

MASTERING CHALLENGES.

SECURING THE FUTURE!

Interim Report

First six months 2010

..... Innovations secure the future.



GILDEMEISTER

Dear Shareholders,

The global economy is recovering from the crisis and forecasts are improving. Worldwide demand for machine tools has also moved upwards noticeably. In the second quarter, GILDEMEISTER was able to increase order intake markedly especially in the core segment "Machine Tools" (+63%). This positive development will be reflected in sales revenues and earnings in the second half of the year.

Overall, order intake reached € 651.5 million (+12%) at the end of the first six months (previous year: € 580.7 million); of this, the machine tool business accounted for € 400.2 million (+53%). Due to the low order backlog, sales revenues fell as of the end of the first six months by 14% to € 528.9 million (previous year: € 612.7 million). A rise in sales revenues will take place from the third quarter.

Profitability developed in accordance with our planning: In the second quarter EBITDA reached € 9.0 million, EBIT was positive at € 1.8 million. EBT amounted to € -6.6 million. Earnings after taxes amounted to € -4.3 million. As of the end of the first six months, EBITDA thus reached € 4.7 million (previous year: € 41.4 million), EBIT amounted to € -9.3 million (previous year: € 26.9 million). EBT amounted to € -26.4 million (previous year: € 15.1 million). As at 30 June 2010, the group reports earnings after taxes of € -19.0 million (previous year: € 9.7 million). Already in the third, and then especially in the fourth quarter, profitability will develop positively in line with the sales revenues progress.

GILDEMEISTER expects the growing demand – especially in the machine tool business – to continue in the second half of the year. Conditions have improved although the crisis has not yet been completely overcome. Additional stimuli will come from our newly-developed machines and the four international important autumn trade fairs of the industry. We are expecting further growth in "Services". With its "Energy Solutions", GILDEMEISTER has a young business area with future potential as the most important solar trade fair in the world – the Intersolar in Munich – showed.

Our alliance with the Japanese machine tool builder Mori Seiki is progressing positively according to plan. The successful cooperation will lead to sustained increases in efficiency.

For the whole year we are expecting, due to the now clearly noticeable upward trends, order intake of more than € 1.3 billion. We plan to increase our sales revenues following order intake to more than € 1.25 billion. According to our current planning status, a break-even result (EBT) could be achievable.

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	30 June 2010 € million	31 Dec. 2009 € million	30 June 2009 € million	Changes 30 June 2010 to 30 June 2009	
				€ million	%
Sales Revenues					
Total	528.9	1,181.2	612.7	-83.8	-14
Domestic	205.8	496.5	284.6	-78.8	-28
International	323.1	684.7	328.1	-5.0	-2
% International	61	58	54		
Order Intake					
Total	651.5	1,145.9	580.7	70.8	12
Domestic	247.4	343.9	167.9	79.5	47
International	404.1	802.0	412.8	-8.7	-2
% International	62	70	71		
Order Backlog					
Total	709.3	586.7	660.1	49.2	7
Domestic	108.9	67.3	114.9	-6.0	-5
International	600.4	519.4	545.2	55.2	10
% International	85	89	83		
Investments	26.9	57.8	25.0	1.9	8
Personnel Costs	162.3	346.1	178.8	-16.5	-9
Personnel ratio in %	30.0	30.3	29.1		
EBITDA	4.7	60.9	41.4	-36.7	
EBIT	-9.3	31.8	26.9	-36.2	
EBT	-26.4	7.1	15.1	-41.5	
Earnings after taxes	-19.0	4.7	9.7	-28.7	

	30 June 2010	31 Dec. 2009	30 June 2009	Changes 30 June 2010 to 31 Dec. 2009	
Employees	5,157	5,197	5,871	-40	-1
Plus Trainees	210	253	235	-43	-17
Total Employees	5,367	5,450	6,106	-83	-2

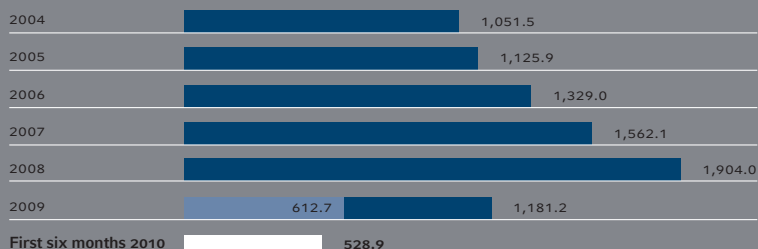


GILDEMEISTER group
Key Figures

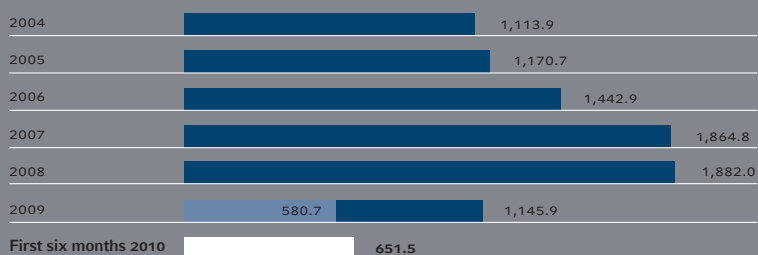


Sales Revenues
Order Intake
EBIT
Employees

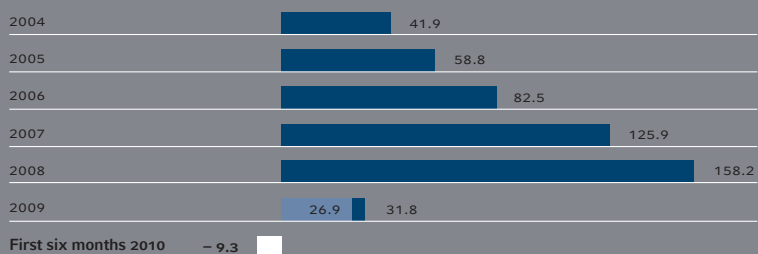
SALES REVENUES
in € million



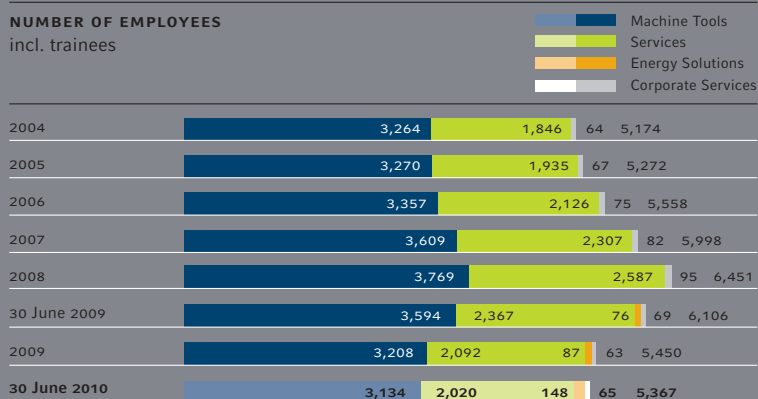
ORDER INTAKE
in € million



EBIT
in € million



NUMBER OF EMPLOYEES
incl. trainees



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COVER PICTURE __ WORLD PREMIERE – DMU 65: 5-AXIS SOLUTION FOR ALL INDUSTRIES

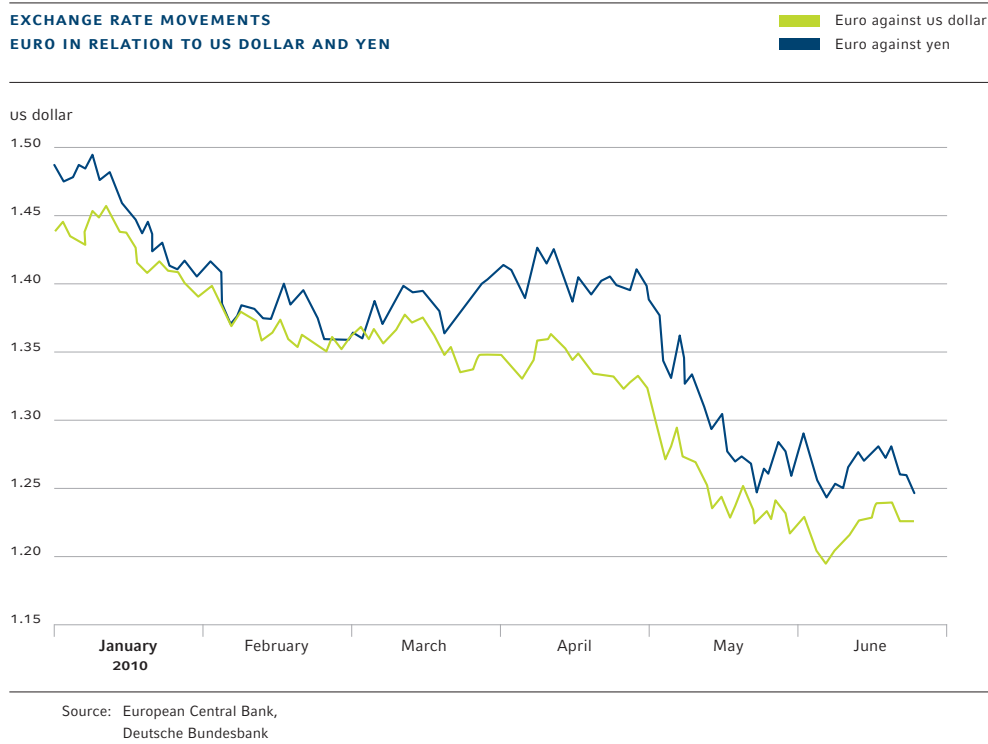
The new generation of compact universal milling machines from DECKEL MAHO Pfronten is impressive with its top dynamics, optimum accessibility as well as short chip-to-chip times. The well thought out principle offers an extensive range of options and makes use possible in all industries.

The cover image shows the new DMU 65 – for the first time with a digital display of spindle load.

Overall economic development made a more marked positive recovery in the first six months of the year than had initially been forecast. This applied to Asia, in particular. As before, strong driving forces continue to come from China. The Japanese economy showed increasing signs of revival. The trend in Europe was likewise upwards, which was also true for Germany. According to provisional calculations of the German Economic Research Institute (DIW), gross domestic product rose by 0.9% 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 euro's weak performance has benefited the sale of machine tools in non-European markets. In the second quarter, the **exchange rates** of the most important currencies for us developed as follows: The US dollar's value against the euro was 0.79 euros (previous year's quarter: 0.73 euros). Against the Chinese yuan, the euro was 8.67 yuan (previous year's quarter: 9.31 yuan). The euro's average value against the yen was 117.5 yen (previous year's quarter: 132.59 yen). Thus the euro clearly lost in value against these currencies: This means, in comparison with the previous year's period, a calculated price advantage for all GILDEMEISTER products – apart from those machines produced in China – of about 6.8% for the dollar and 6.9% for the yuan, as well as 11.6% for the yen. Thus our products have become more competitive in both the dollar region and in the Asian region.

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

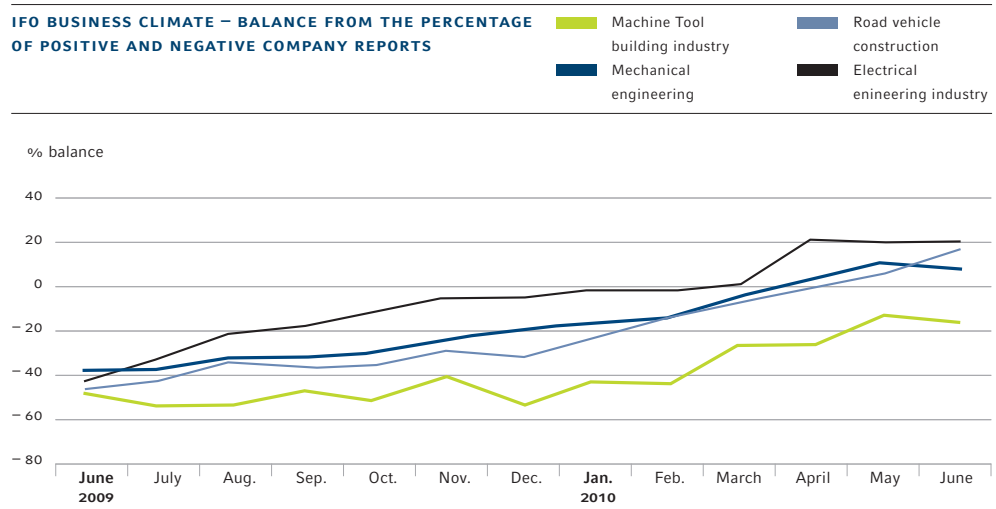


The **worldwide market for machine tools**, according to our estimates, will develop positively in 2010; demand will gain in momentum. The latest forecasts (as at April 2010) of the German Machine Tool Builders' Association (VDW) and of the British economic research institute, Oxford Economics, still expect a slight decline in **global consumption** of 0.4% to € 36.2 billion. Statistics of the national machine tool associations, however, show a clear percentage growth in order intake: In **Asia**, demand will continue to grow (+5.5%). In particular, Japanese machine tool orders are recording a rapid rise. Even the markets, which did not react so strongly to the international economic crisis last year, will continue to grow. Demand in China (+7.2%) is continuing to grow. India (+10.1%) and especially the important Brazilian market (+14.2%) are showing clear growth trends. The traditional industrial markets will catch up this year; in the **USA** the machine tool business should develop positively (+5.9%).

The **German machine tool industry** also showed a clear revival trend at the start of the year. Over the course of the second quarter, order intake at German machine tool producers continued to grow. Strong impetus came from abroad. Orders grew in the first five months by 66%; domestic orders recorded growth of 40%. For the whole year, however, the VDW is expecting another decline in production of 12% – caused by the long throughput times in the project business and a high proportion of specialist machines in Germany.

The **ifo business climate index** for industry continues to fluctuate at a low level but has increasingly improved over the course of the second quarter. Companies in the main consumer industries for machine tools view their current business situation more optimistically than they did at the start of the year.

Source: vdw (German Machine Tool Builders' Association)



Economic Development

Business Development

Opportunities and Risk Report

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GILDEMEISTER Aktiengesellschaft Bielefeld					
GILDEMEISTER Beteiligungen AG Bielefeld	Milling Association	Milling and Processing Association	Turning Association	Ecoline Association	Electronics
	DECKEL MAHO Pfronten GmbH Pfronten SAUER GmbH Idar-Oberstein, Pfronten	DECKEL MAHO Seebach GmbH Seebach, Geretsried FAMOT Pleszew Sp. z o.o. Pleszew (Poland)	GILDEMEISTER Drehmaschinen GmbH Bielefeld GRAZIANO Tortona S.r.l. Tortona GILDEMEISTER Italiana S.p.A. Bergamo	DMG Ecoline GmbH Klaus (Austria) DECKEL MAHO GILDEMEISTER Machine Tools Co., Ltd., Shanghai	DMG Electronics GmbH Pfronten



Trend-setting: The “cellcube” large battery is used at the Bielefeld site for lighting the factory premises and as a planned solar service station.

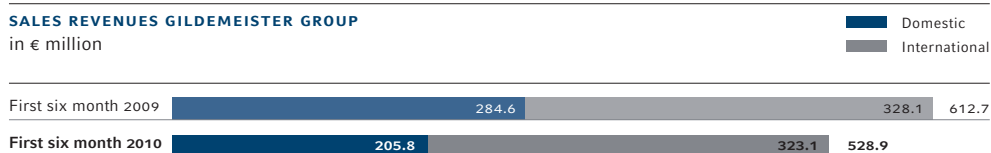
The GILDEMEISTER group, including GILDEMEISTER Aktiengesellschaft, comprised 85 companies as at 30 June 2010. The consolidated group has thus increased by six companies compared to 31 March 2010. a+f GmbH purchased in April a majority stake (50.001%) in the Austrian company, Cellstrom GmbH. With the long-lasting and low maintenance vanadium redox flow big battery, we have gained a foothold in the promising future market of energy storage. In April GILDEMEISTER acquired 33% of MG Finance GmbH. DMG Vertriebs und Service GmbH participated in the joint company DMG / Mori Seiki Australia Ltd. with a 50% investment.

Sales Revenues

Sales revenues in the second quarter reached € 284.5 million and thus performed as planned better than in the first quarter. As of the end of the first six months, sales revenues reached € 528.9 million in total (previous year: € 612.7 million); due to low order backlog in the machine tools business they declined by 14%. In the third and fourth quarter there will be a further rise.

Cyclical effects are also reflected in the performance of the machine tool and service businesses as of the end of the first six months. In the “Machine Tools” segment, sales revenues fell by € 100.8 million (-25%) to € 309.3 million. In “Services”, sales revenues of € 163.4 million reached the level of the previous year. The “Energy Solutions” segment achieved a plus of 52% and rose by € 19.3 million to € 56.1 million (previous year: € 36.8 million).

Domestic sales revenues fell by 28% to € 205.8 million, international sales revenues fell by 2% to € 323.1 million. The export share amounted to 61% (previous year’s period: 54%).



More detailed information on sales revenues in each segment is given on page 10 et seq.

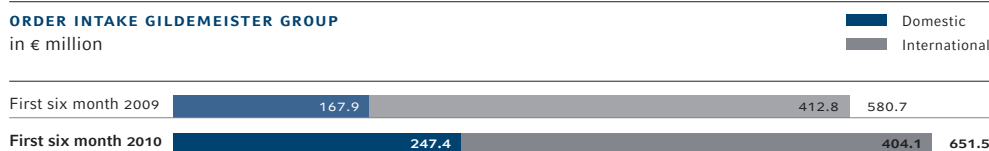
DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER Bielefeld	Sales and Service Organization	a+f GmbH Würzburg	Energy Solutions
	73 Sales and Service locations worldwide	DMG AUTOMATION GmbH Hüfingen	a+f Italia S.r.l. Milan
	DMG Deutschland; Stuttgart 7 Sales and Service locations	DMG MICROSET GmbH Bielefeld	a+f Ibérica s.l. Madrid
	DMG Europe; Klaus (Austria) 25 Sales and Service locations		a+f USA LLC. Denver
	DMG Asia; Shanghai / Singapore 9 Sales and Service locations		Cellstrom GmbH Vienna (Austria)
	DMG America; Itasca (Illinois) 8 Sales and Service locations		
	13 Cooperation markets DMG / MORI SEIKI		
	DMG Services; Bielefeld, Pfronten 11 Sales and Service locations		

Order intake

Order intake in the second quarter reached € 349.2 million. In particular, in our core business “Machine Tools”, we were able to raise order intake markedly at +63% against the comparable previous year’s period. In the first six months, order intake amounted to € 651.5 million (+12%) and was thus € 70.8 million above the same period in the previous year (€ 580.7 million); of this, the machine tool business accounted for € 400.2 million (+53%) (previous year: € 261.2 million). “Services” rose by 29% to € 193.2 million (previous year: € 150.1 million). “Energy Solutions” booked order intake of € 58.0 million (-66%). Due to the high order backlog and the production capacity available, as announced order intake has been below that of the previous year’s level. For the second half of the year we are planning to increase the intake of orders, which will then be booked as sales in 2011.

Domestic order intake rose clearly in the first six months of the year, whilst it decreased slightly abroad: Domestic orders increased by 47% to € 247.4 million (previous year: € 167.9 million). International orders decreased by 2% to € 404.1 million (previous year: € 412.8 million). International orders accounted for 62% of orders (previous year: 71%).

ORDER INTAKE GILDEMEISTER GROUP in € million



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

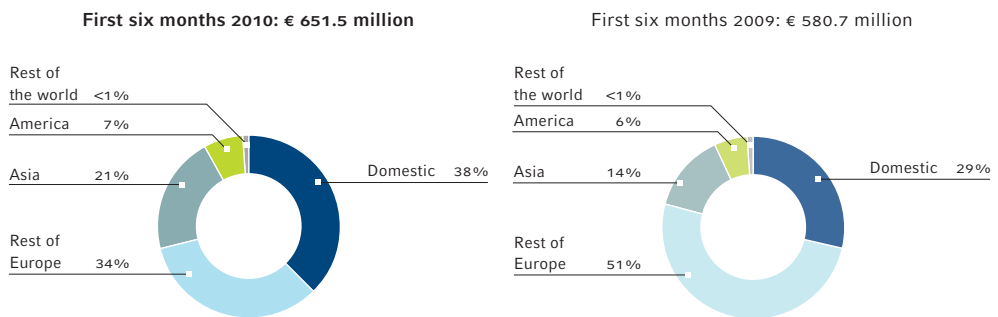


“Intelligent technology – clean future”: a+f GmbH presented integrated solutions at the Intersolar 2010 in the field of “Energy Solutions”.

Machine tool order intake progressed successfully in the first six months of the year: GILDEMEISTER was able to take positive stock of the strategically important trade fairs in the BRIC countries. Order activity noted a clear recovery. The Die & Mould in China, the Mecânica in Brazil and the Metallobrabotka in Russia were all successful. The industry highlight for “Energy Solutions”, the Intersolar in Munich, marked a record number of 1,352 trade visitors at our booth. Additional impetus will come from our newly-developed machines and the four international important autumn trade fairs in our industry. We are expecting further growth in “Services”.

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

ORDER INTAKE GILDEMEISTER GROUP BY REGIONS

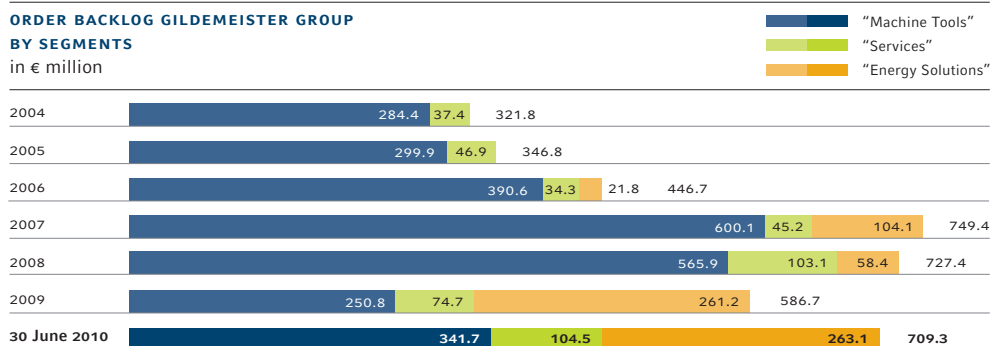


Order backlog

The order backlog rose to € 709.3 million (+7%) as of the end of the first six months. The domestic order backlog decreased by € 6.0 million (-5%) to € 108.9 million. The international order backlog grew by € 55.2 million (+10%) to € 600.4 million compared to the previous year. Of existing orders, international orders account for 85% (corresponding date of the previous year: 83%).

Order backlog developed differently in the individual segments:

ORDER BACKLOG GILDEMEISTER GROUP BY SEGMENTS
in € million



The order backlog in the “Machine Tools” 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 profitability of the GILDEMEISTER group developed in accordance with our planning: In the **second quarter** EBITDA reached € 9.0 million (previous year: € 18.7 million), EBIT was positive at € 1.8 million (previous year: € 11.4 million). EBT amounted to € -6.6 million (previous year: € 4.9 million). Earnings after taxes amounted to € -4.3 million (previous year: € 3.2 million).

As of the end of the **first six months** EBITDA thus reached € 4.7 million (previous year: € 41.4 million), EBIT amounted to € -9.3 million (previous year: € 26.9 million). EBT amounted to € -26.4 million (previous year: € 15.1 million). As at 30 June 2010, the group reports earnings after taxes of € -19.0 million (previous year: € 9.7 million). In the third, and then especially in the fourth quarter, profitability will develop positively in line with sales revenues development.

Total operating revenue amounted to € 541.0 million (previous year: € 613.9 million). Sales revenues decreased due to lower order backlog by 14% to € 528.9 million (previous year: € 612.7 million). The material costs amounted to € 286.0 million (previous year: € 288.7 million). The materials ratio amounted to 52.9% (previous year: 47.0%). Gross profit decreased by € 70.2 million to € 255.0 million (previous year: € 325.2 million); the gross profit margin decreased as a result of the fall in sales volume, the deterioration in price quality of the last quarters and the planned increase in order backlog to 47.1% (previous year: 53.0%). Personnel expenditure fell by € 16.5 million to € 162.3 million (previous year: € 178.8 million); this reduction was due mainly to the personnel measures of the previous year. The personnel ratio was 30.0% (previous year: 29.1%). With an increase in sales revenues, we are expecting an improvement in the employee expenses ratio in the second half of the year. The balance of other expenses and income decreased to € 88.0 million (previous year: € 105.0 million). Depreciation amounted to € 14.0 million (previous year: € 14.5 million). Net financial costs changed, due to the markedly higher interest rate margins following the refinancing that took place in February, to € -17.1 million (previous year: € -11.8 million). As of 30 June 2010, based on the negative EBT, tax revenue of € 7.4 million arose, which resulted in particular from the recognition of deferred tax assets and led to earnings after taxes of € -19.0 million (previous year: € 9.7 million).

	30 June 2010 € million	31 Dec. 2009 € million	30 June 2009 € million
Net worth			
Long-term assets	409.0	378.5	355.1
Short-term assets	852.7	774.2	844.3
Equity	379.6	380.9	388.9
Outside capital	882.1	771.8	810.5
Balance sheet total	1,261.7	1,152.7	1,199.4

The balance sheet total as at 30 June 2010 amounted to € 1,261.7 million (31 Dec. 2009: € 1,152.7 million); at the same time long-term assets under **assets** increased by € 30.5 million to € 409.0 million – in particular due to investments in financial assets. Additional explanations in this respect can be found in the Investments chapter on page 9.

Short-term assets rose by € 78.5 million to € 852.7 million. In the run-up to rising sales revenues, inventories increased by € 23.1 million to € 414.4 million; at the same time, raw materials and consumables rose to € 164.5 million (€ +10.8 million) and stocks of unfinished goods to € 88.8 million (€ +8.3 million). Finished goods and merchandise fell slightly to € 149.8 million (€ –0.5 million). Trade debtors rose by € 41.1 million to € 280.6 million due to the rise in sales revenues in the second quarter of 2010. Liquid assets amounted as of the end of the first six months to € 92.8 million (31 Dec. 2009: € 84.4 million).

On the **equity and liabilities** side, equity amounted to € 379.6 million (31 Dec. 2009: € 380.9 million); the equity ratio reached 30.1% (31 Dec. 2009: 33.0%). Payments on account received for orders placed rose by € 57.8 million to € 101.6 million; trade creditors grew by € 30.2 million to € 171.5 million, whilst provisions decreased by € 14.1 million to € 173.9 million. Thus outside capital increased by € 110.3 million to € 882.1 million.

The financial position developed more positive in the second quarter. The **free cash flow** in the second quarter amounted to € 35.4 million (previous year: € –67.3 million). In particular, the rise in payments on account (€ +57.8 million) and in trade creditors (€ +30.9 million) had a positive effect on this development in the second quarter. As at 30 June, the free cash flow therefore improved markedly compared to the previous year's figure to € –13.6 million (previous year: € –152.7 million).

The **cash flow** from operating activities at the end of the first half-year was € –4.2 million (previous year: € –142.7 million). Based on earnings before taxes (EBT) of € –19.0 million (previous year: € 9.7 million), depreciation (€ +14.0 million) as well as a rise in payments on account (€ +57.8 million) and trade creditors (€ +30.9 million) made a positive contribution to the cash flow. Contrary effects resulted from a higher commitment of funds to inventories of € 22.3 million as necessary materials planning for higher sales revenues as well as a rise in trade debtors of € 40.4 million. Cash flow from investment activity amounted to € –19.5 million (previous year: € –24.7 million); this includes share purchase in MG Finance (33%) and in Younicos (5%) – the former parent company of Cellstrom GmbH. The cash flow from financing activity was € 32.7 million (previous year: € –21.6 million).

Over the course of the year, we are planning a further improvement in our financial position and a positive free cash flow for the whole year. This should be achieved by reducing inventories and trade receivables in the second half of the year.

	2010 First six months € million	2009 First six months € million
Cash flow		
Cash flow from operating activities	-4.2	-142.7
Cash flow from investment activity	-19.5	-24.7
Cash flow from financing activity	32.7	-21.6
Changes in cash and cash equivalents	8.4	-189.1
Liquid funds at the start of the reporting period	84.4	257.9
Liquid funds at the end of the reporting period	92.8	68.8

Economic
Development

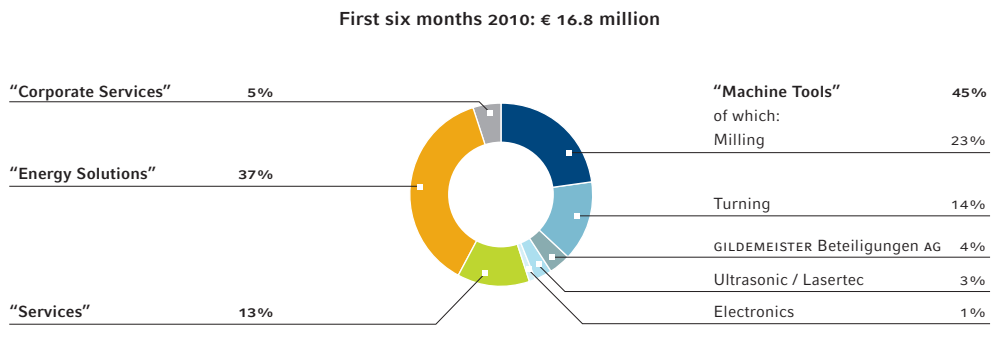
Business
Development

Investments

The majority stake in Cellstrom GmbH – a company specialising in innovative storage solutions – formed the main focus of investments. More information on energy storage can be found in the “Energy Solutions” chapter on page 14. Overall, investments in fixed assets and intangible assets in the first six months of the year amounted to € 16.8 million (previous year’s figure: € 10.3 million). Additions to financial assets amounted to € 10.1 million, mainly due to a 33% investment in MG Finance GmbH as well as the acquisition of a 5% investment in Younicos AG. In the first six months, investments therefore amounted to a total of € 26.9 million (previous year’s figure: € 25.0 million).

Opportunities
and Risk Report

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



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Segmental Reporting

Our business includes the “Machine Tools”, the “Services” and “Energy Solutions”. “Corporate Services” comprises the groupwide holding functions. The breakdown of sales revenues, order intake and EBIT across the individual segments is presented as follows:

SEGMENT KEY FIGURES OF THE GILDEMEISTER GROUP				Changes 30 June 2010 to 30 June 2009 %
	30 June 2010 € million	31 Dec. 2009* € million	30 June 2009* € million	
Sales Revenues	528.9	1,181.2	612.7	-14
Machine Tools	309.3	757.7	410.1	-25
Services	163.4	311.0	165.7	-1
Energy Solutions	56.1	112.3	36.8	52
Corporate Services	0.1	0.2	0.1	0
Order Intake	651.5	1,145.9	580.7	12
Machine Tools	400.2	568.0	261.2	53
Services	193.2	262.8	150.1	29
Energy Solutions	58.0	314.9	169.3	-66
Corporate Services	0.1	0.2	0.1	0
EBIT	-9.3	31.8	26.9	
Machine Tools	-21.9	-15.9	9.2	
Services	22.6	53.8	27.6	
Energy Solutions	-3.5	8.8	0.8	
Corporate Services	-6.5	-15.0	-10.7	

* previous year's values adjusted

“Machine Tools”

The “Machine Tools” segment forms the group’s new machine business with turning and milling, ultrasonic / lasertec and electronics.

KEY FIGURES “MACHINE TOOLS” SEGMENT	30 June 2010 € million	31 Dec. 2009*	30 June 2009*	Changes 30 June 2010 to 30 June 2009	
				€ million	%
Sales Revenues					
Total	309.3	757.7	410.1	-100.8	-25
Domestic	102.0	331.0	195.9	-93.9	-48
International	207.3	426.7	214.2	-6.9	-3
% International	67	56	52		
Order Intake					
Total	400.2	568.0	261.2	139.0	53
Domestic	133.4	186.0	92.6	40.8	44
International	266.8	382.0	168.6	98.2	58
% International	67	67	65		
Order Backlog					
Total	341.7	250.8	361.6	-19.9	
Domestic	52.5	21.1	74.4	-21.9	
International	289.2	229.6	287.2	2.0	
% International	85	92	79		
Investments	7.6	19.2	7.0	0.6	
EBIT	-21.9	-15.9	9.2	-31.1	
	30 June 2010	31 Dec. 2009*	30 June 2009*	Changes 30 June 2010 to 31 Dec. 2009	
					%
Employees	2,927	2,958	3,362	-31	-1
plus trainees	207	250	232	-43	-17
Total employees	3,134	3,208	3,594	-74	-2

* previous year’s values adjusted

The “Machine Tools” segment showed clear upward trends in order intake and surpassed our planning at the start of the year. This positive development will be reflected in sales revenues and earnings in the second half of the year. As of 30 June, **sales revenues** amounted to € 309.3 million and were therefore 25% or € 100.8 million below the previous year’s figure (€ 410.1 million) – due to the low order backlog at the end of the year. In the second quarter, sales revenues reached € 180.5 million and thus at +40% performed better in line with plan than in the first quarter. In the first six months the “Machine Tools” segment contributed 58% of sales revenues (previous year: 67%). The milling technology of DECKEL MAHO contributed 39% (previous year: 44%); ultrasonic and lasertec accounted for 3% (previous year: 3%). The turning technology of GILDEMEISTER totalled 16% (previous year: 20%).

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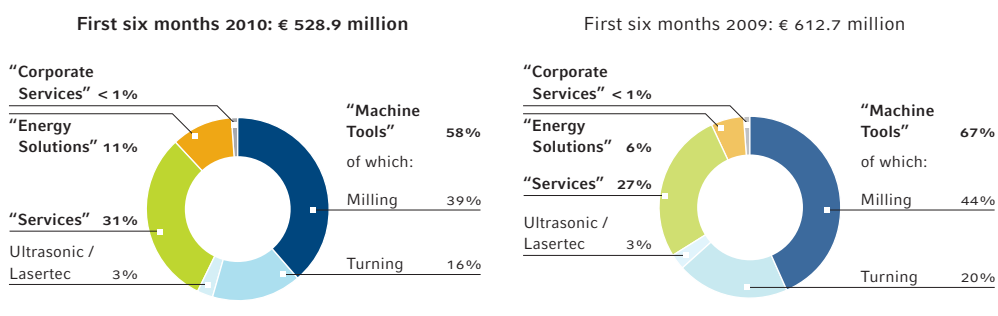
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Group sales revenues broke down as follows in the first six months:

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



Order intake in the "Machine Tools" segment again developed more satisfactorily. In the first six months it rose by € 139.0 million (+53%) to € 400.2 million (previous year: € 261.2 million). In our core segment we were able to achieve an increase of 63% in the second quarter to € 211.5 million (previous year: € 129.8 million). "Machine Tools" thus accounted for 61% of all orders received by the group. The **order backlog** as at 30 June amounted to € 341.7 million (corresponding date of the previous year: € 361.6 million). In the first six months of the year, GILDEMEISTER had to accept a loss in the "Machine Tools" segment (**EBIT**: € -21.9 million; previous year: € 9.2 million). As at 30 June, 3,134 **employees** were employed (31 Dec. 2009: 3,208). In the first six months of the year the number was reduced by a total of 74 employees. Moreover, we have adjusted our surplus personnel capacity by making use of short time working. Due to the now positive business development in progress, we have hired additional employees at our production sites in Shanghai and Pleszew. More information can be found in the "Employees" chapter on page 16.

"Services"

The "Services" segment includes the business activities of DMG Vertriebs und Service GmbH and its subsidiaries. This segment still offers significant growth and earnings potential. With the aid of **DMG Lifecycle Services** our customers optimise the productivity of their machine tools over the entire life cycle – from commissioning to trading in as a used machine. These services, which have been perfectly customised for our machine tools, offer our customers unique integrated solutions. Through innovative and effective training, repair and maintenance services, our highly-qualified service engineers ensure

the long-term capability of machine tools. At the same time DMG Spare Parts ensures the fast and reliable supply of DMG Spare Parts from its up-to-date service centre. DMG service products – such as DMG Powertools, tool management from DMG MICROSET and automation solutions from DMG AUTOMATION – enable the user to organise processes in workpiece machining even safer and faster and thus more cost-effectively. The latest service news is available at www.gildemeister.com.

KEY FIGURES "SERVICES" SEGMENT	30 June 2010	31 Dec. 2009*	30 June 2009*	Changes 30 June 2010 to 30 June 2009	
	€ million	€ million	€ million	€ million	%
Sales Revenues					
Total	163.4	311.0	165.7	-2.3	-1
Domestic	78.1	139.5	76.4	1.7	2
International	85.3	171.5	89.3	-4.0	-4
% International	52	55	54		
Order Intake					
Total	193.2	262.8	150.1	43.1	29
Domestic	86.3	136.5	67.8	18.5	27
International	106.9	126.3	82.3	24.6	30
% International	55	48	55		
Order Backlog					
Total	104.5	74.7	107.6	-3.1	
Domestic	43.8	35.6	29.9	13.9	
International	60.7	39.1	77.7	-17.0	
% International	58	52	72		
Investments	3.2**	4.5	1.9	1.3	
EBIT	22.6	53.8	27.6	-5.0	

* previous year's values adjusted

** incl. additions to financial assets through the 50%-stake in DMG / Mori Seiki Australia Ltd.

	30 June 2010	31 Dec. 2009*	30 June 2009*	Changes 30 June 2010 to 31 Dec. 2009	
					%
Employees	2,017	2,089	2,364	-72	-3
plus trainees	3	3	3	0	0
Total employees	2,020	2,092	2,367	-72	-3

* previous year's values adjusted

In the "Services" segment, the market recovery resumed as of the end of the first half-year. In particular, we were able to record a double-digit growth rate in automation solutions, tool management and, once again, in the spare parts and used machines business. In the first six months of the year, cyclical effects were still reflected in sales revenues and earnings. **Sales revenues** in the first six months reached € 163.4 million

and were thus at the level of the previous year (€ 165.7 million); in the second quarter, they rose by 13% to € 86.6 million. “Services” contributed 31% of group sales revenues (previous year: 27%). **Order intake** developed steadily and positively, and rose by € 43.1 million (+29%) to € 193.2 million (previous year: € 150.1 million). In the second quarter we were able to record an increase of 17% to € 104.3 million. “Services” accounted for 30% of orders received by the group. The **order backlog** amounted to € 104.5 million (previous year’s period: € 107.6 million). **EBIT** totalled € 22.6 million (previous year: € 27.6 million). In the “Services” segment, the number of **employees** was reduced by 72 to 2,020 (31 Dec. 2009: 2,092). The fall in personnel numbers resulted mainly from merging the sales and services activities of GILDEMEISTER and Mori Seiki in the USA. More information can be found in the “Employees” chapter on page 16.

“Energy Solutions”



Innovative storage solutions:

The “cellcube” – a long-lasting and low maintenance vanadium redox flow-big battery – ensures uninterrupted power supply.

With “Energy Solutions” GILDEMEISTER has a young business area with future potential. The segment includes the business operations of a+f GmbH and the companies responsible for the sales and services for the “SunCarrier” business operations in Italy, Spain and the USA. The “SunCarrier” serves the growing worldwide market of **solar technology**. Our business model is aligned on the development of turnkey projects and after sales service. In April 2010, a+f acquired a majority stake in the Austrian company, Cellstrom GmbH, which extends the portfolio to include the promising future market of **energy storage**. The long-lasting and low maintenance battery system offers a variety of deployment possibilities, as for example for storage of electricity from solar or wind energy plants, as solar service station or emergency power plant in case of power failure. Our customers can now store the electricity generated and use it flexibly 24 hours a day. In the area of machine tools, energy storage offers uninterrupted power supply primarily in regions with unstable power grids. 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, on the subject of energy storage, information can be found at www.cellstrom.com.

KEY FIGURES "ENERGY SOLUTIONS" SEGMENT	30 June 2010	31 Dec. 2009*	30 June 2009*	Changes 30 June 2010 to 30 June 2009	
	€ million	€ million	€ million	€ million	%
Sales Revenues					
Total	56.1	112.3	36.8	19.3	52
Domestic	25.6	25.8	12.2	13.4	110
International	30.5	86.5	24.6	5.9	24
% International	54	77	67		
Order Intake					
Total	58.0	314.9	169.3	-111.3	-66
Domestic	27.6	21.2	7.4	20.2	273
International	30.4	293.7	161.9	-131.5	-81
% International	52	93	96		
Order Backlog					
Total	263.1	261.2	190.9	72.2	
Domestic	12.6	10.6	10.6	2.0	
International	250.5	250.6	180.3	70.2	
% International	95	96	94		
Investments	10.3**	1.2	0,3	10.0	
EBIT	-3.5	8.8	0,8	-4.3	

* previous year's values adjusted
** incl. additions to financial assets through the 5%-stake in Younicos AG as well as the addition of the company's value through the majority stake in Cellstrom GmbH

	30 June 2010	31 Dec. 2009	30 June 2009	Changes 30 June 2010 to 31 Dec. 2009	
					%
Employees	148	87	76	61	70
plus trainees	0	0	0	0	0
Total employees	148	87	76	61	70

"Energy Solutions" is gaining more importance. **Sales revenues** in the first half-year reached € 56.1 million and were thus 52% or € 19.3 million higher than the previous year (€ 36.8 million). The "SunCarrier" unit achieved a € 43.1 million contribution to sales revenues – amongst others through completing five solar parks in southern Italy. Other major projects will first be concluded at the end of the year and will therefore make a contribution to sales revenues in the fourth quarter. As at 30 June, "Energy Solutions" contributed 11% of sales revenues (previous year: 6%). Due to the high order backlog and available production capacity, order intake has so far progressed as planned below the previous year's level. "Energy Solutions" booked order intake in the first six months of € 58.0 million (-66%). For the second half of the year, we are planning to increase the intake of orders – provisionally planned order intake for the whole year of about € 190 million – which will then be recorded as sales in 2011. The **order backlog** in the first six months of the year amounted to € 263.1 million. **EBIT** as of the end of the first six months was still negative and amounted to € -3.5 million, which is mainly as a result of investing in building up international solar markets as well as the entry into the energy storage market (previous year: € 0.8 million). The number of **employees** has risen by 61 to 148 (31 Dec. 2009: 87); in particular due to the majority stake in Cellstrom GmbH (+19 employees) as well as due to additional staff to strengthen solar technology.

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“Corporate Services”

KEY FIGURES “CORPORATE SERVICES” SEGMENT	30 June 2010	31 Dec. 2009*	30 June 2009*	Changes 30 June 2010 to 30 June 2009	
	€ million	€ million	€ million	€ million	
Sales Revenues	0.1	0.2	0.1	0.0	
Order Intake	0.1	0.2	0.1	0.0	
Investments	5.8**	32.9	15.8	-10.0	
EBIT	-6.5	-15.0	-10.7	4.2	

* previous year's values adjusted
** incl. additions to financial assets through the 33%-stake in MG Finance GmbH

	30 June 2010	31 Dec. 2009*	30 June 2009*	Changes 30 June 2010 to 31 Dec. 2009	
				%	
Employees	65	63	69	2	3

* previous year's values adjusted

The “Corporate Services” segment comprises GILDEMEISTER Aktiengesellschaft with its group-wide holding functions. **EBIT** amounted to € -6.5 million (previous year: € -10.7 million). The improvement in the results in the first six months was primarily due to savings in consultancy services, in the areas of maintenance and investor and public relations, as well as from positive currency result. The **EBT** amounted as of the end of the first six months to € -10.6 million. Due to higher interest costs / financing costs, the **EBT** for the whole year will – according to our current planning status – markedly decline (previous year: € -16.5 million).

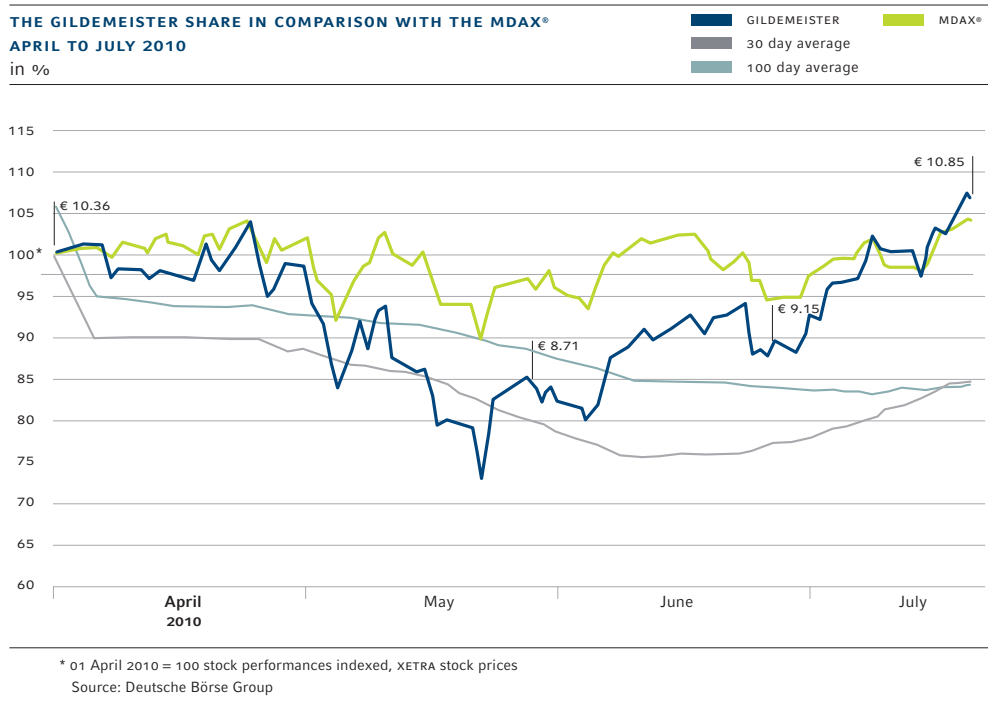
Employees

As of 30 June 2010, GILDEMEISTER had 5,367 employees, of whom 210 were trainees (31 Dec. 2009: 5,450). In the first half-year the number of employees shrank by 83 compared to year-end 2009. Moreover, in the “Machine Tools” segment, we have adjusted surplus capacities with the use of short time working.

At the end of the first half year, 3,306 employees (62%) worked for our domestic companies and 2,061 employees (38%) for our international companies. The personnel ratio was 30.0% (previous year: 29.1%); employee expenses decreased by € 16.5 million to € 162.3 million (previous year: € 178.8 million).

GILDEMEISTER Share

The GILDEMEISTER share recorded a decline in the second quarter. This was encumbered by uncertainty on the international capital markets due to the weak budget situation of some eurozone countries. As a consequence, investors withdrew from industries and stocks, which continued to be viewed as cyclical. Following a share price of € 10.36 on 1 April, the share closed the second quarter at € 9.15 (30 Jun. 2010). Currently the share price is € 10.85 (27 July 2010).



The GILDEMEISTER shares are held in free float. Based on a total number of 45.6 million shares, a turnover of 1.2 times arises for the first six months (previous year's period: 1.0 times). Thus the trading volume amounted to an average of 417,000 shares per trading day (previous year: 372,000 shares).

Earnings per share amounted to € -0.40 (previous year: € 0.22). Further information on earnings per share is included in the Notes to the Financial Statements on page 28.

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Research and Development

Expenditure on research and development amounted to € 21.5 million in the first six months and was thus below the previous year's level (€ 25.1 million). Synergy effects from the cooperation with Mori Seiki will facilitate even more innovations in the future. There are currently 449 employees working on the development of new products; this corresponds to 15% of the workforce at the plants.

GILDEMEISTER has presented 9 of 17 planned new developments at 38 national and international trade fairs and exhibitions. One of the most recent new presentations is the travelling column milling machine, DMF 360, with an enlarged workspace for machining long workpieces. We will consistently extend our leading position in the field of 5-axis milling. In the second half of the year, in this area, as well as in the field of 4-axis turning machines, trendsetting new presentations are planned, including the universal milling machine, DMU 65 (see cover image). The latest software solutions, as well as a continuous process chain from CAM systems to simulation and to actual machining underscore our technological lead, which we aim to put to the test once again at the important autumn trade fairs of the industry.

In the "Energy Solutions" segment, we presented the "**cellcube**" large battery for energy storage of the future. This long-lasting and low maintenance vanadium redox flow battery ensures uninterrupted power supply. A further highlight is the solar tracking system "SunCarrier 120", which, with a low height of 4.30 metres, is a smaller complement to the "SunCarrier" series. With a long lifespan and low service cost, the system – as all the products in the series – supplies up to 35% more output compared to fixed elevated systems. With eight different product versions now, a+f GmbH is opening up wide access to all the important solar markets and through consistent expansion of its sales channels is creating the basis for future growth.



"Intelligent technology – Clean future"

a+f GmbH presented integrated solutions in the field of "Energy Solutions" over an area of 754 square metres at the Intersolar 2010 in Munich. As world premiere, the "**cellcube**" large battery – an energy storage system of the future – was presented. A further highlight was the new "**SunCarrier 120**", which has been specially designed for countries with building height restrictions.

Opportunities and Risk Report

GILDEMEISTER is exposed to various opportunities and risks in its global corporate dealings. Our opportunities and risk management assists in recognising and evaluating these timely. The Executive Board and the Supervisory Board are informed regularly about the current risk position of the group and of the individual corporate areas.

Opportunities are identified and analysed within the opportunities and risk management system. The marketing information system (MIS) identifies significant individual opportunities, by collecting all customer data worldwide and evaluating market and competitor data. Following the worldwide economic slump last year, GILDEMEISTER is again noting a growing interest in products in the machine tool business. From the economy as a whole, opportunities arise for GILDEMEISTER, in particular, from the growing legal certainty and stability in the growth markets of Asia and Eastern Europe. Industry-specific opportunities arise from the fact that we are participating in the growing solar and energy storage market with the “Energy Solutions”. The cooperation with Mori Seiki offers advantages to our customers and increases efficiency for both cooperation partners. Through MG Finance, GILDEMEISTER and Mori Seiki, together with the Japanese trading enterprise Mitsui & Co. Ltd., are offering customised financing solutions. In this way we are responding to the financial constraints of our customers, which have resulted from the economic and financial crises. Our ECO range offers further potential opportunities in the world markets. Moreover, we see opportunities in the automation of machine tools. Strategic corporate opportunities present themselves to GILDEMEISTER through a sustained leadership in innovations and technology, as well as through market-leading product quality. By integrating suppliers in the value added process, we can achieve optimisation and price advantages.

Risks are systematically identified by the GILDEMEISTER risk management, evaluated, aggregated, monitored and notified. Although a recovery in order intake in machine tool building is assumed, the economic situation still remains tense. On the procurement site, GILDEMEISTER finds itself subject to price increases for materials in the machine tools business as well as to price volatility for solar modules. The major orders in the “SunCarrier” business are subject to approval procedures, which are costly and time-consuming abroad. These bureaucratic hurdles may cause time delays in the construction of solar plants and as a result lead to a delay in revenue recognition and possibly to contractual penalties. The financing agreements of GILDEMEISTER include an agreement to comply with standard covenants. In the event of a breach, the banks have the right to re-assess the financing agreements. All risks are aggregated to a total which, from today’s perspective, does not endanger the future of the GILDEMEISTER group as a going concern.

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The **global economy**, according to the current forecasts, is following a recovery trend in 2010, but, as before, is still liable to risks. Strong driving forces continue to come from China. The Japanese economy shows increasing signs of revival. The trend in Europe was likewise upwards, which was also true for Germany. According to provisional calculations of the International Monetary Fund (IMF), in 2010 gross domestic product will rise by 4.6% (previous year: -0.6%).

The **worldwide market for machine tools**, according to our estimates, will develop positively in 2010; demand will gain in momentum. The latest forecasts (as at April 2010) of the German Machine Tool Builders' Association (VDW) and of the British economic research institute, Oxford Economics, still expect a slight decline in **global consumption** of 0.4% to € 36.2 billion. Statistics of the national machine tool associations, however, show a clear percentage growth in order intake: In **Asia**, demand will continue to grow (+5.5%). Demand in China (+7.2%) is continuing to grow. India (+10.1%) and especially the important Brazilian market (+14.2%) are showing clear growth trends. The traditional industrial markets will catch up this year.

MACHINE TOOLS ORDER INTAKE IN GERMANY
in € billion



Source: vdw (German Machine Tool Builders' Association)

GILDEMEISTER is participating in the industry-specific improvement trends. We have chosen the right strategy during the crisis, implemented appropriate measures and have repositioned ourselves. **“Mastering challenges. Securing the future!”** – our motto for the financial year 2010.

Our alliance with the Japanese machine tool builder Mori Seiki is progressing positively according to plan. The successful **cooperation** will lead to sustained increases in efficiency. We plan to increase our Asian cooperation markets in the second half of 2010.

When looking at the **sales markets**, we see fast and big growth potential primarily in the BRIC countries – Brazil, Russia, India and China. This is where we will further strengthen our sales and services and consolidate our position. In addition, we are continuing to focus our attention on strongly growing sales sectors such as aerospace, medical technology and renewable energies.

For the **financial year 2010**, GILDEMEISTER is planning more optimistically than at the start of the year due to the rise in demand – particularly in the machine tools business. Conditions have improved although the crisis has not yet been completely overcome. Additional stimuli will come from our newly-developed machines and the four international important autumn trade fairs of our industry: the IMTS in America, the AMB in Germany and the BIMU in Italy, as well as the JIMTOF in Japan, will be trend-setting. Over the course of the year we will gain further momentum through market orientation and a product offensive.

GILDEMEISTER is now evaluating the financial year 2010 more optimistically: For the whole year, due to the now clearly noticeable upward trends, we are expecting **order intake** of more than € 1.3 billion. In the machine tool business, we will increase order intake in double-digit figures by percentage. The service business should likewise increase in double figures. In “Energy Solutions” order intake will be below the previous year's level as planned, due to the high order backlog. Our current planned order intake is about € 190 million, which will be recorded as sales in 2011.

We plan to increase **sales revenues** following order intake to more than € 1.25 billion. Sales revenues will rise in “Machine Tools” from the third quarter. Due to the low progress in the first six months, sales revenues in machine tools over the entire year will not quite reach the level of the previous year. In “Services”, we expect a double-digit increase in sales revenues. In “Energy Solutions”, due to the high order backlog, we are planning to be able to double sales revenues.

We are working on improving the company's **profitability**. Already, in the third, and especially in the fourth quarter, profitability will develop positively in line with the sales revenues development. According to our current planning status, a breakeven result (EBT) could be achievable.

In the **financial year 2011**, conditions will remain challenging. GILDEMEISTER is expecting a further rise in worldwide demand for machine tools and the service business. Therefore we expect a clean rise in order intake and sales revenues, respectively, of 10%. We are likewise expecting a clear improvement in earnings.

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Consolidated Income Statement

2 nd quarter	2010		2009		Changes	
	01 April – 30 June		01 April – 30 June		2010 against 2009	
	€ million	%	€ million	%	€ million	%
Sales Revenues	284.5	95.8	285.0	103.2	-0.5	0.2
Changes in finished goods and work in progress	10.6	3.6	-10.3	-3.7	20.9	202.9
Capitalised payments	2.0	0.6	1.5	0.5	0.5	33.3
Total Work Done	297.1	100.0	276.2	100.0	20.9	7.6
Cost of materials	-157.6	-53.0	-123.4	-44.7	-34.2	27.7
Gross Profit	139.5	47.0	152.8	55.3	-13.3	8.7
Personnel costs	-84.2	-28.3	-85.8	-31.1	1.6	1.9
Other income and expenses	-46.3	-15.7	-48.3	-17.4	2.0	4.1
Depreciation	-7.2	-2.4	-7.3	-2.6	0.1	1.4
Financial Result	-8.4	-2.8	-6.5	-2.4	-1.9	29.2
EBT	-6.6	-2.2	4.9	1.8	-11.5	
Income Taxes	2.3	0.8	-1.7	-0.6	4.0	
Earnings after taxes	-4.3	-1.4	3.2	1.2	-7.5	
Earnings per share in accordance with IAS 33 (in euros)	-0.08		0.07			

First six months	2010		2009		Changes	
	01 Jan. – 30 June		01 Jan. – 30 June		2010 against 2009	
	€ million	%	€ million	%	€ million	%
Sales Revenues	528.9	97.8	612.7	99.8	-83.8	13.7
Changes in finished goods and work in progress	8.6	1.6	-1.4	-0.2	10.0	714.3
Capitalised payments	3.5	0.6	2.6	0.4	0.9	34.6
Total Work Done	541.0	100.0	613.9	100.0	-72.9	11.9
Cost of materials	-286.0	-52.9	-288.7	-47.0	2.7	0.9
Gross Profit	255.0	47.1	325.2	53.0	-70.2	21.6
Personnel costs	-162.3	-30.0	-178.8	-29.1	16.5	9.2
Other income and expenses	-88.0	-16.2	-105.0	-17.1	17.0	16.2
Depreciation	-14.0	-2.6	-14.5	-2.4	0.5	3.4
Financial Result	-17.1	-3.2	-11.8	-1.9	-5.3	44.9
EBT	-26.4	-4.9	15.1	2.5	-41.5	
Income Taxes	7.4	1.4	-5.4	-0.9	12.8	
Earnings after taxes	-19.0	-3.5	9.7	1.6	-28.7	
Earnings per share in accordance with IAS 33 (in euros)	-0.40		0.22			

Group Statement of Comprehensive Income

	2010 01 Jan. – 30 June € million	2009 01 Jan. – 30 June € million
Earnings after taxes	-19.0	9.7
Remaining revenue		
Exchange differences on translating foreign operations	12.3	-0.9
Change in market value of derivative financial instruments	-3.6	-2.3
Change in the fair value measurement of available-for-sale-financial assets	9.1	1.4
	1.0	0.5
Total changes in value recognised directly in equity	18.8	-1.3
Total comprehensive income	-0.2	8.4
Attributable to owners of GILDEMEISTER Aktiengesellschaft	0.4	8.4
Attributable to non-controlling interests	-0.6	0.0

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Consolidated Balance Sheet

ASSETS	30 June 2010 € million	31 Dec. 2009 € million	30 June 2009 € million
Long-term assets			
Goodwill	81.8	75.7	75.7
Other intangible assets	25.1	24.4	23.4
Tangible assets	195.8	197.4	196.7
Financial assets	47.5	28.5	16.5
Trade debtors	1.0	0.7	0.3
Other long-term financial assets	8.2	14.5	15.6
Other long-term assets	3.3	1.9	1.3
Deferred taxes	46.3	35.4	25.6
	409.0	378.5	355.1
Short-term assets			
Inventories	414.4	391.3	469.7
Trade debtors	279.6	238.8	236.4
Other short-term financial assets	49.8	36.5	47.6
Other short-term assets	16.1	23.2	21.8
Cash and cash equivalents	92.8	84.4	68.8
	852.7	774.2	844.3
	1,261.7	1,152.7	1,199.4
EQUITY AND LIABILITIES	30 June 2010 € million	31 Dec. 2009 € million	30 June 2009 € million
Equity			
Subscribed capital	118.5	118.5	118.5
Capital provision	80.1	80.1	80.5
Revenue provisions	178.3	182.5	190.2
Total equity of shareholders of GILDEMEISTER Aktiengesellschaft	376.9	381.1	389.2
Minority interests' share of equity	2.7	-0.2	-0.3
Total equity	379.6	380.9	388.9
Long-term liabilities			
Long-term financial liabilities	227.2	237.3	239.5
Pension provisions	26.5	26.3	26.8
Other long-term provisions	35.4	33.9	48.6
Trade creditors	0.1	0.2	0.3
Other long-term financial liabilities	23.7	21.3	22.8
Other long-term liabilities	3.2	3.4	3.7
Deferred taxes	2.9	2.8	3.1
	319.0	325.2	344.8
Short-term liabilities			
Short-term financial liabilities	135.6	92.0	113.0
Tax provisions	4.7	12.1	10.6
Other short-term provisions	107.3	115.7	122.2
Payments received on account	101.6	43.8	57.6
Trade creditors	171.4	141.1	123.8
Other short-term financial liabilities	21.4	19.7	16.9
Other short-term liabilities	21.1	22.2	21.6
	563.1	446.6	465.7
	1,261.7	1,152.7	1,199.4

Consolidated Cash Flow Statement

	2010 01 Jan. – 30 June € million	2009 01 Jan. – 30 June € million
CASH FLOW FROM OPERATING ACTIVITIES		
Earnings before tax (EBT)	– 26.4	15.1
Income taxes	7.4	– 5.4
Depreciation	14.0	14.5
Change in deferred taxes	– 10.8	1.8
Change in long-term provisions	1.6	1.2
Other income and expenses not affecting payments	1.3	0.6
Change in short-term provisions	– 15.4	– 45.7
Changes in inventories, trade debtors and other assets	– 69.1	6.6
Changes in trade creditors and other liabilities	93.2	– 131.4
	– 4.2	– 142.7
CASH FLOW FROM INVESTMENT ACTIVITY		
Amounts paid out for investments in intangible and tangible assets	– 11.2	– 10.3
Amounts paid out for investments in financial assets	– 10.1	– 14.7
Amounts received from the disposal of fixed assets	1.8	0.3
	– 19.5	– 24.7
CASH FLOW FROM FINANCING ACTIVITY		
Inflows / outflows for borrowings / repayment of borrowings	37.3	– 22.4
Dividends paid	– 4.6	– 17.3
Cash inflows from capital increase	0.0	18.1
	32.7	– 21.6
Changes affecting payments	9.0	– 189.0
Effects of exchange rate changes on financial securities	– 0.6	– 0.1
Cash and cash equivalents as of 1 January	84.4	257.9
Cash and cash equivalents as of 30 June	92.8	68.8

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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	0.4	0.4	-0.6	-0.2
Other changes	0.0	0.0	0.0	0.0	3.5	3.5
Dividend	0.0	0.0	-4.6	-4.6	0.0	-4.6
As at 30 June 2010	118.5	80.1	178.3	376.9	2.7	379.6

	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	8.4	8.4	0.0	8.4
Capital increase	5.9	12.2	0.0	18.1	0.0	18.1
Dividend	0.0	0.0	-17.3	-17.3	0.0	-17.3
As at 30 June 2009	118.5	80.5	190.2	389.2	-0.3	388.9

Group Segmental Reporting

2ND QUARTER 2010	Machine Tools € million	Services € million	Energy Solutions € million	Corporate Services € million	Transitions € million	Group € million
Sales revenues	180.5	86.6	17.4	0.0		284.5
EBIT	-4.5	13.8	-4.3	-3.5	0.3	1.8
Investments	4.5	0.8	10.2	5.6		21.1
Employees	3,134	2,020	148	65		5,367

2ND QUARTER 2009	Machine Tools € million	Services € million	Energy Solutions € million	Corporate Services € million	Transitions € million	Group € million
Sales revenues	199.9	78.5	6.6	0.0		285.0
EBIT	1.4	14.9	-0.2	-5.2	0.5	11.4
Investments	3.6	0.9	0.2	1.1		5.8
Employees	3,594	2,367	76	69		6,106

FIRST SIX MONTHS 2010	Machine Tools € million	Services € million	Energy Solutions € million	Corporate Services € million	Transitions € million	Group € million
Sales revenues	309.3	163.4	56.1	0.1		528.9
EBIT	-21.9	22.6	-3.5	-6.5		-9.3
Investments	7.6	3.2	10.3	5.8		26.9
Employees	3,134	2,020	148	65		5,367

FIRST SIX MONTHS 2009	Machine Tools € million	Services € million	Energy Solutions € million	Corporate Services € million	Transitions € million	Group € million
Sales revenues	410.1	165.7	36.8	0.1		612.7
EBIT	9.2	27.6	0.8	-10.7		26.9
Investments	7.0	1.9	0.3	15.8		25.0
Employees	3,594	2,367	76	69		6,106

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Notes to the Interim Consolidated Financial Statements

1 APPLICATION OF REGULATIONS The interim consolidated financial statements of GILDEMEISTER Aktiengesellschaft as of 30 June 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 of 30 June 2010, the consolidated group comprised 85 companies, including GILDEMEISTER Aktiengesellschaft, 83 of which were included in the Interim Financial Statements as part of the full consolidation process. The consolidated group has therefore been enlarged by six companies in comparison with 31 March 2010. From the purchase of a majority investment (50.001%) in the Austrian company, Cellstrom GmbH, by a+f GmbH in April, balanced goodwill arose in an amount of € 5.6 million. Comparison with the results of operations, net worth and financial position of the Consolidated Financial Statements for the year ending 31 December 2009 is not significantly impaired other than this.

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	- 18,420
Average weighted number of shares (pieces)	45,582,003
Earnings per share acc. to IAS 33	€ - 0.40


There were no dilution effects in the reporting period.

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.	----- Economic Development
5 STATEMENT OF CHANGES IN GROUP EQUITY	The consolidated net financial cost as of 30 June 2010 of € –19.0 million and the change in market values of derivative financial instruments, such as interest swaps to hedge interest rate changes and foreign exchange futures contracts to hedge currency risks, in an amount of € –3.6 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 € 1.3 million.	----- Business Development
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 10 et seq.	----- Opportunities and Risk Report ----- Forecast
7 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE	Significant events occurring after the reporting period are presented in the “Forecast” on page 20 et seq. No other significant events have occurred after the reporting period of the interim financial statements.	----- Interim Consolidated Financial Statements

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting and reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Bielefeld, 29 July 2010
GILDEMEISTER Aktiengesellschaft
The Executive Board


Dipl.-Kfm. Dr. Rüdiger Kapitza


Dipl.-Ing. Günter Bachmann


Dipl.-Kfm. Dr. Thorsten Schmidt


Dipl.-Kffr. Kathrin Dahnke

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

09 November 2010	Third Quarterly Report 2010 (1 July to 30 September)
09 February 2011	Press release on provisional figures for the financial year 2010
17 March 2011	Press conference on the balance sheet, Bielefeld
17 March 2011	Publication of Annual Report 2010
18 March 2011	Society of Investment Professionals in Germany (DVFA), Analysts Conference, Frankfurt
13 May 2011	109 th Annual General Meeting of Shareholders at 10 a.m. in the Town Hall Bielefeld

Subject to alteration

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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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