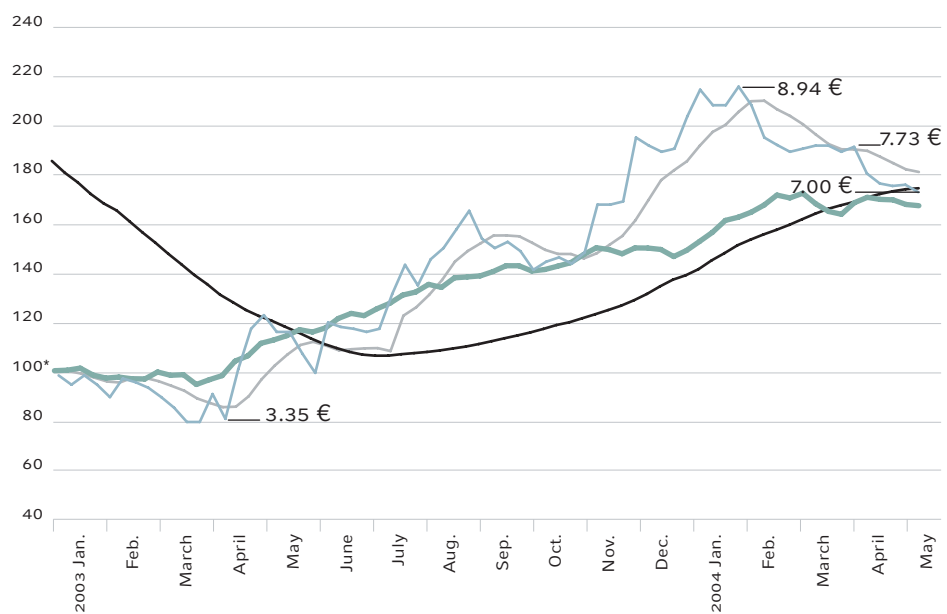
In the reporting period, the **cash flow** from current operations showed a slight loss of € 6.6 million (previous year: profit of € 30.2 million). With respect to the appropriation of assets, seasonal inventory build up was overcompensated for by a reduction in trade receivables; whilst other assets increased. Whilst the current increase in provisions had a positive impact on the cash flow, the reduction in bills of exchange payable had a negative impact. The cash flow from investment activity amounted to € -4.8 million (previous year figure: € -6.2 million).

	01 Jan. - 31 Mar. 2004	01 Jan. - 31 Mar. 2003
	€ M	€ M
Financial position		
Cash flow from current operations	-6.6	-0.4
Cash flow from investment activities	-4.8	-6.2
Cash flow from financing activities	13.8	2.9
Cash and cash equivalents	1.7	-5.1
Cash 01 January	11.4	17.7
Cash 31 March	13.1	12.6

GILDEMEISTER Share

The GILDEMEISTER share followed the upwards trend of the preceding year and reached € 8.90 for a while. Its highest price of € 8.94 was recorded on 29 January. After the press conference on financial statements that was held on 29 March 2004, our share moved to € 7.60. By the end of the quarter (31 March, 2004) the price was at € 7.73, compared to € 3.35 at the same time last year. It is currently quoted at € 7.00 (04 May, 2004).

The GILDEMEISTER share in comparison with the SDAX; January 2003 to May 2004 in %



* 01 Jan. 2003 = 100
Price trends indexed

- GILDEMEISTER
- 30 day average
- 200 day average
- SDAX

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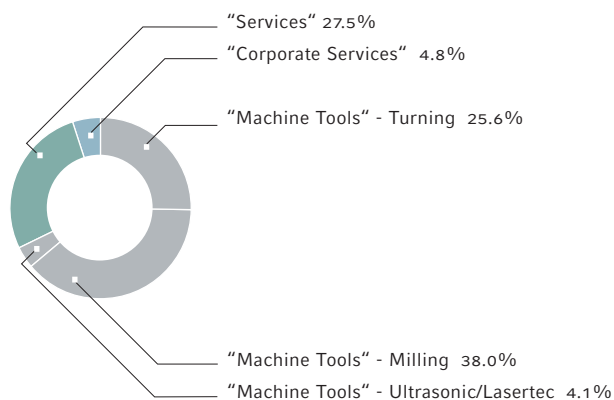
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Internet: www.gildemeister.comEmail: info@gildemeister.com**Investments**

In the first three months, investments according to IFRS amounted to € 5.8 million. Compared with the benchmark figure (1st quarter 2003: € 6.3 million), investments were reduced by 8% as planned. Our investment activities in the first quarter focused on the new technology and presentation centre of DMG Italia S.r.l. at the factory site of GILDEMEISTER Italiana S.p.A., along with capitalised development costs and investments in tools, fixtures and measuring equipment for new machine types.

Contribution of each
segment / division
to investments

1st quarter 2004: € 5.8 million



Employees

On 31 March, 2004, GILDEMEISTER had 5,051 employees, 182 of whom were trainees (31 March, 2003: 5,048). The number of staff is therefore at the preceding year's level. The further strengthening of the service area and the internationalisation of our production resulted in a relocation of staff capacity. Selective points of the international sales and service companies in Asia, America and Europe, and at the Shanghai production plant were reinforced.

At the end of the first quarter, 3,115 employees were working in the domestic companies and 1,936 in our international companies. The share in the number of staff working abroad (38%) has therefore increased slightly when compared with the previous year (37%). At € 67.9 million personnel expense had slightly decreased by € 0.3 million in comparison with the previous year period.

Research and Development

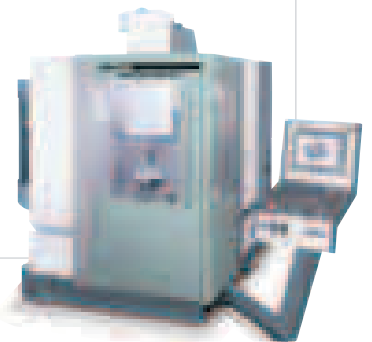
In the first three months € 9.5 million were spent on research and development (previous year period: € 9.8 million). Group-wide 405 technical designers are currently working on the development of new products; which means that at our production plants 13% of staff are employed in Research and Development.

In the first quarter GILDEMEISTER introduced five innovative products out of a total of 20 planned for the reporting year. The intro event held at DECKEL MAHO in Pfronten provided the setting for the presentation of the DMC 125 U and DMU 125 P. Two further innovative machines were therefore introduced in the 5-axis machining area. Along with the patent applied for "duoBLOCK®" construction, high-precision CNC turntables and further enhanced dynamics set new standards. The precision reached so far was increased by another 20%. GILDEMEISTER Italiana presented the SPEED 12-7 *linear* – a high-precision, fast autolathe in Swisstype construction, which completes the next SPEED product line generation. In March DECKEL MAHO Seebach GmbH introduced the DMU 50, the successor model to one of the plant's most successful machines. This compact milling machine stands out due to its innovative components and an enhanced range of options at an attractive price.



Modern DMG technology:

With the new **DMU 50** DECKEL MAHO already offers innovative components in the smaller compact class.



Segments "Machine Tools"

KEY FIGURES	1 st quarter 2004	1 st quarter 2003	Changes 2004 against 2003	
	€ M	€ M	€ M	%
Sales revenues				
Total	158.4	165.1	-6.7	-4
Domestic	71.8	78.4	-6.6	-8
International	86.6	86.7	-0.1	0
% International	55	53		
Order intake				
Total	172.3	165.6	6.7	4
Domestic	77.5	73.7	3.8	5
International	94.8	91.9	2.9	3
% International	55	55		
Order backlog*				
Total	239.8	222.0	17.8	8
Domestic	96.2	106.5	-10.3	-10
International	143.6	115.5	28.1	24
% International	60	52		
Investments	3.9	4.6	-0.7	-15
Employees	3,023	3,153	-130	-4
plus trainees	181	192	-11	-6
Total employees**	3,204	3,345	-141	-4
EBIT	1.3	3.4	-2.1	

* Adjusted as of 31 March, please refer to explanatory notes on page 12

** Rep. date 31 March

The "Machine Tools" segment includes the group's new machines business. In the reporting period **sales revenues** amounted to € 158.4 million, therefore remaining € 6.7 million or 4% below the previous year value.

In the first three months, GILDEMEISTER achieved **EBIT** of € 1.3 million in the "Machine Tools" segment. Profitability was affected by the reduced sales revenues volume.

"Services"

KEY FIGURES	1 st quarter 2004	1 st quarter 2003	Changes 2004 against 2003	
	€ M	€ M	€ M	%
Sales revenues				
Total	64.2	60.8	3.4	6
Domestic	34.8	35.8	-1.0	-3
International	29.4	25.0	4.4	18
% International	46	41		
Order intake				
Total	68.6	63.3	5.3	8
Domestic	38.2	36.3	1.9	5
International	30.4	27.0	3.4	13
% International	44	43		
Order backlog*				
Total	37.9	36.4	1.5	4
Domestic	20.5	15.7	4.8	31
International	17.4	20.7	-3.3	-16
% International	46	57		
Investments	1.6	1.2	0.4	33
Employees*	1,787	1,637	150	9
EBIT	3.6	2.7	0.9	

* Adjusted as of 31 March, please refer to explanatory notes on page 12
 ** Rep. date 31 March

The "Services" segment is operated by DMG Vertriebs und Service GmbH and its subsidiaries. With its products and technical services it represents an independent operating area. Also included are the procurement services of a & f Stahl- und Maschinenbau GmbH, the components and tools of SACO S.p.A. and the tool management products and software of DMG Microset.

In the reporting period **sales revenues** amounted to € 64.2 million, which is 6% above the previous year value. Profitability has improved as planned. **EBIT** amounted to € 3.6 million.

“Corporate Services”

KEY FIGURES	1 st quarter 2004	1 st quarter 2003	Changes 2004 against 2003	
	€ M	€ M	€ M	%
Sales revenues	0.1	0.1	0.0	0
Order intake	0.1	0.1	0.0	0
Investments	0.3	0.5	-0.2	-40
Employees	59	66	-7	-11
plus trainees	1		1	
Total employees*	60	66	-6	-9
EBIT	-2.4	-2.1	-0.3	

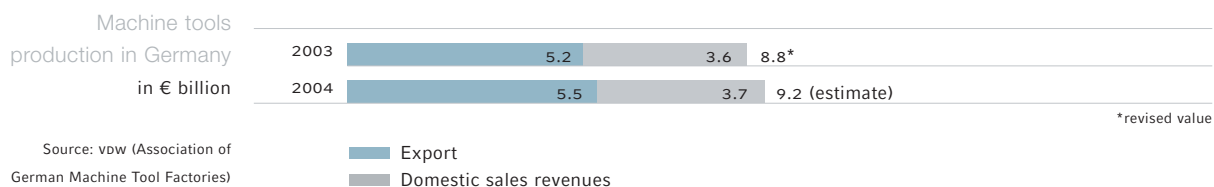
* Rep. date 31 March

The "Corporate Services" segment is comprised of GILDEMEISTER Aktiengesellschaft with its group-wide holding functions and the Holding Macchine Utensili S.p.A. as financing company for the Italian production plants.

Forecast 2004

Improved general conditions will accelerate **global economic growth**. According to economic research institutes, economic revival will continue over the year, however, at different speeds in the various regions and nations. Latest forecasts for 2004 with regard to **mechanical engineering** and particularly with regard to machine tools again expect growth. The German Engineering Federation (VDMA) expects a 2% increase in sales revenues and, with regard to the majority of its trade units, a positive development.

Trends towards a recovery are also expected this year with regard to machine tools. Forecasts for 2004 with respect to global development in the machine tool sector have not yet been published. We expect global consumption to be about 4% above the previous year's level. The ifo Institute and the Association of German Machine Tool Factories (VDW) expect a significant increase in incoming business and an expansion introduction for German manufacturers.



For the financial year 2004, **GILDEMEISTER** expects a steadily increasing recovery in demand. We expect rising bookings for the following quarters. With this gradual rise we now intend to increase our order intake by 5% over the current financial year. Our planning is based on new innovative products, the continuing expansion of our world-wide market presence, a steady consumption in Asia, noticeable upward trends in America and first indicators of a revival of the markets in Europe and at home. As a result of this and in view of our order backlog, we intend to increase our sales revenues by approximately 3-5%. As for the later quarters of the year, we are planning for a sales revenues development that should be above the level of the preceding year's quarters. Due to our consistent pursuit of measures to improve our earning power and increase efficiency in sales revenues, along with the reduced investments particularly in tangible fixed assets and materials, we are planning for a considerable improvement in EBT for the financial year 2004, thereby achieving a profit for the year. We aim to attain a better result in order to distribute another dividend.

Consolidated Interim Financial Statements of GILDEMEISTER Aktiengesellschaft for the quarter ending 31 March 2004

Notes to the Consolidated Financial Statements

1 **Application of Regulations** The Consolidated Interim Financial Statements of the GILDEMEISTER Aktiengesellschaft for the quarter ending 31 March 2004 were prepared, like the Consolidated Interim Financial Statements for the quarter ending 31 March 2003 and the Consolidated Annual Financial Statements for the year ending 31 December 2003, in accordance with International Financial Reporting Standards (IFRS) applicable on the reporting date and in accordance with the interpretation of the above Standards. The regulations of the IAS 34 on interim reporting were specifically applied.

All Interim Financial Statements of those companies that were included in the Consolidated Interim Financial Statements were prepared in accordance with uniform accounting and valuation principles that also form the basis for the Consolidated Interim Financial Statements for the quarter ending 31 March 2003 and the Consolidated Annual Financial Statements for the year ending 31 December 2003.

In view of the purpose of interim reporting as an information vehicle based on the Consolidated Financial Statements, and in accordance with IAS 1.91, we refer to the Notes to the Consolidated Annual Financial Statements for the year ending 31 December 2003, which set out in detail the accounting, valuation and consolidation methods applied. These Notes also cover the exercising of election rights according to IFRS.

The accounting and valuation principles and applied consolidation methods have not changed since the reporting period 2003.

Due to a market-orientated change in the assessment of net selling prices of stocks and a further tax optimisation activity at international subsidiaries it was possible to write back value adjustments previously made for stocks and deferred tax assets to a total value of € 3.4 million. For greater transparency and clarity of representation we have summarised certain items in the Income Statement and in the Balance Sheet.

2 Consolidated group On 31 March 2004, the GILDEMEISTER group comprised of 61 companies, including GILDEMEISTER Aktiengesellschaft, 60 of which were included in the Interim Financial Statements as part of the full consolidation process.

3 Earnings per share In accordance with IAS 33, earnings per share are determined by dividing the consolidated earnings by the average number of shares. There were no dilution effects in the shown reporting period.

Group result excluding profit shares of other company members	€ -3,954 K
Number of shares	28,879,427
Earnings per share	€ -0.14

4 Segmental Reporting The information with respect to segmental reporting is given in accordance with IAS 34 and IAS 14. Explanatory notes are included in the Segments chapter.

No changes have occurred in the demarcation of segments or in the determination of the result achieved by each segment compared with the 31 December 2003.

5 Events occurring after the balance sheet date No material events have occurred after the date of the Interim Financial Statements.

Consolidated Balance Sheet for the quarter 31 March 2004

	31 Mar. 2004	31 Dec. 2003	31 Mar. 2003
	€ M	€ M	€ M
Assets			
Fixed assets			
Intangible assets	98.6	99.8	101.8
Tangible assets	168.8	170.6	172.0
Financial assets	0.2	0.2	0.2
Current assets			
Inventories	286.0	264.4	272.1
Receivables and other assets	278.2	294.3	277.9
Securities and liquid funds	13.1	11.4	12.8
Deferred taxes	32.7	29.5	37.6
Prepaid expenses	5.9	4.7	4.5
	883.5	874.9	878.9

	31 Mar. 2004	31 Dec. 2003	31 Mar. 2003
	€ M	€ M	€ M
Total equity & liabilities			
Equity / shares to other shareholders			
Subscribed capital	75.1	75.1	75.1
Capital provisions	48.7	48.7	48.7
Revenue provisions	59.1	63.8	64.4
	182.9	187.6	188.2
Shares to other shareholders	1.0	1.2	1.0
	183.9	188.8	189.2
Provisions	142.2	134.0	136.0
Gross liabilities	541.0	535.3	536.4
Deferred taxes	9.0	8.9	9.2
Deferred income	7.4	7.9	8.1
	883.5	874.9	878.9

Consolidated Income Statement

	2004		2003		Changes	
	01 Jan. - 31 March		01 Jan. - 31 March		2004 against 2003	
	€ M	%	€ M	%	€ M	%
1st quarter						
Total work done	243.0	100.0	243.7	100.0	-0.7	-0.3
Cost of materials	-133.1	-54.8	-133.6	-54.8	0.5	0.4
Gross profit	109.9	45.2	110.1	45.2	-0.2	-0.2
Personnel costs	-67.9	-27.9	-68.2	-28.0	0.3	0.4
Other income and expenses	-30.4	-12.5	-30.9	-12.7	0.5	1.6
Depreciation of assets	-8.9	-3.6	-8.4	-3.5	-0.5	6.0
Financial result	-6.2	-2.6	-6.4	-2.6	0.2	3.1
Profit / loss on ordinary activities	-3.5	-1.4	-3.8	-1.6	0.3	7.9
Taxes on profit	-0.4	-0.2	-0.5	-0.2	0.1	20.0
Annual profit / loss	-3.9	-1.6	-4.3	-1.8	0.4	9.3
Earnings per share						
in acc. w. IAS 33 (in Euro)	-0.14		-0.15			

Statement of Shareholders' Equity

GILDEMEISTER group	Subscribed capital	Capital provisions	Revenue provisions	Group equity	Profit share to other shareholders	Total
	€ M	€ M	€ M	€ M	€ M	€ M
As at 01 January 2003	75.1	48.7	70.0	193.8	1.2	195.0
Annual profit / loss	0.0	0.0	-4.3	-4.3	-0.1	-4.4
Changes in currencies / market valuation of derivative financial instruments	0.0	0.0	-1.2	-1.2	0.0	-1.2
Consolidation transactions / other changes	0.0	0.0	-0.1	-0.1	-0.1	-0.2
As at 31 March 2003	75.1	48.7	64.4	188.2	1.0	189.2

GILDEMEISTER group	Subscribed capital	Capital provisions	Revenue provisions	Group equity	Profit share to other shareholders	Total
	€ M	€ M	€ M	€ M	€ M	€ M
As at 01 January 2004	75.1	48.7	63.8	187.6	1.2	188.8
Annual profit / loss	0.0	0.0	-3.9	-3.9	-0.1	-4.0
Changes in currencies / market valuation of derivative financial instruments	0.0	0.0	-0.7	-0.7	0.0	-0.7
Consolidation transactions / other changes	0.0	0.0	-0.1	-0.1	-0.1	-0.2
As at 31 March 2004	75.1	48.7	59.1	182.9	1.0	183.9

Consolidated Cash Flow

	01 January - 31 March 2004	01 January - 31 March 2003
	€ M	€ M
Cash flow from current operations		
1. Annual profit / loss	-3.9	-4.3
2. Depreciation of assets	8.9	8.4
3. Change in deferred taxes	-3.2	-3.5
4. Change in long-term provision	-0.2	0.7
5. Change in short-term provisions	8.4	-13.1
6. Change in inventories, trade receivables and other assets	-6.6	16.7
7. Change in trade payables and other liabilities	-10.0	-5.3
	-6.6	-0.4
Cash flow from investment activity		
1. Amounts paid out for investments in intangible assets and tangible assets	-5.0	-6.3
2. Amounts paid out for investments in financial assets	0.0	-0.1
3. Amounts received from the disposal of fixed assets	0.2	0.2
	-4.8	-6.2
Cash flow from financing activity		
1. Amounts received from raising credits	13.9	2.9
2. Distribution of dividend to shareholders	-0.1	0.0
	13.8	2.9
Changes affecting payments	2.4	-3.7
Consolidation and exchange rate related changes not affecting payments	-0.7	-1.4
Liquid funds as at 1 January	11.4	17.7
Liquid funds as at 31 March	13.1	12.6

Segmental Reporting

GILDEMEISTER group	Machine	Services	Corporate	Reconciliation	Group
	Tools		Services		
1 st quarter 2003	€ M	€ M	€ M	€ M	€ M
Sales revenues	165.1	60.8	0.1		226.0
EBIT	3.4	2.7	-2.1	-1.4	2.6
Investments	4.6	1.2	0.5		6.3
Employees	3,345	1,637	66		5,048

GILDEMEISTER group	Machine	Services	Corporate	Reconciliation	Group
	Tools		Services		
1 st quarter 2004	€ M	€ M	€ M	€ M	€ M
Sales revenues	158.4	64.2	0.1		222.7
EBIT	1.3	3.6	-2.4	0.2	2.7
Investments	3.9	1.6	0.3		5.8
Employees	3,204	1,787	60		5,051

Financial Calendar

14 May 2004	General meeting of shareholders at 10am in the Town Hall Bielefeld
05 August 2004	2 nd Quarterly Report 2004 (1 April to 30 June)
09 November 2004	3 rd Quarterly Report 2004 (1 July to 30 September)
15 February 2005	Press release on provisional figures for the financial year 2004
20 May 2005	General Meeting of shareholders at 10am in the Town Hall Bielefeld

Subject to alteration.

Bielefeld, 06 Mai 2004

Yours sincerely,
GILDEMEISTER Aktiengesellschaft
The Executive Board

Supervisory Board:
Dr.-Ing. Manfred Lennings, Chairman
Gerhard Dirr, Deputy Chairman

Executive Board:
Dipl.-Kfm. Dr. Rüdiger Kapitza, Chairman
Prof. Dr. Raimund Klinkner, Deputy Chairman
Dipl.-Kfm. Michael Welt

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