

MASTERING CHALLENGES.

SECURING THE FUTURE!

Interim Report

1st quarter 2010

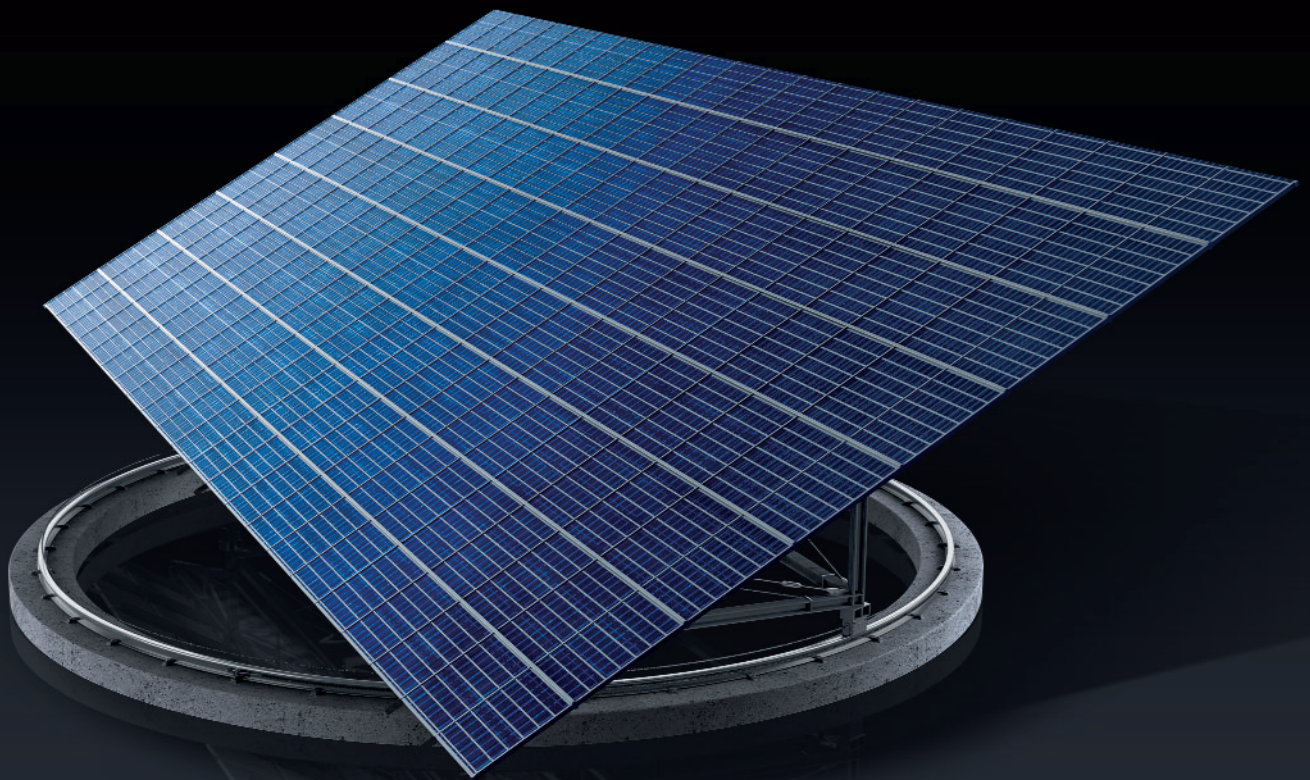
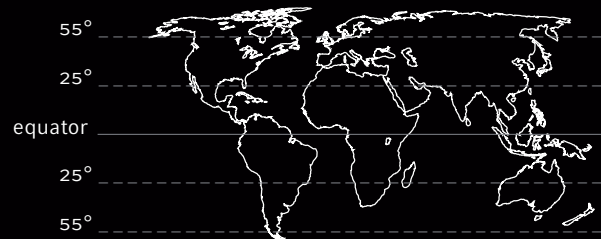
Energy Solutions

Intelligent Technology. Clean Future.

SUNCARRIER 300 –

up to 35% more energy output

OPTIMUM OPERATIONAL AREAS: 25 – 55th line of latitude



GILDEMEISTER

Dear Shareholders,

The consequences of the economic crisis were still clearly noticeable at the start of the year. However the crisis now appears to have bottomed out. Demand for machine tools continues at a low level, however, there are signs of a recovery trend. GILDEMEISTER increased order intake in the first quarter; as announced, sales revenues and earnings declined sharply.

Order intake of € 302.3 million (+28%) was again higher than in the previous year's quarter (€ 236.8 million). Sales revenues fell by 25% to € 244.4 million due to the low order backlog (previous year: € 327.7 million). This development had a negative impact on profitability: EBITDA at € -4.3 million was negative (previous year: € 22.7 million), EBIT amounted to € -11.1 million (previous year: € 15.5 million). EBT amounted to € -19.8 million (previous year: € 10.2 million). As at 31 March 2010, the group reports earnings after taxes of € -14.7 million (previous year: € 6.5 million).

GILDEMEISTER still continues to start the financial year 2010 with cautious optimism. We record a growing interest in products in the machine tools business. Order intake commenced at the start of the year in line with plans. We have further intensified our alliance with the Japanese machine tool builder, Mori Seiki, in all core areas of the cooperation. We have expanded the segment "Energy Solutions" through entering the promising future market of energy storage.

For the current financial year we continue to plan order intake of about € 1.2 billion; with regard to sales revenues, we are planning to achieve more than € 1.2 billion. A recovery in order intake will have a delayed positive effect on sales revenues. In "Machine Tools", we are expecting a difficult international market environment overall. In "Services", we expect a market recovery. For the solar business, we expect a positive development. Due to its growing importance, the "Energy Solutions" is now being reported on as a separate segment as of the start of the year. More detailed statements for the current financial year are not possible at present.

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 within the European Union. The interim financial statements have not been audited.

GILDEMEISTER GROUP	31 March 2010	31 Dec. 2009	31 March 2009	Changes 31 March 2010 to 31 March 2009	
	€ million	€ million	€ million	€ million	%
Sales Revenues					
Total	244.4	1,181.2	327.7	- 83.3	- 25
Domestic	89.7	496.5	151.8	- 62.1	- 41
International	154.7	684.7	175.9	- 21.2	- 12
% International	63	58	54		
Order Intake					
Total	302.3	1,145.9	236.8	65.5	28
Domestic	116.1	343.9	90.3	25.8	29
International	186.2	802.0	146.5	39.7	27
% International	62	70	62		
Order Backlog					
Total	644.5	586.7	636.5	8.0	1
Domestic	93.7	67.3	171.2	- 77.5	- 45
International	550.8	519.4	465.3	85.5	18
% International	85	89	73		
Investments	5.8	57.8	19.2	- 13.4	
Personnel Costs	78.1	346.1	93.0	- 14.9	- 16
Personnel ratio in %	32.0	30.3	27.5		
EBITDA	- 4.3	60.9	22.7	- 27.0	
EBIT	- 11.1	31.8	15.5	- 26.6	
EBT	- 19.8	7.1	10.2	- 30.0	
Earnings after taxes	- 14.7	4.7	6.5	- 21.2	

	31 March 2010	31 Dec. 2009	31 March 2009	Changes 31 March 2010 to 31 March 2009	
Employees	5,194	5,197	6,074	- 880	- 14
plus Trainees	217	253	238	- 21	- 9
Total Employees	5,411	5,450	6,312	- 901	- 14

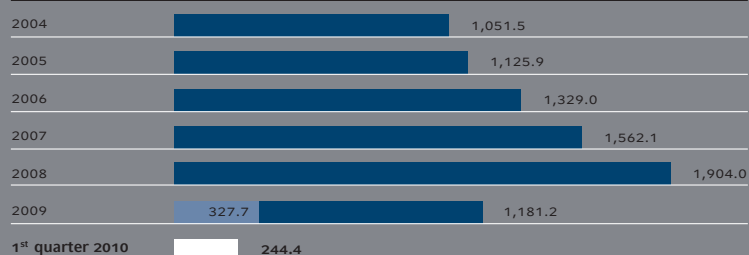


GILDEMEISTER group
Key Figures

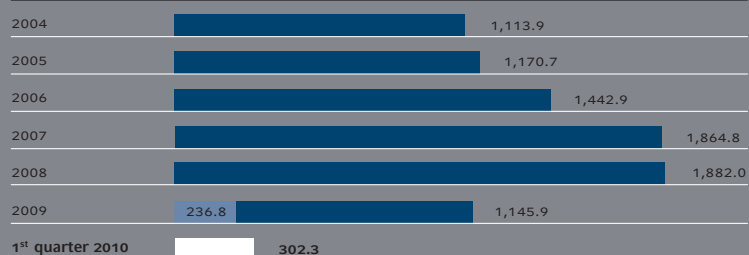


Sales Revenues
Order Intake
EBIT
Employees

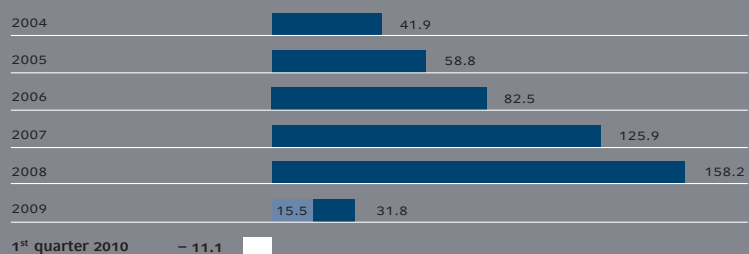
SALES REVENUES
in € million



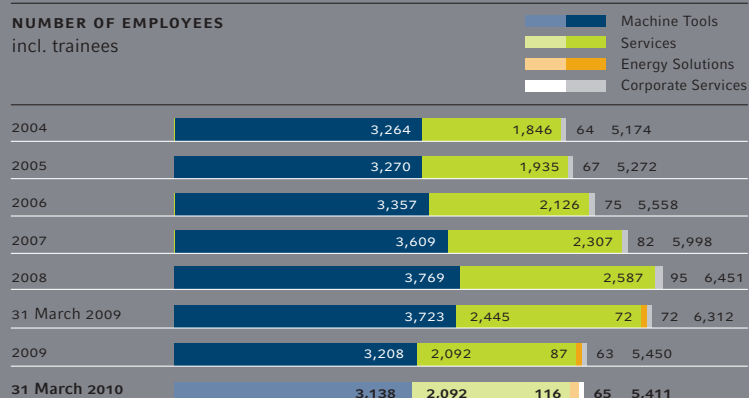
ORDER INTAKE
in € million



EBIT
in € million



NUMBER OF EMPLOYEES
incl. trainees



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COVER PICTURE _____ **SUSTAINABLE TECHNOLOGY FOR FUTURE GROWTH**

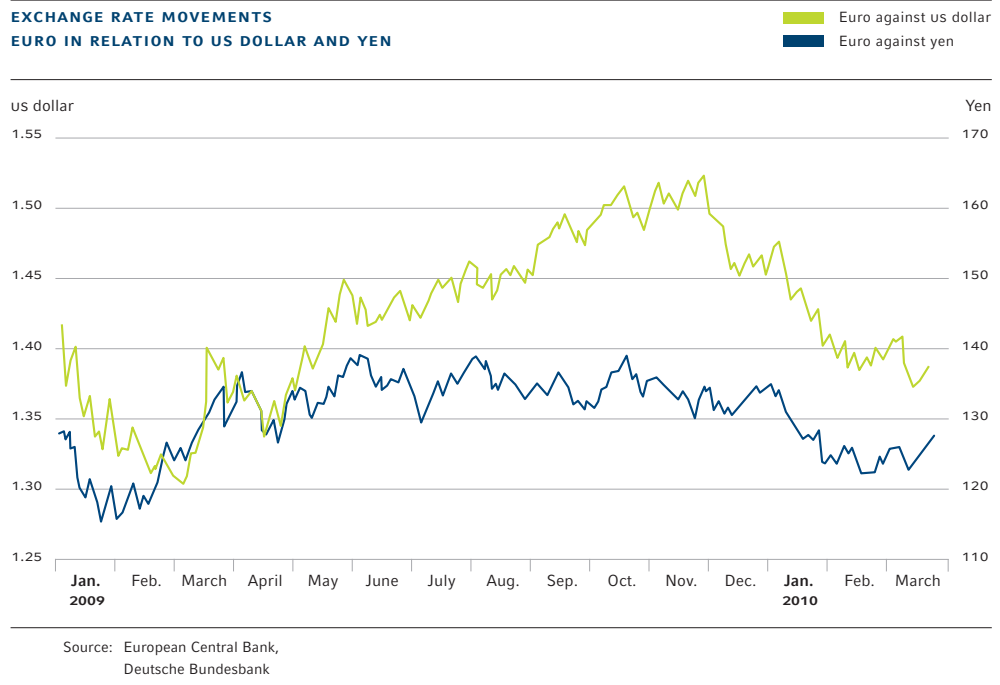
Renewable energy will become an increasingly important component of future energy supply concepts. The solar sector is a growing market worldwide. The highly-developed tracking technology of the “SunCarrier” from a+f always aligns modules with the sun’s position and produces greater energy output of up to 35% compared to fixed position installations.

The cover picture shows a “SunCarrier 300”, which can be deployed as a stand-alone installation or in a solar park.

Overall economic development followed a slight upwards trend in the first quarter of 2010. This could be seen primarily in Asia. The strongest momentum came, as in the last years, from China. The Japanese economy likewise recorded recovery trends. The cyclical trend in Europe and also in Germany showed an upwards tendency. According to provisional calculations of the German Economic Research Institute (DIW), gross domestic product increased by 0.3% compared to the previous quarter.

For GILDEMEISTER’s international business, the US dollar, the Chinese yuan and the Japanese yen are of particular importance. The weak development of the euro formed the **exchange rates** of the currencies important for us in the first quarter. The US dollar was at 0.72 euros against the euro (previous year’s quarter: 0.77 euro). Against the Chinese yuan the euro was at 9.44 yuan (previous year’s quarter: 8.91 yuan). The average value of the euro against the yen was at 125.48 yen (previous year’s quarter: 122.04 yen). Thus the euro lost in value against these currencies. This means a gain in margins for our products of about 6.3% in the dollar and the yuan and of 5.8% in the yen. Our products have therefore become in the dollar region as well as in the Asian regions.

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

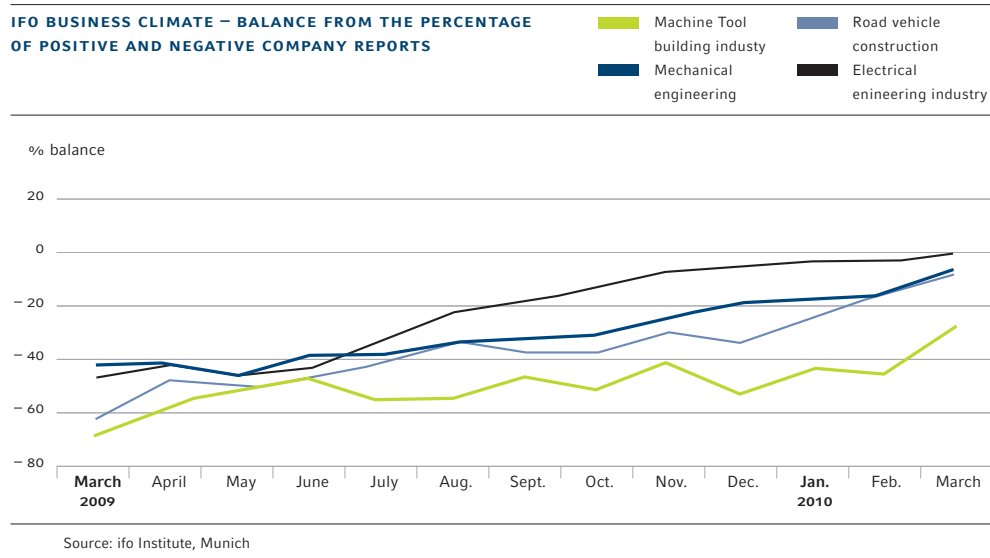


Overall, the **worldwide market for machine tools** is expected to stagnate in 2010. The German Machine Tool Builders' Association (vbw) and the British economic research institute, Oxford Economics, are currently expecting a slight decline in **consumption** of 0.4% to € 36.0 billion in their latest forecasts (as of April 2010). However, it is worthwhile having a closer look at world markets: Demand will recover especially quickly in **Asia** (+5.5%). Above all, the Chinese (+7.2%), Indian (+10.1%) and Taiwanese (+11.0%) markets are showing a clear growth trend. The machine tool business is also expected to develop positively in **America** (+6.8%); in particular, higher consumption is anticipated in Brazil (+14.2%). A declining development trend is expected in **Europe** (-15.6%).

The **German machine tool market** will develop weaker than the world market. The vbw expects a further decline of consumption – based on the long throughput times in the project business and a high proportion of specialist machines in Germany – and a decline of 12% in production. Order intake at German machine tool producers grew once again at the start of the year. Strong stimulus for the German machine tools came in particular from abroad, orders grew by 54%. Domestic orders recorded a growth of 25%.

The ifo **business climate index** for trade and industry continues to fluctuate at a low level but has increasingly improved over the course of the first quarter. Companies in the main consumer industries for machine tools have assessed their current business situation more optimistically than in previous months.

Source: vbw (German Machine Tool Builders' Association)



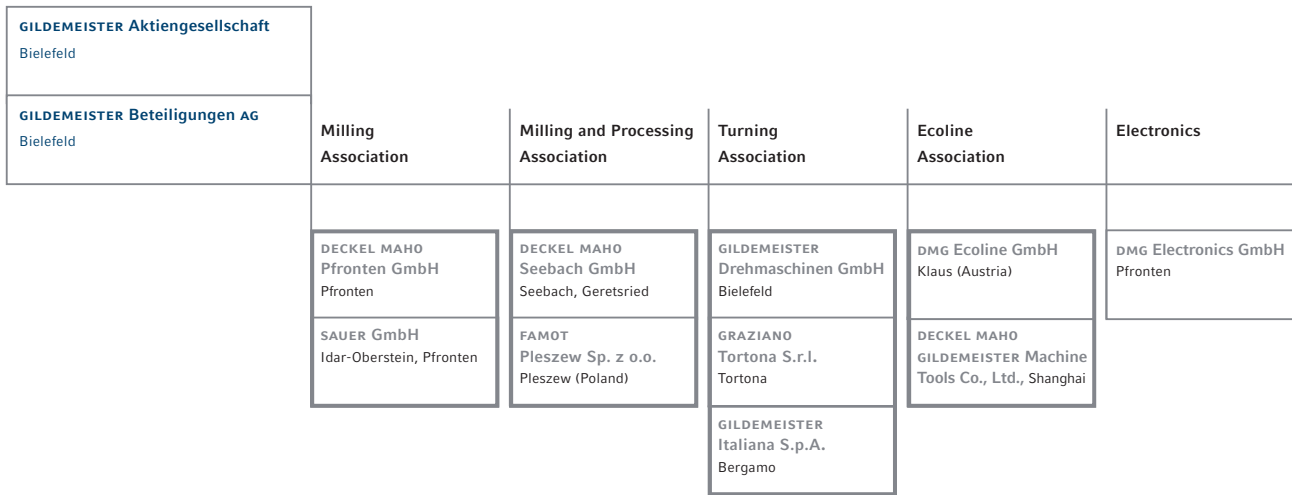
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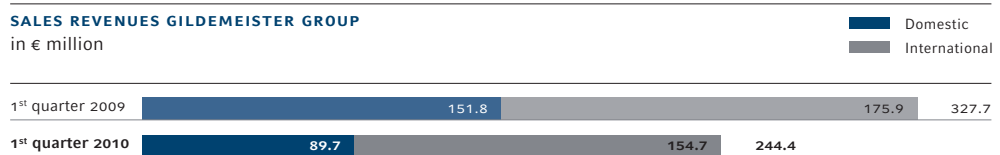


The GILDEMEISTER group, including GILDEMEISTER Aktiengesellschaft, comprised 79 enterprises as at 31 March 2010. The consolidated group thus has not changed compared to 31 December 2009.

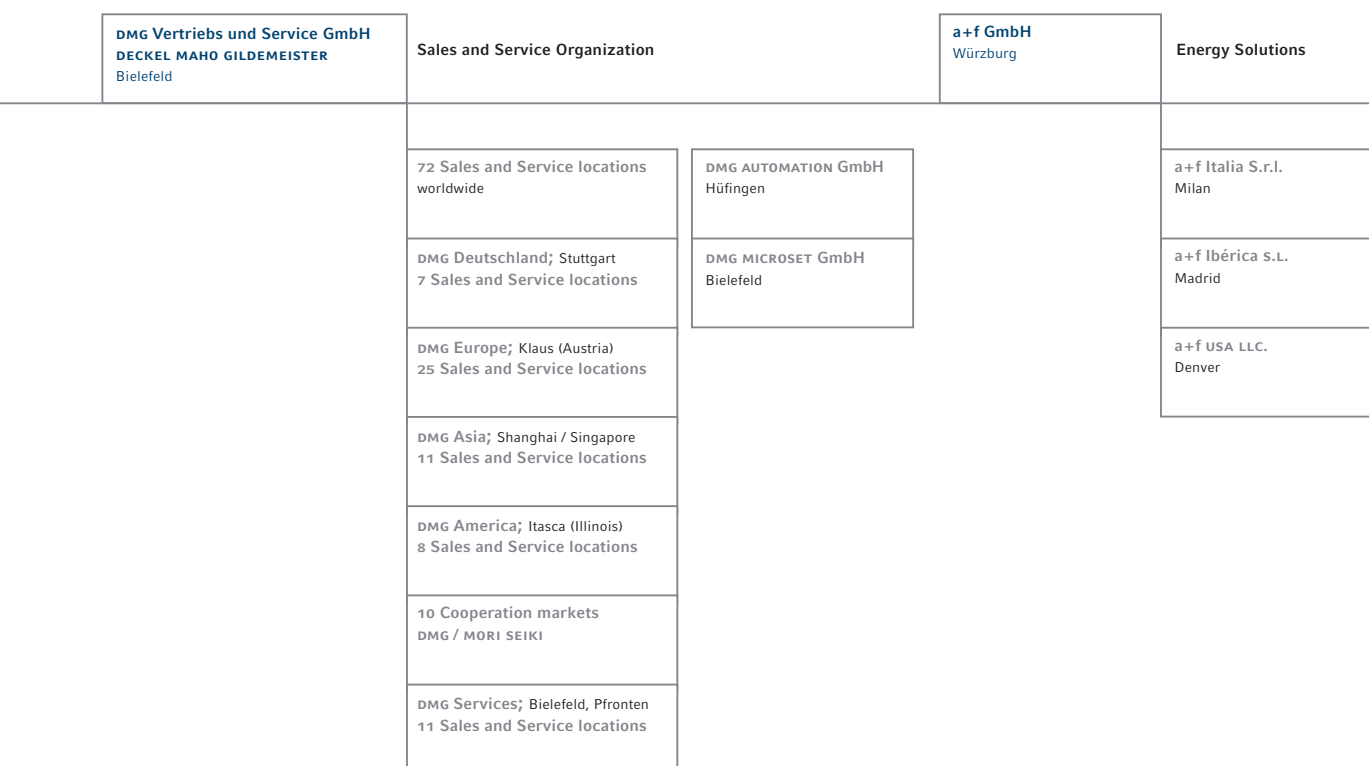
Sales Revenues

In the first quarter, sales revenues reached € 244.4 million and were thus € 83.3 million below the previous year’s figure (€ 327.7 million), which shrank by 25% due to the low order backlog. In the “Machine Tools” segment sales revenues fell by € 81.4 million (–39%) to € 128.8 million. In the “Services” segment, sales revenues decreased by € 10.4 million (–12%) to € 76.8 million. The “Energy Solutions” segment achieved growth of 28% and rose to € 38.7 million (previous year: € 30.2 million).

Domestic sales revenues fell by 41% to € 89.7 million, international sales revenues shrank by 12% to € 154.7 million. The export share amounted to 63% (previous year: 54%).



More detailed information on sales revenues in each segment is given on page 9 et seq.



Order Intake

Order intake in the first quarter increased by 28% to € 302.3 million and was clearly above the figure for the previous year's quarter (€ 236.8 million). The machine tool business grew by 44% to € 188.7 million (previous year: € 131.4 million). "Services" rose by 19% to € 88.9 million (previous year: € 74.6 million). "Energy Solutions" recorded order intake of € 24.6 million (-20%). Due to well-filled order books and the limited sales capacity order intake was below the previous year's level (€ 30.7 million).

Order intake rose both domestically and abroad. Domestic orders increased by 29% to € 116.1 million (previous year: € 90.3 million). International orders rose by 27% to € 186.2 million (previous year's quarter: € 146.5 million). International orders accounted for 62% of orders (previous year: 62%).

Order intake progressed according to plan in the first quarter. The traditional in-house exhibition in Pfronten and the METAV in Dusseldorf attracted a lot of interest from our customers. At twelve national and international spring trade fairs and exhibitions, we were able to record a growing interest in products in the machine tools business and a satisfactory order intake.

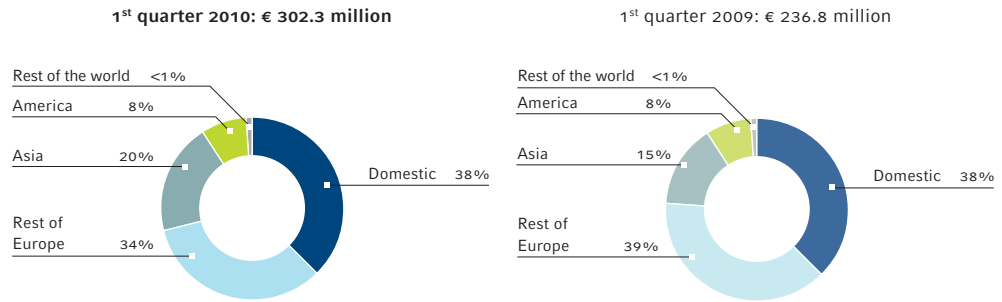
ORDER INTAKE GILDEMEISTER GROUP in € million



More detailed information on order intake in each segment is given on page 9 et seq.

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

**ORDER INTAKE GILDEMEISTER GROUP
BY REGIONS**



Order Backlog

On 31 March 2010, the order backlog within the group amounted to € 644.5 million and was thus again above the previous year’s level for the first time.

The domestic order backlog fell by € 77.5 million (-45%) to € 93.7 million. The international order backlog fell by € 85.5 million (+18%) to € 550.8 million compared to the previous year. Of existing orders, international orders accounted for 85% (corresponding date of the previous year: 73%).

**ORDER BACKLOG GILDEMEISTER GROUP
in € million**



The order backlog in the “Machine Tools” segment represents mathematically a production capacity utilisation period of an average of some three months, although the individual production companies vary in their capacity utilisation.

Results of Operations, Net Worth and Financial Position

The lower sales revenues had a negative impact on profitability: It developed in the first quarter as follows: **EBITDA** at € -4.3 million was negative (previous year: € 22.7 million), **EBIT** amounted to € -11.1 million (previous year: € 15.5 million). **EBT** amounted to € -19.8 million (previous year: € 10.2 million). As at 31 March 2010, the group reported **earnings after taxes** of € -14.7 million (previous year: € 6.5 million).

Total operating revenue fell to € 243.9 million (previous year: € 337.7 million). Sales revenues decreased due to fewer lead times by 25% to € 244.4 million (previous year: € 327.7 million) and changes in stocks to € -2.0 million (previous year: € 8.9 million). Material costs decreased to € 128.4 million (previous year: € 165.3 million). The materials ratio amounted to 52.6% (previous year: 49.0%). Gross profit shrank by € 56.9 million to € 115.5 million (previous year: € 172.4 million); the gross profit margin decreased as a result of the decline in sales volume and price discounts due to market conditions to 47.4% (previous year: 51.0%). Personnel expenditure decreased by € 14.9 million to € 78.1 million (previous year: € 93.0 million); this reduction was due mainly to the personnel measures introduced timely in the previous year. The personnel ratio rose to 32.0% as a consequence of the clear fall in overall operating revenues (previous year: 27.5%). Over the course of the year we are expecting an improvement in the personnel ratio based on the planned rise in sales revenues. The balance of other expenses and income fell to € 41.7 million (previous year: € 56.7 million). Depreciation decreased to € 6.8 million (previous year: € 7.2 million). Net financial costs amounted to € -8.7 million (previous year: € -5.3 million). As at 31 March 2010, due to the negative EBT, tax revenues of € 5.1 million arose, which resulted in particular from deferred tax assets (previous year: tax expense: € 3.7 million).

	31 March 2010 € million	31 Dec. 2009 € million	31 March 2009 € million
Net worth			
Non-current assets	390.4	378.5	357.0
Current assets	753.5	774.2	977.2
Equity	383.7	380.9	380.9
Outside capital	760.2	771.8	953.3
Balance sheet total	1,143.9	1,152.7	1,334.2

The balance sheet total as at 31 March 2010 decreased by € 8.8 million to € 1,143.9 million compared to 31 December 2009. Under **assets**, non-current assets increased by € 11.9 million to € 390.4 million. Current assets fell by € 20.7 million to € 753.5 million. Inventories decreased by € 6.8 million to € 384.5 million; at the same time, raw materials and consumables decreased to € 148.0 million (€ -5.7 million) and stocks of finished goods and merchandise to € 145.8 million (€ -4.5 million). Stocks of work in progress rose to € 82.9 million (€ +2.4 million). Trade receivables increased by € 15.1 million to € 253.9 million as scheduled. This increase resulted in particular from the recognition of sales revenues relating to projects in the “Energy Solutions” segment.

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On the **equity and liabilities** side, equity rose by € 2.8 million to € 383.7 million. The equity ratio increased to 33.5% (31 Dec. 2009: 33.0%). Outside capital decreased by € 11.6 million to € 760.2 million. At the same time provisions decreased by € 15.4 million to € 172.6 million and trade payables rose by € 6.7 million to € 134.6 million. Financial indebtedness rose by € 9.5 million to € 338.8 million primarily through financing the larger receivables portfolio. Prepayments received for orders increased by € 1.7 million to € 45.5 million.

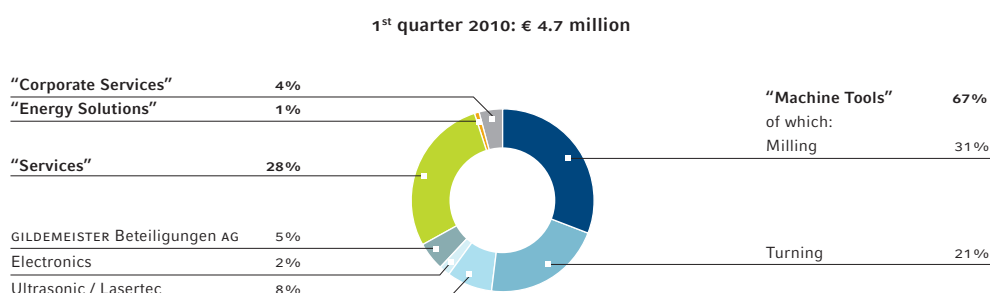
The **free cash flow** in the first quarter improved to € -49.0 million (previous year: € -85.4 million). For the whole year we expect a free cash flow, as scheduled.

The **cash flow** from operating activity in the first quarter amounted to € -44.6 million (previous year: € -80.3 million). Based on earnings before tax (EBT) of € -19.8 million, depreciation (€ 6.8 million) and a lower amount of funds tied up in inventories (€ 6.7 million) made a positive contribution to cash flow. Contrary effects caused by a rise in trade receivables of € 15.0 million and a decline in trade payables of € 6.7 million reduced the cash flow. Cash flow from investment activity amounted to € -5.5 million (previous year: € -19.1 million). The cash flow from financing activity was € 10.4 million (previous year: € -3.3 million).

	2010 1 st quarter € million	2009 1 st quarter € million
Cash flow		
Cash flow from operating activities	-44.6	-80.3
Cash flow from investment activity	-5.5	-19.1
Cash flow from financing activity	10.4	-3.3
Changes in cash and cash equivalents	-39.6	-102.7
Liquid funds at the start of the reporting period	84.4	257.9
Liquid funds at the end of the reporting period	44.8	155.2

Investments

Investments in fixed assets and intangible assets in the first quarter amounted to € 4.7 million (previous year's figure: € 5.2 million) and were primarily limited to the further development of our innovative products as well as to the provision of machine tools, models and equipment necessary for production. In addition, on 10 March 2010, GILDEMEISTER presented the new business area of large machines – the DMG XXL machines – for the first time ever at the Bielefeld site. Over an area of about 850 square metres, we are displaying a new dimension in the field of large parts processing to our customers. Additions to financial assets amounted to € 1.1 million (previous year's quarter: € 14.0 million) through the shareholding in DMG / MORI SEIKI Australia Ltd. In the first quarter investments therefore totalled € 5.8 million (previous year's quarter: € 19.2 million).

**CONTRIBUTION OF EACH SEGMENT / DIVISION TO INVESTMENTS
IN FIXED ASSETS AND INTANGIBLE ASSETS**

Segmental Reporting

Our business includes the "Machine Tools" and the "Services" segments and for the first time since 1 January 2010 the "Energy Solutions"; this is due to its growing importance and the requirements of IFRS 8. The previous year's figures for "Services", to which the division previously belonged, have been adjusted accordingly. "Corporate Services" comprises the groupwide holding functions. Since 1 January 2010, GILDEMEISTER Beteiligungen AG as the holding company of the production plants is managed under the "Machine Tools" segment, the previous year's figures have been adjusted accordingly. The breakdown of sales revenues, order intake and EBIT across the individual segments is presented as follows:

**SEGMENT KEY FIGURES
OF THE GILDEMEISTER GROUP**

	"Machine Tools"			"Services"		
	2010 1 st quarter € million	2009* 1 st quarter € million	Changes 2010 against 2009 %	2010 1 st quarter € million	2009* 1 st quarter € million	Changes 2010 against 2009 %
Sales Revenues	128.8	210.2	-39	76.8	87.2	-12
Order Intake	188.7	131.4	44	88.9	74.6	19
EBIT	-17.4	7.8		8.8	12.7	

	"Energy Solutions"			"Corporate Services"		
	2010 1 st quarter € million	2009 1 st quarter € million	Changes 2010 against 2009 %	2010 1 st quarter € million	2009* 1 st quarter € million	Changes 2010 against 2009 %
Sales Revenues	38.7	30.2	28	0.1	0.1	0
Order Intake	24.6	30.7	-20	0.1	0.1	0
EBIT	0.8	1.0		-3.0	-5.5	

* previous year's values adjusted

Economic
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Development

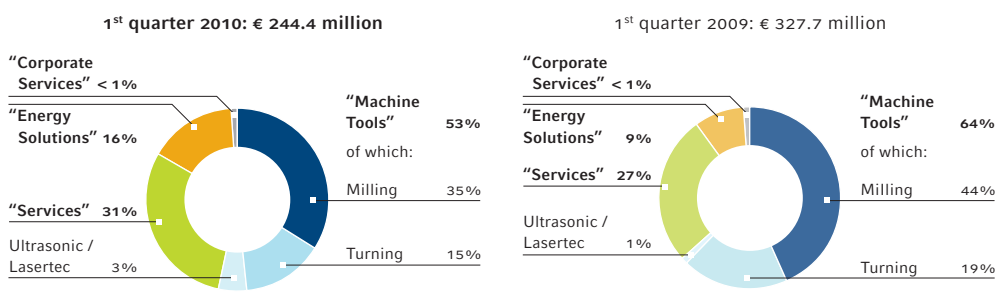
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Group sales revenues broke down as follows in the first three months:

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



Order intake in the "Machine Tools" segment grew by € 57.3 million (+44%) to € 188.7 million (previous year: € 131.4 million). "Machine Tools" thus accounted for 62% of all order intake (previous year: 56%). The **order backlog** as at 31 March 2010 amounted to € 310.6 million (corresponding date of the previous year: € 487.0 million). As a result of the decline in sales volume and price discounts due to market conditions, in "Machine Tools" we went into the red in the first quarter. In the first three months of the year, the **EBIT** of the "Machine Tools" segment was negative at € -17.4 million (previous year: € 7.8 million). As at 31 March, there were 3,138 **employees** (31 Dec. 2009: 3,208). Due to the positive development in the machine tool business in China we increased personnel at our Shanghai site. In Germany we had to reduce personnel depending on business development. Overall, the number of employees was reduced by 70 in the first quarter. Moreover, we have adjusted our surplus personnel capacity by making use of short time working. More information can be found in the "Employees" chapter on page 15.

"Services"

The "Services" segment includes the business activities of DMG Vertriebs und Service GmbH and its subsidiaries. **DMG Service Solutions** offers the right product mix worldwide of service support and service products. The service solutions include various services, which, through our highly-qualified service staff and our worldwide sales and service network, ensure direct customer contact and rapid availability. The **DMG service products** – such as DMG Powertools and measuring devices and tool management from DMG MICROSET – enable the user to increase the productivity of his DMG machine tools considerably. In addition, with its completely up-to-date service centre, DMG Spare Parts provides a reliable and fast supply of DMG spare parts. DMG Automation offers integration solutions to automate machine tools. The latest service news is available at www.gildemeister.com.



Segment "Energy Solutions":

a+f has already realised 93 "SunCarrier" solarparks in 13 countries.

"Energy Solutions"

Due to its growing importance for the GILDEMEISTER group, "Energy Solutions" has been managed as a separate segment since 1 January 2010. It includes the business operations of a+f GmbH, as well as the group companies in Italy, Spain and the USA that are responsible for sales and service activities for the "SunCarrier" business operations. The "SunCarrier" serves the growing market of solar technology. The business model is based on the complete development of turnkey projects and after sales service. In the "Components" area, a+f GmbH specialises in the marketing of components, in particular for wind energy. More detailed information on the "SunCarrier" can be found at www.suncarrier.com.

KEY FIGURES "ENERGY SOLUTIONS" SEGMENT	31 March 2010	31 Dec. 2009	31 March 2009	Changes 31 March 2010 to 31 March 2009	
	€ million	€ million	€ million	€ million	%
Sales Revenues					
Total	38.7	112.3	30.2	8.5	28
Domestic	11.4	25.8	7.4	4.0	54
International	27.3	86.5	22.8	4.5	20
% International	71	77	75		
Order Intake					
Total	24.6	315.0	30.7	-6.1	-20
Domestic	11.4	21.3	2.5	8.9	356
International	13.2	293.7	28.2	-15.0	-53
% International	54	93	92		
Order Backlog					
Total	247.1	261.2	58.9	188.2	320
Domestic	10.6	10.6	10.7	-0.1	-1
International	236.5	250.6	48.2	188.3	391
% International	96	96	82		
Investments	0.1	1.2	0.1	0.0	
EBIT	0.8	8.8	1.0	-0.2	

	31 March 2010	31 Dec. 2009	31 March 2009	Changes 31 March 2010 to 31 Dec. 2009	
					%
Employees	116	87	72	29	33
plus trainees	0	0	0	0	0
Total employees	116	87	72	29	33

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“Energy Solutions” contributed 16% of group sales revenues (previous year: 9%). **Sales revenues** in the first quarter reached € 38.7 million and were thus 28% or € 8.5 million higher than the previous year (€ 30.2 million). The “SunCarrier” unit was able to achieve an initial € 32.3 million contribution to sales revenues by completing five solar parks in southern Italy. Due to well-filled order books and limited sales capacity **order intake** at € 24.6 million (–20%) declined. The **order backlog** of € 247.1 million (+320%) was considerably higher than the previous year (€ 58.9 million). Especially for large projects – due to the project business having typically correspondingly long planning and authorisation phases, the entire preparatory stage can take up to twelve months. **EBIT** amounted to € 0.8 million (previous year: € 1.0 million). The earnings power was influenced by the increasing internationalisation, the development of new markets as well as by extended service requirements of our customers. The number of **employees** has risen by 29 to 116 (31 Dec. 2009: 87); especially in the areas project planning and project management we increased personnel.

“Corporate Services”

KEY FIGURES “CORPORATE SERVICES” SEGMENT	31 March 2010 € million	31 Dec. 2009* € million	31 March 2009* € million	Changes 31 March 2010 to 31 March 2009 € million	
Sales Revenues	0.1	0.2	0.1	0.0	
Order Intake	0.1	0.2	0.1	0.0	
Investments	0.2	32.9	14.7	– 14.5	
EBIT	– 3.0	– 15.0	– 5.5	2.5	

	31 March 2010	31 Dec. 2009*	31 March 2009*	Changes 31 March 2010 to 31 Dec. 2009 %	
Employees	65	63	72	2	3

* previous year's values adjusted

The “Corporate Services” segment comprises GILDEMEISTER Aktiengesellschaft with its group-wide holding functions. **EBIT** amounted to € –3.0 million (previous year: € –5.5 million). This improvement in the results was primarily due to savings in consultancy services, in the areas of maintenance and investor and public relations, as well as from a positive currency result. For the whole year we are expecting a deterioration in the EBT compared to the previous year due to a significantly higher interest rate margin in connection with the refinancing carried out in February.

Economic
Development

Employees

As at 31 March 2010 GILDEMEISTER had 5,411 employees, of whom 217 were trainees (31 Dec. 2009: 5,450). In comparison with year-end 2009, the number of employees has been reduced by 39. In the “Machine Tools” segment we are continuing to make use of short time working in order to manage excess personnel capacity.

At the end of the first quarter, 3,339 employees (62%) worked for our domestic companies and 2,072 employees (38%) for our international companies. The personnel ratio was 32.0% (previous year: 27,5%). Employee expenses decreased by € 14.9 million to € 78.1 million (previous year: € 93.0 million).

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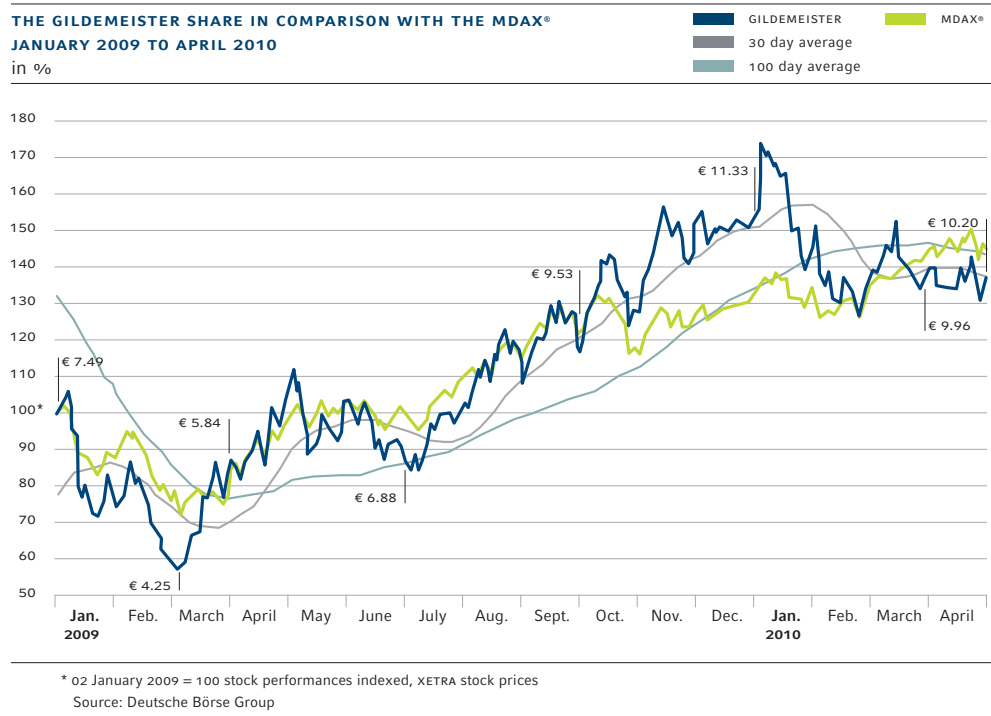
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GILDEMEISTER Share

The GILDEMEISTER share recorded a mixed performance in the first three months of the year. Starting from a price of € 11.62 on the first day of trading (2 Jan. 2010), the share closed the first quarter at € 9.96 (31 Mar. 2010). This represents a decline of 14%. During the same period the MDAX recorded a gain of 6%. The share is currently quoted at € 10.20 (03 May 2010).

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The GILDEMEISTER shares continue to be widely held with 95% free float. Based on the total number of shares of 45.6 million, a turnover of 0.5 times arises for the first three months (previous year's period: 0.6 times). The trading volume amounted to an average of 333,000 shares per trading day (previous year: 387,000 shares).

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Research and Development

Expenditure on research and development amounted to € 10.2 million in the first three months and was thus slightly below the previous year's level (€ 12.8 million). There are currently 441 employees working on the development of new products; this corresponds to 15% of the workforce at the plants.

At the traditional inhouse exhibition in Pfronten, the new generation of universal milling machines numbered among the highlights presented. The DMU 100 P duoblock®, DMU 125 P duoblock®, DMC 100 U duoblock® and the DMC 125 U duoblock® ensure maximum precision in the 5-axis machining of complex workpieces. At the industry's first major trade fair of the year, the METAV in Dusseldorf, GILDEMEISTER presented innovative machine concepts under the label "DMG ENERGY SAVING" as well as its extensive know-how in the field of **energy efficiency**. The "DMG AUTOSHUTDOWN" reduces the energy requirements during the machine's idling time. During machining, the "DMG GREENmode" contributes to improving energy efficiency through optimum control of the machining processes. In addition, the intelligent design of the machine leads to noticeable savings in energy costs – for example through the recovery and use of braking energy, a reduction in friction and a reduction in moving masses. Overall, a machine's energy requirements are reduced by an average 20% over the entire life cycle of the machine.

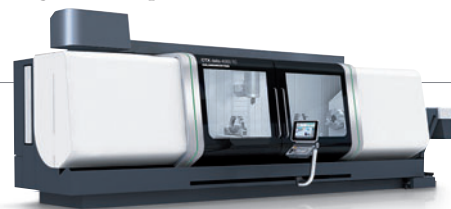
In the technology field of "turning", the CTX gamma 1250 TC is the latest advanced development of the successful turning-milling machines. The introduction of the CTX delta TC series, during the XXL large machine open days in Bielefeld, marks the starting point of a pioneering project in the machining of complex large turning workpieces with a diameter of up to one metre and a turning length of up to six metres.

In line with our innovations-focused product strategy, we will present further new developments at a total of 75 national and international trade fairs and exhibitions in 2010, such as the IMTS in Chicago and the AMB in Stuttgart.



Starting signal for the DMG XXL machines

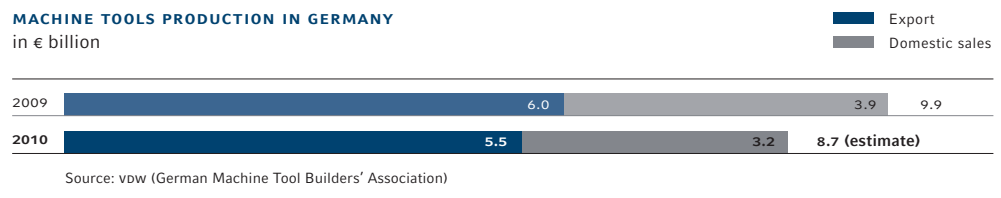
With the CTX delta TC GILDEMEISTER is opening up a new dimension in large parts processing. Together with our cooperation partner, Mori Seiki, GILDEMEISTER will present the new series over the course of the year. Our customers can already receive an impression of its performance capability through the cooperation machine at our Bielefeld plant.



Forecast

The **global economy** will recover slowly in 2010 according to current forecasts, however the slumps of the past, caused by the crisis of recent years, will not be compensated by this. All the major industrial markets are benefiting from this development. The strongest driving forces will come from China. The USA and Europe are only regaining momentum slowly. Even Germany will only rise from the depths gradually. According to provisional calculations of the Kiel Institute for Economic Research (IfW), in 2010 gross domestic product will rise by 3.7% (previous year: -1.0%).

The **worldwide market for machine tools** is expected to stagnate overall in 2010. Current forecasts (as at April 2010) of the German Machine Tool Builders' Association (VDW) and the British economic research institute, Oxford Economics, expect in the meanwhile only a slight decline in global consumption of 0.4% to € 36.0 billion. This estimate is based on the global economy stabilising, which, due to the ongoing strong under-utilisation of capacity in important consumer markets, will only be reflected in a delayed revival in demand for machine tools. Demand will recover especially quickly in **Asia**. The machine tool business shall also develop positively in **America**. In **Europe** and **Germany** a declining development trend is expected.



GILDEMEISTER is setting the trends worldwide with its innovative products and user-oriented technology. Our ability, through our combined strengths, to recognise any necessary measures and to implement these effectively has proven successful.

Our motto for the year is: **"Mastering challenges. Securing the future!"** A demanding year lies ahead of us, in which we will use our strengths to continue to generate success. We will consistently pursue our strategic goals.

We consider the future **consumer markets** with growth potential to be primarily those of the BRIC countries. In Brazil, Russia, India and China, we will further strengthen our sales and cement our leading competitive position. We will concentrate our strengths and focus on growing sales sectors such as aerospace, medical technology and renewable energy sources.

The **cooperation** with Mori Seiki in sales and services will be extended to additional markets. In the traditional market of the USA and in the growth market of India, we have been cooperating since 1 April 2010. Customers benefit from a considerably stronger sales and service structure and can select the best solution for them from the product portfolios of both manufacturers.

With the goal of offering our customers optimum financing solutions, together with Mori Seiki and the Japanese trading enterprise, Mitsui & Co. Ltd., through **MG Finance GmbH** we have been offering customised financing solutions, specific for each country, from the second quarter of 2010 on. In the first stage, customers in Germany and Great Britain can benefit from the financing offer; in the future the offer will be extended throughout Europe. In this way we are responding to the wishes of our customers to obtain machines and financing from one source.

Latest news

a+f is expanding **“Energy Solutions”** through a majority shareholding in Cellstrom GmbH – an Austrian company specialising in innovative **storage solutions**. Thus a+f is opening up its entry into the promising future market of energy storage; the Cellstrom large batteries are based on vanadium redox flow technology and achieve uninterrupted electricity supply from solar and wind power installations even in the dark and with no wind. The battery system makes it possible to have clean, emission-free and fast power supply at any time. Following years of research, the energy storage solutions from Cellstrom have achieved series readiness. The storage technology business will achieve sales revenues in euros in double-figures from 2011. The vanadium redox flow battery from Cellstrom will be exhibited by a+f GmbH from 9 to 11 June 2010 at the most important solar trade fair in the world – the Intersolar in Munich.

Over the further course of the year, a+f GmbH is planning a joint venture to tap into the Indian market. By entering the market in India, the group intends to continue its international expansion strategy in “Energy Solutions” so that in addition to its successful presence in southern Europe it can also share in the fast-growing Indian solar market in the future.

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Future Business Development

GILDEMEISTER continues the **financial year 2010** with cautious optimism. We record growing interest in our products in the machine tools business. As of the second half of the year, we are expecting a clear upwards trend. We are expecting special impetus to come from the industry's highlights worldwide. The AMB in Germany, the BIMU in Italy, as well as the IMTS in America and the JIMTOF in Japan, will be trendsetting. Over the course of the year we will gain momentum through market orientation and a product offensive.

In the current financial year we continue to plan to achieve **order intake** of about € 1.2 billion. In the machine tools business, we are meant to increase order intake in double-digit figures by percentage. The service business should likewise increase in double figures. For the solar business, due to well-filled order books and a limited sales capacity, order intake will fall below the previous year's figure.

We plan to achieve more than € 1.2 billion in **sales revenues**. A recovery in order intake will have a delayed positive effect on sales revenues. Due to the low order backlog, sales revenues in "Machine Tools" will be lower than in the previous year. In "Services", we expect a rise in sales revenues. On the basis of the high order backlog, we expect to be able to double sales revenues in the solar business.

We are working on maintaining the company's **profitability**, even under the persisting unfavourable conditions. Significant factors influencing profitability are the development of order intake and its price quality, as well as the volume of sales. More detailed statements for the current financial year are not possible at present. With respect to the current, difficult financial year 2010, we are not planning to distribute a dividend.

The financial year 2010 will put GILDEMEISTER to the test once again, we are facing another difficult year. We have reacted quickly and the adjustment measures carried out create a good starting position for the future.

Even in **financial year 2011**, conditions will remain challenging; nevertheless, the machine tool industry and GILDEMEISTER, too, are expecting a clear improvement trend. We see a clear rise in order intake and sales revenues in financial year 2011. We are likewise expecting a recovery in the results and a clear improvement. We are prepared for the coming upturn!

Consolidated Income Statement

1 st quarter	2010		2009		Changes	
	01 Jan. – 31 March € million	%	01 Jan. – 31 March € million	%	2010 against 2009 € million	%
Sales Revenues	244.4	100.2	327.7	97.0	-83.3	25.4
Changes in finished goods and work in progress	-2.0	-0.8	8.9	2.6	-10.9	122.5
Capitalised payments	1.5	0.6	1.1	0.4	0.4	36.4
Total Work Done	243.9	100.0	337.7	100.0	-93.8	27.8
Cost of materials	-128.4	-52.6	-165.3	-49.0	36.9	22.3
Gross Profit	115.5	47.4	172.4	51.0	-56.9	33.0
Personnel costs	-78.1	-32.0	-93.0	-27.5	14.9	16.0
Other income and expenses	-41.7	-17.1	-56.7	-16.8	15.0	26.5
Depreciation	-6.8	-2.8	-7.2	-2.1	0.4	5.6
Financial Result	-8.7	-3.6	-5.3	-1.6	-3.4	64.2
EBT	-19.8	-8.1	10.2	3.0	-30.0	
Income Taxes	5.1	2.1	-3.7	-1.1	8.8	
Earnings after taxes	-14.7	-6.0	6.5	1.9	-21.2	
Earnings per share in accordance with IAS 33 (in euros)	-0.32		0.15			

Group Statement of Comprehensive Income

	2010 01 Jan. – 31 March € million	2009 01 Jan. – 31 March € million
Earnings after taxes	-14.7	6.5
Remaining revenue		
Exchange differences on translating foreign operations	6.4	-1.0
Change in market value of derivative financial instruments	-2.1	-6.0
Change in the fair value measurement of available-for-sale-financial assets	12.6	0.1
	0.6	1.6
Total changes in value recognised directly in equity	17.5	-5.3
Total comprehensive income	2.8	1.2
Attributable to owners of GILDEMEISTER Aktiengesellschaft	2.8	1.2
Attributable to non-controlling interests	0.0	0.0

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Consolidated Balance Sheet

ASSETS	31 March 2010 € million	31 Dec. 2009 € million	31 March 2009 € million
Long-term assets			
Goodwill	76.0	75.7	75.7
Other intangible assets	24.5	24.4	23.7
Tangible assets	196.7	197.4	198.4
Financial assets	42.1	28.5	14.5
Trade debtors	0.6	0.7	0.5
Other long-term financial assets	5.4	14.5	16.5
Other long-term assets	3.6	1.9	0.5
Deferred taxes	41.5	35.4	27.2
	390.4	378.5	357.0
Short-term assets			
Inventories	384.5	391.3	479.1
Trade debtors	253.9	238.8	268.1
Other short-term financial assets	46.7	36.5	43.0
Other short-term assets	23.6	23.2	31.8
Cash and cash equivalents	44.8	84.4	155.2
	753.5	774.2	977.2
	1,143.9	1,152.7	1,334.2
EQUITY AND LIABILITIES	31 March 2010 € million	31 Dec. 2009 € million	31 March 2009 € million
Equity			
Subscribed capital	118.5	118.5	112.6
Capital provision	80.1	80.1	68.3
Revenue provisions	185.3	182.5	200.3
Total equity of shareholders of GILDEMEISTER Aktiengesellschaft	383.9	381.1	381.2
Minority interests' share of equity	-0.2	-0.2	-0.3
Total equity	383.7	380.9	380.9
Long-term liabilities			
Long-term financial liabilities	245.9	237.3	240.8
Pension provisions	26.4	26.3	26.9
Other long-term provisions	31.5	33.9	49.3
Trade creditors	0.1	0.2	0.4
Other long-term financial liabilities	23.4	21.3	24.2
Other long-term liabilities	3.5	3.4	3.5
Deferred taxes	2.8	2.8	3.2
	333.6	325.2	348.3
Short-term liabilities			
Short-term financial liabilities	92.9	92.0	133.2
Tax provisions	7.7	12.1	14.0
Other short-term provisions	107.0	115.7	141.0
Payments received on account	45.5	43.8	79.2
Trade creditors	134.5	141.1	179.9
Other short-term financial liabilities	19.9	19.7	30.6
Other short-term liabilities	19.1	22.2	27.1
	426.6	446.6	605.0
	1,143.9	1,152.7	1,334.2

Consolidated Cash Flow Statement

	2010 01 Jan. – 31 March € million	2009 01 Jan. – 31 March € million
CASH FLOW FROM OPERATING ACTIVITIES		
Earnings before tax (EBT)	-19.8	10.2
Income taxes	5.1	-3.7
Depreciation	6.8	7.2
Change in deferred taxes	-6.0	0.3
Change in long-term provisions	-2.5	1.9
Other income and expenses not affecting payments	0.6	0.2
Change in short-term provisions	-13.1	-23.4
Changes in inventories, trade debtors and other assets	-13.1	-37.4
Changes in trade creditors and other liabilities	-2.6	-35.6
	-44.6	-80.3
CASH FLOW FROM INVESTMENT ACTIVITY		
Amounts paid out for investments in intangible and tangible assets	-4.7	-5.2
Amounts paid out for investments in financial assets	-1.1	-14.0
Amounts received from the disposal of fixed assets	0.3	0.1
	-5.5	-19.1
CASH FLOW FROM FINANCING ACTIVITY		
Inflows / outflows for borrowings / repayment of borrowings	10.4	-3.3
	10.4	-3.3
Changes affecting payments	-39.7	-102.7
Effects of exchange rate changes on financial securities	0.1	0.0
Cash and cash equivalents as of 1 January	84.4	257.9
Cash and cash equivalents as of 31 March	44.8	155.2

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Statement of Changes in Group Equity

	Subscribed capital € million	Capital provision € million	Revenue provisions € million	Shareholders equity of GILDEMEISTER Aktiengesellschaft € million	Minority interest share of equity € million	Group Equity € million
As at 1 Jan. 2010	118.5	80.1	182.5	381.1	-0.2	380.9
Total revenue	0.0	0.0	2.8	2.8	0.0	2.8
As at 31 March 2010	118.5	80.1	185.3	383.9	-0.2	383.7

	Subscribed capital € million	Capital provision € million	Revenue provisions € million	Shareholders equity of GILDEMEISTER Aktiengesellschaft € million	Minority interest share of equity € million	Group Equity € million
As at 1 Jan. 2009	112.6	68.3	199.1	380.0	-0.3	379.7
Total revenue	0.0	0.0	1.2	1.2	0.0	1.2
As at 31 March 2009	112.6	68.3	200.3	381.2	-0.3	380.9

Group Segmental Reporting

1ST QUARTER 2010	Machine Tools € million	Services € million	Energy Solutions € million	Corporate Services € million	Transitions € million	Group € million
Sales revenues	128.8	76.8	38.7	0.1		244.4
EBIT	-17.4	8.8	0.8	-3.0	-0.3	-11.1
Investments	3.1	2.4	0.1	0.2		5.8
Employees	3,138	2,092	116	65		5,411

1ST QUARTER 2009	Machine Tools € million	Services € million	Energy Solutions € million	Corporate Services € million	Transitions € million	Group € million
Sales revenues	210.2	87.2	30.2	0.1		327.7
EBIT	7.8	12.7	1.0	-5.5	-0.5	15.5
Investments	3.4	1.0	0.1	14.7		19.2
Employees	3,723	2,445	72	72		6,312

Notes to the Interim Consolidated Financial Statements

1 APPLICATION OF REGULATIONS

The interim consolidated financial statements of GILDEMEISTER Aktiengesellschaft as of 31 March 2010 were prepared, as were the Consolidated Financial Statements of the year ending 31 December 2009, 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 2009.

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 1.112, 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 right of choice contained in the IFRS that has been exercised.

The accounting and valuation principles and applied consolidation methods remain unchanged from the financial year 2009. For further details we refer to the Notes to the Consolidated Financial Statements of the year ending 31 December 2009.

3 CONSOLIDATED GROUP

As at 31 March 2010, the consolidated group comprised 79 companies, including GILDEMEISTER Aktiengesellschaft, which were all included in the Interim Financial Statements as part of the full consolidation process. The consolidated group has not changed compared to 31 December 2009. Comparison with the Consolidated Financial Statements for the year ending 31 December 2009 is not impaired.

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:

Total profit / loss after taxes excluding the profit / loss share of non-controlling interests € κ	- 14,709
Average weighted number of shares	45,582,003
Earnings per share acc. to IAS 33	€ - 0.32

There were no dilution effects in the reporting period.

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- 4 INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT** Details of the statement of comprehensive income, statement of financial position and on the statement of cash flows 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 net financial cost as of 31 March 2010 of € –14.7 million and the change in market value of derivative financial instruments of € –2.1 million reduced equity. This was compensated by an increase in equity through currency translations recognised directly in equity as well as changes in the value of financial assets available for sale. Overall, equity thus increased by € 2.8 million.
- 6 SEGMENTAL REPORTING** GILDEMEISTER has reported on the individual segments since financial year 2009 pursuant to the requirements of IFRS 8. The segments follow the internal management and reporting on the basis of diverse products. Due to the increasing importance of “Energy Solutions” to the GILDEMEISTER group, this is now reported as of 1 January 2010 as a separate segment. It includes the business operations of a+f GmbH, as well as the group companies in Italy, Spain and the USA that are responsible for sales and service activities for the “SunCarrier” business operations. There has been no change in how segment results are determined. The previous year’s figures for the “Services” segment, to which “Energy Solutions” belonged until 31 December 2009, have been adjusted accordingly. Further adjustment of the previous year’s figures has resulted from DMG Automation being removed organisationally from the “Machine Tools” segment and, as of 1 July 2009, it has formed part of and is managed under the “Services” segment. Furthermore, since 1 January 2010, GILDEMEISTER Beteiligungen AG as the holding company of the production plants. is included under the “Machine Tools” segment instead of “Corporate Services”. The previous year’s figures for the three segments have been adjusted correspondingly. Further details on business development are given in the “Segments” chapter on page 9 et seq.
- 7 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE** Significant events occurring after the reporting period are presented in the “Forecast”. No other significant events have occurred after the reporting period of the interim financial statements.

14 May 2010	Annual General Meeting of Shareholders at 10 a.m. in the Town Hall Bielefeld	Economic Development
17 May 2010	Distribution of Dividend	
29 July 2010	Second Quarterly Report 2010 (1 April to 30 June)	
09 November 2010	Third Quarterly Report 2010 (1 July to 30 September)	Business Development
09 February 2011	Press release on provisional figures for the financial year 2010	
13 May 2011	Annual General Meeting of Shareholders at 10 a.m. in the Town Hall Bielefeld	

Subject to alteration

Bielefeld, 4 May 2010

Yours sincerely,
GILDEMEISTER Aktiengesellschaft
The Executive Board

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

Executive Board:
Dipl.-Kfm. Dr. Rüdiger Kapitza
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 relating to factors that are beyond GILDEMEISTER's ability to control or estimate precisely, such as the future market environment and economic conditions. Such uncertainties may arise for GILDEMEISTER in particular as a result of the following factors:

Changes in general economic and business conditions (including margin developments in the major business areas as well as the consequences of recession); the risk that customers may delay or cancel orders or become insolvent or that prices will be further depressed due to a constantly unfavourable market environment than we currently expect; developments in the financial markets including fluctuations in interest rates and exchange rates, in the price of raw materials, in borrowing and equity margins as well as the general financial situation; increasing volatility and further decline in the capital markets; a worsening of conditions for borrowing and, in particular, increasing uncertainty arising out of the mortgage, financial and liquidity crisis, as well as the future economic success of the core business areas in which we operate; challenges arising of the integration of major acquisitions and the implementation of joint ventures and the realisation of anticipated synergy effects and other significant portfolio measures; the introduction of competitive products or technologies by other companies; a lack of acceptance of new products and services in customer target groups of the GILDEMEISTER group; changes in corporate strategy; the outcome of public investigations and associated legal disputes as well as other official measures.

Should one of these uncertainty factors or other unforeseeable event occur, or should the assumptions on which these statements are based prove incorrect, the actual results may differ materially from the results expressed in, or implied by, these statements. GILDEMEISTER disclaims any intention or special obligation to update any forward-looking statements to reflect any change in events or developments occurring after the reporting period. Forward-looking statements must not be understood as a guarantee or assurance of future developments or events contained 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 information on GILDEMEISTER are available free of charge upon request.

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