

# Interim Report

First six months 2011

## Strong partner

the DMG technology centre at  
Red Bull Technology Ltd.,  
Milton Keynes, United Kingdom



**GILDEMEISTER**

## Dear Shareholders,

The worldwide demand for machine tools is experiencing dynamic growth. GILDEMEISTER continued its growth trend also in the second quarter: It was possible to increase order intake, sales revenues and income according to plan.

Overall, at the end of the first half year, order intake reached € 971.6 million (+49%) (previous year: € 651.5 million). Sales revenues of € 774.6 million (+46%) surpassed those of the comparable previous year. Profitability likewise improved significantly: EBITDA amounted to € 47.6 million (previous year: € 4.7 million), EBIT rose to € 32.5 million (previous year: € -9.3 million). EBT amounted to € 2.1 million (previous year: € -26.4 million). As of 30 June 2011, the group reports earnings after tax of € 1.5 million (previous year: € -19.0 million).

GILDEMEISTER is assuming that this positive growth will continue in the second half of the year. We are expecting particular stimuli to come from the **EMO 2011** (19–24 September) in Hanover, the most important trade fair worldwide for machine tools. Through the intense cooperation with Mori Seiki, we have improved our presence in Asia and in the USA sustainably. With the proceeds from the capital increases, we have reduced our financial obligations significantly, which will have a positive effect on business development in the future.

Financial year 2011 is a transitional year. We plan – following the economic crisis – to return to a profitable growth path. From now on, due to the good progress in the first six months, we want to achieve order intake of over € 1.8 billion for the whole year. Based on our high order backlog and the expected “EMO effect”, we are planning to increase sales revenues to more than € 1.6 billion. For the whole year we are planning clear growth in EBIT, EBT and in the annual profit. We are planning to pay a dividend for financial year 2011.

## 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 2011 € million	31 Dec. 2010 € million	30 June 2010 € million	Changes 30 June 2011 to 30 June 2010	
				€ million	%
Sales Revenues					
Total	774.6	1,376.8	528.9	245.7	46
Domestic	271.9	499.1	205.8	66.1	32
International	502.7	877.7	323.1	179.6	56
% International	65	64	61		
Order Intake					
Total	971.6	1,418.4	651.5	320.1	49
Domestic	376.8	537.7	247.4	129.4	52
International	594.8	880.7	404.1	190.7	47
% International	61	62	62		
Order Backlog					
Total	769.1	628.3	709.3	59.8	8
Domestic	210.7	105.9	108.9	101.8	93
International	558.4	522.4	600.4	-42.0	-7
% International	73	83	85		
Investments	30.9	50.0	26.9	4.0	15
Personnel Costs	188.0	333.2	162.3	25.7	16
Personnel ratio in %	23.2	24.3	30.0		
EBITDA	47.6	74.5	4.7	42.9	
EBIT	32.5	45.0	-9.3	41.8	
EBT	2.1	6.5	-26.4	28.5	
Earnings after taxes	1.5	4.3	-19.0	20.5	

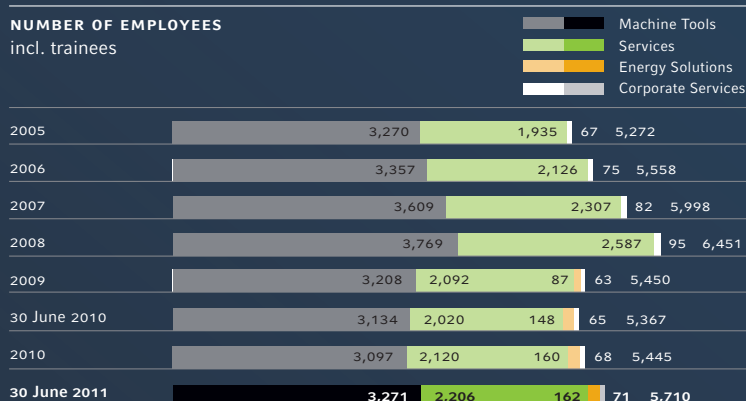
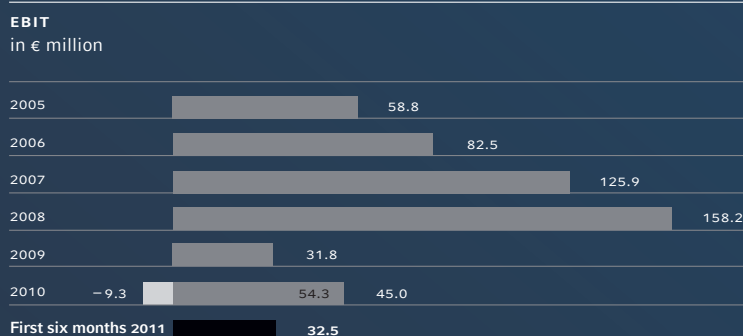
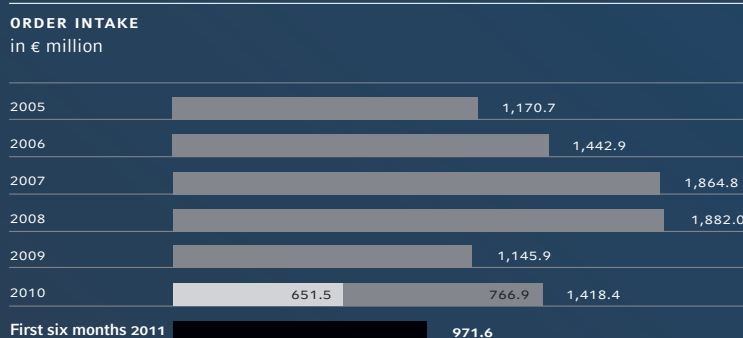
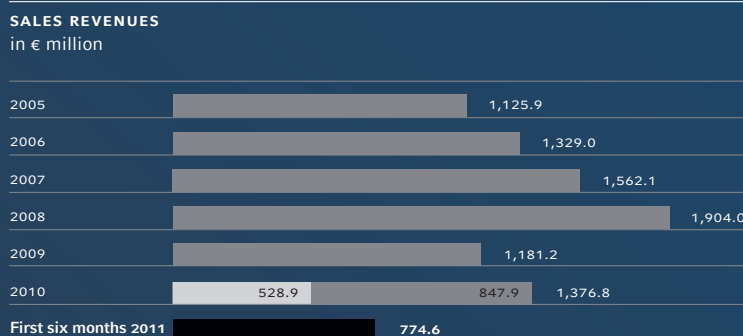
	30 June 2011	31 Dec. 2010	30 June 2010	Changes 30 June 2011 to 31 Dec. 2010	
Employees	5,528	5,232	5,157	296	6
Plus Trainees	182	213	210	-31	-15
Total Employees	5,710	5,445	5,367	265	5



GILDEMEISTER group  
Key Figures



Sales Revenues  
Order Intake  
EBIT  
Employees

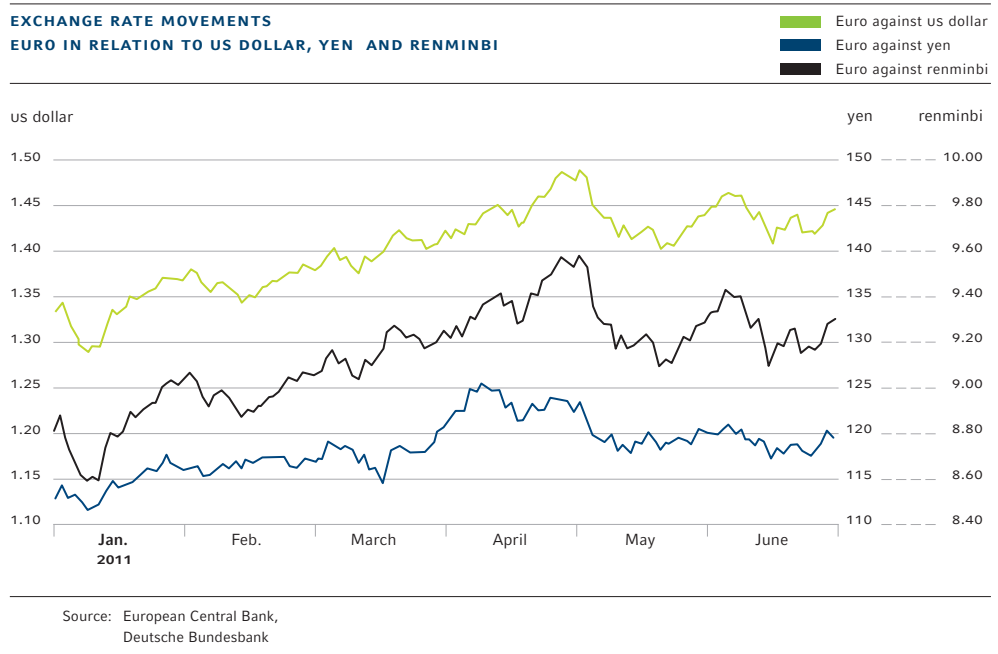




**Overall economic development** in the first half year of 2011 was focused on expansion. This applied in particular to **Asia**. The strongest driving forces came from China. Japan was still suffering the consequences of the natural catastrophe. In the **USA** recovery continued at a moderate pace. In **Europe**, the economic cycle followed its upwards trend. In a European comparison, **Germany's** growth was above average. According to provisional calculations of the German Economic Research Institute (DIW), gross domestic product increased by 0.6% compared to the previous quarter. Overall economic development may be affected by the worldwide debt crisis.

The US dollar, the Chinese renminbi and the Japanese yen are of particular importance for GILDEMEISTER's international business. The **exchange rate** of the currencies most important for us changed in the second quarter as follows: In comparison with the average value of the euro, the US dollar was 0.69 euros (previous year's quarter: 0.79 euros), the Chinese renminbi was 9.35 renminbi (previous year's quarter: 8.67 renminbi) and the Japanese yen amounted to 117.41 yen (previous year's quarter: 117.50 yen). Thus the US dollar and the renminbi lost in value against the euro; the Japanese yen remained relatively stable. The US dollar fell about 11.7% and the renminbi by 7.3%. This led to our products becoming more expensive in China, in the USA and in the markets dependent upon the dollar.

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

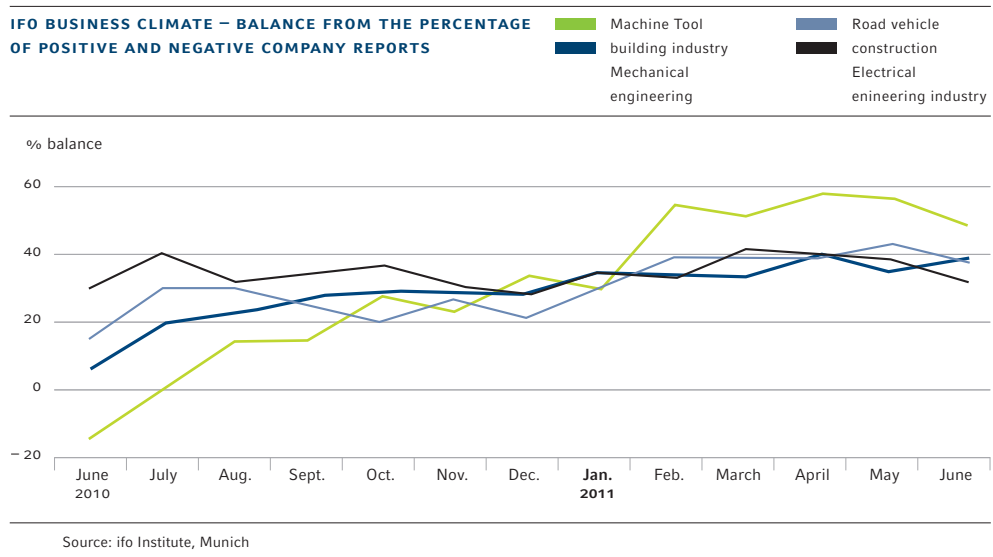


The **worldwide market for machine tools** will continue to develop positively in 2011. Current forecasts (status: April 2011) of the German Machine Tool Builders' Association (VDW) and of the British economic research institute, Oxford Economics, have not changed when compared to the report in the first quarter of 2011. The growth forecast for **global consumption** remains unchanged at 19.6% or € 53.8 billion.

The **German machine tool market** has been exhibiting dynamic growth since the start of the year. Over the course of the second quarter, order intake at German machine tool producers continued to grow. In particular, orders from China and the USA grew markedly. For the whole year, based on the previous year's low level, the German Machine Tool Builders' Association (VDW) is expecting an increase in consumption of 30.5%.

The **ifo business climate index** for trade and industry reflected the optimistic mood. The indicators for the main consumer industries varied once again at a high level.

Source: vdw (German Machine Tool Builders' Association)



Economic Development

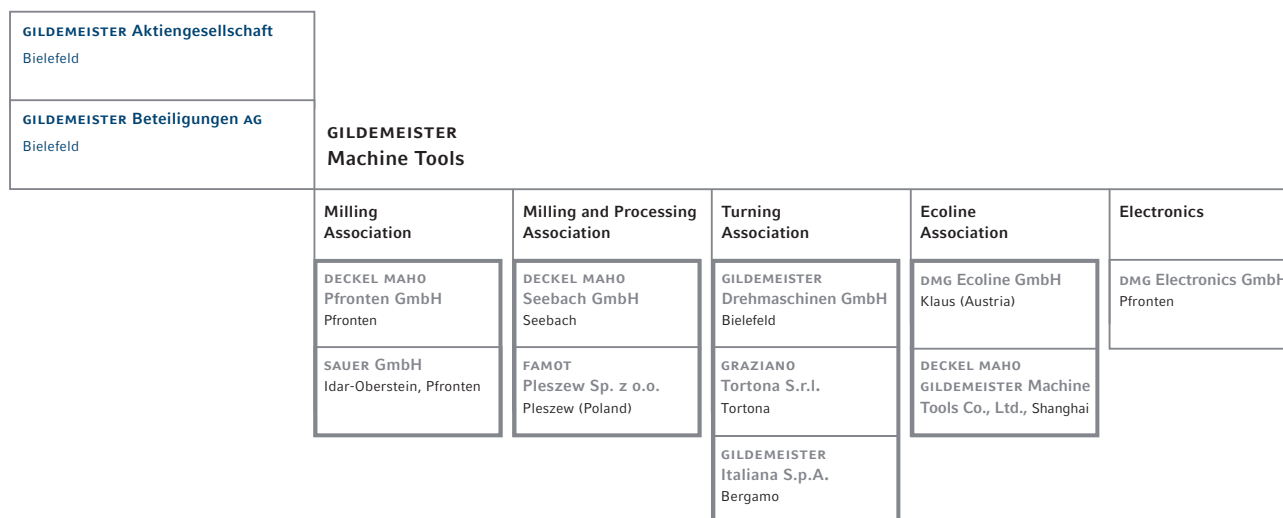
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The GILDEMEISTER group including GILDEMEISTER Aktiengesellschaft comprised 128 enterprises as of 30 June 2011. Thus the number has not changed when compared to 31 March 2011.

### Sales revenues

Sales revenues in the second quarter reached € 397.2 million (+40% on the previous year’s quarter: € 284.5 million). As of the end of the first **half year**, sales revenues rose overall to **€ 774.6 million** and were thus 46% above the previous year’s level (€ 528.9 million). All the segments developed positively. More detailed information on each segment is given on page 10 et seq.

International sales revenues rose by 56% to € 502.7 million; national sales revenues increased by 32% to € 271.9 million. The export share amounted to 65% (previous year: 61%).

SALES REVENUES GILDEMEISTER GROUP			
in € million			
	Domestic	International	Total
First six months 2010	205.8	323.1	528.9
First six months 2011	271.9	502.7	774.6

### Order intake

In the second quarter, order intake rose by 51% to € 525.7 million (previous year’s quarter: € 349.2 million). In our “Machine Tools” core business we were able to increase order intake markedly by 60% to € 338.2 million (previous year’s quarter: € 211.5 million). In the first **half year** order intake amounted to **€ 971.6 million** (+49%); it was thus € 320.1 million above the previous year’s period (€ 651.5 million). The DMG / Mori Seiki cooperation markets contributed 14% or € 139.2 million of this (previous year: € 90.0 million).



DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER Bielefeld	GILDEMEISTER Services	GILDEMEISTER energy solutions
<b>Sales and Service Organization</b>		
75 Sales and Service locations worldwide	DMG AUTOMATION GmbH Hüfingen	a+f GmbH Würzburg
DMG Deutschland; Stuttgart 7 Sales and Service locations	DMG MICROSET GmbH Bielefeld	a+f Italia Holding S.r.l. Milan
DMG Europe; Klaus (Austria) 25 Sales and Service locations		a+f Italia S.r.l. Milan
DMG Asia; Shanghai / Singapur 6 Sales and Service locations		a+f SUNCARRIER Ibérica S.L. Madrid
DMG America; Itasca (Illinois) 3 Sales and Service locations		a+f SUNCARRIER FRANCE SAS Les Ulis
DMG / MORI SEIKI Cooperation markets 23 Sales and Service locations		a+f USA LLC. Denver
DMG Services; Bielefeld, Pfronten 11 Sales and Service locations		SUNCARRIER OMEGA Pvt. Ltd. Bhopal (India)
		Cellstrom GmbH Vienna (Austria)



**Highlight:** The CIMT was very successful this year with orders to a value of € 45.2 million. The results confirmed the strong demand for machine tools in China.

Domestic orders rose by 52% to € 376.8 million (previous year: € 247.4 million). International orders grew by 47% to € 594.8 million (previous year: € 404.1 million). International orders accounted for 61% of orders (previous year: 62%).

Order intake in the first half-year proceeded according to plan: In particular, GILDEMEISTER drew positive results from the most important machine tool trade fair in Asia, the CIMT in Beijing. At this fair we were able to achieve particular success with 234 machines sold at a value of € 45.2 million. The industry highlight for “Energy Solutions” was the Intersolar in Munich.

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

#### ORDER INTAKE GILDEMEISTER GROUP in € million

	Domestic	International	
First six month 2010	247.4	404.1	651.5
First six month 2011	376.8	594.8	971.6

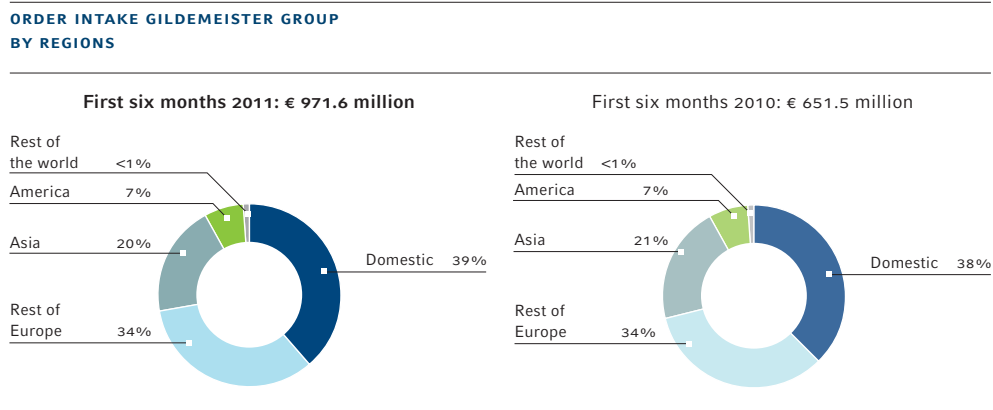
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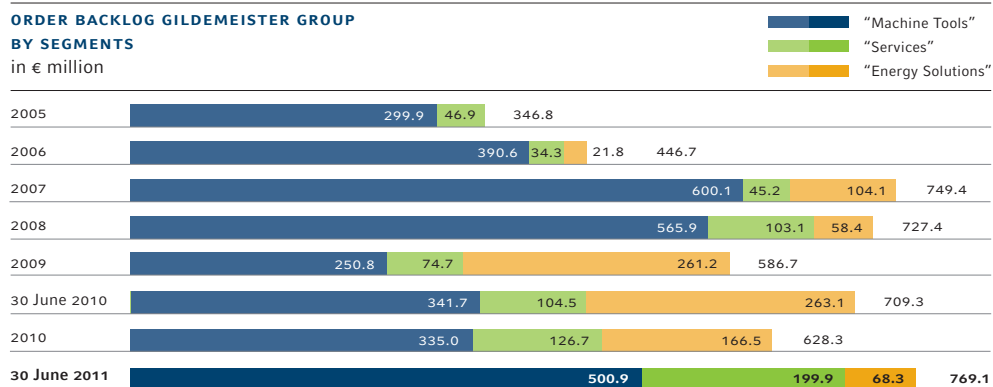
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In the individual market regions, order intake developed as follows:



**Order backlog**

On **30 June 2011** the order backlog within the group amounted to **€ 769.1 million** (+8% on the previous year's date). The domestic order backlog increased by € 101.8 million to € 210.7 million. The international order backlog amounted to € 558.4 million. Of the current orders, international orders account for 73%. The backlog development progressed differently in the individual segments as follows:



The order backlog in “Machine Tools” represents mathematically a production capacity utilisation of an average of five months. At the current time all the production companies are recording full capacity utilisation.

## Results of Operations, Net Worth and Financial Position

The GILDEMEISTER group's profitability developed as planned. In the **second quarter** EBITDA reached € 29.7 million (previous year: € 9.0 million), EBIT was positive at € 22.1 million (previous year: € 1.8 million). EBT amounted to € 1.6 million (previous year: € -6.6 million). Earnings after tax amounted to € 1.2 million (previous year: € -4.3 million).

As of the **end of the first half year** EBITDA thus amounted to € 47.6 million (previous year: € 4.7 million); EBIT amounted to € 32.5 million (previous year: € -9.3 million). EBT amounted to € 2.1 million (previous year: € -26.4 million). As of 30 June 2011, the group reported earnings after tax of € 1.5 million (previous year: € -19.0 million). In the third and fourth quarters we expect clear, positive development in our profitability.

Total work done rose by 50% to € 809.5 million (previous year: € 541.0 million). Sales revenues rose by 46% to € 774.6 million (previous year: € 528.9 million). The cost of materials amounted to € 442.3 million (previous year: € 286.0 million). The materials ratio decreased compared to the first quarter and amounted as of the end of the first half-year to 54.6% (1<sup>st</sup> quarter: 57.8%). Gross profit rose by € 112.2 million to € 367.2 million (previous year: € 255.0 million). Employee expenses rose as a result of the higher total operating revenue by € 25.7 million to € 188.0 million (previous year: € 162.3 million). This rise resulted from the collective pay agreement increase in salary and wages from 1 January 2011 as well as from higher expenses for overtime and variable remuneration. The personnel ratio fell to 23.2% (previous year: 30.0%).

The balance of other expenses and income amounted to € 131.6 million (previous year: € 88.0 million). This increase is mainly due to sales revenue-dependent expenses. Depreciation amounted to € 15.1 million (previous year: € 14.0 million). The net financial costs amounted to € -30.4 million (previous year: € -17.1 million). The rise compared to the previous year's level resulted from a one-off expense (€ -12.6 million) in the second quarter, which arose from the recognition in profit or loss of the dissolution of the interest rate hedges in connection with the redemption of the borrowers' notes. Further details in this regard can be found in the "Corporate Services" chapter on page 16. As of 30 June 2011, a tax expenses of € 0.6 million arose, which led to earnings after tax of € 1.5 million (previous year: € -19.0 million). The tax ratio amounts to 32%.

	30 June 2011 € million	31 Dec. 2010 € million	30 June 2010 € million
<b>Net worth</b>			
Long-term assets	442.3	418.5	409.0
Short-term assets	1,047.2	939.0	852.7
Equity	643.8	412.9	379.6
Outside capital	845.7	944.6	882.1
<b>Balance sheet total</b>	<b>1,489.5</b>	<b>1,357.5</b>	<b>1,261.7</b>

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The balance sheet total as of 30 June 2011 amounted to € 1,489.5 million. Due to the capital increases carried out in an amount of € 213.7 million, equity rose to € 643.8 million. The equity ratio rose to 43.2% (31 Dec. 2010: 30.4%). The equity ratio should reach more than 50% by year-end.

Under **assets**, long-term assets rose by € 23.8 million to € 442.3 million. Further explanations on this can be found in the “Investments“ chapter on page 9.

Short-term assets rose by € 108.2 million to € 1,047.2 million. Inventories grew by € 64.3 million to € 474.6 million. Raw materials and consumables rose to € 209.8 million (€ +26.7 million). Stocks of work in progress rose to € 122.5 million (€ +22.1 million) and stocks of finished goods and merchandise by € 7.9 million to € 122.8 million. Due to the constant rise in sales revenues in the first six months, trade debtors rose by € 71.7 million to € 377.7 million. Liquid assets amounted to € 85.3 million (31 Dec. 2010: € 111.8 million).

Under **equity and liabilities**, equity amounted to € 643.8 million (31 Dec. 2010: € 412.9 million). Outside capital fell by € 98.9 million to € 845.7 million (31 Dec. 2010: € 944.6 million). This resulted primarily from a reduction in financial liabilities through the redemption of the borrowers' notes in an amount of € 201.5 million. Prepayments received for orders rose by € 54.6 million to € 151.6 million; trade creditors grew by € 27.5 million to € 292.4 million. Provisions rose by € 6.5 million to € 185.8 million.

The group's financial position developed in the first quarter as follows: **Free cash flow** in the second quarter amounted to € 15.0 million (previous year's quarter: € +35.4 million). In particular, the rise in prepayments (€ +38.6 million) as well as in trade payables (€ +35.9 million) had a positive effect on this development in the second quarter. As of 30 June 2011 free cash flow thus amounted to € -64.4 million (previous year: € -13.6 million). Payments from “Energy Solutions“ projects of about € 80 million were received in July.

**Cash flow** from operating activities as of the end of the first six months was € -47.3 million (previous year: € -4.2 million). Based on earnings before tax (EBT) of € 2.1 million (previous year: € -26.4 million) the rise in prepayments for orders (€ 54.6 million) and depreciation (€ 15.1 million) contributed positively to cash flow. Contrary effects were caused by a rise in trade debtors of € 71.2 million and inventories (€ 63.8 million). Cash flow from investment activity amounted to € -17.1 million (previous year: € -19.5 million). Cash flow from financing activity was € 37.6 million (previous year: € 32.7 million) and resulted as to € 220.0 million from the paid in capital increases carried out in March and April as well as the repayment of financial debts (€ 176.1 million). This arose primarily from the premature redemption of the borrowers' notes with a volume of € 201.5 million in April 2011.

Over the course of the year we are planning a marked improvement in our financial position. For the third quarter we are anticipating positive free cash flow on the basis of current planning. For the whole year 2011 we are planning clearly positive free cash flow.

	2011 First six months € million	2010 First six months € million
<b>Cash flow</b>		
Cash flow from operating activities	- 47.3	- 4.2
Cash flow from investment activity	- 17.1	- 19.5
Cash flow from financing activity	37.6	32.7
Changes in cash and cash equivalents	- 26.5	8.4
Liquid funds at the start of the reporting period	111.8	84.4
Liquid funds at the end of the reporting period	85.3	92.8

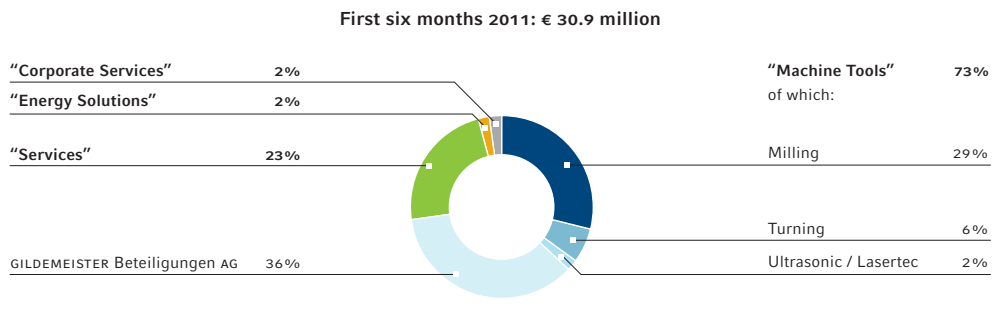
## Investments

Investments in property, plant and equipment, and in intangible assets amounted in the first half year to € 30.9 million (previous year's value: € 16.8 million). On 17 May 2011 the opening took place of the new DMG / Mori Seiki Technology Centre in India with our cooperation partner, Mori Seiki. We are also expanding the successful sales and service cooperation in Singapore. A joint technology centre is to be built here for the Southeast Asian markets. Further focus was placed on the development of trend-setting products in the "Machine Tools" and "Energy Solutions" segment.



**Grand Opening:** In the 4,000 m<sup>2</sup> large technology centre in Bangalore products customised to meet customers' requirements exactly are presented for the Indian market.

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



### Segmental Reporting

Our business activities include the “Machine Tools”, ”Services” and “Energy Solutions” segments. “Corporate Services” constitutes the group wide holding functions. The breakdown of sales revenues, order intake and EBIT for the individual segments is presented as follows:

<b>SEGMENT KEY FIGURES OF THE GILDEMEISTER GROUP</b>				Changes
	30 June 2011 € million	31 Dec. 2010 € million	30 June 2010 € million	30 June 2011 to 30 June 2010 %
<b>Sales Revenues</b>	<b>774.6</b>	<b>1,376.8</b>	<b>528.9</b>	<b>46</b>
Machine Tools	467.7	769.9	309.3	51
Services	230.1	367.2	163.4	41
Energy Solutions	76.7	239.5	56.1	37
Corporate Services	0.1	0.2	0.1	0
<b>Order Intake</b>	<b>971.6</b>	<b>1,418.4</b>	<b>651.5</b>	<b>49</b>
Machine Tools	633.6	854.2	400.2	58
Services	303.3	419.2	193.2	57
Energy Solutions	34.6	144.8	58.0	-40
Corporate Services	0.1	0.2	0.1	0
<b>EBIT</b>	<b>32.5</b>	<b>45.0</b>	<b>-9.3</b>	
Machine Tools	16.3	6.2	-21.9	
Services	43.8	58.7	22.6	
Energy Solutions	-16.6	0.4	-3.5	
Corporate Services	-11.0	-20.3	-6.5	

### “Machine Tools”

The “Machine Tools” segment is our core segment; it includes the group’s new machines business with the turning and milling, ultrasonic / laser technology and electronics business divisions.

KEY FIGURES “MACHINE TOOLS” SEGMENT	30 June 2011 € million	31 Dec. 2010 € million	30 June 2010 € million	Changes 30 June 2011 to 30 June 2010	
				€ million	%
<b>Sales Revenues</b>					
Total	467.7	769.9	309.3	158.4	51
Domestic	149.4	280.2	102.0	47.4	46
International	318.3	489.7	207.3	111.0	54
% International	68	64	67		
<b>Order Intake</b>					
Total	633.6	854.2	400.2	233.4	58
Domestic	242.3	303.9	133.4	108.9	82
International	391.3	550.3	266.8	124.5	47
% International	62	64	67		
<b>Order Backlog</b>					
Total	500.9	335.0	341.7	159.2	47
Domestic	137.7	44.8	52.5	85.2	162
International	363.2	290.2	289.2	74.0	26
% International	73	87	85		
Investments	22.6	22.4	7.6	15.0	
EBIT	16.3	6.2	-21.9	38.2	
	30 June 2011	31 Dec. 2010	30 June 2010	Changes 30 June 2011 to 31 Dec. 2010 %	
Employees	3,091	2,887	2,927	204	7
plus trainees	180	210	207	-30	-14
Total employees	3,271	3,097	3,134	174	6

The “Machine Tools” segment showed a clear growth trend in order intake, sales revenues and results. In the second quarter **sales revenues** rose by 44% or € 78.8 million to € 259.3 million (previous year’s quarter: € 180.5 million). As of 30 June 2011, sales revenues rose to € 467.7 million and were thus 51% or € 158.4 million higher than the comparable period in the previous year (€ 309.3 million). The “Machine Tools” segment contributed 60% of sales revenues in the first six months (previous year: 58%).

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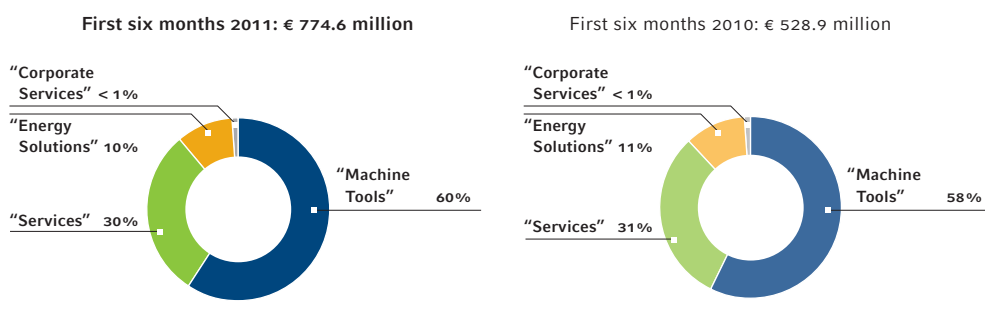
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In relation to the total sales revenues of the group, “Machine Tools”, “Services”, “Energy Solutions” and “Corporate Services” contributed as follows:

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

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**Order intake** in the “Machines Tools” segment developed positively. In the second quarter we were able to increase business with “Machine Tools” by 60% or € 126.7 million to € 338.2 million (previous year’s quarter: € 211.5 million). In the first six months it rose by 58% or € 233.4 million to € 633.6 million (previous year: € 400.2 million). On 30 June the **order backlog** amounted to € 500.9 million. (same date in the previous year: € 341.7 million). **EBIT** was positive at € 16.3 million (previous year: € –21.9 million). As of 30 June, the “Machine Tools” segment had 3,271 **employees** (31 Dec. 2010: 3,097). Additional personnel were hired at our production sites in China and Poland due to a growing need for assembly capacity, in particular for the **ECOLINE** series.

### “Services”

The “Services” segment includes the business activities of DMG Vertriebs und Service GmbH and its subsidiaries. This segment also offers further growth and earnings potential for the future. With the aid of **DMG LifeCycle Solutions**, our customers can optimise the productivity of their machine tools over their entire life cycle – from commissioning to trade-in as a used machine. The perfectly tailored range of services ensures the long-term availability and the cost-effectiveness of DMG machine tools.



KEY FIGURES "SERVICES" SEGMENT	30 June 2011 € million	31 Dec. 2010 € million	30 June 2010 € million	Changes 30 June 2011 to 30 June 2010	
				€ million	%
<b>Sales Revenues</b>					
Total	230.1	367.2	163.4	66.7	41
Domestic	104.8	172.2	78.1	26.7	34
International	125.3	195.0	85.3	40.0	47
% International	54	53	52		
<b>Order Intake</b>					
Total	303.3	419.2	193.2	110.1	57
Domestic	113.0	188.2	86.3	26.7	31
International	190.3	231.0	106.9	83.4	78
% International	63	55	55		
<b>Order Backlog</b>					
Total	199.9	126.7	104.5	95.4	91
Domestic	59.8	51.6	43.8	16.0	37
International	140.1	75.1	60.7	79.4	131
% International	70	59	58		
Investments	7.0	8.1	3.2	3.8	
EBIT	43.8	58.7	22.6	21.2	

	30 June 2011	31 Dec. 2010	30 June 2010	Changes 30 June 2011 to 31 Dec. 2010	
				€ million	%
Employees	2,204	2,117	2,017	87	4
plus trainees	2	3	3	-1	-33
Total employees	2,206	2,120	2,020	86	4

The "Services" segment recorded a further growth trend as of the end of the first six months. **Sales revenues** in the second quarter rose to € 121.9 million and were thus 41% better than the previous year's quarter (€ 86.6 million). In the first six months they reached € 230.1 million and were thus 41% or € 66.7 million above the previous year's level (€ 163.4 million). "Services" thus accounted for 30% of group sales revenues (previous year: 31%). **Order intake** likewise developed positively. In the second quarter we were able to achieve an increase of 61% or € 63.2 million to € 167.5 million. In the first half year order intake rose by € 110.1 million (+57%) to € 303.3 million (previous year: € 193.2 million). The **order backlog** amounted to € 199.9 million (same date in previous year: € 104.5 million). **EBIT** in the first six months amounted to € 43.8 million (previous year: € 22.6 million). The number of **employees** rose in the first six months by 86 to 2,206 (31 Dec. 2010: 2,120). In particular, the number of employees was specifically increased at the sales and service companies in the growth markets of China and India.

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### “Energy Solutions”

GILDEMEISTER is tapping into the high growth potential business area of renewable energies with innovative products for energy production, energy storage and innovative applications. It comprises four areas: Components, SunCarrier, CellCube and WindCarrier.

At the Intersolar 2011, the various areas were presented as a whole for the first time as “GILDEMEISTER **energy** solutions”. The next step is to combine the areas together in a legal corporate structure. In this way, transparency and efficiency in tapping into technical and market potential should be further built upon.

Detailed information on the “Energy Solutions” presentation can be found in the 1<sup>st</sup> Quarter Report 2011 on page 14.

Up to now our business model was primarily geared towards major investors and the development of turnkey projects. With our product offensive 2011 and an even stronger sales focus now on industrial customers, our business model is to be expanded in the future. In the current financial year additional expenses will be incurred for research and development as well as for opening up new markets and target groups. Further investments and structural adjustments are planned for the further development of this segment.



#### Carlino Solar parks

In Carlino in northern Italy (Friuli region) “GILDEMEISTER **energy** solutions” has installed solar parks totalling 1,316 “SunCarrier” and with total output of 25 megawatts.

KEY FIGURES "ENERGY SOLUTIONS" SEGMENT	30 June 2011 € million	31 Dec. 2010 € million	30 June 2010 € million	Changes 30 June 2011 to 30 June 2010	
				€ million	%
<b>Sales Revenues</b>					
Total	76.7	239.5	56.1	20.6	37
Domestic	17.6	46.5	25.6	- 8.0	- 31
International	59.1	193.0	30.5	28.6	94
% International	77	81	54		
<b>Order Intake</b>					
Total	34.6	144.8	58.0	- 23.4	- 40
Domestic	21.4	45.4	27.6	- 6.2	- 22
International	13.2	99.4	30.4	- 17.2	- 57
% International	38	69	52		
<b>Order Backlog</b>					
Total	68.3	166.5	263.1	- 194.8	- 74
Domestic	13.2	9.5	12.6	0.6	5
International	55.1	157.0	250.5	- 195.4	- 78
% International	81	94	95		
Investments	0.6	12.6	10.3	- 9.7	
EBIT	- 16.6	0.4	- 3.5	- 13.1	
<b>Employees</b>					
	30 June 2011	31 Dec. 2010	30 June 2010	Changes 30 June 2011 to 31 Dec. 2010	
					%
Employees	162	160	148	2	1
plus trainees	0	0	0	0	0
Total employees	162	160	148	2	1

**Sales revenues** in "Energy Solutions" in the second quarter amounted to € 16.0 million (previous year: € 17.4 million). In the first half year, they reached € 76.7 million and were thus 37% above the same period in the previous year (€ 56.1 million). An increase in sales revenues is expected in the second half of the year. **Order intake** in the second quarter mounted to € 20.0 million (previous year: € 33.4 million); as of the end of the first six months it reached € 34.6 million (previous year: € 58.0 million). The **order backlog** as of 30 June 2011 totalled € 68.3 million. **EBIT** in the first six months amounted to € -16.6 million (previous year: € -3.5 million). In addition to the low level of sales revenues, the results were affected by additional expense for steel construction and module installations. Furthermore, expenses for expanding the international market presence as well as for research and development, one-off personnel expenses, investments in developing energy storage and innovative applications, such as e-fuelling stations, affected the results. The number of **employees** amounted to 162 (31 Dec. 2010: 160).

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### “Corporate Services”

KEY FIGURES “CORPORATE SERVICES” SEGMENT	30 June 2011	31 Dec. 2010	30 June 2010	Changes 30 June 2011 to 30 June 2010	
	€ 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	0.7	6.9	5.8	-5.1	
EBIT	-11.0	-20.3	-6.5	-4.5	

	30 June 2011	31 Dec. 2010	30 June 2010	Changes 30 June 2011 to 31 Dec. 2010	
				%	
Employees	71	68	65	3	4

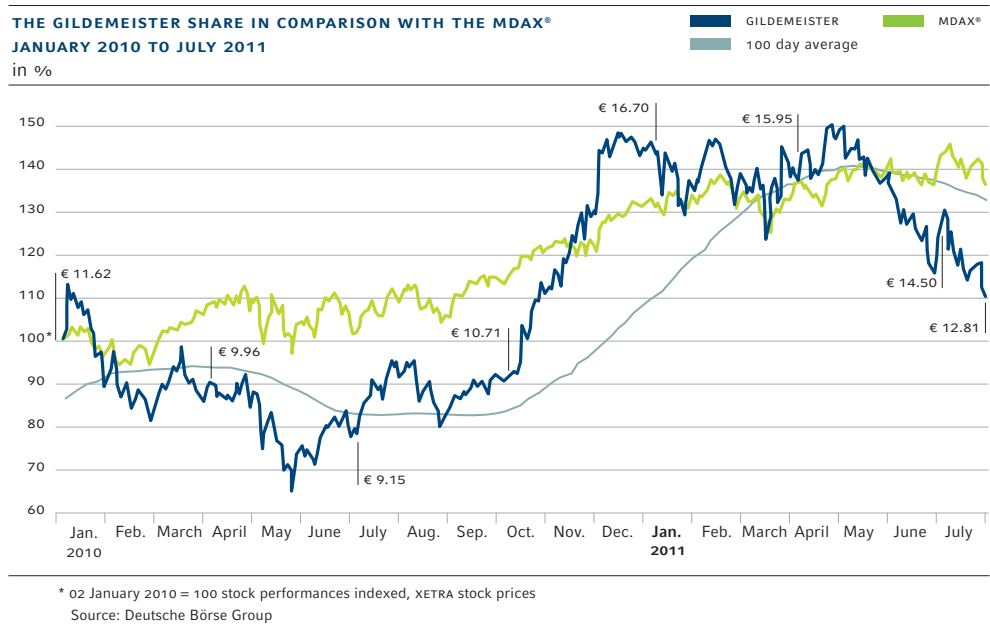
The “Corporate Services” segment comprises GILDEMEISTER Aktiengesellschaft with its group-wide holding functions. **EBIT** in the first six months amounted to € -11.0 million (previous year: € -6.5 million); **EBT** amounted as of the end of the first half year to € -25.5 million. As already reported, the interest rate hedges (interest swaps) had to be completely liquidated and recognised in income (€ -12.6 million) as a consequence of the borrowers’ notes’ repayment. In the second quarter **EBT** was therefore burdened with a one-off interest rate expense. There was no cash outflow from the liquidation. The expense is set off by interest rate income of the same amount until the end of the term 2015. In the current financial year they amount to € 2.6 million according to the current interest rate level.

### Employees

As of 30 June 2011, GILDEMEISTER had 5,710 employees, of whom 182 were trainees (31 Dec. 2010: 5,445). In comparison with year-end 2010, the number of employees has risen by 265. Some 3,362 employees (59%) worked for the domestic companies and 2,348 employees (41%) for our international companies. Employee expenses amounted to € 188.0 million (previous year’s period: € 162.3 million); the employee ratio fell to 23.2% (previous year’s period: 30.0%).

### GILDEMEISTER Share

The GILDEMEISTER share was able to tie into the level of the previous months. Against the background of a capital market without any significant boosts, the course of the share showed an underperformance compared to the MDAX in June. Starting from a price of € 16.28 (1 Apr. 2011), the share closed at the end of the second quarter at € 14.50 (30 Jun. 2011). The share is currently being quoted at € 12.81 (29 July 2011).



On the basis of the respective number of shares of 45.6 million or the number of shares following the two capital increases (50.1 million and 60.2 million shares, respectively), this results in a turnover rate for the first six months of 1.2 times (previous year's period: 1.2 times). The trading volume rose by 12% to an average of 467,000 shares per trading day (previous year: 417,000 shares).

### Capital increase

In April 2011 GILDEMEISTER successfully completed the capital increases. The registered capital now amounts to € 156,437,431.80; it is divided into 60,168,243 no par value shares. The inclusion of the new shares in the existing listing took place on 15 April 2011. We have given detailed information on both capital increases in the 1<sup>st</sup> Quarter Report 2011 on page 18.

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SunCarrier 70



WindCarrier



CellCube



E filling station

### Research & Development

Expenditure on research and development in the first half year amounted to € 25.2 million (previous year: € 21.5 million). There are currently 473 employees working on the development of our new products; this corresponds to 14% of the workforce at the plants.

In the **“Energy Solutions”** segment, GILDEMEISTER presented new products at the Intersolar in Munich for energy production, energy storage and trend-setting applications, such as e-filling stations. Among the highlights in the area of energy production is the **“SunCarrier 70”**, the smallest tracking system in the **“SunCarrier”** family as well as the **“WindCarrier”**, a wind plant with a vertically positioned axis of rotation. In the field of energy storage, the vanadium redox flow big battery, the **CellCube FB 200-400**, extends the range of products. With a markedly increased performance, the battery is able to supply 50 one family houses with electricity. An important application for the CellCube storage technology is the fast-charging electric filling station that completely charges 20 electric cars, for example, in a very short space of time. The independent operation of this complete solution through the intelligent combination of **“CellCube”**, **“SunCarrier”** and **“WindCarrier”** enables environmentally-friendly electric mobility at the highest level.

In the **“Machine Tools”** segment, GILDEMEISTER presented six new developments at 34 national and international trade fairs and exhibitions in the first half year. We have increased the number of new developments planned from the original 16 to 20 in view of the most significant industry trade fair worldwide, the EMO 2011 in Hanover. From 19 to 24 September, we will be presenting, for the first time together with Mori Seiki, about 100 exhibits at the EMO, 25 of which are world premieres.

In the **“Services”** segment, with DMG Lifecycle Solutions we are offering our customers a broad range of services that raise productivity over the entire life cycle of our machine tools.



### EMO 2011

At this year’s EMO in Hanover, GILDEMEISTER and Mori Seiki will display about 100 high-tech exhibits over a total of 7,300 square metres and thus demonstrate their innovative strength. Numbering among the highlights is the completion of the product portfolio in the area of 5-axis machining, including the further expansion of the DMU eVo series amongst others.

**Opportunities and Risk Report**

In its worldwide business dealings, GILDEMEISTER is confronted with various opportunities and risks. Our opportunities and risk management assists us in identifying and assessing these timely. The Executive Board and the Supervisory Board are informed regularly about the risk situation of the group and of the individual business units.

**Opportunities** are identified and analysed within the opportunities and risk management system. The marketing information system (MIS) identifies significant individual opportunities; it is used to gather customer data worldwide and to evaluate market and competitor data. Overall economic opportunities arise for GILDEMEISTER in particular from the ongoing recovery in the global economy in the most important industrial markets. Added to this is the growing legal certainty and stability in the Asian and eastern European growth markets. With the “Energy Solutions” we participate in the growing market for solar technology and energy storage. With our ECO series, we are using further potential for opportunities in the growing world markets for machine tools. We are continuing to strengthen the long-term successful cooperation with Mori Seiki. In the first half year the financing was re-arranged with the participation of Mori Seiki. Through this, we were able to repay our financial liabilities and strengthen our equity capital base. We anticipate that this will positively influence our business development. Through MG Finance we are able to offer our customers tailor-made financing solutions. Furthermore, we also see opportunities in the automation of machine tools. Corporate strategy opportunities present themselves to GILDEMEISTER through a sustained leadership in innovations and technology, as well as through market-leading product quality. By incorporating our suppliers into the value added process, we are able to achieve improvements and price advantages.

**Risks** are systematically identified, assessed, aggregated, monitored and notified through the GILDEMEISTER risk management system. Overall economic risks arise in particular from cyclical development. Although a clear recovery in order intake in the machine tool business can be noted, cyclical development may be sensitive to and curbed by the euro crisis as well as by the unrest in North Africa and in the Middle East. Prospects for growth depend essentially on the debt problem in the euro zone being solved and on how it is solved. Should the crisis extend to other European countries, the economy will be strongly affected. The same applies to a possible rise in oil and gas prices resulting from political developments in North Africa and the Middle East. On the procurement side, GILDEMEISTER finds itself faced with price increases for materials in the machine tools business as well as volatile prices in solar modules. The major orders in the “SunCarrier” business division are subject to approval procedures, which may be costly and time-consuming abroad. This can lead to time delays in constructing solar plants and consequently to delays in revenue recognition and possibly to contractual penalties. Additionally, GILDEMEISTER bears the standard risks associated with the project business in the construction of solar plants. All risks are aggregated to a total risk which from today’s perspective does not endanger the future of the group as a going concern.

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### Forecast

The **global economy** is once again on a growth path according to the latest forecasts, however, over the course of the year the speed of its growth could slow down slightly. In China the momentum will continue to be especially marked. Japan is on the way to returning to normality. In the USA and in Europe the upwards trend continues at a moderate pace. Germany can in all probability manage to retain its high speed of expansion. According to provisional calculations by the Kiel Institute for the World Economy (IfW), gross domestic product worldwide will rise in 2011 by 4.4% (previous year: 5.1%).

The **worldwide market for machine tools** will develop positively in 2011. In their latest forecasts (as of April 2011); the German Machine Tool Builders' Association (VDW – Verein Deutscher Werkzeugmaschinen-fabriken) and the British economic research institute, Oxford Economics, are expecting growth in worldwide consumption of 19.6% to € 53.8 billion. In **Asia** demand is expected to grow by 18.1%, in **America** by 26.0% and in Europe growth should reach 20.8%. Strong boosts to consumption are coming as before from the BRIC countries: China, Brazil, India and Russia. In **Germany** growth of 30.5% is anticipated.

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#### MACHINE TOOLS CONSUMPTION WORLDWIDE

in € billion

2010	45.0
2011	53.8 (estimate)

Source: vdw (German Machine Tool Builders' Association)

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**GILDEMEISTER** will also continue its growth trend in the financial year 2011. We will strengthen our service capacity worldwide and further intensify our customer ties. One of our major success factors remains our successful cooperation with Mori Seiki and our enormous innovative strength, which encompasses machine technology as well as services, software products and "**GILDEMEISTER energy solutions**".

In line with our current motto for the year 2011 "**Cooperation strengthens innovation**" we are increasingly benefiting from the cooperation with our Japanese partner, which we have further intensified this year and which is now achieving a far-reaching effect. This allows us to position ourselves better in Asia and in the USA.



Essential sales markets for us in the future will be in the BRIC countries; this is where we see fast and large growth potential. We will also further strengthen our global presence in Eastern Europe and consolidate our competitive position. We will continue to focus on growing sales sectors such as aerospace, medical technology and renewable energies.

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### Future Business Development

We evaluate **financial year 2011** more positively than we did at the start of the year; general economic conditions have further improved. Our current planning assumes that the positive cyclical development will endure despite the worldwide debt crisis. The current financial year is a transitional year for GILDEMEISTER. We plan – following the economic crisis – to return to a profitable growth path. In addition to re-arranging our financing structure with the aim of clearly reducing our high interest rate burdens, we have regained our earnings power, in the “Machine Tools” core segment in particular.

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The second half of the year is characterised for GILDEMEISTER by the EMO in Hanover. This most important trade fair worldwide for machine tools is important in setting the trends for the whole industry.

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GILDEMEISTER evaluates financial year 2011 with confidence. From now on, due to the good progress in the first six months, we want to achieve **order intake** of over € 1.8 billion for the whole year. The good demand will involve all segments. In “Energy Solutions” we will once again take on major projects in the third quarter.

Based on our high order backlog and the expected “EMO effect”, we are planning to increase **sales revenues** to more than € 1.6 billion.

Forecast

With the proceeds from the capital increases, we have reduced our financial obligations significantly, which will have a positive effect on future business development. For the whole year we are planning clear growth in EBIT, EBT and in the annual profit. We are planning to distribute a **dividend** for financial year 2011.

We are also expecting an overall positive development in **financial year 2012**. In its most recent forecast (as of April 2011), as before the German Machine Tool Builders Association (VDW) is expecting further growth in global machine tool consumption.

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### **Current: GILDEMEISTER and Mori Seiki combine their activities in Europe**

GILDEMEISTER and Mori Seiki plan to combine their sales and services in Europe. The cooperation partners intend to set up a joint company for all European markets (excluding Germany). The new holding company shall manage all the sales and service activities of the European DMG / Mori Seiki companies. The German market will continue to be managed by DMG / Mori Seiki from Stuttgart. At the EMO in Hanover – the most important trade fair worldwide for machine tools –  will present about 100 high-tech exhibits jointly for the first time over a total of 7,300 m<sup>2</sup> exhibition space in Hall 2.

The cooperation in Germany and Europe comprises the sale and all technical services, such as customer service, training courses as well as technical support. Thus the cooperation also realises high additional benefits in the future for customers in Europe. The wide-ranging DMG and Mori Seiki product portfolio is available to them. 31 technology centres ensure unique local presence.

Following successful integration in numerous other markets – such as Asia, the traditional USA market and Japan – the market in Germany and the remaining European markets will now be developed jointly. In the future, 17 national companies – responsible for 37 European markets – will be brought together in DMG / Mori Seiki Europe. In selected countries (Poland, Russia, Austria) the merger is still subject to approval by the authorities. The cooperation in Germany and Europe shall start at the beginning of September with a total of about 1,350 employees. Of these, 600 employees will work in Germany and 750 in other European countries.

 will thus be a leading service provider in Europe for machine tools.

Consolidated Income Statement

2 <sup>nd</sup> quarter	2011		2010		Changes	
	01 April – 30 June € million	%	01 April – 30 June € million	%	2011 € million	against 2010 %
<b>Sales Revenues</b>	397.2	100.2	284.5	95.8	112.7	39.6
Changes in finished goods and work in progress	-3.2	-0.8	10.6	3.6	-13.8	130.2
Own work capitalised	2.4	0.6	2.0	0.6	0.4	20.0
<b>Total Work Done</b>	396.4	100.0	297.1	100.0	99.3	33.4
Cost of materials	-203.3	-51.3	-157.6	-53.0	-45.7	29.0
<b>Gross Profit</b>	193.1	48.7	139.5	47.0	53.6	38.4
Personnel costs	-95.1	-24.0	-84.2	-28.3	-10.9	12.9
Other income and expenses	-68.3	-17.2	-46.3	-15.7	-22.0	47.5
Depreciation	-7.6	-1.9	-7.2	-2.4	-0.4	5.6
<b>Financial Result</b>	-20.5	-5.2	-8.4	-2.8	-12.1	144.0
<b>EBT</b>	1.6	0.4	-6.6	-2.2	8.2	
Income Taxes	-0.4	-0.1	2.3	0.8	-2.7	
<b>Earnings after taxes</b>	1.2	0.3	-4.3	-1.4	5.5	
<b>Earnings per share in accordance with IAS 33 (in euros)</b>	0.03		-0.08			

First six months	2011		2010		Changes	
	01 Jan. – 30 June € million	%	01 Jan. – 30 June € million	%	2011 € million	against 2010 %
<b>Sales Revenues</b>	774.6	95.7	528.9	97.8	245.7	46.5
Changes in finished goods and work in progress	30.2	3.7	8.6	1.6	21.6	251.2
Own work capitalised	4.7	0.6	3.5	0.6	1.2	34.3
<b>Total Work Done</b>	809.5	100.0	541.0	100.0	268.5	49.6
Cost of materials	-442.3	-54.6	-286.0	-52.9	-156.3	54.7
<b>Gross Profit</b>	367.2	45.4	255.0	47.1	112.2	44.0
Personnel costs	-188.0	-23.2	-162.3	-30.0	-25.7	15.8
Other income and expenses	-131.6	-16.3	-88.0	-16.2	-43.6	49.5
Depreciation	-15.1	-1.9	-14.0	-2.6	-1.1	7.9
<b>Financial Result</b>	-30.4	-3.7	-17.1	-3.2	-13.3	77.8
<b>EBT</b>	2.1	0.3	-26.4	-4.9	28.5	
Income Taxes	-0.6	-0.1	7.4	1.4	-8.0	
<b>Earnings after taxes</b>	1.5	0.2	-19.0	-3.5	20.5	
<b>Earnings per share in accordance with IAS 33 (in euros)</b>	0.04		-0.40			

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### Group Statement of Comprehensive Income

	2011 01 Jan. – 30 June € million	2010 01 Jan. – 30 June € million
<b>Earnings after taxes</b>	<b>1.5</b>	<b>-19.0</b>
<b>Remaining revenue</b>		
Differences from currency translations	-5.3	12.3
Change in market value of derivative financial instruments	17.1	-3.6
Change in the fair value measurement of available-for-sale-financial assets	1.4	9.1
Income tax on other comprehensive income	-4.9	1.0
<b>Remaining result for the period after taxes</b>	<b>8.3</b>	<b>18.8</b>
<b>Total comprehensive income for the period</b>	<b>9.8</b>	<b>-0.2</b>
Attributable to owners of GILDEMEISTER Aktiengesellschaft	10.6	0.4
Attributable to non-controlling interests	-0.8	-0.6

## Consolidated Balance Sheet

<b>ASSETS</b>	<b>30 June 2011</b> € million	31 Dec. 2010 € million	30 June 2010 € million
<b>Long-term assets</b>			
Goodwill	80.6	81.5	81.8
Other intangible assets	42.2	31.3	25.1
Tangible assets	205.1	201.8	195.8
Equity accounted investments	6.3	6.2	5.8
Financial assets	46.2	44.6	41.7
Trade debtors	1.3	1.7	1.0
Receivables from associated companies	3.6	0.0	0.0
Other long-term financial assets	6.8	7.4	8.2
Other long-term assets	8.1	2.7	3.3
Deferred taxes	42.1	41.3	46.3
	<b>442.3</b>	<b>418.5</b>	<b>409.0</b>
<b>Short-term assets</b>			
Inventories	474.6	410.3	414.4
Trade debtors	364.9	302.4	279.6
Receivables against at equity accounted companies	7.6	1.9	0.0
Receivables from associated companies	0.3	0.0	0.0
Other short-term financial assets	88.5	87.6	49.8
Other short-term assets	26.0	25.0	16.1
Cash and cash equivalents	85.3	111.8	92.8
	<b>1,047.2</b>	<b>939.0</b>	<b>852.7</b>
	<b>1,489.5</b>	<b>1,357.5</b>	<b>1,261.7</b>
<b>EQUITY AND LIABILITIES</b>	<b>30 June 2011</b> € million	31 Dec. 2010 € million	30 June 2010 € million
<b>Equity</b>			
Subscribed capital	156.4	118.5	118.5
Capital provision	257.1	80.1	80.1
Revenue provisions	218.3	207.7	178.3
<b>Total equity of shareholders of GILDEMEISTER Aktiengesellschaft</b>	<b>631.8</b>	<b>406.3</b>	<b>376.9</b>
Minority interests' share of equity	12.0	6.6	2.7
<b>Total equity</b>	<b>643.8</b>	<b>412.9</b>	<b>379.6</b>
<b>Long-term liabilities</b>			
Long-term financial liabilities	16.7	220.2	227.2
Pension provisions	26.5	26.3	26.5
Other long-term provisions	22.2	19.9	35.4
Trade creditors	0.2	0.4	0.1
Other long-term financial liabilities	15.0	20.9	23.7
Other long-term liabilities	2.9	3.1	3.2
Deferred taxes	6.2	5.9	2.9
	<b>89.7</b>	<b>296.7</b>	<b>319.0</b>
<b>Short-term liabilities</b>			
Short-term financial liabilities	126.6	100.0	135.6
Tax provisions	6.5	7.1	4.7
Other short-term provisions	130.6	126.0	107.3
Payments received on account	151.6	97.0	101.6
Trade creditors	291.9	264.2	171.4
Liabilities against at equity accounted companies	0.1	0.0	0.0
Liabilities to associated companies	0.2	0.3	0.0
Other short-term financial liabilities	24.5	25.9	21.4
Other short-term liabilities	24.0	27.4	21.1
	<b>756.0</b>	<b>647.9</b>	<b>563.1</b>
	<b>1,489.5</b>	<b>1,357.5</b>	<b>1,261.7</b>

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## Consolidated Cash Flow Statement

	2011 01 Jan. – 30 June € million	2010 01 Jan. – 30 June € million
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Earnings before tax (EBT)	2.1	– 26.4
Income taxes	– 0.6	7.4
Depreciation	15.1	14.0
Change in deferred taxes	– 2.0	– 10.8
Change in long-term provisions	2.5	1.6
Other income and expenses not affecting payments	14.4	1.3
Change in short-term provisions	4.0	– 15.4
Changes in inventories, trade debtors and other assets	– 144.6	– 69.1
Changes in trade creditors and other liabilities	61.8	93.2
	– 47.3	– 4.2
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>		
Amounts paid out for investments in intangible and tangible assets	– 20.9	– 11.2
Amounts paid out for investments in financial assets	0.0	– 10.1
Amounts received from the disposal of fixed assets	3.8	1.8
	– 17.1	– 19.5
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Inflows / outflows for financial debts / repayment of financial debts	– 176.1	37.3
Payments for the costs of the capital increase	– 6.3	0.0
Dividend paid	0.0	– 4.6
Proceeds from capital increase	220.0	0.0
	37.6	32.7
Changes affecting payments	– 26.8	9.0
Effects of exchange rate changes on financial securities	0.3	– 0.6
Cash and cash equivalents as of 1 January	111.8	84.4
Cash and cash equivalents as of 30 June	<b>85.3</b>	<b>92.8</b>

## 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. 2011	118.5	80.1	207.7	406.3	6.6	412.9
Total comprehensive income	0.0	0.0	10.6	10.6	-0.8	9.8
Other changes	0.0	0.0	0.0	0.0	6.2	6.2
Capital increase	37.9	177.0	0.0	214.9	0.0	214.9
<b>As at 30 June 2011</b>	<b>156.4</b>	<b>257.1</b>	<b>218.3</b>	<b>631.8</b>	<b>12.0</b>	<b>643.8</b>

	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 comprehensive income	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
Capital increase	0.0	0.0	-4.6	-4.6	0.0	-4.6
<b>As at 30 June 2010</b>	<b>118.5</b>	<b>80.1</b>	<b>178.3</b>	<b>376.9</b>	<b>2.7</b>	<b>379.6</b>

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## Group Segmental Reporting

<b>2<sup>ND</sup> QUARTER 2011</b>	Machine Tools € million	Services € million	Energy Solutions € million	Corporate Services € million	Transitions € million	Group € million
Sales revenues	259.3	121.9	16.0	0.0		397.2
EBIT	13.1	25.3	-9.0	-7.6	0.3	22.1
Investments	7.1	5.4	0.5	0.4		13.4
Employees	3,271	2,206	162	71		5,710

<b>2<sup>ND</sup> QUARTER 2010</b>	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

<b>FIRST SIX MONTHS 2011</b>	Machine Tools € million	Services € million	Energy Solutions € million	Corporate Services € million	Transitions € million	Group € million
Sales revenues	467.7	230.1	76.7	0.1		774.6
EBIT	16.3	43.8	-16.6	-11.0	0.0	32.5
Investments	22.6	7.0	0.6	0.7		30.9
Employees	3,271	2,206	162	71		5,710

<b>FIRST SIX MONTHS 2010</b>	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	0.0	-9.3
Investments	7.6	3.2	10.3	5.8		26.9
Employees	3,134	2,020	148	65		5,367



## Notes to the Interim Consolidated Financial Statements

**1 APPLICATION OF REGULATIONS** The interim consolidated financial statements of GILDEMEISTER Aktiengesellschaft as of 30 June 2011 were prepared, as were the Consolidated Financial Statements of the year ending 31 December 2010, 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 2010.

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 2010. For further details we refer to the Notes to the Consolidated Financial Statements of the year ending 31 December 2010.

**2 CONSOLIDATED GROUP** The GILDEMEISTER group including GILDEMEISTER Aktiengesellschaft comprised 128 enterprises as of 30 June 2011. The number of enterprises included in the interim financial statements has thus not changed in comparison with the consolidated financial statements as of 31 March 2011.

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

Group result excluding the profit share of the shareholders	€ K	2,193
Average weighted number of shares (pieces)		52,623,289
Earnings per share acc. to IAS 33	€	0.04

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- 4 INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT** Details of the income statement, balance sheet and on the statement of cash flows may be found in the section “Results of Operations, Net Worth and Financial Position” on page 7 et seq.
- 5 STATEMENT OF CHANGES IN GROUP EQUITY** Equity increased in total by € 230.9 million to € 643.8 million. In the reporting period, GILDEMEISTER carried out two capital increases. A capital increase was carried out in March from authorised capital in an amount of € 83.1 million. In April a rights issue was carried out with a volume of € 137.0 million. The total number of shares rose through the issue of a total of 14,586,240 new no par value shares from 45,582,003 to 60,168,243 shares. The registered capital increased by € 37.9 million to € 156.4 million; the capital provision grew less transaction costs and deferred taxes due on such by € 177.0 million to € 257.1 million.
- The group net profit as of 30 June 2011 of € 1.5 million, the changes in the market value of derivative financial instruments (€ 12.2 million) and the changes in value of financial assets held for sale contributed to the rise. Alongside this, changes in exchange rates accounted for in other comprehensive income led to a reduction in equity.
- 6 SEGMENTAL REPORTING** Within the scope of segment reporting, pursuant to the IFRS 8 regulations, the business activities of the GILDEMEISTER group have been differentiated since financial year 2010 into the business segments of “Machine Tools”, “Services”, “Energy Solutions” and “Corporate Services”. The segment differentiation follows the internal management and reporting on the basis of the different products and services. In comparison with 31 December 2010 there was no change in the delimitation of the segments or in determining the segment results. Further details on business development are included in the “Segments” chapter on page 10 et seq.
- 7 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE** Significant events occurring after the end of the reporting period are set out in the “Forecast” chapters. No other significant events have occurred since the end of the reporting period of the half-year financial statements.

### Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting and reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report 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.

Bielefeld, 2 August 2011  
 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  
 Günther-Johann Schachner, Deputy Chairman

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27 October 2011	Third Quarterly Report 2011 (1 July to 30 September)
15 March 2012	Press conference on the balance sheet, Bielefeld
15 March 2012	Publication of Annual Report 2011
16 March 2012	Society of Investment Professionals in Germany (DVFA), Analysts Conference, Frankfurt
08 May 2012	First Quarterly Report 2012 (1 January to 31 March)
18 May 2012	110 <sup>th</sup> Annual General Meeting of Shareholders at 10 a.m. in the Town Hall Bielefeld

Subject to alteration

## 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](http://www.gildemeister.com). Further copies and additional information on GILDEMEISTER are available free of charge upon request.

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