

Interim Report

1st Quarter 2005



GILDEMEISTER

Ladies and Gentlemen,

worldwide demand for machine tools continues to be on a positive level. Course of business at GILDEMEISTER developed according to plan in the first quarter.

Sales revenues reached € 239.6 million, which represents an 8% rise compared with the first quarter of 2004. High rates of increase were achieved in the order intake, which rose by 17% to € 281.0 million. EBITDA amounted to € 12.9 million (previous year: € 11.6 million). At € 5.8 million, EBIT was positive (previous year: € 4.3 million); as announced, EBT showed a slight loss of € -1.8 million (previous year: € -1.9 million).

GILDEMEISTER confirms its forecast for the financial year 2005. We expect fresh stimulus from the EMO 2005 (14 - 21 September) in Hanover, the most important trade fair for machines tools worldwide. For the entire year we are planning for an order intake of more than € 1,150 million. Based on our order backlog we intend to increase sales revenues to just under € 1.1 billion. We expect EBT to exceed € 25 million and an annual profit of more than € 10 million. Due to the business and performance prospects, which are currently seen as positive, we intend to resume the distribution of a dividend for the current financial year.

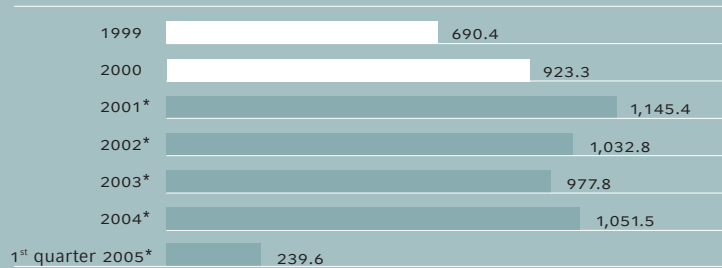
Key Figures

➔ 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.

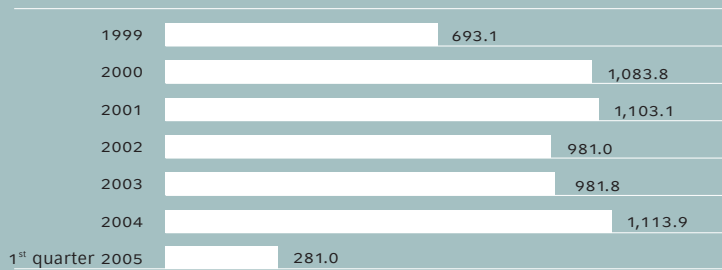
GILDEMEISTER group	1 st quarter 2005	1 st quarter 2004	Changes 2005 against 2004	
	€ M	€ M	€ M	%
Sales revenues				
Total	239.6	222.7	16.9	8
Domestic	98.1	106.7	-8.6	-8
International	141.5	116.0	25.5	22
% International	59	52		
Order intake				
Total	281.0	241.0	40.0	17
Domestic	123.1	115.8	7.3	6
International	157.9	125.2	32.7	26
% International	56	52		
Order backlog*				
Total	363.3	277.7	85.6	31
Domestic	138.6	116.7	21.9	19
International	224.7	161.0	63.7	40
% International	62	58		
Investments	5.7	5.8	-0.1	-2
Personnel costs	72.8	67.9	4.9	7
Total employees	5,090	4,869	221	5
plus trainees	144	182	-38	-21
Total employees*	5,234	5,051	183	4
EBITDA	12.9	11.6	1.3	
EBIT	5.8	4.3	1.5	
EBT	-1.8	-1.9	0.1	
Annual profit/loss	-2.7	-2.3	-0.4	

* Reporting date 31 March

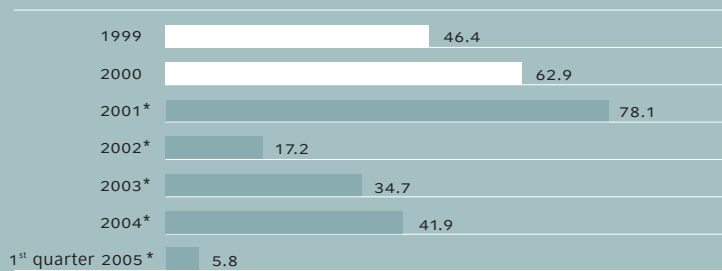
Sales revenues
in € million



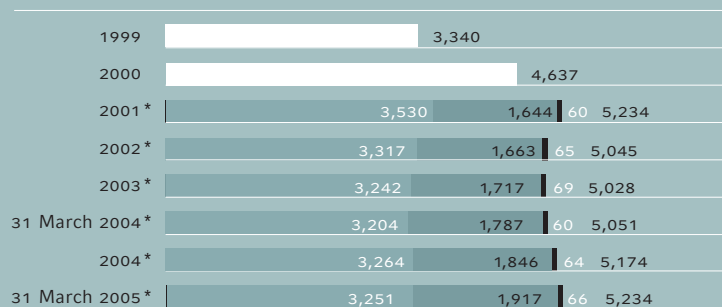
Order intake
in € million



EBIT
in € million



Number of employees
incl. trainees



Machine Tools
Services
Corporate Services

* acc. to IFRS

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Economic
Development

Business
Development

Segments

Forecast 2005

Interim Consolidated
Financial Statements

Financial Calendar



COVER PICTURE

Workpiece: Steel ratchet wheel used to interrupt the current supply in high-voltage plants.

The new GMX 400 *linear* produced by DMG accommodates state-of-the-art milling technology for 6-sided integrated machining and so enables up to 40% shorter machining times.

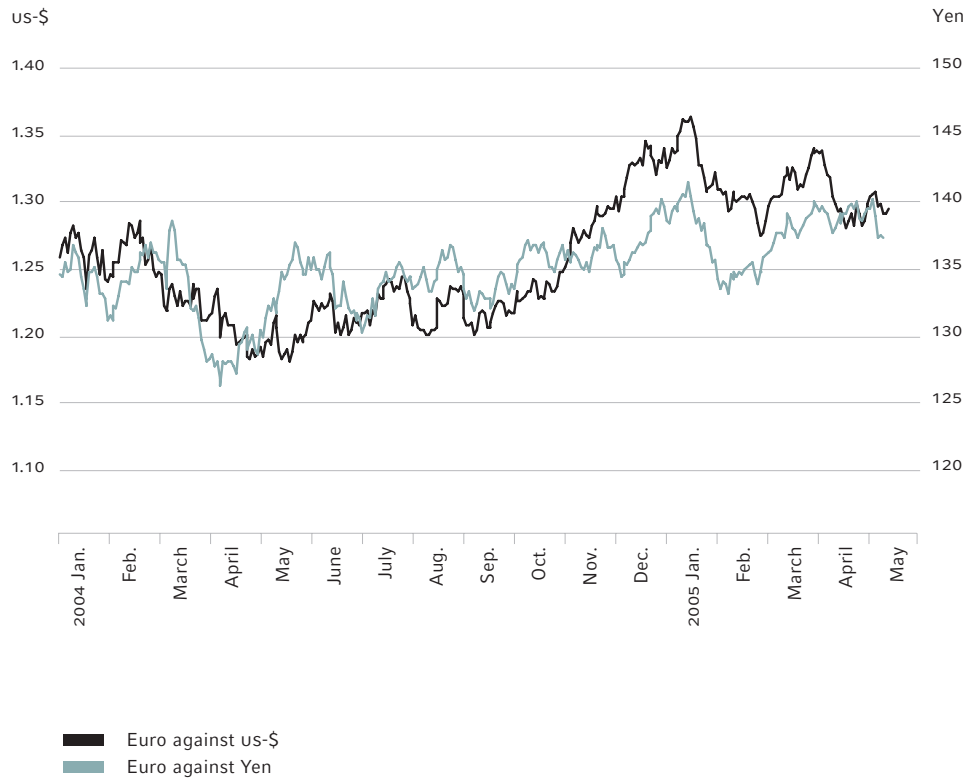


Overall economic development was targeted at growth over the first three months of the current year. Important fresh stimuli came from the USA, even though the economy was more sluggish in the first quarter than it had been at the end of 2004. The Chinese economy on the other hand, the second major driving force after the USA, continued to grow with an unchanged high degree of dynamic. In other Asian countries the speed of expansion varied. The dynamic forces in the Euro region were subdued. According to information from the German Economic Research Institute (DIW), gross domestic product rose by just 0.7% in the first quarter against the previous quarter.

Foreign exchange rates of the currencies relevant to GILDEMEISTER i.e. the US-Dollar and the yen, changed as follows: following an almost steady increase in the value of the Euro over the fourth quarter of 2004, the first three months of the current year showed no clear trend. The average value for the first quarter of 2005 of approximately \$ 1.31 slightly exceeded the value for the previous quarter. On 31 March the Euro was quoted at \$ 1.30. The highest value of \$ 1.35 was recorded on 3 January. The movement of the yen during the first quarter was similar to that of the US-Dollar in relation to the Euro. At YEN 136.99, the average rate of exchange of the Japanese currency in the first three months was almost at the average level for the previous quarter (YEN 136.46).

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

Exchange rate movements
Euro in relation to us-\$ and yen
 Source: European Central Bank

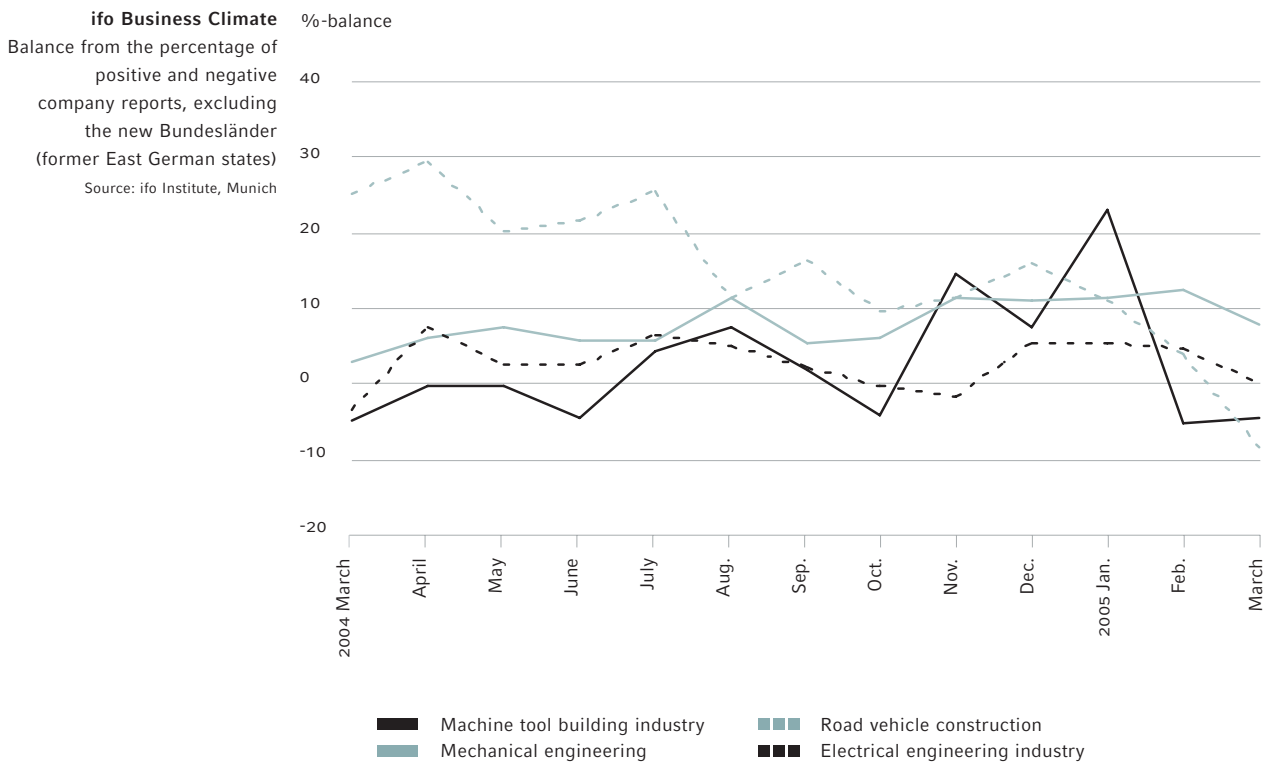


According to forecasts by the ifo Institute and the Association of German Machine Tool Factories (VDW), the **worldwide market for machine tools** will continue to grow in 2005, though with a slightly reduced vigour. We confirm our assessment made in our Annual Report 2004 that both global output and global consumption of machine tools will each rise by 6% to € 38.6 billion in 2005.

The **German Machine Tool Industry** also continues to grow moderately and, according to a forecast by the VDW, will also slightly increase production in 2005. Overall, order intake exceeded the corresponding figure for the previous year. In this respect, growth stimuli came from the international markets.

The ifo **business climate** shows subdued assessments for most of the purchaser industries, whilst the German Machine Tool Industry appeared to be more optimistic again towards the end of the first quarter.

Source: VDW (Association of German Machine Tool Factories)



8 Business Development of the GILDEMEISTER group

GILDEMEISTER Aktiengesellschaft Bielefeld	PRODUCTION SITES					
GILDEMEISTER Drehmaschinen GmbH Bielefeld, 100%	GILDEMEISTER Italiana S.p.A. Brembate di Sopra, 100%	GRAZIANO Tortona S.p.A. Tortona, indirect 100%	DECKEL MAHO Pfronten GmbH Pfronten, indirect 100%	DECKEL MAHO Geretsried GmbH Geretsried, indirect 100%	DECKEL MAHO Seebach GmbH Seebach, 100%	

On 31 March 2005, the GILDEMEISTER group comprised 63 companies, including GILDEMEISTER Aktiengesellschaft. Since 31 December 2004, the consolidated group has been expanded by two newly established DMG sales organisations.

In January 2005, DMG Istanbul, Turkey, was established as a subsidiary of DMG Europe Holding GmbH with a greater than 99% equity and the remaining of equity interest held by DMG Vertriebs und Service GmbH. In addition, DMG Russia, Moscow, was set up, also as a subsidiary of DMG Europe Holding GmbH, with a greater than 99% equity interest, as well as of DMG Vertriebs und Service GmbH. Both companies are expected to consolidate the GILDEMEISTER presence in their respective markets and profit from the growth evident in those regions.

With effect from 1 January 2005, GILDEMEISTER Aktiengesellschaft transferred its 100% investment in a & f Stahl- und Maschinenbau GmbH to DMG Vertriebs und Service GmbH in line with the company's positioning in the "Services" segment. Holding Maccine Utensili S.p.A., the former finance company for the Italian production facilities, merged with GILDEMEISTER Italiana S.p.A.

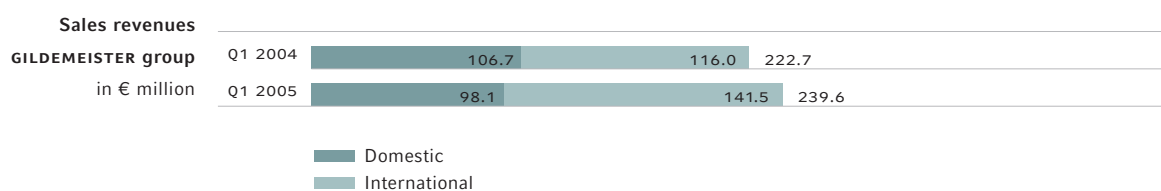
The shareholders' structure of GILDEMEISTER Aktiengesellschaft has not changed significantly since the last quarter of 2004. The GILDEMEISTER shares continue to be held primarily in diversified holdings. The largest number of shares is held by WestLB AG.

**SALES AND
SERVICE ORGANISATION**

FAMOT Pleszew S.A. Pleszew, 100%	SAUER GmbH Idar-Oberstein, Kempten indirect 99%	DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd. Shanghai, 100%	DMG Vertriebs und Service GmbH Bielefeld, 100%
			59 Vertriebs- und Servicestandorte worldwide
			SACO S.p.A. Castelleone indirect 100%
			a & f Stahl- und Maschinenbau GmbH Würzburg, 100%

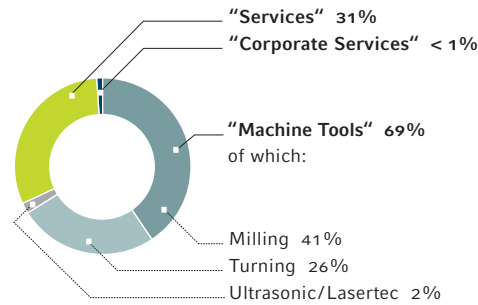
Sales revenues

In the first quarter, sales revenues amounted to € 239.6 million, which is 8% above the figure for the previous year (€ 222.7 million). International sales rose by 22% to € 141.5 million. Domestic sales decreased by 8% to € 98.1 million. Exports were 59% of our total sales revenues (corresponding period of the previous year: 52%).

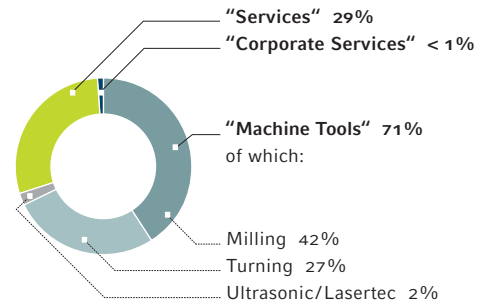


In the “Machine Tools” segment, the ten production plants of the group contributed 69% of the sales revenues at their six domestic and four international sites (corresponding period of the previous year: 71%). The DECKEL MAHO milling technology represented 41% of total sales revenues (previous year’s quarter: 42%), whilst the laser/ultrasonic technology represented 2% (previous year’s quarter: 2%). The sales revenues contribution of the GILDEMEISTER turning technology amounted to 26% (previous year’s quarter: 27%). The share in sales revenues contributed by the “Services” segment rose to 31% (corresponding period of the previous year: 29%).

GILDEMEISTER group – 1st quarter 2005: € 239.6 million
distribution of sales revenues
by segments / divisions



1st quarter 2004: € 222.7 million

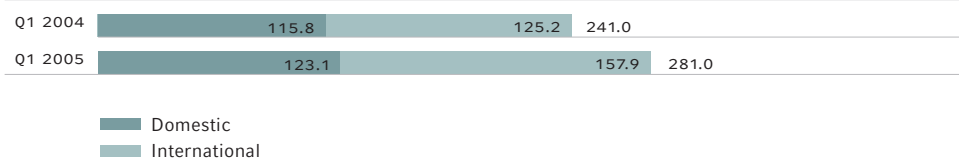


Based on our order backlog and the expected order intake for the current financial year, we are planning to increase sales revenues in 2005 to just under € 1.1 billion.

Order intake

In the first quarter, order intake increased by 17% to € 281.0 million, thereby exceeding the figure for the previous year of € 241.0 million. Along with our successful in-house exhibitions in Pfronten and Bielefeld, this positive development is due primarily to our expansion in the international markets.

GILDEMEISTER group –
Order intake
in € million

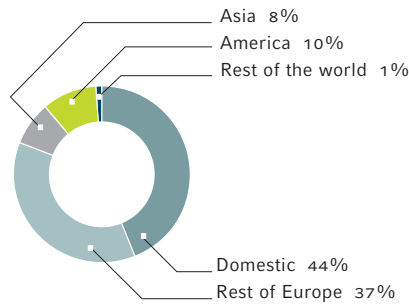


In the reporting period, international orders increased by 26% to € 157.9 million (previous year's quarter: € 125.2 million). The international share thereby rose to 56% (previous year's quarter: 52%). However, domestic orders also increased by 6% to € 123.1 million (previous year's quarter: € 115.8 million).

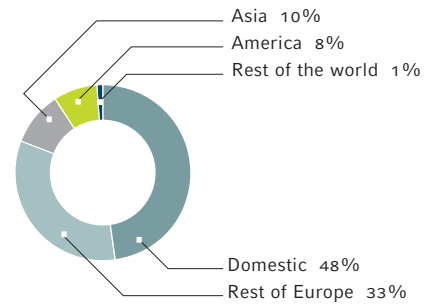
73% of new orders were attributed to "Machine Tools" (previous year's quarter: 72%) and 27% to "Services" (previous year's quarter: 28%).

The order intake in each market region developed as follows:

GILDEMEISTER group – 1st quarter 2005: € 281.0 million
Order intake by regions



1st quarter 2004: € 241.0 million



For the entire year we are planning for an order intake of more than € 1,150 million. This will be supported by the industry’s main event of the year 2005, the EMO in Hanover. At this most important of trade fairs worldwide that will take place in September, GILDEMEISTER will exhibit almost its entire production programme.

Order backlog

On 31 March 2005, the group’s order backlog amounted to € 363.3 million. 62% of the existing orders were attributed to international orders (previous year: 58%). When compared with the previous year, the backlog of international orders increased by € 63.7 million or 40%, and the domestic order backlog by € 21.9 million or 19%.

GILDEMEISTER group –
Order backlog
 in € million



Arithmetically, the order backlog represents a production capacity utilisation of approximately four months, therefore forming a good starting point for the current year. As before, 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 € 325.0 million, representing an 89% share in total order backlog. € 38.3 million or 11% were attributed to the “Services” segment.

Results of Operations, Net Worth and Financial Position

Performance development was according to plan in the first quarter, but as yet not satisfactory. **EBITDA** was € 12.9 million (previous year: € 11.6 million) and **EBIT** amounted to € 5.8 million (previous year: € 4.3 million). As announced, **EBT** of € -1.8 million showed a slight loss (previous year: € -1.9 million), resulting in a slight improvement at EBITDA and EBIT level. GILDEMEISTER has recorded an annual loss after tax of € 2.7 million (previous year: € -2.3 million).

In relation to a total work done of € 260.1 million (previous year: € 243.0 million), the materials quota of 53.5% continued to improve against the previous year (54.8%). With a € 17.1 million increase in total work done, gross profit of € 121.0 million is therefore € 11.1 million above the previous year's figure. Compared to the previous year, personnel costs increased by € 4.9 million to € 72.8 million. At 28.0%, the personnel costs quota remained unchanged from the previous year's level. The balance from other income and expenses rose by € 4.9 million to € 35.3 million. Along with sales-related rises in costs, additional expenditure was incurred in the sales and administration area, as planned. Depreciation decreased by € 0.2 million to € 7.1 million when compared with the corresponding period of the previous year. The financial result of € -7.6 million decreased by € 1.4 million in comparison with the previous year (€ -6.2 million). This was due primarily to increased interest costs in connection with the group's financing. With the application of IFRS accounting principles and the deferral of taxes, tax expenditure amounted to € 0.9 million (previous year: € 0.4 million). The increased tax expenditure is primarily due to changes in German tax legislation providing for a minimum taxation despite creditable losses carried forward.

	31 Mar. 2005	31 Dec. 2004	31 Mar. 2004
	€ M	€ M	€ M
Net worth			
Fixed assets	261.1	262.5	269.2
Current assets	696.0	677.5	615.9
Equity	248.9	250.5	185.5
Outside capital	708.2	689.5	699.6
Balance sheet total	957.1	940.0	885.1

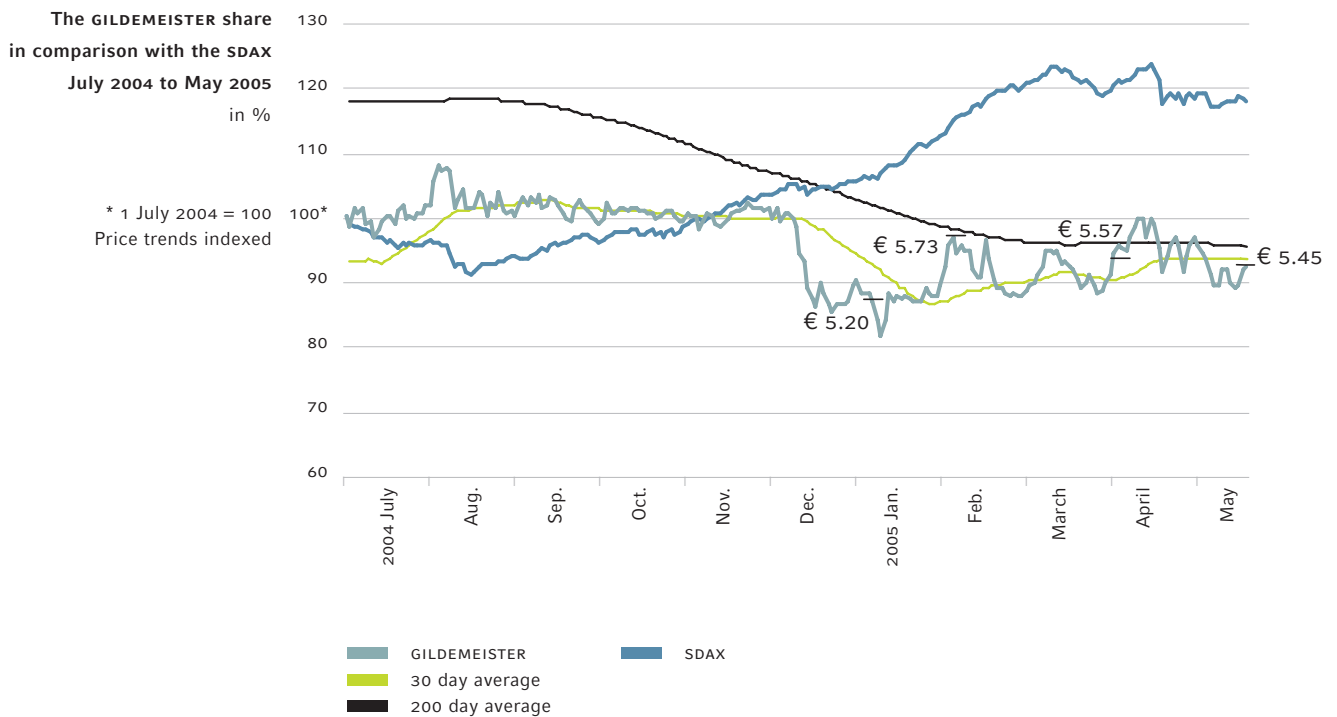
The balance sheet total for the quarter ended 31 March 2005 increased by € 17.1 million to € 957.1 million in comparison with the Annual Balance Sheet for 2004. The application of IAS 39, which was amended with effect from 1 January 2005, resulted in a balance sheet extension of € 30.2 million. This corresponds to the statement for notes payable, which were previously shown under contingencies outside the balance sheet.

At € -49.2 million, **cash flow** from current operations was negative in the first quarter. Longer processing times due to the start-up of a variety of newly developed machines types, the incorporation of the planned increase in sales and the strong rise in the international share of total sales, all resulted in a strong inventory build-up of € 34.4 million. Trade receivables on the other hand were reduced by € 21.0 million, thereby having a positive impact on the cash flow development. The decrease in trade payables of € 14.0 million and the changes in other assets of € 8.2 million and in other equity and liabilities of € 15.0 million had a negative impact on cash flow. Cash flow from investment activity amounted to € -5.4 million (previous year's figure: € -4.8 million).

	1 Jan. - 31 March 2005	1 Jan. - 31 March 2004
	€ M	€ M
Financial position		
Cash flow from current operations	-49.2	-6.6
Cash flow from investment activity	-5.4	-4.8
Cash flow from financing activity	20.0	13.8
Changes in cash and cash equivalents	-34.0	1.7
Cash as at 1 January	60.3	11.4
Cash as at 31 March	26.3	13.1

The GILDEMEISTER Share

On the first trading day of 2005, the GILDEMEISTER share was quoted at € 5.20. It reached its peak of € 5.73 in the first quarter on 1 February 2005. By the end of the quarter (31 March 2005) the price was € 5.57. Our share is currently quoted at a € 5.45 price level (10 May 2005). Up-to-date reports can be viewed on the Internet or requested from our Investor Relations Team.



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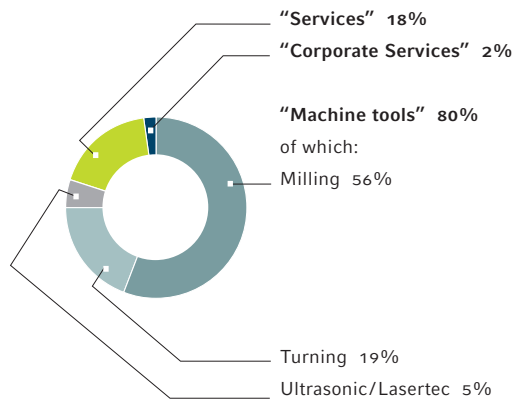
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Investments

In the first quarter of 2005, investments amounted to € 5.7 million and were therefore at the same level as in the previous year (€ 5.8 million). Overall, GILDEMEISTER carried out 19% of the investments planned for the current financial year (€ 30 million) during the first three months. Focal points of the investments in tangible and intangible fixed assets were models and fixtures for new machine types and equipment replacement.

Contribution of each segment / division to investments
1st quarter 2005: € 5.7 million



Employees

On 31 March 2005, GILDEMEISTER had 5,234 employees, 144 of whom were trainees (31 December 2004: 5,174). Compared to the corresponding figure of the end of the year 60 employees had been taken over or engaged. For the first time, this includes the newly established companies in Russia with 15 and Turkey with 13 employees, mainly in the service. The number of employees also increased by 28 at the Pleszew production site. Additional administrative requirements resulted in increased personnel requirements in the "Corporate Services" segment. Any further increase in the number of employees is restricted by the rigorous monitoring of business development at each company. Moreover we continue to utilise performance-based compensation and flexitime models, which are constantly updated. 70% of staff already have longer working hours than the 35-hour working week.

At the end of the first quarter, 3,134 employees were working in the national companies and 2,100 in our international companies. The percentage of staff working abroad was 40% (previous year: 38%). Due to the increased number of staff and increased expenses for provisions and extra-work, personnel costs of € 72.8 million exceeded the figure for the corresponding period of the previous year (€ 67.9 million).

Research and Development

In the first three months of 2005, € 9.9 million was invested in research and development, thereby exceeding the figure for the corresponding period of the previous year (€ 9.5 million) by € 0.4 million. This increase was due primarily to increased customer-specific engineering costs arising in relation to technology machines. 416 employees are currently working on the development of new products in the plants of the “Machine Tools” segment; this continues to represent 13% of staff.

In the first quarter, GILDEMEISTER introduced five innovative products of a total of 19 planned for the reporting year. Our successful in-house exhibitions provided the setting for this. Activities in research and development in the reporting period were particularly targeted at the industry’s highlight, the EMO in Hanover. At this most important of trade fairs worldwide, we will première to the world six new products offering powerful and customer-oriented innovations in all three divisions: turning, milling and ultrasonics/lasertec.



Innovative DMG technology:

The **DMC 635 V** – the compact vertical machining centre – equipped with an 8,000 spindle and high-tech control including 3-D programming and simulation offers high flexibility.



Segments

“Machine Tools”

KEY FIGURES	1 st quarter 2005	1 st quarter 2004	Changes	
	€ M	€ M	€ M	%
Sales revenues				
Total	165.1	158.4	6.7	4
Domestic	59.2	71.8	-12.6	-18
International	105.9	86.6	19.3	22
% International	64	55		
Order intake				
Total	205.6	172.3	33.3	19
Domestic	83.8	77.5	6.3	8
International	121.8	94.8	27.0	28
% International	59	55		
Order backlog*				
Total	325.0	239.8	85.2	36
Domestic	114.7	96.2	18.5	19
International	210.3	143.6	66.7	46
% International	65	60		
Investments	4.6	3.9	0.7	18
Employees	3,107	3,023	84	3
plus trainees	144	181	-37	-20
Total employees*	3,251	3,204	47	1
EBIT	3.9	2.8	1.1	

* Reporting date 31 March

The “Machine Tools” segment includes the group’s new machines business. In the reporting period, **sales revenues** amounted to € 165.1 million, thereby exceeding the figure for the previous year by € 6.7 million or 4%.

In the first quarter, GILDEMEISTER achieved **EBIT** of € 3.9 million in this segment (previous year: € 2.8 million). This improvement in profitability is primarily due to the increased sales volume.

“Services”

KEY FIGURES	1 st quarter 2005	1 st quarter 2004	Changes 2005 against 2004	
	€ M	€ M	€ M	%
Sales revenues				
Total	74.4	64.2	10.2	16
Domestic	38.8	34.8	4.0	11
International	35.6	29.4	6.2	21
% International	48	46		
Order intake				
Total	75.3	68.6	6.7	10
Domestic	39.2	38.2	1.0	3
International	36.1	30.4	5.7	19
% International	48	44		
Order backlog*				
Total	38.3	37.9	0.4	1
Domestic	24.0	20.5	3.5	17
International	14.3	17.4	-3.1	-18
% International	37	46		
Investments	1.0	1.6	-0.6	-38
Employees*	1,917	1,787	130	7
EBIT	5.8	3.7	2.1	

* Reporting date 31 March

The “Services” segment consists primarily of the business operations of DMG Vertriebs und Service GmbH and its subsidiaries, whose technical services and services constitute an independent operating area.

In the reporting period, **sales revenues** amounted to € 74.4 million, which is 16% above the figure for the previous year. Profitability improved according to plan and the positive sales revenues development. **EBIT** amounted to € 5.8 million (previous year: € 3.7 million).

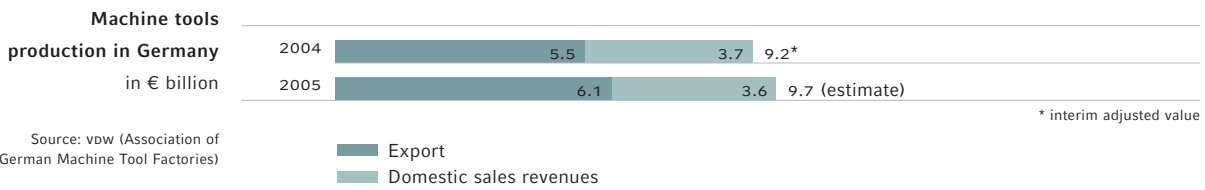
“Corporate Services”

KEY FIGURES	1 st quarter		Changes	
	2005	2004	2005 against 2004	
	€ M	€ M	€ M	%
Sales revenues	0.1	0.1	0.0	0
Order intake	0.1	0.1	0.0	0
Investments	0.1	0.3	-0.2	-67
Employees	66	59	7	12
plus trainees	0	1	-1	
Total employees*	66	60	6	10
EBIT	-3.8	-2.4	-1.4	

* Reporting date 31 March

The “Corporate Services” segment is comprised of GILDEMEISTER Aktiengesellschaft, which functions as the management holding company for the group. **EBIT** was down primarily due to an increase in expenditure resulting from the previous year’s capital measures and additional consulting expenses arising from the „GILDEMEISTER 2010“ efficiency programme.

According to economic experts, **global economic growth** will continue at a moderate level over the current financial year. Following a restraint start, the rate of growth is expected to speed up over the year. However, the dynamic in each of the regions and countries is expected to vary. Latest forecasts with regard to **machine tools** still assume subdued growth. Following a 12% increase over the previous year, the Association of German Machine Tools Factories (VDW) and the ifo Institute in their latest survey for 2005, expect worldwide demand to increase by 8%. Demand is particularly expected to increase in Asia and the USA, whilst Europe will experience only a slight rise. As regards Germany, the survey expects further stagnating demand, but an increase in production of 5%. As before, this increase is due to international demand. A 10% increase in German exports is expected accordingly, whilst domestic sales are forecasted to decrease by 2%.



GILDEMEISTER confirms its forecasts for the financial year 2005. For the entire year we are planning for an order intake of more than € 1,150 million. The last four months of the year will see a major contribution to this, as the EMO takes place in September in Hanover. This most important of trade fairs worldwide plays a trendsetting role for the machine tool industry and its customers and provides an ideal forum for **GILDEMEISTER** to present its innovations and almost its entire production programme. Based on our order backlog and the expected order intake for the current financial year, we intend to increase sales in 2005 to just under € 1.1 billion. With respect to the entire year 2005, we expect a noticeable strengthening of our profitability due to an ongoing optimisation of our cost and process management. The “**GILDEMEISTER 2010**” efficiency programme is intended to result in a sustained earnings growth. For the financial year 2005 we expect EBT to exceed € 25 million and an annual profit of more than € 10 million. Due to the business and performance prospects, which are currently seen as positive, we intend to resume the distribution of a dividend.

Notes to the Interim Consolidated Financial Statements

1 APPLICATION OF
REGULATIONS

The Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft for the quarter ending 31 March 2005 were prepared, as were the Interim Consolidated Financial Statements for the quarter ending 31 March 2004 and the Consolidated Annual Financial Statements for the year ending 31 December 2004, in accordance with International Financial Reporting Standards (IFRS) applicable on the reporting date and in accordance with the interpretation of the above Standards. The application of the IAS 34 regulations on interim reporting was particularly relevant.

All Interim Financial Statements of those companies that were included in the Interim Consolidated Financial Statements were prepared in accordance with uniform accounting and valuation principles that also formed the basis for the Consolidated Interim Financial Statements as of 31 March 2004 and the Consolidated Annual Financial Statements for the year ending 31 December 2004.

In view of the purpose of interim reporting as an information vehicle based on the Consolidated Financial Statements, and in accordance with IAS 1.103, we refer to the Notes to the Consolidated Annual Financial Statements for the year ending 31 December 2004, 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 2004.

With effect from 1 January 2005, the application of amendments to existing standards or newly pronounced standards has been made obligatory as part of the so-called "Improvement Project" of the International Accounting Standards Board (IASB). With the exception of IFRS 3 "Business Combinations", which GILDEMEISTER applied with effect from 1 January 2004, the new regulations have been taken into account in the current Consolidated Interim Financial Statements with effect from 31 March 2005. For GILDEMEISTER, major changes have resulted from the application of IAS 1 "Presentation of Financial Statements".

The revised version of IAS 1 provides for the balance sheet format to be divided into long-term and short-term assets and liabilities. Along with this, minority interests in group equity will be presented as a separate item within equity and no longer as a separate account.

Moreover the revised version of IAS 39 "Financial Instruments: Recognition and Measurement" came into force with effect from 1 January 2005. For GILDEMEISTER this has resulted primarily in a change in the new debt write-off regulations for discounted customers' bills that in the balance sheet for the quarter ending 31 March 2005 are

recognised at € 30.2 million as other assets and, at the same amount, under financial liabilities. Discounted customers' bills were previously shown as notes payable under other contingencies in the Notes.

To improve transparency and clarity in representation we have summarised certain items in the Income Statement and in the Balance Sheet.

2 CONSOLIDATED GROUP On 31 March 2005, the GILDEMEISTER group comprised 63 companies, including GILDEMEISTER Aktiengesellschaft, 62 of which were included in the Interim Financial Statements as part of the full consolidation process.

Since 31 December 2004, the newly established DMG sales organisations DMG Russia, Moscow, and DMG Istanbul, Turkey, were fully consolidated for the first time with effect from 1 January 2005.

The consolidated group has therefore not changed significantly since the previous year so that the comparability with the Consolidated Financial Statements of the previous year is not affected.

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 reporting period shown.

Group result excluding profit shares of minority interests	€ -2,647 K
Number of shares	43,302,503
Earnings per share	€ -0.06

4 CONSOLIDATED SEGMENTAL REPORTING The information with respect to segmental reporting is given in accordance with IAS 34 and IAS 14. Further details concerning the course of the business 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 when compared with the 31 December 2004.

5 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE No material events have occurred after the date of the Interim Financial Statements.

Consolidated Balance Sheet as at 31 March 2005

	31 March 2005	31 Dec. 2004	31 March 2004*
	€ M	€ M	€ M
Assets			
Long-term assets			
Intangible assets	98.2	98.9	100.2
of which goodwill	67.9	67.9	67.9
Tangible assets	162.7	163.3	168.8
Financial assets	0.2	0.2	0.2
Trade debtors	0.4	2.2	0.4
Other long-term assets	2.4	2.5	1.5
Deferred taxes	25.1	24.8	32.9
	289.0	291.9	304.0
Short-term assets			
Inventories	311.0	276.6	286.0
Trade debtors	260.3	279.5	235.3
Securities and liquid funds	26.4	60.4	13.1
Other short-term assets and prepaid expenses	70.4	31.6	46.7
	668.1	648.1	581.1
	957.1	940.0	885.1

	31 March 2005	31 Dec. 2004	31 March 2004*
	€ M	€ M	€ M
Total equity and liabilities			
Equity			
Subscribed capital	112.6	112.6	75.1
Capital provisions	68.3	68.3	48.7
Revenue provisions	67.0	68.6	60.7
Shares to other shareholders	1.0	1.0	1.0
	248.9	250.5	185.5
Long-term liabilities			
Long-term financial liabilities	318.1	300.2	87.9
Pension provisions	27.7	27.7	28.8
Other long-term provisions	20.5	20.8	20.7
Trade creditors	0.4	1.3	1.0
Other long-term liabilities and deferred income	13.0	11.4	12.5
Deferred taxes	4.0	4.0	9.0
	383.7	365.4	159.9
Short-term liabilities			
Short-term financial liabilities	56.4	24.2	248.2
Other short-term provisions	73.0	74.9	92.6
Payments received on account	24.3	27.7	28.1
Trade creditors	126.0	139.1	122.2
Other short-term liabilities	44.8	58.2	48.6
	324.5	324.1	539.7
	957.1	940.0	885.1

* Adjusted figures due to the retrospective application of IFRS 3 with effect from 1 January 2004.

Economic
DevelopmentBusiness
Development

Segments

Forecast 2005

Interim Consolidated
Financial Statements

Financial Calendar

Consolidated Income Statement

1 st quarter	2005		2004*		Changes	
	1 Jan. - 31 March		1 Jan. - 31 March		2005 against 2004	
	€ M	%	€ M	%	€ M	%
Total work done	260.1	100.0	243.0	100.0	17.1	7.0
Cost of materials	-139.1	-53.5	-133.1	-54.8	-6.0	4.5
Gross profit	121.0	46.5	109.9	45.2	11.1	10.1
Personnel costs	-72.8	-28.0	-67.9	-27.9	-4.9	7.2
Other income and expenses	-35.3	-13.6	-30.4	-12.5	-4.9	16.1
Depreciation of assets	-7.1	-2.7	-7.3	-3.0	0.2	-2.7
Financial result	-7.6	-2.9	-6.2	-2.6	-1.4	22.6
Profit/loss on ordinary activities	-1.8	-0.7	-1.9	-0.8	0.1	-5.3
Taxes on profit	-0.9	-0.3	-0.4	-0.2	-0.5	125.0
Annual profit/loss	-2.7	-1.0	-2.3	-1.0	-0.4	17.4
<hr/>						
Earnings per share						
acc. to IAS 33 (in Euro)						

* Adjusted figures due to the retrospective application of IFRS 3 with effect from 1 January 2004.

Consolidated Statement of Group Equity

GILDEMEISTER group	Subscribed capital	Capital provisions	Revenue provisions	Shares to other shareholders	Group equity
	€ M	€ M	€ M	€ M	€ M
As at 1 January 2004	75.1	48.7	63.8	1.2	188.8
Annual profit/loss	0.0	0.0	-2.3	-0.1	-2.4
Changes in currency / change in market valuation of derivative financial instruments	0.0	0.0	-0.7	0.0	-0.7
Consolidation transactions / other changes	0.0	0.0	-0.1	-0.1	-0.2
As at 31 March 2004*	75.1	48.7	60.7	1.0	185.5

* Adjusted figures due to the retrospective application of IFRS 3 with effect from 1 January 2004.

GILDEMEISTER group	Subscribed capital	Capital provisions	Revenue provisions	Shares to other shareholders	Group equity
	€ M	€ M	€ M	€ M	€ M
As at 1 January 2005	112.6	68.3	68.6	1.0	250.5
Annual profit/loss	0.0	0.0	-2.6	-0.1	-2.7
Changes in currency / change in market valuation of derivative financial instruments	0.0	0.0	1.0	0.0	1.0
Consolidation transactions / other changes	0.0	0.0	0.0	0.1	0.1
As at 31 March 2005	112.6	68.3	67.0	1.0	248.9

Consolidated Cash Flow Statement

	1 Jan. - 31 March 2005	1 Jan. - 31 March 2004*
	€ M	€ M
Cash flow from current operations		
1. Annual profit/loss	-2.7	-2.3
2. Depreciation of fixed assets	7.1	7.3
3. Change in deferred taxes	-0.3	-3.2
4. Change in long-term provisions	-0.3	-0.2
5. Other income not affecting payments	-0.2	0.0
6. Change in short-term provisions	-2.0	8.4
7. Change in inventories, trade debtors and other assets	-21.7	-6.6
8. Change in trade creditors and other liabilities	-29.1	-10.0
	-49.2	-6.6
Cash flow from investment activity		
1. Amounts paid out for investments in intangible and tangible assets	-5.7	-5.0
2. Amounts received from the disposal of fixed assets	0.3	0.2
	-5.4	-4.8
Cash flow from financing activity		
1. Amounts received from raising (financing) credits	20.0	13.9
2. Distribution of dividends to shareholders	0.0	-0.1
	20.0	13.8
Changes affecting payments	-34.6	2.4
Consolidation and exchange rate related changes not affecting payments	0.6	-0.7
Liquid funds as at 1 January	60.3	11.4
Liquid funds as at 31 March	26.3	13.1

* Adjusted figures due to the retrospective application of IFRS 3 with effect from 1 January 2004.

Consolidated Segmental Reporting

GILDEMEISTER group	Machine- tools	Services	Corporate Services	Transitions	Group
1st quarter 2004*	€ M	€ M	€ M	€ M	€ M
Sales revenues	158.4	64.2	0.1		222.7
EBIT	2.8	3.7	-2.4	0.2	4.3
Investments	3.9	1.6	0,3		5.8
Employees	3,204	1,787	60		5,051

* Adjusted figures due to the retrospective application of IFRS 3 with effect from 1 January 2004.

GILDEMEISTER group	Machine- tools	Services	Corporate Services	Transitions	Group
1st quarter 2005	€ M	€ M	€ M	€ M	€ M
Sales revenues	165.1	74.4	0.1		239.6
EBIT	3.9	5.8	-3.8	-0.1	5.8
Investments	4.6	1.0	0.1		5.7
Employees	3,251	1,917	66		5,234

20 May 2005	General meeting of shareholders at 10am in the Town Hall Bielefeld
23 August 2005	2nd Quarterly Report 2005 (1 April to 30 June)
8 November 2005	3rd Quarterly Report 2005 (1 July to 30 September)
14 February 2006	Press release on provisional figures for the financial year 2005
19 May 2006	General meeting of shareholders at 10am in the Town Hall Bielefeld

Subject to alteration

Bielefeld, 12 May 2005

Yours faithfully,
GILDEMEISTER Aktiengesellschaft
The Executive Board

Supervisory Board:
Hans Henning Offen, Chairman
Gerhard Dirr, Deputy Chairman

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

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