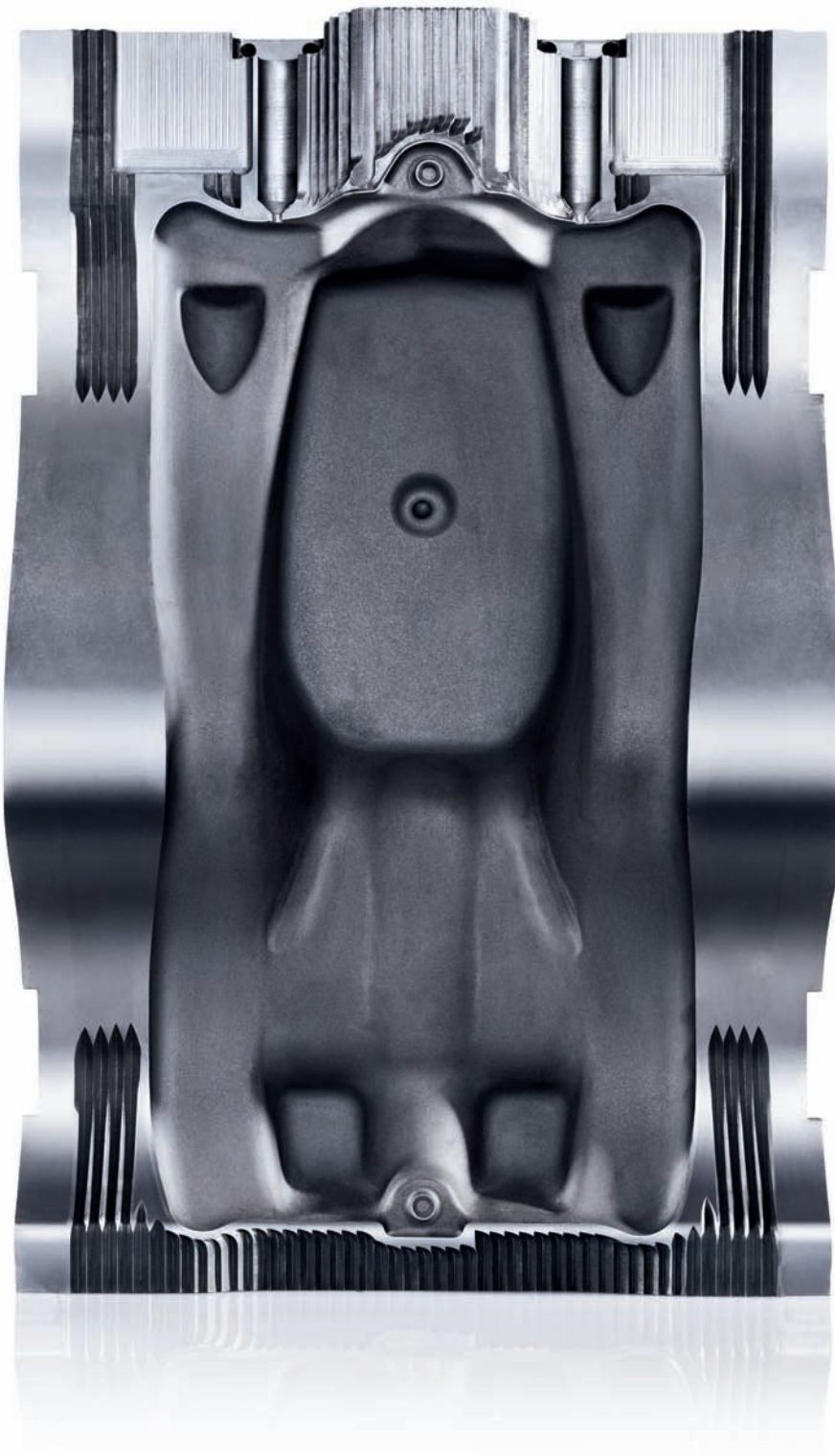


# Interim Report

1<sup>st</sup> Quarter 2007



**GILDEMEISTER**

## **Dear Shareholders,**

The worldwide demand for machine tools continues unabated at a high level. GILDEMEISTER made a successful start to the financial year 2007. Once again we were able to increase order intake, sales revenues and the results in the first quarter.

Order intake rose to € 416.1 million (+23%); sales revenues increased to € 320.3 million (+17%). The financial results increased as planned: EBITDA reached € 24.1 million (previous year: € 18.1 million), EBIT amounted to € 16.4 million (previous year: € 10.4 million). EBT rose to € 8.7 million (previous year: € 2.2 million). The group reports an annual profit of € 4.8 million as at 31 March 2007 (previous year: € 1.1 million).

GILDEMEISTER will continue its growth trend in the financial year 2007. We are expecting particular stimuli to come from the EMO 2007 in Hanover (17 - 22 September), the most important trade fair worldwide for machine tools. We henceforth want to achieve order intake of over € 1.5 billion for the whole year. Taking the order backlog into account, we anticipate achieving sales revenues of more than € 1,370 million. For the entire year we anticipate a double-digit percentage increase in EBT and in the annual profit. We plan a further increase in the dividend for the current financial year.

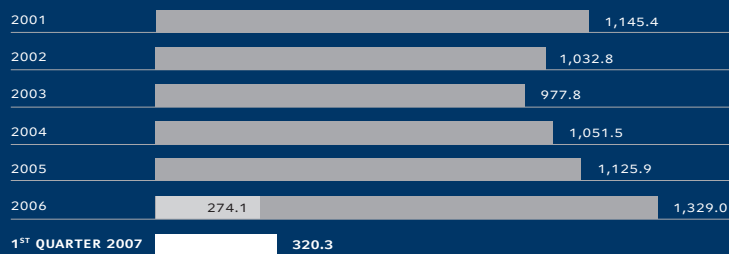
## Key figures

The Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft were prepared in accordance with the International Financial Reporting Standards (IFRS). The interim financial statements have not been audited.

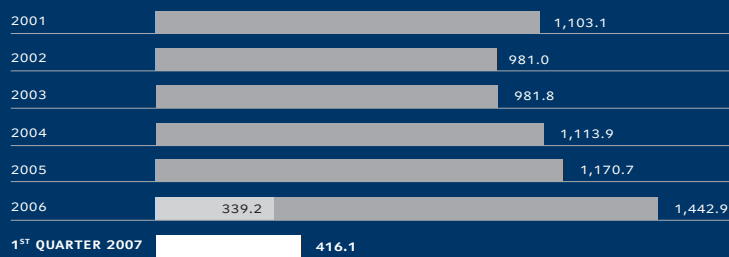
| GILDEMEISTER GROUP    | 2007                    | 2006                    | CHANGES           |    |
|-----------------------|-------------------------|-------------------------|-------------------|----|
|                       | 1 <sup>ST</sup> QUARTER | 1 <sup>ST</sup> QUARTER | 2007 AGAINST 2006 |    |
|                       | € M                     | € M                     | € M               | %  |
| <b>Sales revenues</b> |                         |                         |                   |    |
| Total                 | 320.3                   | 274.1                   | 46.2              | 17 |
| Domestic              | 141.8                   | 120.4                   | 21.4              | 18 |
| International         | 178.5                   | 153.7                   | 24.8              | 16 |
| % International       | 56                      | 56                      |                   |    |
| <b>Order intake</b>   |                         |                         |                   |    |
| Total                 | 416.1                   | 339.2                   | 76.9              | 23 |
| Domestic              | 182.5                   | 156.1                   | 26.4              | 17 |
| International         | 233.6                   | 183.1                   | 50.5              | 28 |
| % International       | 56                      | 54                      |                   |    |
| <b>Order backlog*</b> |                         |                         |                   |    |
| Total                 | 542.6                   | 397.8                   | 144.8             | 36 |
| Domestic              | 196.8                   | 153.4                   | 43.4              | 28 |
| International         | 345.8                   | 244.4                   | 101.4             | 42 |
| % International       | 64                      | 61                      |                   |    |
| Investments           | 6.8                     | 4.3                     | 2.5               | 58 |
| Personnel costs       | 87.1                    | 76.3                    | 10.8              | 14 |
| Employees             | 5,484                   | 5,134                   | 350               | 7  |
| plus trainees         | 163                     | 136                     | 27                | 20 |
| Total employees*      | 5,647                   | 5,270                   | 377               | 7  |
| EBITDA                | 24.1                    | 18.1                    | 6.0               |    |
| EBIT                  | 16.4                    | 10.4                    | 6.0               |    |
| EBT                   | 8.7                     | 2.2                     | 6.5               |    |
| Annual profit         | 4.8                     | 1.1                     | 3.7               |    |

\* Reporting date 31 March

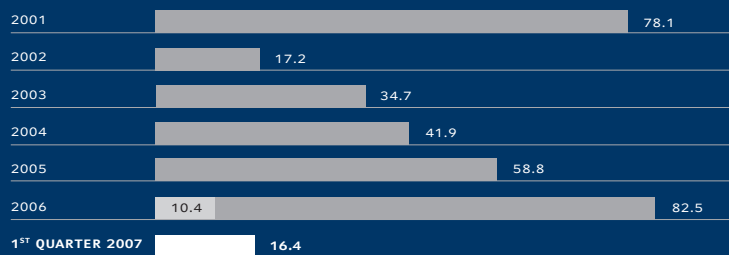
**SALES REVENUES**  
in € million



**ORDER INTAKE**  
in € million

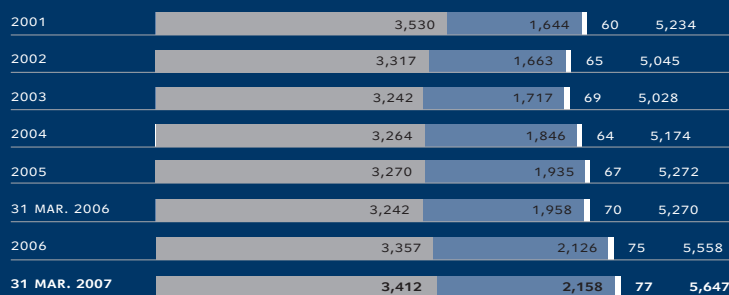


**EBIT**  
in € million





**NUMBER OF EMPLOYEES**  
incl. trainees

Machine Tools  
Services  
Corporate Services



|        |   |  |
|--------|---|--|
|        | Key figures   |  |
| -----> | 2 Overall Economic Development  | Economic Development                         |
| -----> | 3 Development of the Machine Tool Industry  |  |
| -----> | 4 - 14 Business Development of the GILDEMEISTER group   | Business Development                         |
|        | 4 Sales Revenues  |  |
|        | 5 Order Intake  |  |
|        | 6 Order Backlog   |  |
|        | 7 Results of Operations, Net Worth and Financial Position   |  |
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|        | 13 GILDEMEISTER Share   | Forecast 2007                                |
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|        | 16 Consolidated Income Statement  |  |
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|        | 21 Notes to the Interim Consolidated Financial Statements   |  |
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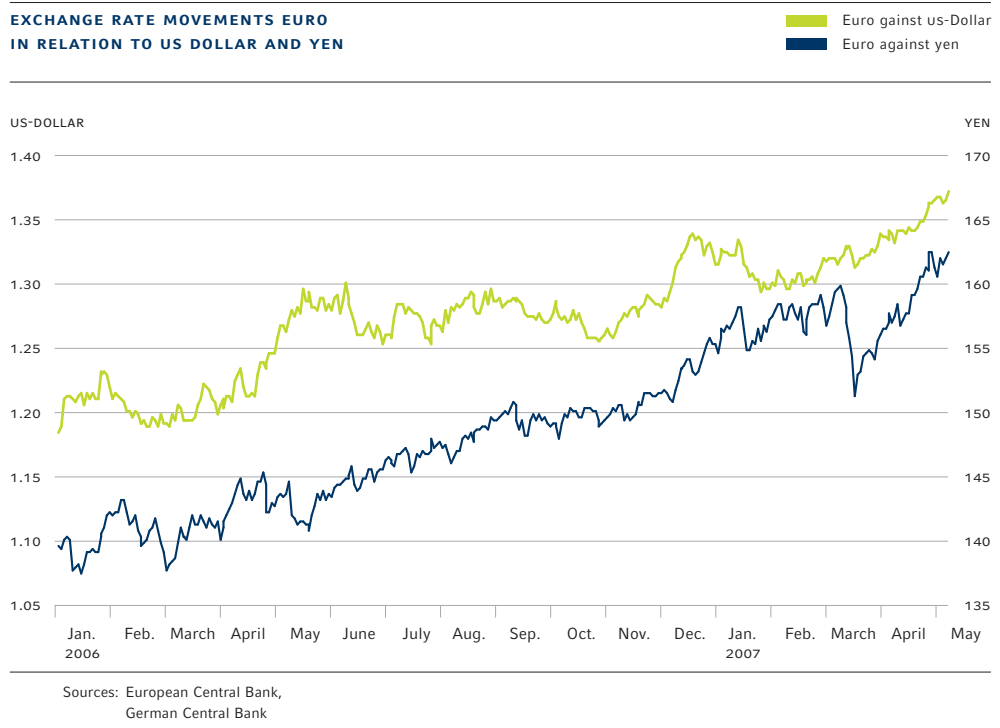
|   |  |   |
|---|--|---|
|  | <p>COVER PICTURE</p> <p><b>Workpiece:</b> injection mould made of tool steel completely machined in 45 hours on the <b>DMC 105 v linear</b> vertical machining centre with high-dynamic high-speed cutting with acceleration of up to 90 m/min and 2g on all axes.</p> <p><b>Technological application:</b> or example for Bobbycars from the BIG toy manufacturers.</p> |  |
|---|--|---|

**Overall economic development** continued its upwards trend in the first three months of the current year. This applies in particular to Asia, where the economic boom in Japan continues and China's high rate of growth remains unchanged. The US economy remains steady. In Germany a continued economic revival was noticeable. According to provisional calculations of the German Economic Research Institute (DIW), gross domestic product increased by 0.5% compared to the previous quarter.

For the international business of GILDEMEISTER, the US dollar, the Japanese yen and the Chinese yuan are of particular importance. The **foreign exchange rate** of the currencies most important for us changed in the first quarter as follows: the euro started the year on 2 January 2007 at 1.33 US dollars and reached its lowest value of 1.29 US dollars on 12 January. The euro reached its highest value of 1.34 US dollars on 29 March. The average value of the euro of 1.31 US dollars in the first quarter was higher than the previous year's value of 1.20 US dollars. In comparison with the Chinese yuan, the euro initially lost value but gradually regained in value from the beginning of February. At the end of the first quarter the exchange rate was 10.30 yuan (30 March 2007). In comparison with the yen, the euro's development was marked by an increase in the key interest rate in Japan.

In January and February the value initially fluctuated around 157.80 yen. Following an increase in the key interest rate, the euro reached its highest value of 159.35 yen on 23 February 2007. It fell on 5 March to 150.93 yen and at the end of the quarter stood at 157.32 yen (30 March 2007). The average rate of exchange was 156.43 yen (previous year's quarter: 140.51 yen).

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

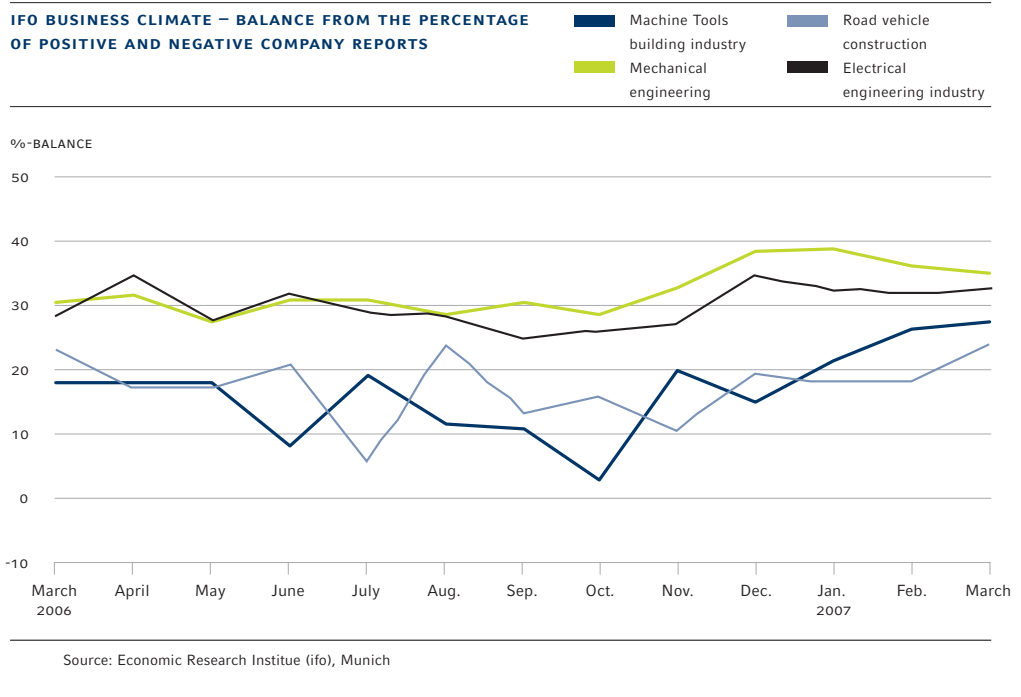


The **worldwide market for machine tools** will continue to develop positively in 2007. In their latest study (dated May 2007), the German Machine Tool Builders' Association (VDW) and the ifo Institute are expecting global consumption, and thus the concomitant global production, to both increase by 8% to € 51.2 billion.

The **German machine tool industry** is expected to develop somewhat more strongly in comparison with the world market. The VDW and the ifo Institute expect production growth of 13% and a 10% increase in consumption, especially in view of the EMO taking place in Hanover in the autumn. At the start of the year order intake was higher than the comparative value of the previous year. At the same time both domestic and international orders increased.

The ifo **business climate** for trade and industry reflected this optimistic mood as did the positive indicators for the main consumer sectors for machine tools.

Source: vdw (German Machine Tool Builders' Association)



Economic Development

Business Development

Forecast 2007

Interim Consolidated Financial Statements

Financial Calendar

|  |   |                                       |  |  |  |
|--|---|---------------------------------------|--|--|--|
| <b>GILDEMEISTER</b><br>Aktiengesellschaft<br>Bielefeld | <b>Product plants</b><br><b>Turning</b>         |                                       |  | <b>Product plants</b><br><b>Milling</b>              |  |
|  | GILDEMEISTER<br>Drehmaschinen GmbH<br>Bielefeld | GRAZIANO<br>Tortona S.r.l.<br>Tortona | GILDEMEISTER<br>Italiana S.p.A.<br>Bergamo | DECKEL MAHO<br>Pfronten GmbH<br>Pfronten, Geretsried | DECKEL MAHO<br>Seebach GmbH<br>Seebach, Geretsried |

The GILDEMEISTER group including GILDEMEISTER Aktiengesellschaft comprised 67 enterprises as at 31 March 2007. The consolidated group has increased by two enterprises compared to 31 December 2006. In March, DMG Europe Holding GmbH founded DMG Hungary Kft, with its registered place of business in Budapest, Hungary, to strengthen its sales and services activities. DMG America Inc. founded DMG Charlotte LLC. with its registered place of business in Charlotte, USA.

### Sales Revenues

In the first quarter, sales revenues reached € 320.3 million and were thus 17% above the previous year's level (€ 274.1 million). Domestic sales revenues rose by 18% to € 141.8 million. International sales revenues increased by 16% to € 178.5 million. The export share amounted to 56% (previous year's quarter: 56%).

| SALES REVENUES GILDEMEISTER GROUP |       | in € million |       | Domestic | International |
|-----------------------------------|-------|--------------|-------|----------|---------------|
| 1 <sup>st</sup> Quarter 2006      | 120.4 | 153.7        | 274.1 |          |               |
| 1 <sup>st</sup> Quarter 2007      | 141.8 | 178.5        | 320.3 |          |               |

More detailed information on sales revenues in each segment can be found starting on page 9.

Taking the order backlog into account, we anticipate achieving sales revenues of more than € 1,370 million for the entire year.



| Product plants<br>Ultrasonic/Lasertec | Product plants                |  | Sales and<br>Service Organisation                 |
|---------------------------------------|-------------------------------|--|---|
| SAUER GmbH<br>Idar-Oberstein, Kempten | FAMOT Pleszew S.A.<br>Pleszew | DECKEL MAHO GILDEMEISTER<br>(Shanghai) Machine Tools Co., Ltd.<br>Shanghai | DMG Vertriebs<br>und Service GmbH<br>Bielefeld    |
|                                       |                               |  | 63 sales and<br>service locations<br>worldwide    |
|                                       |                               |  | DMG MICROSET GmbH<br>Bielefeld                    |
|                                       |                               |  | SACO S.p.A.<br>Castelleone                        |
|                                       |                               |  | a & f Stahl- und<br>Maschinenbau GmbH<br>Würzburg |

Economic  
DevelopmentBusiness  
Development

Forecast 2007

Interim Consolidated  
Financial Statements

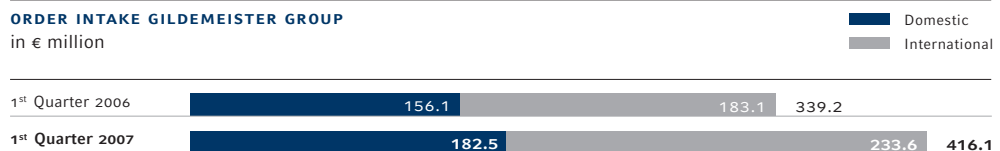
Financial Calendar

### Order Intake

In the first quarter order intake rose by 23% to € 416.1 million (previous year: € 339.2 million). Domestic orders increased by 17% to € 182.5 million (previous year's quarter: € 156.1 million). International orders rose 28% to € 233.6 million (previous year's quarter: € 183.1 million). International orders thus accounted for 56% of orders (previous year's quarter: 54%).

Order intake in the first quarter was above our expectations. In addition to the successful in-house exhibitions in Pfronten and Seebach, good international development also played an important part in increased order intake. At 15 international spring trade fairs and in-house exhibitions, including the IMTEX in Bangalore, the TECMA in Mexico City and the Intermold in Seoul, we were able to achieve order intake that exceeded our planned targets. Furthermore, our service concept once again contributed to the increase in order intake.

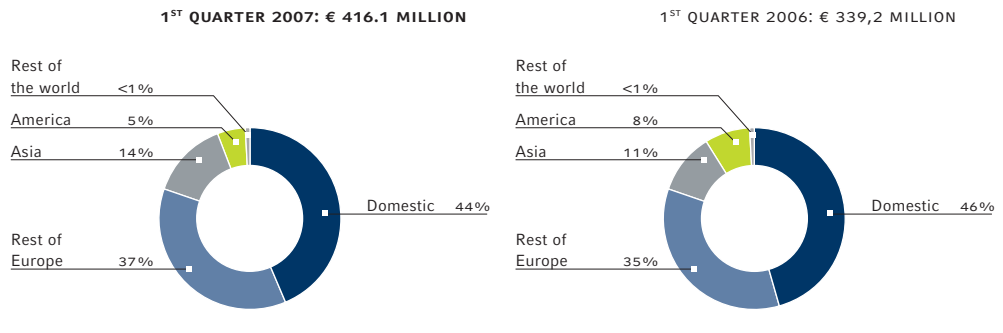
#### ORDER INTAKE GILDEMEISTER GROUP in € million



More detailed information on order intake for each segment can be found starting on page 10.

In the individual market regions, order intake developed as follows:

**ORDER INTAKE BY REGIONS  
GILDEMEISTER GROUP**



The good order intake in the first quarter was due to an increase in demand in the German market, as well as in the other European markets and in the Asian markets. In the third quarter we are expecting more moderate order intake in the run-up to the EMO. Taking this development into consideration, we now want to achieve order intake for the whole year of more than € 1.5 billion.

**Order Backlog**

As at 31 March 2007 the order backlog within the group amounted to € 542.6 million. Of the orders on hand, international orders accounted for 64% (corresponding date of the previous year: 61%). In a year-on-year comparison, the backlog of international orders increased by € 101.4 million (+42%) to € 345.8 million. The backlog of domestic orders rose by € 43.4 million (+28%) to € 196.8 million.

**ORDER BACKLOG GILDEMEISTER GROUP**  
in € million



The order backlog signifies production capacity utilisation of around five months and thus ensures good basic utilisation for the current financial year.

### Results of Operations, Net Worth and Financial Position

The financial results showed positive development in the first quarter and once again were higher than the corresponding results in the previous year. **EBITDA** reached € 24.1 million (previous year: € 18.1 million), **EBIT** amounted to € 16.4 million (previous year: € 10.4 million). **EBT** rose to € 8.7 million (previous year: € 2.2 million). GILDEMEISTER reports an **annual profit** after taxes of € 4.8 million (previous year: € 1.1 million).

Total work done increased by 17.2% to € 346.7 million (previous year: € 295.9 million). The materials quota amounted to 52.3% (previous year: 54.2%); this corresponds to a cost of materials of € 181.2 million (previous year: € 160.4 million). Gross profit increased by € 30.0 million to € 165.5 million (previous year: € 135.5 million). The gross profit margin of 47.7% is 1.9 percentage points above the previous year's level (45.8%). The personnel expenditure quota amounted to 25.1% (previous year: 25.8%). Personnel expenditure amounted to € 87.1 million (previous year: € 76.3 million). The balance of other expenses and income rose to € 54.3 million due to the increase in sales volume (previous year: € 41.1 million). Depreciation corresponds to the previous year's level at € 7.7 million. The financial result of € -7.7 million was below the level of the previous year (€ -8.2 million). Due to the higher EBT, tax expenditure rose to € 3.9 million (previous year: € 1.1 million).

|                            | 31 MAR. 2007<br>€ M | 31 DEC. 2006<br>€ M | 31 MAR. 2006<br>€ M |
|----------------------------|---------------------|---------------------|---------------------|
| <b>Net worth</b>           |                     |                     |                     |
| Fixed assets               | 264.2               | 265.5               | 259.6               |
| Current assets             | 713.3               | 689.4               | 704.1               |
| Equity                     | 294.3               | 288.6               | 268.4               |
| Outside capital            | 683.2               | 666.3               | 695.3               |
| <b>Balance sheet total</b> | <b>977.5</b>        | <b>954.9</b>        | <b>963.7</b>        |

The balance sheet total as at 31 March 2007 increased by € 22.6 million to € 977.5 million in comparison with the annual balance sheet for 2006. On the assets side, a reduction in fixed assets of € 1.3 million is offset by an increase in current assets of € 23.9 million. Under current assets, inventories increased by € 41.6 million to € 334.6 million, whilst trade receivables decreased by € 13.0 million to € 240.3 million. The increase in inventories in the first quarter is due to increased material procurement of raw materials and consumables to secure suppliers, as well as to a higher level of initial processing of unfinished goods and an increase in finished goods in stock, which is especially due to the planned increase in sales revenues for the financial year 2007. On the liabilities side, outside capital rose by € 16.9 million to € 683.2 million. At the same time liabilities rose by € 26.8 million and payments on account for orders by € 14.9 million. Trade payables decreased by € 20.7 million to € 110.2 million.

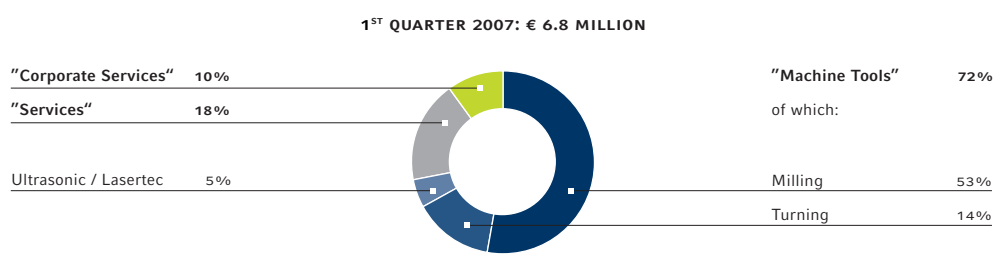
The free cash flow was still negative in the first quarter at € 41.9 million (previous year: € -26.8 million). **Cash flow** from current operations amounted to € -35.4 million in the first quarter (previous year's quarter: € -22.9 million). Positive contributions to cash flow development came from earnings before tax (EBT) of € 8.7 million, depreciation of € 7.7 million and from a reduction in trade receivables of € 13.4 million. The € 41.1 million increase in medium-term funds committed to inventories and a reduction in trade accounts payable of € 20.5 million had a negative effect on the cash flow. Cash flow from investment activity amounted to € -6.5 million (previous year: € -3.9 million). Cash flow from financing activity of € 27.7 million (previous year: € 21.7 million) results from a change in financial liabilities. We expect a free cash flow of more than € 40 million for the entire year.

|                                      | 2007<br>1 <sup>ST</sup> QUARTER<br>€ M | 2006<br>1 <sup>ST</sup> QUARTER<br>€ M |
|--------------------------------------|--|--|
| <b>Financial position</b>            |  |  |
| Cash flow from current operations    | -35.4                                  | -22.9                                  |
| Cash flow from investment activity   | -6.5                                   | -3.9                                   |
| Cash flow from financing activity    | 27.7                                   | 21.7                                   |
| Changes in cash and cash equivalents | -14.3                                  | -4.8                                   |
| Liquid funds as of 1 January         | 42.2                                   | 21.9                                   |
| Liquid funds as of 31 March          | 27.9                                   | 17.1                                   |

### Investments

In the first quarter, investments were made according to plan and amounted to € 6.8 million (previous year: € 4.3 million). Overall GILDEMEISTER effected 15% of the planned investments (€ 45 million) for the current financial year in the first three months. In view of this year's EMO, the main investment focus was placed on investment in capitalised development costs for new types of machine, as well as in machine tools, models and measuring fixtures. Furthermore, investments were made in new infrastructure measures to allow capacity adjustments in production and logistics processes.

### CONTRIBUTION OF EACH SEGMENT / DIVISION TO INVESTMENT



## Segments

### “Machine Tools”

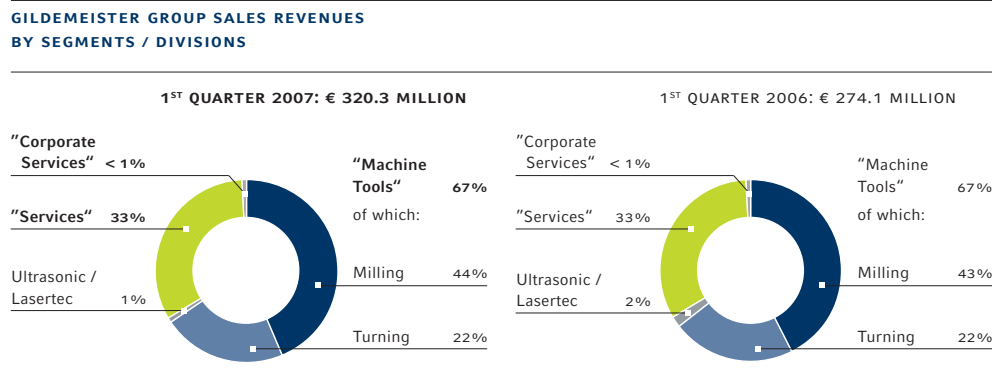
The “Machine Tools” segment includes the group’s new machines business. It comprises the turning, milling, ultrasonic and laser divisions. We have combined our development and technology expertise in five product plants.

| KEY FIGURES<br>“MACHINE TOOLS” SEGMENT | 2007                           | 2006                           | CHANGES           |    |
|--|--------------------------------|--------------------------------|-------------------|----|
|  | 1 <sup>ST</sup> QUARTER<br>€ M | 1 <sup>ST</sup> QUARTER<br>€ M | 2007 AGAINST 2006 |    |
|  |                                |                                | € M               | %  |
| Sales revenues                         |                                |                                |                   |    |
| Total                                  | 214.2                          | 183.5                          | 30.7              | 17 |
| Domestic                               | 88.1                           | 71.9                           | 16.2              | 23 |
| International                          | 126.1                          | 111.6                          | 14.5              | 13 |
| % International                        | 59                             | 61                             |                   |    |
| Order Intake                           |                                |                                |                   |    |
| Total                                  | 298.9                          | 239.2                          | 59.7              | 25 |
| Domestic                               | 124.1                          | 101.1                          | 23.0              | 23 |
| International                          | 174.8                          | 138.1                          | 36.7              | 27 |
| % International                        | 58                             | 58                             |                   |    |
| Order Backlog*                         |                                |                                |                   |    |
| Total                                  | 475.3                          | 355.5                          | 119.8             | 34 |
| Domestic                               | 155.2                          | 119.0                          | 36.2              | 30 |
| International                          | 320.1                          | 236.5                          | 83.6              | 35 |
| % International                        | 67                             | 67                             |                   |    |
| Investments                            | 4.9                            | 2.9                            | 2.0               | 69 |
| Employees                              | 3,249                          | 3,106                          | 143               | 5  |
| plus trainees                          | 163                            | 136                            | 27                | 20 |
| Total employees*                       | 3,412                          | 3,242                          | 170               | 5  |
| EBIT                                   | 8.2                            | 2.8                            | 5.4               |    |

\* Reporting date 31 March

**Sales revenues** in the reporting period amounted to € 214.2 million and were € 30.7 million or 17% above the previous year’s level (€ 183.5 million). The “Machine Tools” segment accounted for 67% of group sales revenues (previous year: 67%). The DECKEL MAHO milling technology contributed 44% (previous year’s quarter: 43%). GILDEMEISTER’s turning technology contributed 22% (previous year’s quarter: 22%). The new ultrasonic and laser technologies contributed 1% (previous year’s quarter: 2%).

In relation to the sales revenues of the group, the “Machine Tools“, “Services” and “Corporate Services” segments contributed as follows:



In the “Machine Tools“ segment, **order intake** increased by € 59.7 million or 25% to € 298.9 million (previous year’s quarter: € 239.2 million). “Machine Tools“ thus accounted for 72% of all order intake in the group (previous year’s quarter 71%). Our product innovations have been well received by the market. In connection with targeted marketing measures, well attended trade fairs and the DMG in-house exhibitions, our new products have contributed significantly to the higher order intake.

As at 31 March 2007 the **order backlog** within the group amounted to € 475.3 million (previous year: € 355.5 million). In the first three months of the year, GILDEMEISTER achieved an **EBIT** of € 8.2 million in the “Machine Tools“ segment (previous year: € 2.8 million).

## “Services“

The “Services“ segment mainly includes the business activities of DMG Vertriebs und Service GmbH and its subsidiaries. **DMG Service Solutions** offers worldwide customised service solutions and service products over the entire lifespan of the DMG machine tools. The **Service Solutions** include various services provided by our highly-qualified service staff, whose worldwide network ensures direct customer contact and rapid availability. **Service Products** – such as spare parts, DMG POWERTOOLS, SACO components, as well as calibration devices and tool management from MICROSET – enable the user to further increase the productivity of his DMG machine tools. Up-to-date service news may be obtained at [www.gildemeister.com](http://www.gildemeister.com).

| KEY FIGURES<br>“SERVICES“ SEGMENT | 2007                           | 2006                           | CHANGES                  |     |
|-----------------------------------|--------------------------------|--------------------------------|--------------------------|-----|
|                                   | 1 <sup>ST</sup> QUARTER<br>€ M | 1 <sup>ST</sup> QUARTER<br>€ M | 2007 AGAINST 2006<br>€ M | %   |
| Sales revenues                    |                                |                                |                          |     |
| Total                             | 106.0                          | 90.5                           | 15.5                     | 17  |
| Domestic                          | 53.6                           | 48.5                           | 5.1                      | 11  |
| International                     | 52.4                           | 42.0                           | 10.4                     | 25  |
| % International                   | 49                             | 46                             |                          |     |
| Order Intake                      |                                |                                |                          |     |
| Total                             | 117.1                          | 99.9                           | 17.2                     | 17  |
| Domestic                          | 58.3                           | 54.9                           | 3.4                      | 6   |
| International                     | 58.8                           | 45.0                           | 13.8                     | 31  |
| % International                   | 50                             | 45                             |                          |     |
| Order backlog*                    |                                |                                |                          |     |
| Total                             | 67.3                           | 42.3                           | 25.0                     | 59  |
| Domestic                          | 41.6                           | 34.4                           | 7.2                      | 21  |
| International                     | 25.7                           | 7.9                            | 17.8                     | 227 |
| % International                   | 38                             | 19                             |                          |     |
| Investments                       | 1.2                            | 1.1                            | 0.1                      | 9   |
| Employees*                        | 2,158                          | 1,958                          | 200                      | 10  |
| EBIT                              | 13.1                           | 11.2                           | 1.9                      |     |

\* Reporting date 31 March

Demand for highly-qualified services continued to grow. **Sales revenues** reached € 106.0 million and were thus 17% above the previous year's quarter (€ 90.5 million). "Services" accounted for 33% of group sales revenues (previous year: 33%). **Order intake** increased to € 117.1 million (previous year: € 99.9 million). "Services" thus accounted for 28% of all order intake (previous year's quarter: 29%). The **order backlog** amounted to € 67.3 million. **EBIT** amounted to € 13.1 million (previous year: € 11.2 million). The income position improved according to plan with the development in sales.

### "Corporate Services"

| KEY FIGURES<br>"CORPORATE SERVICE" SEGMENT | 2007                    | 2006                    | CHANGES           |
|--|-------------------------|-------------------------|-------------------|
|  | 1 <sup>ST</sup> QUARTER | 1 <sup>ST</sup> QUARTER | 2007 AGAINST 2006 |
|  | € M                     | € M                     | € M               |
| Sales revenues                             | 0.1                     | 0.1                     | 0.0               |
| Order intake                               | 0.1                     | 0.1                     | 0.0               |
| Investments                                | 0.7                     | 0.3                     | 0.4               |
| Employees*                                 | 77                      | 70                      | 7                 |
| EBIT**                                     | -4.7                    | -3.7                    | -1.0              |

\* Reporting date 31 March

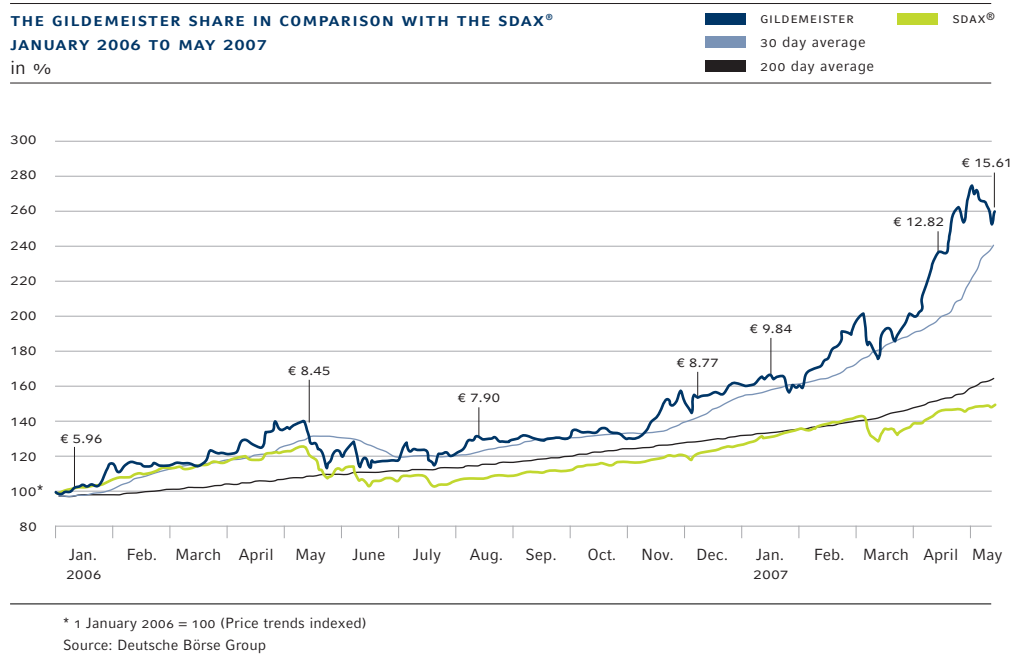
\*\* Previous year's figures adjusted as to reporting of transaction costs

The "Corporate Services" segment essentially comprises GILDEMEISTER Aktiengesellschaft with its group-wide holding function. **EBIT** amounted to € -4.7 million (previous year: € -3.7 million).



### GILDEMEISTER Share

Once again the GILDEMEISTER share developed better than the entire market. Starting from a price of € 9.84 on the first day of trading in 2007, the share closed at € 12.82 at the end of the first quarter. This represents a share price increase of 30%. In comparison, the SDAX rose 8%. Currently the share price is quoted at € 15.61 (4 May 2007). Research studies may be found in the Internet or may be requested from our investor relations team.



The GILDEMEISTER shares are held in free float. Based on a total number of 43.3 million shares, the shares were transferred 0.4 times (previous year: 0.3 times). The shareholder structure changed in the first quarter as follows: The Governance for Owners LLP, London, Great Britain, and JP Morgan Chase & Co., New York, USA – assigned through its subsidiaries – have exceeded the threshold of 3% of the voting rights in GILDEMEISTER Aktiengesellschaft.

#### Your contact to the GILDEMEISTER Investor and Public Relations Team:

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### Research and Development

Expenditure on research and development amounted to € 11.3 million in the first three months and was thus above the level of the previous year (€ 10.2 million). There are currently 435 employees working on the development of new products (13% of the workforce at the plants). At the traditional in-house exhibition in Pfronten, we presented the DMC 55 H duoblock® and the HSC 20 linear, which are just two of the 17 new innovations planned in total for the reporting year. With the DMU 70 eVo linear we presented a third innovation at the in-house exhibition in Seebach. Our activities are focused in particular on the EMO as the most important trade fair worldwide for machine tools. With a total of 11 world premieres, the majority of our innovations are aimed at the industry highlight in September. GILDEMEISTER Drehmaschinen GmbH will present the 5<sup>th</sup> generation of the CTX model range; modern electronics and high-performance controls with optimum precision, dynamics and ease of use increase user benefits.

In accordance with our innovations-focused product strategy, we will continue to present new innovations over the course of the year at the major national and international trade fairs for the industry and at our DMG in-house exhibitions.



**Workpiece** or the automotive industry: oil pump casing of high quality annealed steel.

The new **DMC 55 H duoblock®** from DECKEL MAHO Pfronten enables the economic and precise machining of oil pump casings. This compact horizontal machining centre increases customer benefits and productivity through high precision and flexibility.



### Employees

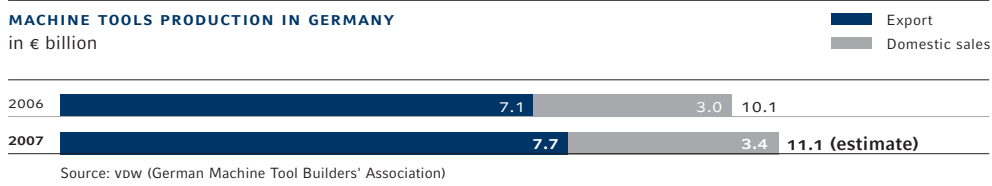
As of 31 March 2007, GILDEMEISTER had 5,647 employees, of whom 163 were trainees (31 Dec. 2006: 5,558). In comparison with year-end 2006, the number of employees has risen by 89.

At the end of the first quarter, 3,355 employees (59%) worked for the national companies and 2,292 employees (41%) for our international companies. Personnel expenditure amounted to € 87.1 million (previous year's quarter: € 76.3 million). The personal expenditure quota of personnel costs amounted to 25.1% (previous year's quarter: 25.8%).

### Forecast 2007

The **world economy** will continue at its high rate of growth in the current year. China and the USA remain the main motors driving the economy. However, there is growing stimulus coming from Japan and the European Union. The upturn in the German economy has stabilised.

The **worldwide market for machine tools** will continue to develop positively in 2007. The forecast of the ifo Institute and the German Machine Tool Builders' Association (VDW) anticipates a growth in global consumption of 8% to € 51.2 billion. This estimate is based on the positive outlook for the major Asian markets, such as China and India, as well as for the European markets. In Germany, economic experts are anticipating an increase in consumption of 13%, especially in view of the EMO, which is taking place in Hanover in the autumn. A 9% increase in German exports is expected and domestic sales should increase by 12%.



**GILDEMEISTER** will continue its growth trend in the financial year 2007. We intend to expand our global presence by developing future sales markets, in particular those in the growing eastern European national economies such as Russia, Hungary, Bulgaria, Romania and Slovenia. We will increase our service capacity worldwide and further strengthen our customer ties. Furthermore, we plan to expand our “Advanced Technologies”. In addition to ultrasonic and laser technology, we intend to strengthen our market presence as a supplier of alternative energy solutions.

We are expecting the international trade fairs to provide strong stimuli. The most important trade fair in Asia took place from 9 to 15 April in Peking. GILDEMEISTER presented twelve exhibits at the CIMT to considerable success. In 2007 we will present our innovative product lines to our customers worldwide at 59 trade fairs and in-house exhibitions. The year 2007 is marked for GILDEMEISTER by the EMO, which takes place from 17 to 22 September in Hanover. This trade fair plays an important trend-setting role for the industry and its customers. GILDEMEISTER will present more than 60 exhibits in Hanover, 11 of which will be world innovations.

Based on our good results in the first quarter and our ongoing planning, we now intend to achieve order intake of more than € 1.5 billion for the **financial year 2007**. Taking the order backlog into account, we anticipate achieving sales revenues of more than € 1,370 million. For the entire year we anticipate a double-digit percentage increase in EBT and in the annual profit. We plan a further increase in the dividend for the current financial year.

## Consolidated Income Statement

|  | 2007              |       | 2006*            |       | CHANGES           |      |
|--|-------------------|-------|------------------|-------|-------------------|------|
|  | 1 JAN. - 31. MAR. |       | 1 JAN. - 31 MAR. |       | 2007 AGAINST 2006 |      |
|  | € M               | %     | € M              | %     | € M               | %    |
| <b>Sales revenues</b>                                    | 320.3             | 92.4  | 274.1            | 92.6  | 46.2              | 16.9 |
| Changes in stocks of finished goods and work in progress | 25.1              | 7.2   | 20.7             | 7.0   | 4.4               | 21.3 |
| Capitalised payments                                     | 1.3               | 0.4   | 1.1              | 0.4   | 0.2               | 18.2 |
| <b>Total work done</b>                                   | 346.7             | 100.0 | 295.9            | 100.0 | 50.8              | 17.2 |
| Cost of materials  | -181.2            | -52.3 | -160.4           | -54.2 | -20.8             | 13.0 |
| <b>Gross profit</b>                                      | 165.5             | 47.7  | 135.5            | 45.8  | 30.0              | 22.1 |
| Personnel expenditure                                    | -87.1             | -25.1 | -76.3            | -25.8 | -10.8             | 14.2 |
| Other expenses and income                                | -54.3             | -15.7 | -41.1*           | -13.9 | -13.2             | 32.1 |
| Depreciation   | -7.7              | -2.2  | -7.7             | -2.6  | 0.0               | 0.0  |
| <b>Financial result</b>                                  | -7.7              | -2.2  | -8.2*            | -2.7  | 0.5               | 6.1  |
| <b>EBT</b>   | 8.7               | 2.5   | 2.2              | 0.8   | 6.5               |      |
| Tax on income and earnings                               | -3.9              | -1.1  | -1.1             | -0.4  | -2.8              |      |
| <b>Annual profit</b>                                     | 4.8               | 1.4   | 1.1              | 0.4   | 3.7               |      |
| <b>Earnings per share acc. to IAS 33 in €</b>            | <b>0.11</b>       |       | 0.02             |       |                   |      |

\* Previous year's figures adjusted as to reporting of transaction costs

## Consolidated Balance Sheet

| <b>ASSETS</b>                      | 31 MAR. 2007 | 31 DEC. 2006 | 31 MAR. 2006 |
|------------------------------------|--------------|--------------|--------------|
|                                    | € M          | € M          | € M          |
| <b>Long-term assets</b>            |              |              |              |
| Intangible assets                  | 96.5         | 97.4         | 100.3        |
| of which goodwill                  | 70.5         | 70.6         | 68.9         |
| Tangible assets                    | 167.5        | 167.9        | 159.1        |
| Financial assets                   | 0.2          | 0.2          | 0.2          |
| Trade debtors                      | 0.1          | 0.8          | 1.1          |
| Other long-term assets             | 18.9         | 18.5         | 9.2          |
| Deferred taxes                     | 32.9         | 31.4         | 32.0         |
|                                    | <b>316.1</b> | <b>316.2</b> | <b>301.9</b> |
| <b>Short-term assets</b>           |              |              |              |
| Inventories                        | 334.6        | 293.0        | 316.5        |
| Trade debtors                      | 240.2        | 252.5        | 260.8        |
| Other short-term assets            | 57.6         | 49.9         | 67.4         |
| Cash and securities                | 27.9         | 42.2         | 17.1         |
| Long-term assets held for sale     | 1.1          | 1.1          | 0.0          |
|                                    | <b>661.4</b> | <b>638.7</b> | <b>661.8</b> |
|                                    | <b>977.5</b> | <b>954.9</b> | <b>963.7</b> |
| <b>EQUITY AND LIABILITIES</b>      | 31 MAR. 2007 | 31 DEC. 2006 | 31 MAR. 2006 |
|                                    | € M          | € M          | € M          |
| <b>Equity</b>                      |              |              |              |
| Subscribed capital                 | 112.6        | 112.6        | 112.6        |
| Capital provisions                 | 68.3         | 68.3         | 68.3         |
| Revenue provisions                 | 113.8        | 108.1        | 87.5         |
| Minority interests                 | -0.4         | -0.4         | 0.0          |
|                                    | <b>294.3</b> | <b>288.6</b> | <b>268.4</b> |
| <b>Long-term liabilities</b>       |              |              |              |
| Long-term financial liabilities    | 250.0        | 226.6        | 287.0        |
| Pension provisions                 | 27.9         | 28.0         | 27.7         |
| Other long-term provisions         | 23.1         | 23.6         | 20.2         |
| Trade creditors                    | 0.6          | 0.7          | 1.0          |
| Other long-term liabilities        | 6.3          | 8.8          | 6.5          |
| Deferred taxes                     | 7.3          | 9.7          | 10.9         |
|                                    | <b>315.2</b> | <b>297.4</b> | <b>353.3</b> |
| <b>Short-term liabilities</b>      |              |              |              |
| Short-term financial liabilities   | 35.6         | 32.2         | 44.3         |
| Other short-term provisions        | 124.3        | 114.7        | 84.3         |
| Payments received on account       | 69.9         | 55.0         | 43.5         |
| Trade creditors                    | 109.6        | 130.2        | 122.4        |
| Liabilities from bills of exchange | 0.2          | 0.1          | 20.4         |
| Other short-term liabilities       | 28.4         | 36.7         | 27.1         |
|                                    | <b>368.0</b> | <b>368.9</b> | <b>342.0</b> |
|                                    | <b>977.5</b> | <b>954.9</b> | <b>963.7</b> |

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## Consolidated Cash Flow Statement

|  | 2007<br>1 JAN. - 31 MAR.<br>€ M | 2006<br>1 JAN. - 31 MAR.<br>€ M |
|--|---------------------------------|---------------------------------|
| <b>CASH FLOW FROM CURRENT OPERATIONS</b>                               |                                 |                                 |
| Earnings before taxes (EBT)  | 8.7                             | 2.2                             |
| Taxes on profit  | -3.9                            | -1.1                            |
| Depreciation of assets   | 7.7                             | 7.7                             |
| Changes in deferred taxes  | -3.9                            | -1.4                            |
| Changes in long-term provisions  | -0.5                            | -2.1                            |
| Other non-cash expenses and income                                     | 0.4                             | 0.6                             |
| Changes in short-term provisions                                       | 9.6                             | 8.6                             |
| Changes in inventories, trade debtors and other assets                 | -37.1                           | -6.7                            |
| Changes in trade payables and other liabilities                        | -16.4                           | -30.7                           |
|  | -35.4                           | -22.9                           |
| <b>CASH FLOW FROM INVESTMENT ACTIVITY</b>                              |                                 |                                 |
| Amounts paid out for investments in intangible and tangible assets     | -6.8                            | -4.3                            |
| Amounts received from the disposal of fixed assets                     | 0.3                             | 0.4                             |
|  | -6.5                            | -3.9                            |
| <b>CASH FLOW FROM FINANCING ACTIVITY</b>                               |                                 |                                 |
| Amounts received from raising (financing) credits                      | 27.7                            | 21.7                            |
| Distribution of dividends to shareholders                              | 0.0                             | 0.0                             |
|  | 27.7                            | 21.7                            |
| Changes affecting payments   | -14.2                           | -5.1                            |
| Consolidation and exchange rate related changes not affecting payments | -0.1                            | 0.3                             |
| Liquid funds as at 1 January   | 42.2                            | 21.9                            |
| Liquid funds as at 31 March  | 27.9                            | 17.1                            |

## Statement of Changes in Group Equity

|   | SUBSCRIBED<br>CAPITAL<br>€ M | CAPITAL<br>PROVISIONS<br>€ M | REVENUE<br>PROVISIONS<br>€ M | MINORITY<br>INTERESTS<br>€ M | GROUP<br>EQUITY<br>€ M |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------|
| As at 1 January 2007  | 112.6                        | 68.3                         | 108.1                        | -0.4                         | 288.6                  |
| Annual profit   | 0.0                          | 0.0                          | 4.8                          | 0.0                          | 4.8                    |
| Changes in currency / Changes in<br>market value of derivatives | 0.0                          | 0.0                          | 0.9                          | 0.0                          | 0.9                    |
| Consolidation transactions /<br>other changes                   | 0.0                          | 0.0                          | 0.0                          | 0.0                          | 0.0                    |
| <b>As at 31 March 2007</b>                                      | <b>112.6</b>                 | <b>68.3</b>                  | <b>113.8</b>                 | <b>-0.4</b>                  | <b>294.3</b>           |

|   | SUBSCRIBED<br>CAPITAL<br>€ M | CAPITAL<br>PROVISIONS<br>€ M | REVENUE<br>PROVISIONS<br>€ M | MINORITY<br>INTERESTS<br>€ M | GROUP<br>EQUITY<br>€ M |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------|
| As at 1 January 2006  | 112.6                        | 68.3                         | 85.0                         | -0.1                         | 265.8                  |
| Annual profit   | 0.0                          | 0.0                          | 1.0                          | 0.1                          | 1.1                    |
| Changes in currency / Changes in<br>market value of derivatives | 0.0                          | 0.0                          | 1.5                          | 0.0                          | 1.5                    |
| Consolidation transactions /<br>other changes                   | 0.0                          | 0.0                          | 0.0                          | 0.0                          | 0.0                    |
| <b>As at 31 March 2006</b>                                      | <b>112.6</b>                 | <b>68.3</b>                  | <b>87.5</b>                  | <b>0.0</b>                   | <b>268.4</b>           |

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## Consolidated Segmental Reporting

| <b>1<sup>ST</sup> QUARTER 2007</b> | MACHINE | SERVICES | CORPORATE | TRANSITIONS | GROUP |
|------------------------------------|---------|----------|-----------|-------------|-------|
|                                    | TOOLS   |          | SERVICES  |             |       |
|                                    | € M     | € M      | € M       | € M         | € M   |
| Sales revenues                     | 214.2   | 106.0    | 0.1       |             | 320.3 |
| EBIT                               | 8.2     | 13.1     | -4.7      | -0.2        | 16.4  |
| Investments                        | 4.9     | 1.2      | 0.7       |             | 6.8   |
| Employees                          | 3,412   | 2,158    | 77        |             | 5,647 |

| <b>1<sup>ST</sup> QUARTER 2006</b> | MACHINE | SERVICES | CORPORATE | TRANSITIONS | GROUP |
|------------------------------------|---------|----------|-----------|-------------|-------|
|                                    | TOOLS   |          | SERVICES  |             |       |
|                                    | € M     | € M      | € M       | € M         | € M   |
| Sales revenues                     | 183.5   | 90.5     | 0.1       |             | 274.1 |
| EBIT*                              | 2.8     | 11.2     | -3.7      | 0.1         | 10.4  |
| Investments                        | 2.9     | 1.1      | 0.3       |             | 4.3   |
| Employees                          | 3,242   | 1,958    | 70        |             | 5,270 |

\* Previous year's figures adjusted as to reporting of transaction costs



## Notes to the Interim Consolidated Financial Statements

**1 APPLICATION OF REGULATIONS** The Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft as at 31 March 2007 were prepared, as were the Consolidated Financial Statements of the year ending 31 December 2006, in accordance with the International Financial Reporting Standards (IFRS) applicable on the reporting date and in accordance with the interpretation of the above standards. In particular, the regulations of the IAS 34 on interim reporting were applied.

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 Annual Financial Statements for the year ending 31 December 2006.

Bearing in mind the sense and purpose of interim reporting as an instrument of information based on the Consolidated Financial Statements, and in accordance with IAS 1.103, we refer to the Notes to the Consolidated Annual Financial Statements. These set out in detail the accounting, valuation and consolidation methods applied and the exercising of selection rights according to IFRS.

In the interests of a more precise presentation of costs, GILDEMEISTER has made a change to the information presented in the Income Statement. Expenses from the amortisation of transaction costs for the corporate bond issue and the syndicated loan facility, which were previously reported in other operational costs, are now accounted for in the financial results as was the case in the consolidated financial statements as at 31 December 2006. As at 31 March 2006, transaction costs in the amount of € 622 κ and as at 31 March 2007 an amount of € 427 κ were reported in the financial results.

The accounting and valuation principles and applied consolidation methods remain unchanged from the financial year 2006. Since 1 January 2007, new standards and interpretations of the IFRS accounting rules have come into force, which were obligatorily applied to the present Consolidated Annual Financial Statements. For further details we refer to the Notes to the Consolidated Financial Statements of the year ending 31 December 2006.

**2 CONSOLIDATED GROUP** As at 31 March 2007, the GILDEMEISTER group comprised 67 companies, including GILDEMEISTER Aktiengesellschaft, 66 of which were included in the Interim Financial Statements as part of the full consolidation process. The changes are commented on in the “Business Development“ section. The changes do not impair comparison with the Consolidated Annual Financial Statements for the year ending 31 December 2006.

**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.

|   |            |
|---|------------|
| Group result excluding profit share of other shareholders | € 4.821 κ  |
| Average weighted number of shares (pieces)                | 43.302.503 |
| Earnings per share acc. to IAS 33                         | € 0,11     |

- 4 CONSOLIDATED INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT Details on the income statement, the balance sheet and on the cash flow statements may be found in the “Results of Operations, Net Worth and Financial Position” section.
- 5 STATEMENT OF CHANGES IN GROUP EQUITY The consolidated annual profit as at 31 March 2007 of € 4.8 million had a positive effect on equity. In addition, the balance from currency translations (€ 1.0 million) directly recognised in equity and the change in market valuation of derivative financial instruments (€ -0.1 million) increased equity.
- 6 CONSOLIDATED SEGMENTAL REPORTING No changes have occurred in the delimitation of segments or in the determination of results achieved by each segment compared with 31 December 2006. Further details on the course of business are included in the “Segments” section.
- 7 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE No material events have occurred since the date of the Interim Financial Statements.

|                  |  |                         |
|------------------|--|-------------------------|
| 25 MAY 2007      | General Meeting of Shareholders<br>at 10 am in the Town Hall Bielefeld | Economic<br>Development |
| 29 MAY 2007      | Distribution of dividend   |                         |
| 2 AUGUST 2007    | 2 <sup>nd</sup> Quarterly Report 2007<br>(1 April to 30 June)          |                         |
| 7 NOVEMBER 2007  | 3 <sup>rd</sup> Quarterly Report 2007<br>(1 July to 30 September)      | Business<br>Development |
| 12 FEBRUARY 2008 | Press release on provisional figures<br>for the financial year 2007    |                         |
| 16 MAY 2008      | General Meeting of Shareholders<br>at 10 am in the Town Hall Bielefeld |                         |

Subject to alteration

Bielefeld, 8 May 2007

Yours sincerely  
GILDEMEISTER Aktiengesellschaft  
The Executive Board

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

Executive Board:  
Dipl.-Kfm. Dr. Rüdiger Kapitza, Chairman  
Dipl.-Ing. Günter Bachmann  
Dipl.-Kfm. Dr. Thorsten Schmidt  
Dipl.-Kfm. Michael Welt

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**Statements relating to the future**

This report contains statements relating to the future, which are based on current estimates by the management regarding future developments. Such statements are subject to risks and uncertainties and as such it is impracticable for GILDEMEISTER to carry out a check or make a precise estimate, such as for the future market environment and the general economic conditions, the conduct of market participants, the successful integration of new acquisitions and the realisation of expected synergy effects as well as measures by state agencies. Should one of these factors of uncertainty and incalculability occur, or should the assumptions on which these statements are based turn out to be incorrect, the actual results may deviate significantly from the results explicitly stated or implicitly included in these statements. GILDEMEISTER neither intends nor assumes a separate obligation to update statements relating to the future in order to adapt them to events or developments occurring after the date of this report. Statements relating to the future must not be understood as a warranty or assurance of the developments or events stated therein.

This report is available in German and English. Both language versions are also available in the Internet for downloading at [www.gildemeister.com](http://www.gildemeister.com). Further copies and additional informative literature on GILDEMEISTER are available free of charge upon request.

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