

Interim Report

1st Quarter 2008



GILDEMEISTER

Dear Shareholders,

markets worldwide for machine tools continue to develop positively. GILDEMEISTER was able to continue its successful business development also at the beginning of 2008. In the first quarter we made further gains in order intake and sales revenues. We were able to further increase earnings.

Order intake increased to € 591.9 million (+42%); sales revenues rose to € 392.0 million (+22%). Profitability developed as planned: EBITDA reached € 33.4 million (previous year: € 24.1 million), EBIT amounted to € 25.9 million (previous year: € 16.4 million). EBT rose to € 18.1 million (previous year: € 8.7 million). The group reports an annual profit of € 11.2 million as at 31 March 2008 (previous year: € 4.8 million).

GILDEMEISTER plans to continue growing with a focus on profits in the financial year 2008. Overall, we expect a stable demand for our innovative machine tools, the services and solar technology. We plan to achieve an order intake of more than € 1.9 billion for the whole year. Taking into account the high order backlog, we intend to increase sales revenues once again to more than € 1.8 billion. Anew we expect a double digit increase in EBT and in the annual profit. We are now working on topping the record year 2007 – the best year so far in the company's history. If business development continues in line with plans, we intend to further increase the dividend for the financial year 2008.

Key Figures

The Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft were prepared in accordance with the International Financial Reporting Standards (IFRS) – as they have to be applied in the European Union. The Interim Financial Statements have not been audited.

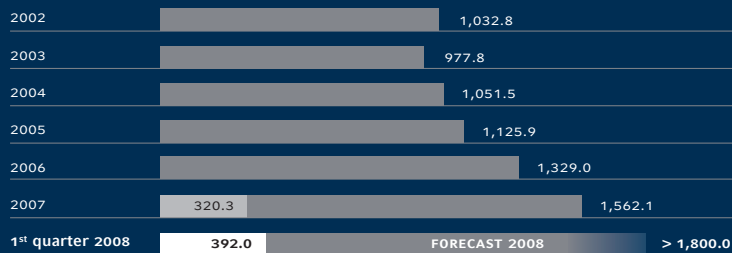
GILDEMEISTER GROUP	2008	2007	CHANGES	
	1 st QUARTER € M	1 st QUARTER € M	€ M	2008 AGAINST 2007 %
Sales Revenues				
Total	392.0	320.3	71.7	22
Domestic	193.0	141.8	51.2	36
International	199.0	178.5	20.5	11
% International	51	56		
Order Intake				
Total	591.9	416.1	175.8	42
Domestic	236.7	182.5	54.2	30
International	355.2	233.6	121.6	52
% International	60	56		
Order Backlog*				
Total	949.3	542.6	406.7	75
Domestic	316.8	196.8	120.0	61
International	632.5	345.8	286.7	83
% International	67	64		
Investments	6.3	6.8	-0.5	-7
Personnel Costs	96.7	87.1	9.6	11
Personnel Quota in %	21.3	25.1		
Employees	5,923	5,484	439	8
Plus Trainees	198	163	35	21
Total Employees*	6,121	5,647	474	8
EBITDA	33.4	24.1	9.3	39
EBIT	25.9	16.4	9.5	58
EBT	18.1	8.7	9.4	108
Annual Profit	11.2	4.8	6.4	133

* Reporting date 31 March

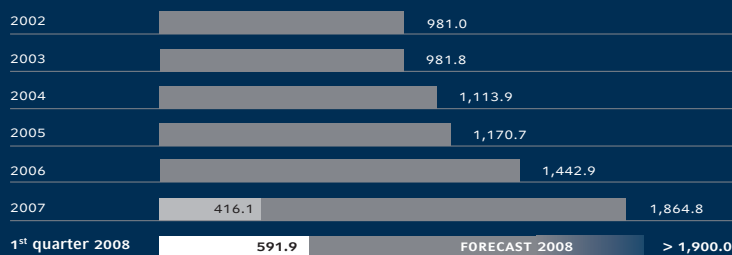
← GILDEMEISTER group
Key Figures

← Sales Revenues
Order Intake
EBIT
Employees

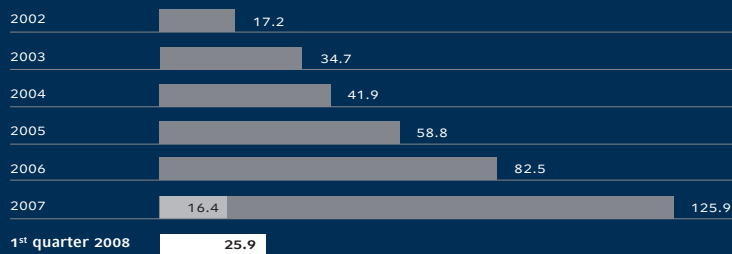
SALES REVENUES
in € million



ORDER INTAKE
in € million

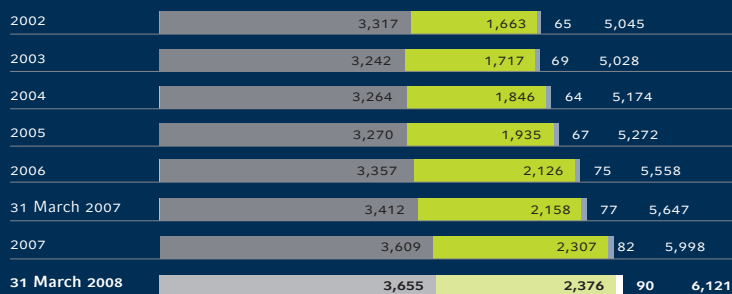


EBIT
in € million



NUMBER OF EMPLOYEES
incl. trainees

Machine Tools
Services
Corporate Services



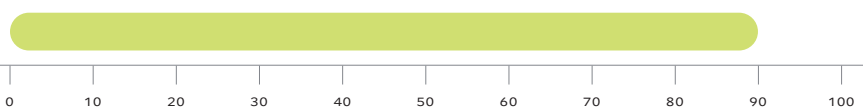
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THE NEW DMG ERGOLINE® CONTROL:

Our highly efficient control technology offers improved ergonomics through an adjustable 19" screen and adjustable keyboard angle – which significantly increase user-friendliness.

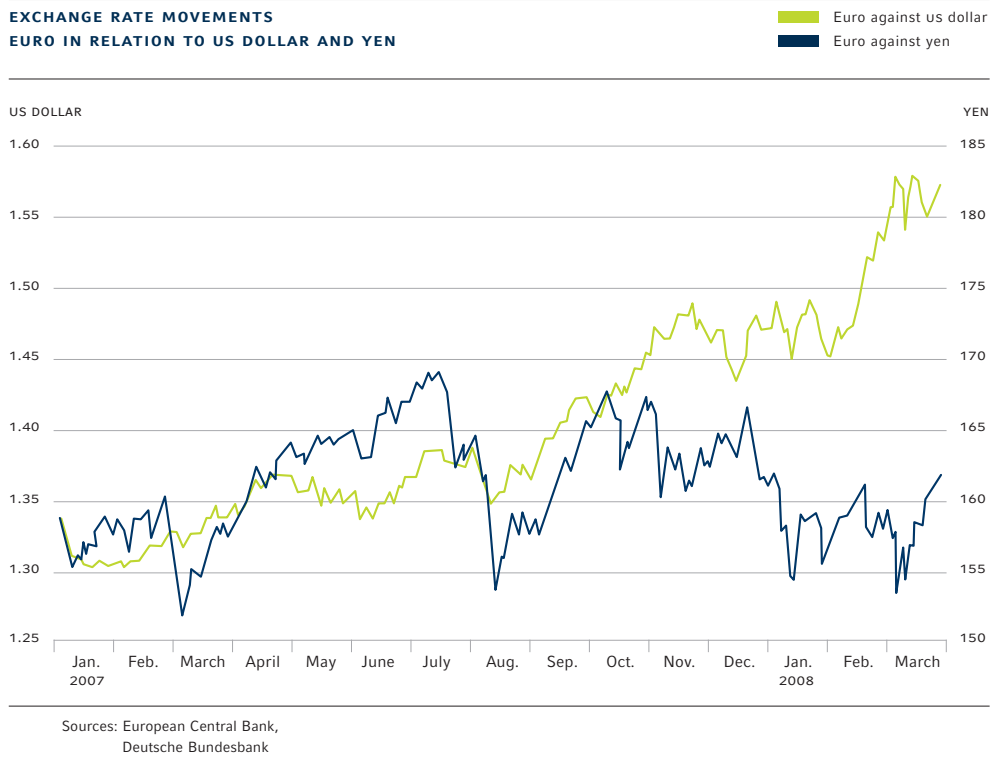
Due to the new DMG ERGoline® Control the physical strain is reduced by up to 90%.



Overall economic development in the first quarter of 2008 carried on from the excellent development in the previous year. Sustained strong impetus came from Asia. In China dynamic growth remains at a high level. In Japan the economy slowed down slightly. Germany continued to be geared towards growth. According to the provisional calculations of the German Economic Research Institute (DIW), gross domestic product increased by 0.5% compared to the previous quarter.

For GILDEMEISTER’s international business, the US dollar, the Japanese yen and the Chinese yuan are of importance. The **exchange rates** of the currencies most important to us were affected by the prolonged, strong development of the euro. The US dollar continued to lose value against the euro. The US dollar was at 0.68 euros on 2 January, and fluctuated at this level in the first quarter. The average value of 0.67 euros was below that of the previous year (0.76 euros). This implies a further increase in price of our products in the dollar region. 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 11.10 Chinese yuan (31 March 2008). The Japanese currency started 2008 at 162.97 yen. On 18 March, it had its highest value of 153.44 yen and closed the quarter at 156.80 yen. The average rate of exchange was 157.65 yen (previous year’s quarter: 156.48 yen).

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

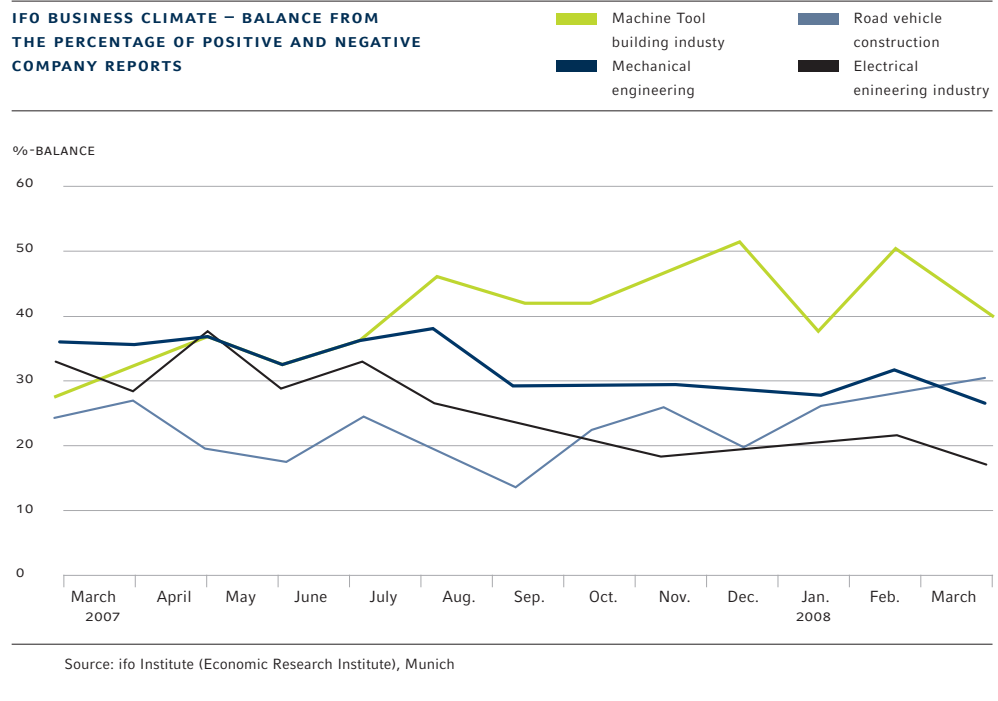


The **worldwide market for machine tools** will continue to develop positively in 2008. Current forecasts (status: April 2008) of the German Machine Tool Builders' Association (VDW) and of the ifo Institute (Economic Research Institute) are still assuming growth in global consumption and in global production of 10% to € 57.0 billion.

The **German machine tool industry** should develop in line with the global market. The VDW and the Economic Research Institute (ifo) expect growth of 10% in production and in consumption. 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 the optimistic mood. The indicators for the main consumer sectors for machine tools also tended towards a high level.

Source: vdw (German Machine Tool Builders' Association)

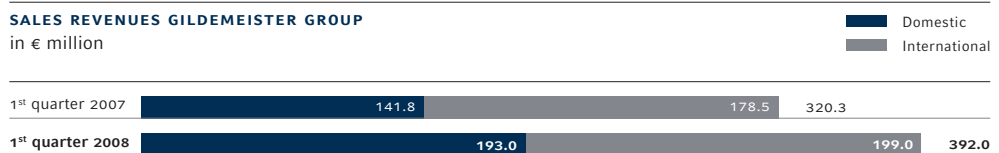


GILDEMEISTER Aktiengesellschaft Bielefeld	Production plants Turning	Production plants Milling	Production plants Turning / Milling	Production plants Ultrasonic / Lasertec	Automation / Controls
	GILDEMEISTER Drehmaschinen GmbH Bielefeld	DECKEL MAHO Pfronten GmbH Pfronten	FAMOT Pleszew S.A. Pleszew	SAUER GmbH Idar-Oberstein, Kempten	DMG AUTOMATION GmbH, Hüfingen
	GRAZIANO Tortona S.r.l. Tortona	DECKEL MAHO Seebach GmbH Seebach, Geretsried	DECKEL MAHO GILDEMEISTER Machine Tools, Shanghai		DMG Electronics GmbH Pfronten
	GILDEMEISTER Italiana S.p.A. Bergamo				

The GILDEMEISTER group, including GILDEMEISTER Aktiengesellschaft, comprised 73 enterprises as of 31 March 2008. The consolidated group has thus increased by one enterprise compared to 31 December 2007. In March DMG Europe Holding GmbH founded DMG Middle East, with its official place of business in Dubai, to strengthen its sales and services activities in the United Arab Emirates, in Jordan, Qatar, Yemen and Bahrain.

Sales Revenues

In the first quarter sales revenues of € 392.0 million (+22%) exceeded the previous year's figure (€ 320.3 million). Domestic sales revenues rose by 36% to € 193.0 million, international sales revenues grew by 11% to € 199.0 million. The export share amounted to 51% (previous year: 56%).



More detailed information on sales revenues in each segment is given on page 9 et seq. Taking into account the high order backlog, we intend to increase sales revenues once again to more than € 1.8 billion.

Sales and Service Organization		
DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER; Bielefeld	70 Sales and Service locations worldwide	a+f GmbH Würzburg
	DMG Deutschland; Stuttgart 7 Sales and Service locations	DMG MICROSET GmbH Bielefeld
	DMG Europe; Klaus (Austria) 27 Sales and Service locations	SACO S.p.A. Castelleone
	DMG Asia; Shanghai / Singapore 17 Sales and Service locations	
	DMG America; Itasca 8 Sales and Service locations	
	DMG Services; Bielefeld, Pfronten 11 Service locations	

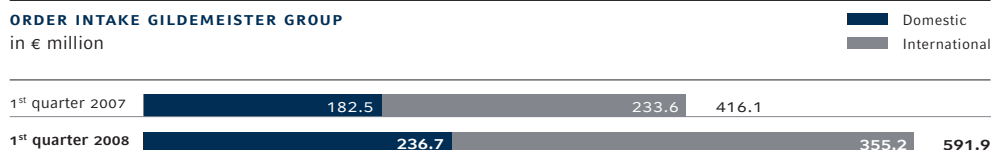
Order Intake

In the first quarter order intake rose by 42% to € 591.9 million (previous year: € 416.1 million). The "SunCarrier" division contributed with € 112.8 million to this. At the beginning of the year, a+f received two major orders at a value of € 105.3 million.

Order intake grew both domestically and internationally: domestic orders increased by 30% to € 236.7 million (previous year: € 182.5 million). International orders rose by 52% to € 355.2 million (previous year's quarter: € 233.6 million). International orders accounted for 60% of orders (previous year: 56%).

Order intake in the first quarter fulfilled our expectations. In addition to the successful in-house exhibition in Pfronten the positive national and international development contributed to the increase in orders. At 13 national and international spring trade fairs and exhibitions, such as the DIE & MOULD in India, we were able to achieve considerable order intake.

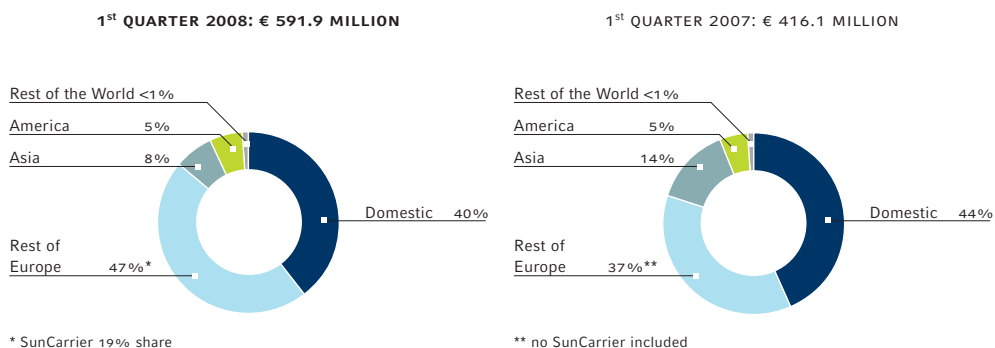
ORDER INTAKE GILDEMEISTER GROUP in € million



More detailed information on order intake in each segment is given on page 10 et seq.

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

**ORDER INTAKE GILDEMEISTER GROUP
BY REGIONS**



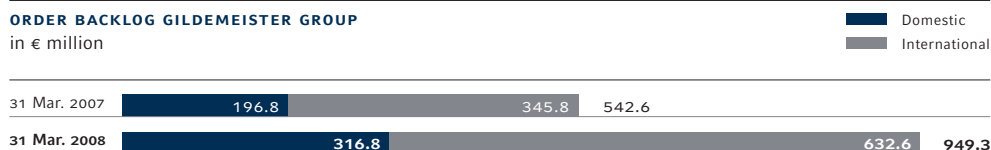
The increased order intake resulted from a rise in demand in Germany, as well as from a growing demand for our innovative solar installations. Based on the good business development in the first quarter, we plan to achieve an order intake of more than € 1.9 billion for the whole year.

Order Backlog

As at 31 March 2008 the order backlog within the group amounted to € 949.3 million (+75%), of which € 186.0 million or 20% were attributable to the "SunCarrier" division of a+f GmbH.

The backlog of domestic orders rose by € 120.0 million (+61%) to € 316.8 million. International order backlog grew by € 286.7 million (+83%) to € 632.5 million compared to the previous year. Of the existing orders, international orders accounted for 67% (corresponding date of the previous year: 64%).

ORDER BACKLOG GILDEMEISTER GROUP
in € million



The order backlog signifies production capacity utilisation for the machine tools of about six months on average – a good basic capacity utilisation for the current financial year.

Results of Operations, Net Worth and Financial Position

We were able to further increase the GILDEMEISTER groups earnings: **EBITDA** reached € 33.4 million (previous year: € 24.1 million), **EBIT** amounted to € 25.9 million (previous year: € 16.4 million). **EBT** rose to € 18.1 million (previous year: € 8.7 million). The group reports an **annual profit** after tax of € 11.2 million (previous year: € 4.8 million).

Total production rose to € 454.3 million (previous year: € 346.7 million). The increase in finished goods and work in progress led to a change in stocks of € 61.1 million (previous year: € 25.1 million); this includes an increase in stocks of unfinished goods for the material intensive SunCarrier of € 35.8 million. The materials quota rose correspondingly to 56.5% (previous year: 52.3%). Expenditure on materials amounted to € 256.7 million (previous year: € 181.2 million). Gross profit increased by € 32.1 million to € 197.6 million (previous year: € 165.5 million); the gross profit margin amounts to 43.5% (previous year: 47.7%). The personnel costs quota decreased to 21.3% (previous year: 25.1%). Personnel costs amounted to € 96.7 million (previous year: € 87.1 million). The balance of other expenses and income rose to € 67.5 million due to the increase in volume (previous year: € 54.3 million). Depreciation amounted to € 7.5 million (previous year: € 7.7 million). The financial result was € -7.8 million (previous year: € -7.7 million). The tax ratio improved according to plan to 38% (previous year: 44%). Total tax expense amounted to € 6.9 million (previous year: € 3.9 million).

	31 MARCH 2008 € M	31 DEC. 2007 € M	31 MARCH 2007 € M
Net Worth			
Fixed assets	283.5	285.3	264.2
Current assets	913.8	864.8	713.3
Equity	342.7	329.5	294.3
Outside capital	854.6	820.6	683.2
Balance sheet total	1,197.3	1,150.1	977.5

The balance sheet total on 31 March amounted to € 1,197.3 million. On the assets side fixed assets amounted to € 283.5 million. Current assets rose by € 49.0 million to € 913.8 million. Inventories grew by € 93.8 million to € 454.8 million; a significant part of this increase resulted from the necessary provision for solar modules and advance performance for the SunCarrier business, which amounted to € 45.1 million (€ +18.8 million) for raw materials and consumables and € 49.0 million (€ +36.3 million) for work in progress. Trade receivables decreased by € 7.8 million to € 284.7 million. Liquid assets amount to € 65.4 million. On the liability side, outside capital amounted to € 854.6 million. At the same time payments on account for orders rose by € 42.4 million and financial liabilities by € 18.8 million.

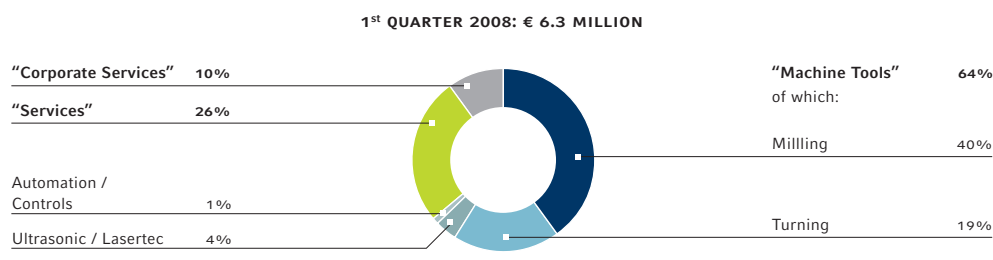
The free cash flow was still negative in the first quarter at € -49.0 million (previous year: € -41.9 million). The **cash flow** from current operations amounted in the first quarter to € -43.1 million (previous year: € -35.4 million). Based on earnings before tax (EBT) of € 18.1 million (previous year: € 8.7 million), depreciation (€ 7.5 million) and other liabilities (€ 5.6 million) made a positive contribution to the cash flow. Conversely, the higher amount of funds tied up in inventories of € 92.7 million reduced the cash flow. Cash flow from investment activity amounted to € -5.9 million (previous year: € -6.5 million). Cash flow from financing activity was € 19.1 million (previous year: € 27.7 million) and was marked by further rise in financial liabilities for the intended increase in sales revenues. We are expecting free cash flow of around € 50 million for the entire year.

	2008 1 st QUARTER € M	2007 1 st QUARTER € M
Cash Flow		
Cash Flow from current operations	-43.1	-35.4
Cash Flow from investment activity	-5.9	-6.5
Cash Flow from financing activity	19.1	27.7
Changes in cash and cash equivalents	-30.2	-14.3
Liquid Funds at the start of reporting period	95.6	42.2
Liquid Funds at the end of reporting period	65.4	27.9

Investments

In the first quarter, investments amounted to € 6.3 million (previous year: € 6.8 million). Overall, in the first three months, GILDEMEISTER effected 12% of the investments planned (€ 53.5 million) for the current financial year. The main focus of investment was placed on the development of new machine types, as well as in models, equipments and tools. In addition, investment funds were utilised for series start-up of product innovations and to maintain operational readiness.

CONTRIBUTION OF EACH SEGMENT / DIVISION TO INVESTMENT



Segments

“Machine Tools”

The “Machine Tools” segment includes the group’s new machines business. It comprises the business areas of turning and milling technology, the divisions ultrasonic / laser technology, as well as DMG Automation and DMG Electronics.

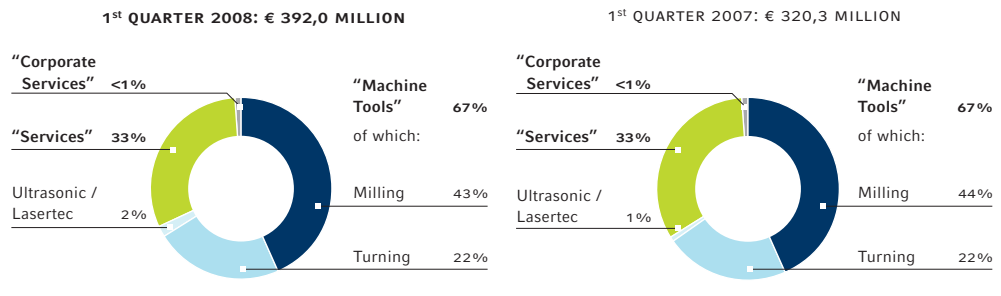
KEY FIGURES “MACHINE TOOLS” SEGMENT	2008	2007	CHANGES	
	1 st QUARTER € M	1 st QUARTER € M	€ M	2008 AGAINST 2007 %
Sales Revenues				
Total	261.0	214.2	46.8	22
Domestic	129.1	88.1	41.0	47
International	131.9	126.1	5.8	5
% International	51	59		
Order Intake				
Total	337.9	298.9	39.0	13
Domestic	166.2	124.1	42.1	34
International	171.7	174.8	-3.1	-2
% International	51	58		
Order Backlog*				
Total	677.0	475.3	201.7	42
Domestic	219.2	155.2	64.0	41
International	457.8	320.1	137.7	43
% International	68	67		
Investments	4.1	4.9	-0.8	-16
Employees	3,457	3,249	208	6
Plus Trainees	198	163	35	21
Total Employees*	3,655	3,412	243	7
EBIT	13.4	8.2	5.2	63

* Reporting date 31 March

The machine tool business developed positively in the reporting period. **Sales revenues** amounted to € 261.0 million and were thus € 46.8 million or 22% above the previous year’s level (€ 214.2 million). As in the previous year the “Machine Tools” segment contributed 67% of group sales revenues. The milling technology of DECKEL MAHO contributed 43% (previous year: 44%). The turning technology of GILDEMEISTER amounted to 22% (previous year: 22%). New technologies accounted for 2% (same period in the previous year: 1%).

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

DISTRIBUTION OF SALES REVENUES BY SEGMENTS / DIVISIONS WITHIN THE GILDEMEISTER GROUP



In the “Machine Tools” segment **order intake** increased by € 39.0 million or 13% to € 337.9 million (previous year: € 298.9 million). “Machine Tools” thus accounted for 57% of all group order intake. Both our high-technology machines and our standard version machines have contributed to the increase in order intake.

The **order backlog** on 31 March amounted to € 677.0 million (previous year: € 475.3 million).

Earnings in the “Machine Tools” segment increased through a rise in sales volume and improved earnings margins. In the first three months, GILDEMEISTER achieved an **EBIT** of € 13.4 million in the “Machine Tools” segment (previous year: € 8.2 million).

As at 31 March the “Machine Tools” segment had 3,655 **employees** (31 Dec. 2007: 3,609). Due to the significantly higher sales revenue performance, the workforces at the Shanghai, Pfronten and Pleszew locations were systematically increased. Further increases in personnel occurred as a result of the new DMG Electronics company.

“Services“

The “Services“ segment mainly includes the business activities of DMG Vertriebs und Service GmbH and its subsidiaries. Also assigned to the “Services“ segment is a+f GmbH with the strong growing **division “SunCarrier“**. **DMG Service Solutions** offers worldwide customised service solutions and service products over the entire lifespan of the DMG machine tools. The service solutions comprise various services, which, through our highly-qualified service staff and our worldwide sales and service network, ensure direct customer contact and rapid availability. **DMG service products** – such as DMG Powertools, adjustment devices and tool management from DMG MICROSET, DMG Spare Parts, as well as components from SACO – provide users with an opportunity to increase the productivity of their DMG machines tools significantly. Up-to-date service news may be obtained at www.gildemeister.com.

KEY FIGURES “SERVICES“ SEGMENT	2008	2007	CHANGES	
	1 st QUARTER € M	1 st QUARTER € M	2008 AGAINST 2007 € M	%
Sales Revenues				
Total	130.9	106.0	24.9	24
Domestic	63.8	53.6	10.2	19
International	67.1	52.4	14.7	28
% International	51	49		
Order Intake				
Total	253.9	117.1	136.8	117
Domestic	70.4	58.3	12.1	21
International	183.5	58.8	124.7	212
% International	72	50		
Order Backlog*				
Total	272.3	67.3	205.0	305
Domestic	97.6	41.6	56.0	135
International	174.7	25.7	149.0	579
% International	64	38		
Investments	1.6	1.2	0.4	33
Employees*	2,376	2,158	218	10
EBIT	20.4	13.1	7.3	55

* Reporting date 31 March

The sustained positive development in the “Services” segment was a further reason for the excellent business development in the group. Demand for skilled services continued at a high level. **Sales revenues** reached € 130.9 million and were thus 24% above the previous year’s level (€ 106.0 million). a+f GmbH contributed to sales revenues € 2.4 million in the first quarter with its SunCarriers. “Services” accounted for 33% of group sales revenues as in the previous year. **Order intake** of € 253.9 million developed satisfactorily (previous year: € 117.1 million). The “SunCarrier” division contributed € 112.8 million to this. At the beginning of the year a+f received two major orders worth € 105.3 million. “Services” thus accounted for 43% of all group order intake. The **order backlog** amounted to € 272.3 million, of which the SunCarriers of a+f GmbH accounted for € 186.0 million. **EBIT** amounted to € 20.4 million (previous year: € 13.1 million). The number of **employees** rose to 2,376 (31 Dec. 2007: 2,307). In particular, we increased our regional service capacity in Asia with the aim of better meeting the needs of our customers. Further increase in personnel occurred as a result of the new DMG Spare Parts company.

“Corporate Services”

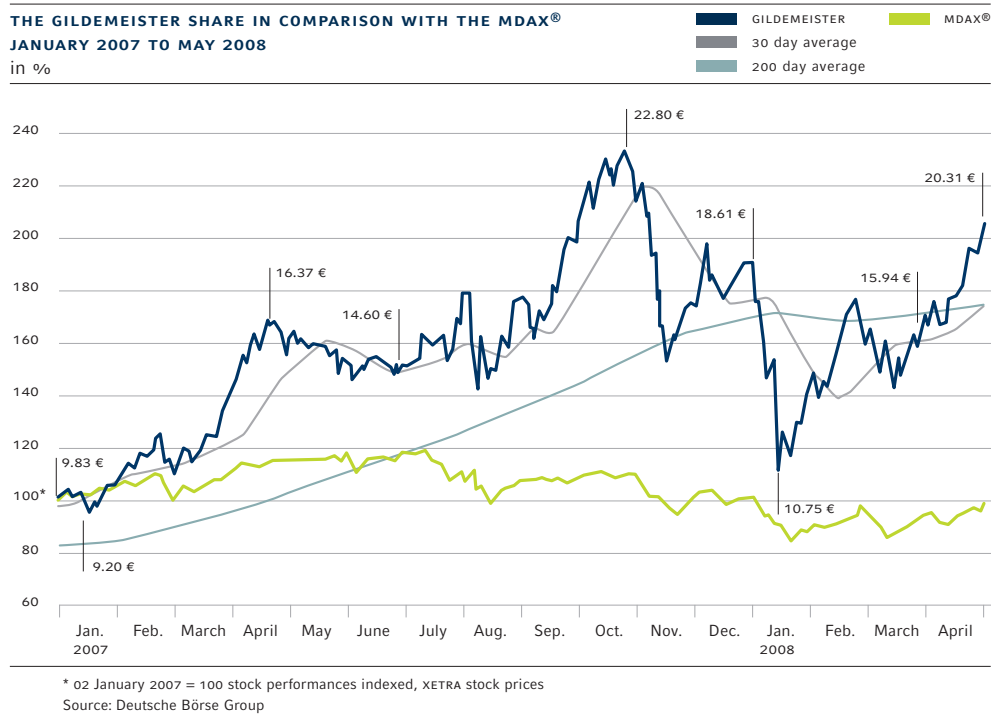
KEY FIGURES “CORPORATE SERVICES” SEGMENT	2008	2007	CHANGES
	1 st QUARTER € M	1 st QUARTER € M	2008 AGAINST 2007 € M
Sales Revenues	0.1	0.1	0.0
Order Intake	0.1	0.1	0.0
Investments	0.6	0.7	-0.1
Employees*	90	77	13
EBIT	-7.4	-4.7	-2.7

* Reporting date 31 March

The “Corporate Services” segment essentially comprises GILDEMEISTER Aktiengesellschaft with its group-wide holding functions. **EBIT** amounted to € -7.4 million (previous year: € -4.7 million). The higher expense results from the increase in demands made of the central functions. This includes, among others, an increase in consultation and personnel costs, as well as extending our risk and compliance management.

GILDEMEISTER Share

The GILDEMEISTER share had to record a decline in the share price in the first quarter according to the general development of the stock markets. Based on a share price of € 18.61 at the start of the year (2 Jan. 2008), the share closed the first quarter at € 15.94 (31 March 2008). The fall in the share price of 14% corresponded to the general trend of the MDAX, which suffered a drop of 10% in the same period. The share is currently quoted at 20.31 € (05 May 2008).



The GILDEMEISTER shares are held in free float. On the basis of a total number of 43.3 million shares, the shares have been transferred 1.1 times during the first three month (previous year: 0.4 times). Concurrently, the average trading volume rose by 151% to about 761,000 shares per trading day (previous year: 303,000 shares). Several banks analysed the current and future business development of GILDEMEISTER in the first quarter of 2008 and came to the following ratings: “Buy“ (WestLB, 29 April 2008), “Buy“ (DZ Bank, 28 April 2008), “Buy“ (Dresdner Kleinwort, 28 April 2008), “Buy“ (UniCredit, 16 April 2008), “Buy“ (LBBW, 18 Mar. 2008), “Buy“ (BHF Bank, 15 Feb. 2008), “Buy“ (equinet, 12 Feb. 2008).

Earnings per share increased to € 0.26 (previous year: € 0.11). Further information on earnings per share is included in the Notes to the Financial Statements on page 21.

Your contact to GILDEMEISTER:

GILDEMEISTER Aktiengesellschaft
 Gildemeisterstraße 60
 D-33689 Bielefeld

Investor Relations:

André Danks
 Telephone: + 49 (0) 52 05 / 74 - 3028
 Fax: + 49 (0) 52 05 / 74 - 3273
 E-Mail: ir@gildemeister.com

Public Relations:

Tanja Figge
 Telephone: + 49 (0) 52 05 / 74 - 3001
 Fax: + 49 (0) 52 05 / 74 - 3081
 E-Mail: info@gildemeister.com

Research and Development

Expenditure on research and development amounted to € 13.4 million in the first three months and was thus above the previous year's level (€ 11.3 million). There are currently 462 employees working on the development of new products, this corresponds to 13% of the workforce at the plants.

At the traditional exhibition in Pfronten we presented the first of a total of 17 new developments planned for the reporting year. The new highly-efficient CTV 160 completes the range of vertical turning centres and offers short chip-to-chip times and optimum turning performance for serial production.

We are continuing to follow our innovations-focused product strategy systematically. Over the course of the year we will present our new developments at 60 national and international trade fairs, such as the IMTS in Chicago, the AMB in Stuttgart and the JIMTOF in Tokyo, as well as at numerous in-house exhibitions at our production sites.

METAV Trade fair highlights

The newly-developed **CTV 160** of GILDEMEISTER Drehmaschinen GmbH was the highlight of the METAV 2008 in Düsseldorf. This highly-efficient vertical turning centre is especially attractive due to its short idle time. The user-oriented control technology offers perfect conditions for flexibility on the shop floor with optimum processing reliability.



Employees

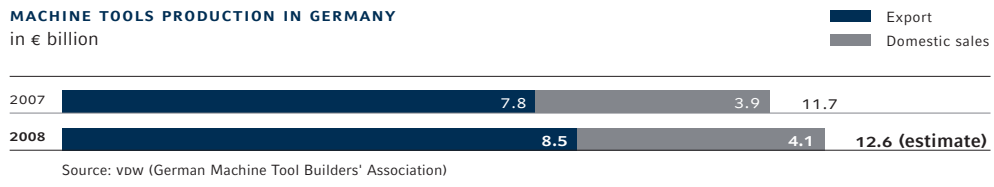
As of 31 March 2008, GILDEMEISTER had 6,121 employees, of whom 198 were trainees (31 Dec. 2007: 5,998). In comparison with year-end 2007, the number of employees has risen by 123. In the "Machine Tools" segment the production locations in Shanghai and Pleszew as well as the new DMG Electronics recruited additional employees. In "Services" we have further extended our service capacity in Asia. Further personnel recruitment took place at the new company, DMG Spare Parts.

At the end of the first quarter, 3,623 employees (59%) worked for the national companies and 2,498 employees (41%) for our international companies. Personnel costs amounted to € 96.7 million (previous year's quarter: € 87.1 million). The personnel expenditure quota decreased to 21.3% (previous year's quarter: 25.1%).

Forecast 2008

The **world economy** will continue to develop positively in the current year, however it will not achieve the high rate of growth of the previous year. The industrial markets are developing at different rates. Positive impetus continues to come unchanged from Asia. Europe will slow down somewhat. This also applies to the economic cycle in Germany.

The **worldwide market for machine tools** will continue to follow its positive development trend in 2008. Current forecasts (status: April 2008) of the ifo Institute and the vdw are assuming an increase in global demand of 10% to € 57.0 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 particular the eastern European markets. In Germany, economic experts are expecting an increase in consumption of 10%. An increase in German exports of 9% is expected and domestic sales should rise by 5%.



GILDEMEISTER plans to continue growing with a focus on profits in the financial year 2008. Overall, we expect a stable demand for our innovative machine tools, the services and solar technology. In the production of complex elements, our machine tools are a crucial success factor for our customers in the dynamic industries – for example, the aerospace, automotive, manufacturing systems engineering, precision engineering and optics industries. For the current year, we are expecting distinct impulses from a total of 60 national and international trade fairs and exhibitions. We will present 17 world innovations and thus once again prove our innovative strength. In addition to the strong German market, we are paying particular attention to the growth regions in Asia and eastern Europe.

Based on the good first quarter, in the **financial year 2008** we plan to achieve an order intake of more than € 1.9 billion. Taking into account the high order backlog, we intend to increase sales revenues once again to more than € 1.8 billion. It is also intended to continue to develop the company's profitability positively: on the basis of the planned increase in sales revenues, we anew expect a double-digit percentage increase in EBT and in the annual profit. We are now working on topping the record year 2007 – the best year so far in the company's history. If business development continues in line with plans, we intend to further increase the dividend for the financial year 2008.

Consolidated Income Statement

1 st Quarter	2008		2007		CHANGES	
	01 JAN. - 31 MARCH	%	01 JAN. - 31 MARCH	%	2008 AGAINST 2007	%
	€ M		€ M		€ M	
Sales Revenues	392.0	86.3	320.3	92.4	71.7	22.4
Changes in stocks of finished goods and work in progress	61.1	13.4	25.1	7.2	36.0	143.4
Capitalised payments	1.2	0.3	1.3	0.4	-0.1	7.7
Total Work Done	454.3	100.0	346.7	100.0	107.6	31.0
Cost of materials	-256.7	-56.5	-181.2	-52.3	-75.5	41.7
Gross Profit	197.6	43.5	165.5	47.7	32.1	19.4
Personnel expenditure	-96.7	-21.3	-87.1	-25.1	-9.6	11.0
Other expenses and income	-67.5	-14.8	-54.3	-15.7	-13.2	24.3
Depreciation	-7.5	-1.7	-7.7	-2.2	0.2	2.6
Financial Result	-7.8	-1.7	-7.7	-2.2	0.1	1.3
EBT	18.1	4.0	8.7	2.5	9.4	
Income taxes	-6.9	-1.5	-3.9	-1.1	-3.0	
Annual Profit	11.2	2.5	4.8	1.4	6.4	
Earnings per share acc. IAS 33 (in euro)	0.26		0.11			

Consolidated Balance Sheet

ASSETS	31 MARCH 2008 € M	31 DEC. 2007 € M	31 MARCH 2007 € M
Long-term assets			
Goodwill	75.8	75.8	70.5
Other intangible assets	23.4	24.3	26.0
Tangible assets	183.9	184.8	167.5
Financial assets	0.4	0.4	0.2
Trade debtors	4.0	0.3	0.1
Other long-term financial assets	16.1	14.6	17.7
Other long-term assets	1.1	0.9	1.2
Deferred taxes	30.6	27.3	32.9
	335.3	328.4	316.1
Short-term assets			
Inventories	454.8	361.0	334.6
Trade debtors	280.7	292.2	240.2
Other short-term financial assets	37.5	57.9	34.5
Other short-term assets	23.6	15.0	23.1
Cash and cash equivalents	65.4	95.6	27.9
Long-term assets held for disposal	0.0	0.0	1.1
	862.0	821.7	661.4
	1,197.3	1,150.1	977.5
EQUITY AND LIABILITIES			
	31 MARCH 2008 € M	31 DEC. 2007 € M	31 MARCH 2007 € M
Equity			
Subscribed capital	112.6	112.6	112.6
Capital provisions	68.3	68.3	68.3
Revenue provisions	162.2	149.0	113.8
Total equity of shareholders of GILDEMEISTER Aktiengesellschaft	343.1	329.9	294.7
Minority interests' share of equity	-0.4	-0.4	-0.4
Total Equity	342.7	329.5	294.3
Long-term liabilities			
Long-term financial liabilities	43.5	42.3	250.0
Pension provisions	27.7	27.8	27.9
Other long-term provisions	33.5	31.3	23.1
Trade creditors	0.9	0.9	0.6
Other long-term financial liabilities	6.0	6.5	2.5
Other long-term liabilities	3.8	3.4	3.8
Deferred taxes	4.0	3.0	7.3
	119.4	115.2	315.2
Short-term liabilities			
Short-term financial liabilities	235.7	218.1	35.6
Tax provisions	23.6	23.0	20.2
Other short-term provisions	130.4	131.9	104.1
Payments received on account	154.5	112.1	69.9
Trade creditors	149.8	142.4	109.6
Other short-term financial liabilities	11.5	42.8	10.4
Other short-term liabilities	29.7	35.1	18.2
	735.2	705.4	368.0
	1,197.3	1,150.1	977.5

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Consolidated Cash Flow Statement

	2008 01 JAN. - 31 MARCH € M	2007 01 JAN. - 31 MARCH € M
CASH FLOW FROM OPERATING ACTIVITIES		
Earnings before tax (EBT)	18.1	8.7
Income taxes	-6.9	-3.9
Depreciation of assets	7.5	7.7
Changes in deferred taxes	-2.2	-3.9
Changes in long-term provisions	2.1	-0.5
Other expens / income not affecting payments	1.0	0.4
Changes in short-term provisions	-1.0	9.6
Changes in inventories, trade debtors and other assets	-75.4	-37.1
Changes in trade payables and other liabilities	13.7	-16.4
	-43.1	-35.4
CASH FLOW FROM INVESTMENT ACTIVITY		
Amounts paid out for investments in intangible and tangible assets	-6.3	-6.8
Amounts received from the disposal of fixed assets	0.4	0.3
	-5.9	-6.5
CASH FLOW FROM FINANCING ACTIVITY		
Amounts received from raising (financing) credits	19.1	27.7
	19.1	27.7
Changes affecting payments	-29.9	-14.2
Consolidation and exchange rate related changes not affecting payments	-0.3	-0.1
Cash and cash equivalents as at January 1	95.6	42.2
Cash and cash equivalents as at March 31	65.4	27.9

Statement of Changes in Group Equity

	SUBSCRIBED CAPITAL € M	CAPITAL PROVISIONS € M	REVENUE PROVISIONS € M	SHAREHOLDERS EQUITY OF GILDEMEISTER AKTIEN- GESELLSCHAFT € M	MINORITY INTEREST SHARE OF EQUITY € M	TOTAL € M
As at 1 st January 2008	112.6	68.3	149.0	329.9	-0.4	329.5
Annual Profit	0.0	0.0	11.2	11.2	0.0	11.2
Changes in currency / Changes in market value of derivatives	0.0	0.0	2.0	2.0	0.0	2.0
Consolidation transactions / other changes	0.0	0.0	0.0	0.0	0.0	0.0
Stand 31st March 2008	112.6	68.3	162.2	343.1	-0.4	342.7

	SUBSCRIBED CAPITAL € M	CAPITAL PROVISIONS € M	REVENUE PROVISIONS € M	SHAREHOLDERS EQUITY OF GILDEMEISTER AKTIEN- GESELLSCHAFT € M	MINORITY INTEREST SHARE OF EQUITY € M	TOTAL € M
As at 1 st January 2007	112.6	68.3	108.1	289.0	-0.4	288.6
Annual Profit	0	0	4.8	4.8	0	4.8
Changes in currency / Changes in market value of derivatives	0	0	0.9	0.9	0	0.9
Consolidation transactions / other changes	0	0	0	0.0	0	0.0
Stand 31st March 2007	112.6	68.3	113.8	294.7	-0.4	294.3

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Consolidated Segmental Reporting

1st QUARTER 2008	MACHINE TOOLS € M	SERVICES € M	CORPORATE SERVICES € M	TRANSITION € M	GROUP € M
Sales revenues	261.0	130.9	0.1		392.0
EBIT	13.4	20.4	-7.4	-0.5	25.9
Investments	4.1	1.6	0.6		6.3
Employees	3,655	2,376	90		6,121

1st QUARTER 2007	MACHINE TOOLS € M	SERVICES € M	CORPORATE SERVICES € M	TRANSITION € M	GROUP € 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

Notes to the Interim Consolidated Financial Statements

1 APPLICATIONS OF REGULATIONS

The interim consolidated financial statements of GILDEMEISTER Aktiengesellschaft as of 31 March 2008 were prepared, as were the Consolidated Financial Statements of the year ending 31 December 2007, 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 companies 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 2007.

In view of 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 voting rights according to IFRS.

As at 6 July 2007 the German Federal Council approved the Corporate Tax Reform Act 2008, which applies to GILDEMEISTER as of 1 January 2008. The Act provides, among others, for a reduction in the rate of corporate tax from 25% to 15%, whereas the effective trade tax will rise slightly. In the current and following financial years a reduction in the effective income tax burden for domestic profits is expected, which primarily will be due to a reduction in corporate tax.

The accounting and valuation principles and applied consolidation methods remain unchanged from the financial year 2007. For further details we refer to the Notes to the Consolidated Financial Statements of the year ending 31 December 2007.

2 CONSOLIDATED GROUP

As at 31 March 2008, the consolidated group comprised 73 companies, including GILDEMEISTER Aktiengesellschaft, of which 72 companies were included in the Interim Financial Statements as part of the full consolidation process. The changes are detailed in the section "Business Development of the GILDEMEISTER group". The changes do not impair comparison with the Consolidated Financial Statements for the year ending 31 December 2007.

3 EARNINGS PER SHARE

In accordance with IAS 33, earnings per share are determined by dividing the consolidated earnings by the average weighted number of shares as follows:

Group result excluding profit share of other shareholders	€ K	11,231
Average weighted number of shares (pieces)		43,302,503
Earnings per share acc. to IAS 33	€	0.26

There were no dilution effects in the reporting period.

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 section “Results of Operations, Net Worth and Financial Position” on page 7.
5 STATEMENT OF CHANGES IN GROUP EQUITY	The consolidated annual profit as at 31 March 2008 of € 11.2 million caused an increase in equity. Moreover, the rise in equity resulted from currency changes recognised directly in equity / changes in the market value of derivative financial instruments (€ 2.0 million).
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 2007. Further details on business development are included in the “Segments” section on page 9 et seq.
7 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE	No material events have occurred since the date of the Interim Financial Statements.

16 May 2008	General Meeting of Shareholders at 10.00 a.m. in the Town Hall Bielefeld	Economic Development
19 May 2008	Dividend Payment	
31 July 2008	2 nd Quarterly Report 2008 (1 April to 30 June)	
24 September 2008	German Investment Conference, München	Business Development
06 November 2008	3 rd Quarterly Report 2008 (1 July to 30 September)	
12 February 2009	Press Release on Provisional Figures for the Financial Year 2008	
15 May 2009	Annual General Meeting at 10.00 a.m. in the Town Hall Bielefeld	

Subject to alteration.

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Bielefeld, 6 May 2008

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 evaluations of 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 an accurate prediction, such as for example on the future market environment and 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 uncertainties or incalculabilities 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 forward-looking statements in order to adapt them to events or developments after the reporting period. Forward-looking statements must not be understood as a guarantee or assurance of the future developments or events referred to therein.

This report is available in German and English; both versions are available on the Internet for download at www.gildemeister.com. Further copies and additional informative literature about GILDEMEISTER are available free of charge upon request.

GILDEMEISTER Aktiengesellschaft
Gildemeisterstraße 60
D-33689 Bielefeld
Local Court of Bielefeld HRB 7144
Telephone: +49 (0) 52 05 / 74-3001
Fax: +49 (0) 52 05 / 74-3081
Internet: www.gildemeister.com
E-Mail: info@gildemeister.com