

CREATING THE FUTURE. _____

FORMING REAL VALUE. _____

Aerospace industry



Compressor wheel for aircraft turbines,
machined by DMU 80 FD duoblock®

Interim Report

First six months 2012



GILDEMEISTER

Dear shareholders,

at the present time the world economy is relatively stable, nevertheless, there is growing uncertainty in the eurozone as additional countries have recently needed funds from the European rescue package. For machine tool consumption in 2012, the vDW (German Machine Tool Builders' Association) and Oxford Economics are still forecasting (as at April 2012) worldwide growth of 8.8%.

GILDEMEISTER was once again able to further increase order intake, sales revenues and income in the second quarter. Order intake rose at the end of the first six months to € 1,188.4 million (+22%; previous year: € 971.6 million). Sales revenues reached € 916.8 million (+18%; previous year: € 774.6 million); the order backlog surpassed the billion mark. EBITDA amounted to € 64.7 million (previous year: € 47.6 million), EBIT reached € 45.4 million (previous year: € 32.5 million) and EBT rose to € 38.2 million (previous year: € 2.1 million). As at 30 June 2012, the group reports earnings after taxes of € 26.2 million (previous year: € 1.5 million).

Statements on future business performance will become more volatile. Order intake in the third quarter will be more restrained due to seasonal factors. In the second half of the year we are generally planning to continue our good performance. We expect stimulus to come from the international autumn trade fairs starting in September – the IMTS in Chicago, the AMB in Stuttgart, the BIMU in Milan and the JIMTOF in Tokyo.

The Asian markets, America and the Eastern European markets are persistently developing positively. Willingness to invest is continuing to decline in the Southern European markets as a consequence of the euro debt crisis.

We are continuing to push ahead with our cooperation with Mori Seiki. We are in line with plans and we are making increasing use of synergy potentials. At the INTERSOLAR in Munich, we presented the strategic new focus of GILDEMEISTER energy solutions for the first time.

GILDEMEISTER confirms its forecasts for 2012: In the current financial year we are expecting order intake for the first time of more than € 2 billion. We are planning sales revenues of more than € 1.9 billion and for the whole year we intend to achieve EBT of more than € 100 million as well as net income for the year of more than € 65 million. This planning is based on current market forecasts and does not take account of the euro debt crisis spreading any further. Due to the positive outlook for business and earnings, we plan to distribute a higher dividend per share for financial year 2012 than in the previous year.

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.

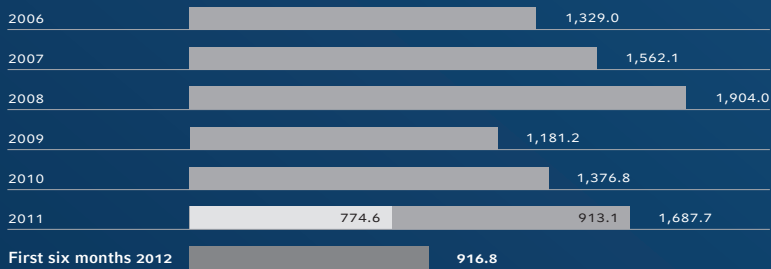
01

| GILDEMEISTER GROUP | 30 June 2012 € million | 31 Dec. 2011 € million | 30 June 2011 € million | Changes 30 June 2012 to 30 June 2011 | |
|-----------------------|---------------------------|---------------------------|---------------------------|---|------|
| | | | | € million | % |
| Sales revenues | | | | | |
| Total | 916.8 | 1,687.7 | 774.6 | 142.2 | 18 |
| Domestic | 368.1 | 632.6 | 271.9 | 96.2 | 35 |
| International | 548.7 | 1,055.1 | 502.7 | 46.0 | 9 |
| % International | 60 | 63 | 65 | | |
| Order intake | | | | | |
| Total | 1,188.4 | 1,927.3 | 971.6 | 216.8 | 22 |
| Domestic | 396.5 | 764.2 | 376.8 | 19.7 | 5 |
| International | 791.9 | 1,163.1 | 594.8 | 197.1 | 33 |
| % International | 67 | 60 | 61 | | |
| Order backlog | | | | | |
| Total | 1,079.9 | 811.2 | 769.1 | 310.8 | 40 |
| Domestic | 266.0 | 237.6 | 210.7 | 55.3 | 26 |
| International | 813.9 | 573.6 | 558.4 | 255.5 | 46 |
| % International | 75 | 71 | 73 | | |
| Investments | 27.1 | 89.7* | 30.9 | - 3.8 | - 12 |
| Personnel costs | 219.8 | 384.7 | 188.0 | 31.8 | 17 |
| Personnel ratio in % | 22.9 | 22.1 | 23.2 | | |
| EBITDA | 64.7 | 146.1 | 47.6 | 17.1 | 36 |
| EBIT | 45.4 | 112.5 | 32.5 | 12.9 | 40 |
| EBT | 38.2 | 66.9 | 2.1 | 36.1 | |
| Earnings after taxes | 26.2 | 45.5 | 1.5 | 24.7 | |

* of which € 14.8 million capital inflow to financial assets

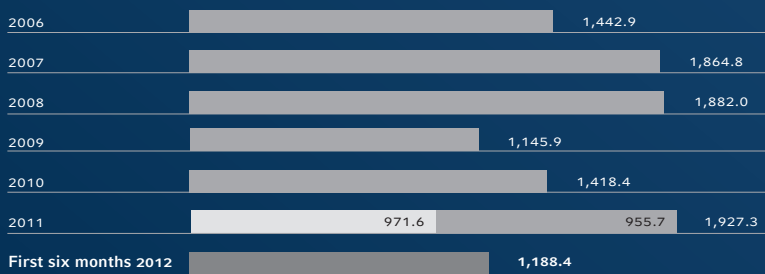
| | 30 June 2012 | 31 Dec. 2011 | 30 June 2011 | Changes 30 June 2012 to 31 Dec. 2011 | |
|-----------------|--------------|--------------|--------------|---|------|
| | | | | | % |
| Employees | 6,215 | 5,810 | 5,528 | 405 | 7 |
| plus trainees | 163 | 222 | 182 | - 59 | - 27 |
| Total employees | 6,378 | 6,032 | 5,710 | 346 | 6 |

02

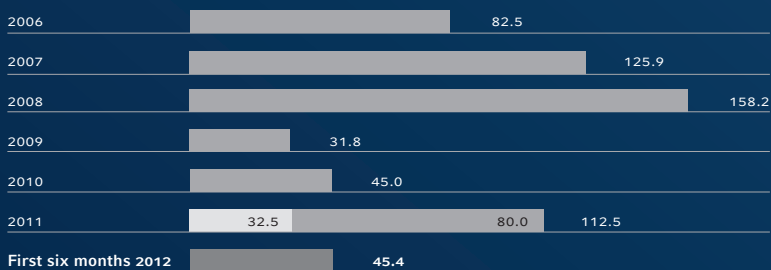
SALES REVENUES
 in € million

 << GILDEMEISTER group
 Key Figures

 << Sales Revenues
 Order Intake
 EBIT
 Employees

03

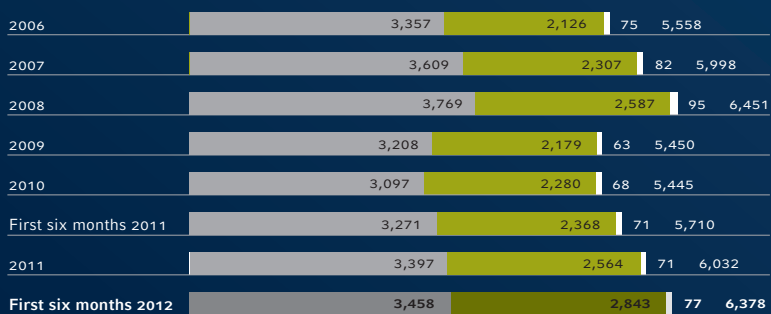
ORDER INTAKE
 in € million


04

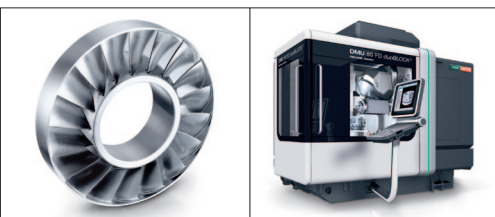
EBIT
 in € million


05

NUMBER OF EMPLOYEES
 incl. trainees

 ■ "Machine Tools"
 ■ "Industrial Services"
 ■ "Corporate Services"


| | | |
|---------------|--|---|
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COVER PICTURE ----- INNOVATIONS FOR THE AEROSPACE INDUSTRY.

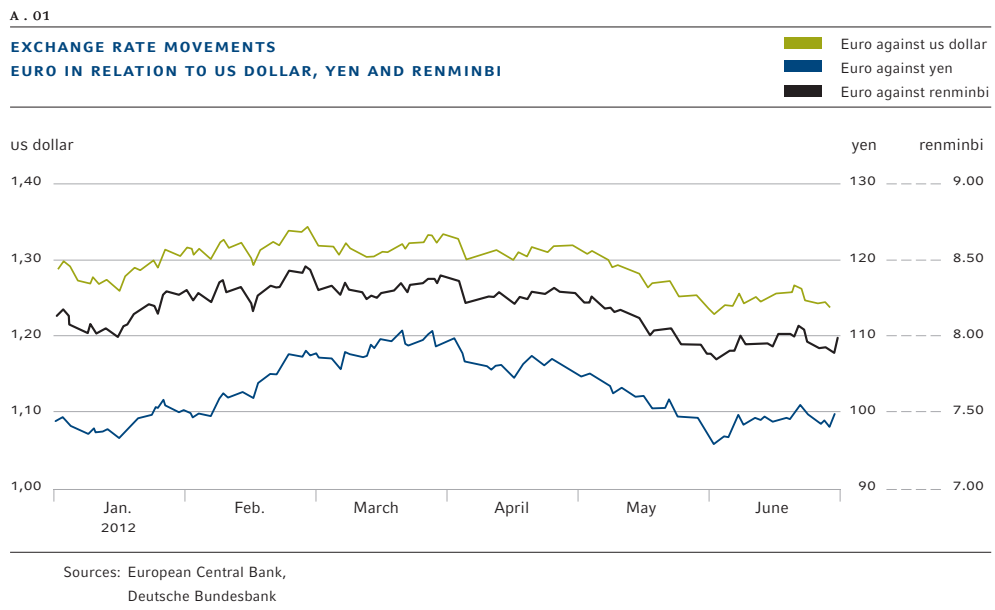
High-performance components, for example for the aerospace industry, are produced worldwide on milling machines of GILDEMEISTER. The cover picture shows a compressor wheel for aircraft turbines, produced in six hours in full machining with 5-axis milling and turning on a DMU 80 FD duoblock®.

Additional information

The global economic cycle was relatively stable in the first half year. **Overall economic development** continued to have a slight upwards trend. The economic momentum in China slowed down slightly; the main losses, however, occurred at a high level. In the **USA** the economy grew at a moderate pace. In **Europe** the economy was still restrained; development was burdened overall by the euro debt crises. In **Germany** the economy developed encouragingly robust. According to provisional calculations of the Deutsche Institut für Wirtschaftsforschung (DIW – German Economic Research Institute), the DIW economic barometer rose by 0.2% compared to the previous quarter.

GILDEMEISTER’s international business is affected by the euro’s exchange rate. Of particular importance are the US dollar, the Chinese renminbi and the Japanese yen. The euro lost in value against these **currencies** in the first half year of 2012 in comparison with the previous year’s second quarter. Compared to the average value of the euro, the US dollar was USD 1.28 (previous year’s quarter: USD 1.44) and thus the euro fell against the US dollar by 11%. The average value of the Chinese renminbi was 8.11 renminbi (previous year’s quarter: 9.35 renminbi) and thus the euro fell against the renminbi by 13.3%. Customers in the USA and the dollar-dependent markets, as well as in China, can buy our European-manufactured products at more favourable prices due to the exchange rate trend. The average value of the yen rose against the euro by 12.6% and was quoted at 102.6 yen (previous year’s quarter: 117.4 yen).

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

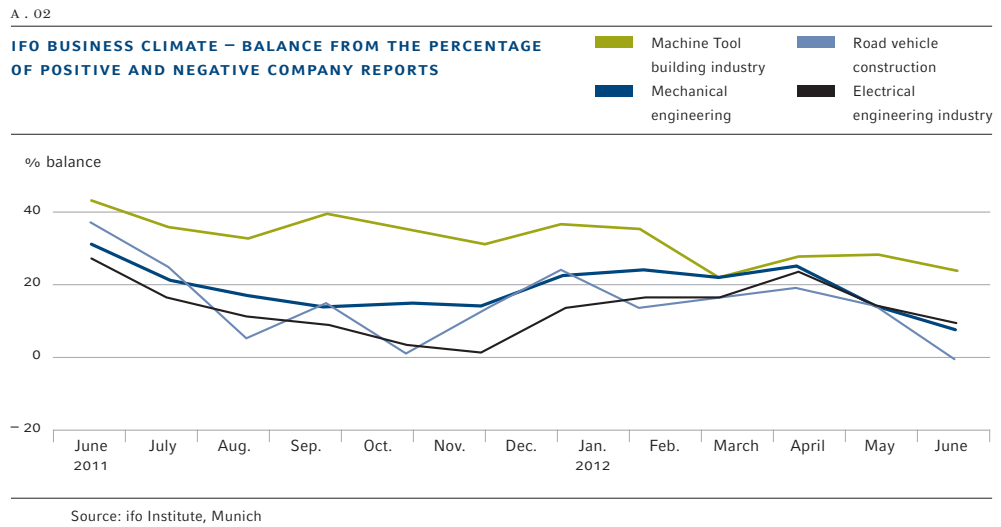


The **worldwide market for machine tools** should develop at a relatively steady pace in 2012. Statistics from some national machine tool associations indicate a decline in order intake. The vdw (German Machine Tool Builders' Association) and Oxford Economics still anticipate growth in **world consumption** of 8.8% or € 67.4 billion. According to our estimates, consumption worldwide will be lower.

The **German machine tool industry** reports a drop of 14% in order intake for cutting machines in the first five months of the year. Sales revenues at German machine tool producers have risen by 21% in comparison with the previous year due to the high capacity utilisation.

The **ifo business climate index** indicates a restrained mood for most customer industries. The index has dropped sharply for the road vehicle construction industry, whereas the current situation in the machine tool building industry is still considered to be satisfactory. Future expectations, however, are being affected by persistent uncertainty in the eurozone.

Source: Oxford Economics, vdw (German Machine Tool Builders' Association)



Economic Development

Business Development

Opportunities and Risk Management Report

Forecast

Interim Consolidated Financial Statements

Additional information

B . 01

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

The GILDEMEISTER group including GILDEMEISTER Aktiengesellschaft comprised 124 entities as at 30 June 2012. This means that in comparison with 31 March, the number has increased by one company. In June, GILDEMEISTER Beteiligungen AG founded Ulyanovsk Machine Tools ooo, Ulyanovsk, Russia. This new company is to produce turning and milling machines from the ECOLINE series for the Russian market.

Sales Revenues

Sales revenues in the second quarter reached € 465.0 million (previous year: € 397.2 million). Sales revenues in the first **half year** of **€ 916.8 million** surpassed the previous year’s figure by 18% (previous year: € 774.6 million). More detailed information on each segment is given on page 10 et seq.

Domestic sales revenues increased by 35% to € 368.1 million; the group’s international sales revenues rose by 9% to € 548.7 million. The export share amounted to 60% (previous year: 65%).

B . 02

SALES REVENUES GILDEMEISTER GROUP
 in € million

■ Domestic
 ■ International

| | | | |
|----------------------|-------|-------|-------|
| First six month 2011 | 271,9 | 502,7 | 774,6 |
| First six month 2012 | 368,1 | 548,7 | 916,8 |

| | | | |
|---|--|--|---|
| DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER Bielefeld | | | |
| 99 Sales and Service locations worldwide | DMG / MORI SEIKI Deutschland Stuttgart 8 Sales and Service locations | DMG / MORI SEIKI Services Bielefeld, Pfronten 13 Sales and Service locations worldwide | a+f GmbH Würzburg 7 Sales and Service locations |
| | DMG / MORI SEIKI Europe Dübendorf (Switzerland) 34 Sales and Service locations | | |
| | DMG / MORI SEIKI Asia Shanghai / Singapur 20 Sales and Service locations | MORI SEIKI Asien / Australien* 4 Locations | |
| | DMG / MORI SEIKI America Itasca (Illinois) 3 Sales and Service locations | MORI SEIKI USA* 10 Locations | * These markets are served and consolidated by our cooperation partner, Mori Seiki. |

Order Intake

Order intake rose in the **second quarter** by 11% to € 583.3 million (previous year: € 525.7 million). In the “Machine Tools” segment, orders reached € 312.3 million. In “Industrial Services” we were able to increase order intake markedly by 45% to € 271.0 million (previous year: € 187.5 million); the sale of Mori Seiki products contributed € 88.9 million to this. Services achieved € 237.9 million (+ 42%) and Energy Solutions contributed € 33.1 million (+ 66%). More detailed information on each segment is given on page 10 et seq.

In the first **half year** order intake amounted to **€ 1,188.4 million** (+ 22%); it was thus € 216.8 million higher than the previous year’s period. Domestic orders rose overall by 5% to € 396.5 million (previous year: € 376.8 million). Accordingly international orders grew by 33% to € 791.9 million (previous year: € 594.8 million). International orders accounted for 67% of orders (previous year: 61%). At the international trade fairs our products met with great interest: the SIMTOS in Seoul, the METALLOBRABOTKA in Moscow and the CIMES in Beijing were successful. The industry highlight for Energy Solutions was the INTERSOLAR in Munich with orders of € 25.6 million.



METALLOBRABOTKA in Moscow:
DMG / MORI SEIKI presents technologies in Moscow from the fields of turning and milling that are specific to the Russian market.

B . 03

ORDER INTAKE GILDEMEISTER GROUP in € million

| | Domestic | International | Total |
|----------------------|----------|---------------|---------|
| First six month 2011 | 376,8 | 594,8 | 971,6 |
| First six month 2012 | 396,5 | 791,9 | 1.188,4 |

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DevelopmentOpportunities and
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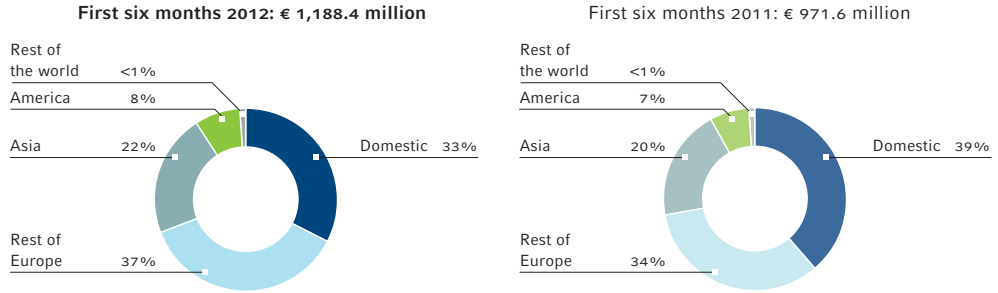
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information

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

B . 04

**ORDER INTAKE GILDEMEISTER GROUP
BY REGIONS**



Order Backlog

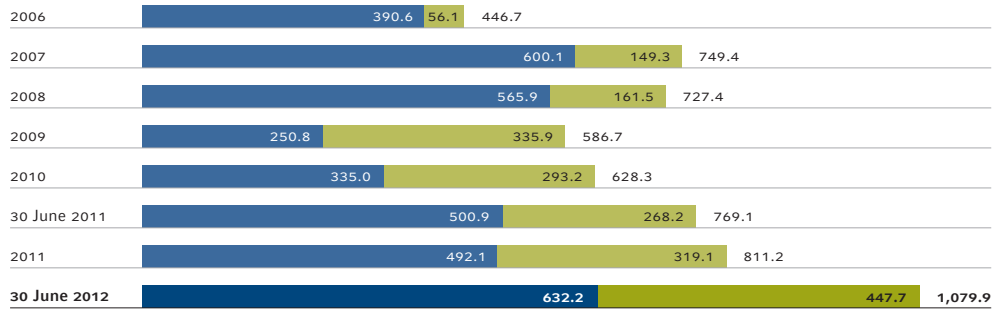
On 30 June 2012 the order backlog within the group amounted to € 1,079.9 million (+ 40% on the previous year's date). The domestic order backlog rose by € 55.3 million (+ 26%) to € 266.0 million. The international order backlog increased by € 255.5 million to € 813.9 million (+ 46%). Of the current orders, international orders account for 75%.

The backlog development progressed in the individual segments as follows:

B . 05

**ORDER BACKLOG GILDEMEISTER GROUP
in € million**

■ "Machine Tools"
■ "Industrial Services"



The "Machine Tools" order backlog results in a calculated order book of an average of some six months – a good basic capacity utilisation for the current business year.

Results of Operations, Net Worth and Financial Position

GILDEMEISTER was also able to improve its results of operations in the **second quarter**. EBITDA rose to € 36.1 million (previous year: € 29.7 million), EBIT reached € 26.6 million (previous year: € 22.1 million) and EBT rose to € 23.2 million (previous year: € 1.6 million).

As of the end of the first **half year**, EBITDA amounted to € 64.7 million (+ 36%; previous year: € 47.6 million), EBIT reached € 45.4 million (+ 40%; previous year: € 32.5 million) and EBT rose to € 38.2 million (previous year: € 2.1 million). As at 30 June 2012, the group reports earnings after taxes of € 26.2 million (previous year: € 1.5 million).

The inclusion of the European Mori Seiki sales companies in the consolidated financial statements since 1 January 2012 has impacted the key performance indicators for the results of operations, net worth and financial position. The consolidation led to an increase in total assets and liabilities, a rise in minority interests in equity and additional earnings from the Mori Seiki products' business. The key performance indicators are explained in the Notes to the Financial Statements on pages 27 et seq.

Sales revenues as of the end of the first half year reached € 916.8 million (+ 18%; previous year: € 774.6 million). Gross revenue for the period rose by 19% to € 961.4 million (previous year: € 809.5 million). The cost of materials reached € 529.1 million (previous year: € 442.3 million). Due to the building up of stocks, the materials ratio was 55.0% (previous year's period: 54.6%). Gross income rose by € 65.1 million to € 432.3 million (previous year: € 367.2 million). The personnel ratio decreased to 22.9% (previous year: 23.2%). Employee expenses rose by € 31.8 million to € 219.8 million (previous year: € 188.0 million). More detailed information can be found in the "Employees" chapter on page 15.

The balance of other income and expenses amounted to € 147.8 million (previous year: € 131.6 million). This increase is mainly due to sales revenue-dependent expenses. Depreciation amounted to € 19.3 million (previous year: € 15.1 million). The net financial costs were € - 7.2 million (previous year: € - 30.4 million). As at 30 June 2012, a tax expense of € 12.0 million arose, which led to earnings after taxes of € 26.2 million (previous year: € 1.5 million). The tax ratio amounts to 31.5% (previous year: 32.0%).

B . 06

| | 30 June 2012 € million | 31 Dec. 2011 € million | 30 June 2011 € million |
|----------------------------|---------------------------|---------------------------|---------------------------|
| Net worth | | | |
| Long-term assets | 533.1 | 463.2 | 442.3 |
| Short-term assets | 1,042.3 | 908.6 | 1,047.2 |
| Equity | 736.1 | 655.2 | 643.8 |
| Outside capital | 839.3 | 716.6 | 845.7 |
| Balance sheet total | 1,575.4 | 1,371.8 | 1,489.5 |

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The balance sheet total as at 30 June 2012 rose to € 1,575.4 million (31 Dec. 2011: € 1,371.8 million).

Under **assets**, long-term assets rose by € 69.9 million to € 533.1 million. Further details of this can be found in the “Investments“ chapter on page 9.

Short-term assets rose by € 133.7 million to € 1,042.3 million. Inventories rose due to the necessary preliminary work and prefabrication for the planned sales in the second half year by € 99.2 million to € 551.2 million; at the same time, raw materials, consumables and supplies (RHB) rose to € 220.2 million (€ + 28.0 million), unfinished goods to € 133.5 million (€ + 14.6 million) and finished goods and merchandise to € 194.2 million (€ + 54.8 million). The rise in sales in the first half year led to an increase in trade receivables of € 46.0 million to € 261.2 million. The turnover rate of inventories was 3.5 (previous year's period: 3.4). Liquid funds amounted to € 68.7 million (31 Dec. 2011: € 105.2 million).

Under **equity and liabilities**, equity rose by € 80.9 million to € 736.1 million (31 Dec. 2011: € 655.2 million). Minority interests in equity rose, due to the inclusion of the European Mori Seiki sales companies, by € 73.6 million to € 85.7 million. Due to the rise in total assets, the equity ratio in the first half year was 46.7% (31 Dec. 2011: 47.8%). Borrowings rose overall by € 122.7 million to € 839.3 million. At the same time prepayments received for orders increased by € 23.9 million to € 151.7 million. Provisions amounted to € 201.9 million (€ + 5.2 million) and trade payables rose by € 38.1 million to € 306.2 million.

The group's financial position developed as follows: In the first half year the **cash flow** from operating activities was € – 53.6 million (previous year: € – 47.3 million). Based on earnings before taxes (EBT) of € 38.2 million (previous year: € 2.1 million), depreciation (€ + 19.3 million) and the rise in prepayments received (€ + 23.9 million) had a positive effect on cash flow. A rise in inventories of € 79.2 million and a decline in trade payables of € 14.1 million reduced cash flow.

Cash flow from investment activities was € – 23.9 million (previous year: € – 17.1 million). Cash flow from financing activities was € 41.1 million (previous year: € 37.6 million).

Due to seasonal fluctuations, the **free cash flow** in the first half year was € – 77.5 million (previous year: € – 64.4 million). In the second quarter the free cash flow was € 5.7 million (previous year's quarter: € 15.0 million). A decline in trade receivables of € 15.3 million and a rise in trade payables of € 24.7 million had a positive effect on this development in the second quarter. Opposing effects arose from a rise in inventories of € 25.8 million.

In the second half year we plan to have growing liquidity surpluses and are anticipating a positive free cash flow for the whole year of more than € 50 million.

B . 07

| | 2012 First six months € million | 2011 First six months € million |
|---|---------------------------------------|---------------------------------------|
| Cashflow | | |
| Cash flow from operating activities | - 53.6 | - 47.3 |
| Cash flow from investment activity | - 23.9 | - 17.1 |
| Cash flow from financing activity | 41.1 | 37.6 |
| Changes in cash and cash equivalents | - 36.5 | - 26.5 |
| Liquid funds at the start of the reporting period | 105.2 | 111.8 |
| Liquid funds at the end of the reporting period | 68.7 | 85.3 |

Investments

Investments in property, plant and equipment, and in intangible assets in the first half year amounted to € 27.1 million (previous year's figure: € 30.9 million). In Bielefeld, the implementation of the new site concept forged ahead as planned. Besides fundamental measures to optimise and modernise the site, an "Energy Solutions Park" is also being set up. At our site in Seebach, the construction of the Technical Innovation Center and the expansion of the assembly areas are now in the final construction stages. Further focus has been placed on making available the necessary tools, models and supplies for production as well as on developing trendsetting products.

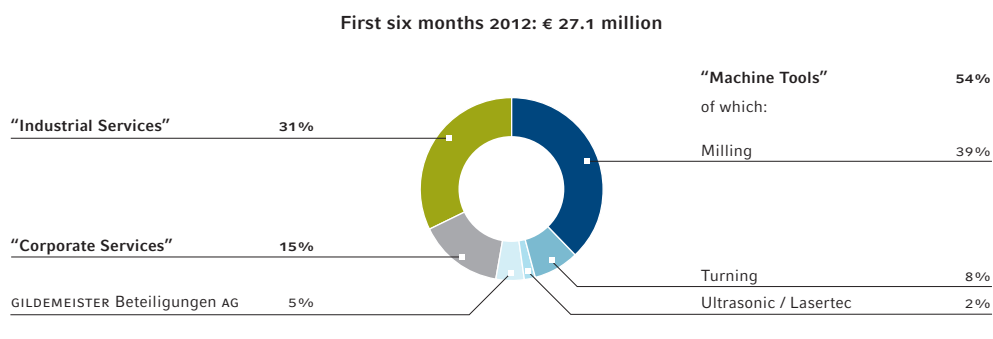


Investments at the Seebach site:

On about 7,500 square metres the new technical innovation centre with integrated prototype and experimental set-up as well as logistic area and production spaces is being built.

B . 08

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



Segmental Reporting

Our business activities include the “Machine Tools” and “Industrial Services” segments. The Mori Seiki machines produced by us under licence are included in “Machine Tools”; the trade in Mori Seiki products will be booked under “Industrial Services”. “Corporate Services” comprises the groupwide holding functions.

The breakdown of sales revenues, order intake and EBIT for the individual segments is presented as follows:

B . 09

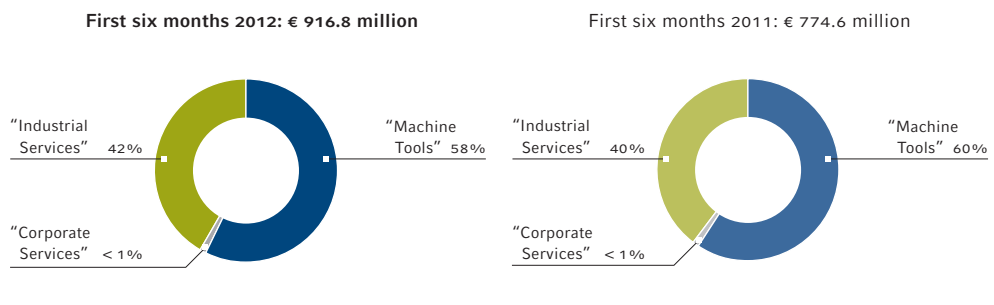
SEGMENT KEY FIGURES OF THE GILDEMEISTER GROUP

| | 30 June 2012 | 31 Dec. 2011 | 30 June 2011 | Changes 30 June 2012 to 30 June 2011 | |
|-----------------------|----------------|----------------|--------------|---|-----------|
| | € million | € million | € million | € million | % |
| Sales Revenues | 916.8 | 1,687.7 | 774.6 | 142.2 | 18 |
| Machine Tools | 532.1 | 1,088.1 | 467.7 | 64.4 | 14 |
| Industrial Services | 384.6 | 599.4 | 306.8 | 77.8 | 25 |
| Corporate Services | 0.1 | 0.2 | 0.1 | 0.0 | |
| Order Intake | 1,188.4 | 1,927.3 | 971.6 | 216.8 | 22 |
| Machine Tools | 672.2 | 1,245.8 | 633.6 | 38.6 | 6 |
| Industrial Services | 516.1 | 681.3 | 337.9 | 178.2 | 53 |
| Corporate Services | 0.1 | 0.2 | 0.1 | 0.0 | |
| EBIT | 45.4 | 112.5 | 32.5 | 12.9 | |
| Machine Tools | 16.2 | 73.4 | 16.3 | - 0.1 | |
| Industrial Services | 40.3 | 56.9 | 27.2 | 13.1 | |
| Corporate Services | - 11.2 | - 17.5 | - 11.0 | - 0.2 | |

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

B . 11

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



Order intake in the “Machine Tools” segment rose in the first half year by 6% or € 38.6 million to € 672.2 million (previous year’s period: € 633.6 million). In the second quarter orders amounted to € 312.3 million (previous year: € 338.2 million). “Machine Tools” thus accounted for 57% of all incoming orders (previous year: 65%). On 30 June the **order backlog** was € 632.2 million (year-on-year comparison: € 500.9 million). As a result of building up stocks of finished goods, EBIT amounted to € 16.2 million (previous year: € 16.3 million). As at 30 June, the “Machine Tools” segment had 3,458 **employees** (+ 61 employees; 31 Dec. 2011: 3,397). This increase was primarily due to taking on additional production personnel at our sites in Pleszew, Seebach und Pfronten.

“Industrial Services”

The “Industrial Services” segment includes the business activities of the Services and Energy Solutions divisions. These are DMG Vertriebs und Service GmbH and its subsidiaries, as well as a+f GmbH and the companies responsible for production and for sales and services. This also includes the sale and service of Mori Seiki machines. The segment provides all the services from one source.

In the **Services** business division we have combined all the services and products relating to our machine tools. With the aid of the DMG LifeCycle Services, our customers optimise the productivity of their machine tools over their entire life cycle – from commissioning until part exchange as a used machine. A diverse range of training, repair and maintenance services ensure our customers achieve a high cost efficiency of their machine tools.

Order intake rose significantly in the second quarter by € 83.5 million (+ 45%) to € 271.0 million (previous year's quarter: € 187.5 million). In the first half year order intake rose by € 178.2 million to € 516.1 million (previous year: € 337.9 million). "Industrial Services" thus accounted for 43% of incoming orders in the group (previous year: 35%). The Energy Solutions division amounted to € 42.4 million (previous year: € 34.6 million). The share of Services rose to € 473.7 million (previous year: € 303.3 million); the sales of Mori Seiki products contributed € 178.6 million to this. We are planning order intake for Mori Seiki products of about € 350 million in the current financial year. The **order backlog** amounted to € 447.7 million (year-on-year comparison: € 268.2 million).

EBIT rose in the first six months to € 40.3 million (previous year: € 27.2 million). In the "Industrial Services" segment the number of **employees** at the end of the second quarter was 2,843 (31 Dec. 2011: 2,564). The rise in employee numbers resulted mainly from the cooperation with Mori Seiki in the European markets and the associated integration of 227 employees. Moreover, we have increased personnel in Asia to strengthen our sales and service capacity.

„Corporate Services“

B . 13

KEY FIGURES "CORPORATE SERVICES" SEGMENT

| | 30 June 2012 € million | 31 Dec. 2011 € million | 30 June 2011 € million | Changes 30 June 2012 to 30 June 2011 € million | |
|---|---------------------------|---------------------------|---------------------------|--|--|
| Sales Revenues | 0.1 | 0.2 | 0.1 | 0.0 | |
| Order intake | 0.1 | 0.2 | 0.1 | 0.0 | |
| Investments | 4.2 | 17.6* | 0.7 | 3.5 | |
| EBIT | - 11.2 | - 17.5 | - 11.0 | - 0.2 | |
| *of which € 14.8 million capital inflow to financial assets | | | | | |

| | 30 June 2012 | 31 Dec. 2011 | 30 June 2011 | Changes 30 June 2012 to 31 Dec. 2011 % | |
|-----------|--------------|--------------|--------------|--|---|
| Employees | 77 | 71 | 71 | 6 | 8 |

The "Corporate Services" segment comprises GILDEMEISTER Aktiengesellschaft with its group-wide holding functions. **EBIT** amounted to € - 11.2 million (previous year: € - 11.0 million). The expenses include project costs and employee expenses for the planned production site in Russia, the further development of the group-wide sites as well as for the further internationalisation of the group.

Employees

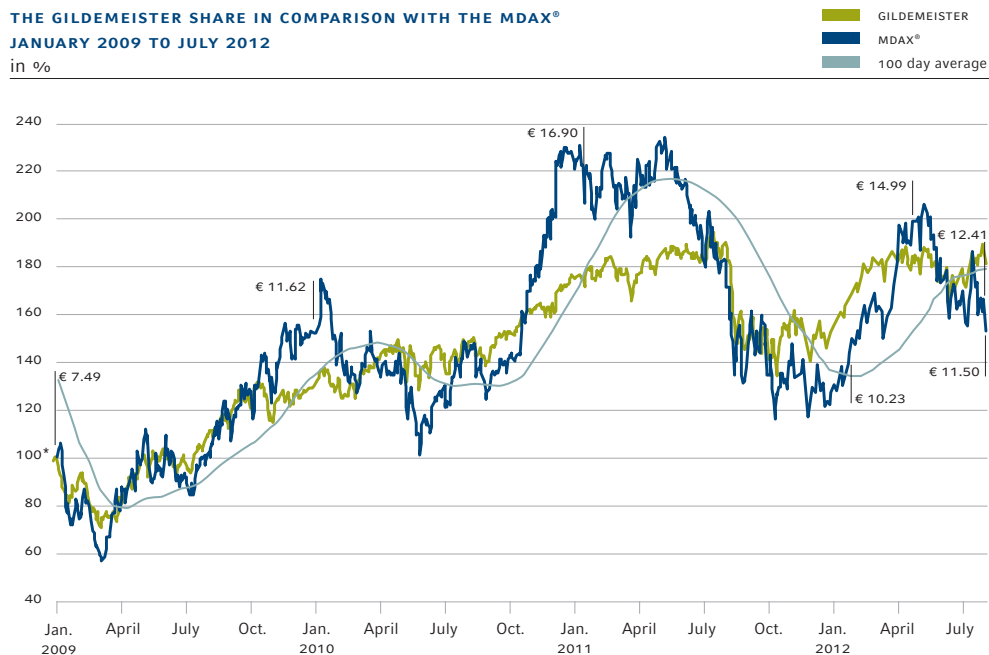
As at 30 June 2012, GILDEMEISTER had 6,378 employees, of whom 163 were trainees (31 Dec. 2011: 6,032). In comparison with year-end 2011, the number of employees has risen by 346. This increase in personnel resulted mainly from the integration of 227 Mori Seiki employees within the scope of bringing together the joint sales and service activities in Europe, as well as from taking on new employees at our production sites in Pleszew, Seebach and Pfronten. Our domestic companies have 3,638 employees (57%) and our foreign companies have 2,740 employees (43%). The personnel costs amounted to € 219.8 million (previous year's period: € 188.0 million). In comparison with the previous year, the employee ratio decreased slightly to 22.9% (previous year's period: 23.2%).

GILDEMEISTER Share

In the second quarter the GILDEMEISTER share was not able to pick up from the positive performance in the first three months. Uncertainty caused by the euro debt crisis is proving increasingly to be a burden on the capital markets. Starting at € 14.99 (2 Apr. 2012), the share closed the second quarter at € 12.41 (29 Jun. 2012). At the present time the share is being quoted at € 11.50 (23 July 2012). The company is currently being analysed by 14 banks, ten of which recommend buying the share. Four banks recommend holding on to the share.

B . 14

THE GILDEMEISTER SHARE IN COMPARISON WITH THE MDAX®
JANUARY 2009 TO JULY 2012
 in %



* 02 January 2009 = 100 stock performances indexed, XETRA stock prices
 Source: Deutsche Börse Group

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In the first six months, on the basis of the number of shares of 60.2 million, a weighted turnover of 0.8-times can be calculated (previous year's weighted period: 1.2 times). The trading volume averaged 384,000 shares per trading day (previous year: 467,000 shares).

Research & Development

Expenses for research and development in the first half year amounted to € 27.8 million (previous year: € 25.2 million). There are currently 499 employees working on the development of our new products; this corresponds to 15% of the workforce. In the first six months, GILDEMEISTER presented eight of a total of 17 new developments planned for 2012.

In **turning** technology, we presented the **SPRINT 50** as a world premiere with three turrets. With the patented **TWIN** concept, this turning machine was developed for efficient use in the production of mass parts. It enables flexible workpiece machining of up to three workpieces simultaneously. The **TRIFIX** interface for fast, precise tool change reduces set-up times by up to 35%.

At the **INTERSOLAR** in Munich, GILDEMEISTER energy solutions presented **integrated energy solutions** for the production, storage and use of renewable energies for own consumption by industrial companies. The highlights were the flexible and scalable **SunCarrier 22** solar tracking system and the modular **CellCube** storage solutions for independent electricity supply.

The 17 new developments in 2012 will be exhibited by GILDEMEISTER at a total of 64 national and international trade fairs as well as at in-house exhibitions. These include throughout the remainder of the year the industry highlights of the **IMTS** in Chicago, the **AMB** in Stuttgart and the **BIMU** in Milan and the **JIMTOF** in Tokyo.



World premiere in the 2nd quarter 2012 – the **SPRINT 50**:

A new dimension in high-speed automated turning with the patented **TWIN** workspace concept is the **SPRINT 50**. At the in-house exhibition in Bielefeld in June 2012 the **SPRINT 50** was presented for the first time as a world premiere and with its three turrets offers complete machining, for example for medical technology.

Opportunities and Risk Management Report

In its business activities, GILDEMEISTER is exposed to 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 current risk situation of the group and of the individual business units.

Opportunities are identified and analysed within the opportunities and risk management system. With the Marketing Information System (MIS) we identify significant individual opportunities by compiling customer data worldwide and evaluating market and competitor data. We intend to make use of the potential in growth markets. We will continue to build up our sales. In this connection, we are also planning to extend our cooperation with Mori Seiki to the Chinese growth market.

We expect that renewable energies will continue to grow in importance. We are participating in this market with GILDEMEISTER energy solutions, which offers our industrial customers, in particular, solutions to optimise their energy management. With our ECOLINE series we are serving the demand in global markets for favourably-priced machines with innovative technology. Through the MILLTAP 700, which we jointly developed with Mori Seiki, we are tapping into a new market segment, where we see good development opportunities. MG Finance offers our customers tailor-made financing solutions.

Strategic opportunities arise for us through our sustained leadership in innovations and technology. We will benefit from a sound order backlog and expect further stimulus from the international autumn trade fairs.

Risks are systematically identified, assessed, aggregated, monitored and notified by the GILDEMEISTER risk management system. Overall economic risks ensue in particular from cyclical trends. Accordingly, economic activity in Europe, especially, is restrained. Development is negatively affected overall by the euro debt crisis. Further growth prospects in Europe depend essentially on whether and how the crisis can be resolved. Should the rescue packages prove to be ineffective and it is not possible to contain the crisis, this could have a considerable impact on the economy. A slump in the economy would lead to a marked reduction in sales volumes or in the margins achievable. On the procurements side, GILDEMEISTER finds itself faced with possible price increases for materials in the machine tools business.

We assume that the tax and social insurance declarations we submit are complete and correct. Nevertheless, due to differing assessments of the facts, additional charges may arise within the scope of an audit.

To secure our future success, we are reliant upon highly-qualified specialists and managers. If it is not possible to gain and retain such employees in sufficient numbers, this may restrict the group's development long-term.

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For large-scale photovoltaic projects in the GILDEMEISTER energy solutions division, there are the usual risks associated with the project business. Moreover, we operate solar parks for some customers and therefore bear the corresponding operational risks. All risks are aggregated to a total risk at GILDEMEISTER, which, from today's perspective, does not endanger the future of the group as a going concern.

Forecast

The **world economy** will continue to grow according to current forecasts of the Kiel Institute for the World Economy (IFW) – however only if uncertainty on the financial markets caused by the debt crisis lessens. A decline in oil prices could relieve the strain. Dynamic growth is forecast for China. In Japan and in the USA, economic activity should develop at a moderate pace over the remainder of the year. In Europe the economic situation will remain weak. Cyclical divergences within the eurozone are expected to intensify further. In Germany the economy has also been overshadowed recently by increased uncertainty.

The **worldwide market for machine tools** should develop at a relatively steady pace in 2012. The forecast of the German Machine Tool Builders' Association (VDW) and of the British economic research institute, Oxford Economics, (as at April 2012) still continue to anticipate growth in **worldwide consumption** of 8.8% or € 67.4 billion. The statistics available from the major national machine tool builders' associations, however, indicate a decline in order intake. According to our estimates, worldwide consumption will be lower.

C . 01

MACHINE TOOLS CONSUMPTION WORLDWIDE in € billion

| | | |
|------|--|-----------------|
| 2011 |  | 61.9 |
| 2012 |  | 67.4 (estimate) |

Source: vdw (German Machine Tool Builders' Association), Oxford Economics

GILDEMEISTER intends to expand its global market presence, especially in fast-growing markets. We consider future **sales markets** with growth potential to be primarily in Asia. Current forecast expect a rise of 11.3%; we plan to participate in this growth at a higher than average level. In addition, we will concentrate more intensely on growing industries such as aerospace and medical technology.

We will push ahead with our cooperation with Mori Seiki throughout the current financial year and extend it to China, the largest sales market. We have realigned our renewable energies business.

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Latest news:



GILDEMEISTER received the „**Volkswagen Group Award 2012**“ on 18 July 2012. The Volkswagen group honoured a total of 18 of its best suppliers for their entrepreneurial performance. GILDEMEISTER received the award as a specialist for turning and milling machines as well as for producing a solar and wind powered electric vehicle charging station.

Sources: Press release of Volkswagen Aktiengesellschaft of 18 July 2012

Award certificate bestowed on GILDEMEISTER Aktiengesellschaft in Copenhagen, 18 July 2012

Future Business Development

GILDEMEISTER confirms its forecasts for **financial year 2012**: In the current financial year we are expecting **order intake for the first time of more than € 2 billion**. Statements on future business performance will become more volatile. Order intake in the third quarter will be more restrained due to seasonal factors. In the second half of the year we are generally planning to continue our good performance.

The Asian markets, America and the Eastern European markets are persistently developing positively. Willingness to invest is continuing to decline in the Southern European countries as a consequence of the euro debt crisis. We are continuing to push ahead with our cooperation with Mori Seiki. We are in line with plans and we are making increasing use of synergy potentials.

We are planning **sales revenues** of more than € 1.9 billion and for the whole year we intend to achieve **EBT** of more than € 100 million and **net income for the year** of more than € 65 million. **Free cash flow** of more than € 50 million is planned. This planning is based on current market forecasts and does not take account of the euro debt crisis spreading any further. Due to the positive outlook for business and earnings, we plan to distribute a higher dividend per share for financial year 2012 than in the previous year.

General conditions for **financial year 2013** are actually difficult to be estimated. The economy in Europe will be significantly affected by how the euro debt crisis develops and the results of the rescue packages. For 2013, the vdw and Oxford Economics are still forecasting growth (as at April 2012) in the worldwide consumption of machine tools. We are planning a positive development also for the financial year 2013. We have introduced measures to be flexible on costs so as to be prepared for any possible economic changes.

Consolidated Income Statement

D . 01

| 2 ND QUARTER | 2012 | | 2011 | | Changes | |
|---|--------------------|-------|--------------------|-------|-------------------|-------|
| | 01 April – 30 June | | 01 April – 30 June | | 2012 against 2011 | |
| | € million | % | € million | % | € million | % |
| Sales Revenues | 465.0 | 98.0 | 397.2 | 100.2 | 67.8 | 17.1 |
| Changes in finished goods and work in progress | 7.7 | 1.6 | -3.2 | -0.8 | 10.9 | 340.6 |
| Own work capitalised | 1.8 | 0.4 | 2.4 | 0.6 | -0.6 | 25.0 |
| Total Work Done | 474.5 | 100.0 | 396.4 | 100.0 | 78.1 | 19.7 |
| Cost of materials | -253.8 | -53.5 | -203.3 | -51.3 | -50.5 | 24.8 |
| Gross Profit | 220.7 | 46.5 | 193.1 | 48.7 | 27.6 | 14.3 |
| Personnel costs | -111.0 | -23.4 | -95.1 | -24.0 | -15.9 | 16.7 |
| Other income and expenses | -73.6 | -15.5 | -68.3 | -17.2 | -5.3 | 7.8 |
| Depreciation | -9.5 | -2.0 | -7.6 | -1.9 | -1.9 | 25.0 |
| Financial Result | -3.4 | -0.7 | -20.5 | -5.2 | 17.1 | 83.4 |
| EBT | 23.2 | 4.9 | 1.6 | 0.4 | 21.6 | |
| Income Taxes | -7.3 | -1.5 | -0.4 | -0.1 | -6.9 | |
| Earnings after taxes | 15.9 | 3.4 | 1.2 | 0.3 | 14.7 | |
| Profit share of shareholders of GILDEMEISTER Aktiengesellschaft | 16.9 | 3.6 | 1.6 | 0.4 | 15.3 | |
| Profit share attributed to minority interests | -1.0 | -0.2 | -0.4 | -0.1 | -0.6 | |
| Earnings per share pursuant to IAS 33 (in euros) | | | | | | |
| Undiluted | 0.29 | | 0.03 | | | |
| Diluted | 0.29 | | 0.03 | | | |

| FIRST SIX MONTHS | 2012 | | 2011 | | Changes | |
|---|-------------------|-------|-------------------|-------|-------------------|------|
| | 01 Jan. – 30 June | | 01 Jan. – 30 June | | 2012 against 2011 | |
| | € million | % | € million | % | € million | % |
| Sales Revenues | 916.8 | 95.4 | 774.6 | 95.7 | 142.2 | 18.4 |
| Changes in finished goods and work in progress | 41.6 | 4.3 | 30.2 | 3.7 | 11.4 | 37.7 |
| Own work capitalised | 3.0 | 0.3 | 4.7 | 0.6 | -1.7 | 36.2 |
| Total Work Done | 961.4 | 100.0 | 809.5 | 100.0 | 151.9 | 18.8 |
| Cost of materials | -529.1 | -55.0 | -442.3 | -54.6 | -86.8 | 19.6 |
| Gross Profit | 432.3 | 45.0 | 367.2 | 45.4 | 65.1 | 17.7 |
| Personnel costs | -219.8 | -22.9 | -188.0 | -23.2 | -31.8 | 16.9 |
| Other income and expenses | -147.8 | -15.4 | -131.6 | -16.3 | -16.2 | 12.3 |
| Depreciation | -19.3 | -2.0 | -15.1 | -1.9 | -4.2 | 27.8 |
| Financial Result | -7.2 | -0.7 | -30.4 | -3.7 | 23.2 | 76.3 |
| EBT | 38.2 | 4.0 | 2.1 | 0.3 | 36.1 | |
| Income Taxes | -12.0 | -1.3 | -0.6 | -0.1 | -11.4 | |
| Earnings after taxes | 26.2 | 2.7 | 1.5 | 0.2 | 24.7 | |
| Profit share of shareholders of GILDEMEISTER Aktiengesellschaft | 26.4 | 2.7 | 2.2 | 0.3 | 24.2 | |
| Profit share attributed to minority interests | -0.2 | 0.0 | -0.7 | -0.1 | 0.2 | |
| Earnings per share pursuant to IAS 33 (in euros) | | | | | | |
| Undiluted | 0.45 | | 0.04 | | | |
| Diluted | 0.45 | | 0.04 | | | |

Group Statement of Comprehensive Income

D. 02

| | 2012 01 Jan. – 30 June € million | 2011 01 Jan. – 30 June € million |
|--|--|--|
| Earnings after taxes | 26.2 | 1.5 |
| Other comprehensive income | | |
| Differences from currency translation | - 5.3 | - 5.3 |
| Changes in market value of derivative financial instruments | 0.8 | 17.1 |
| Changes in the fair value measurement of available-for-sale assets | 0.3 | 1.4 |
| Income tax expense on other comprehensive income | - 0.3 | - 4.9 |
| Other comprehensive income for the period after taxes | - 4.5 | 8.3 |
| Total comprehensive income for the period | 21.7 | 9.8 |
| Profit share of shareholders of GILDEMEISTER Aktiengesellschaft | 21.9 | 10.6 |
| Profit share attributed to minority interests | - 0.2 | - 0.8 |

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Consolidated Balance Sheet

D . 03

| ASSETS | 30 June 2012 € million | 31 Dec. 2011 € million | 30 June 2011 € million |
|--|----------------------------------|---------------------------|---------------------------|
| Long-term assets | | | |
| Goodwill | 113.5 | 83.0 | 80.6 |
| Other intangible assets | 63.7 | 49.3 | 42.2 |
| Tangible assets | 234.5 | 218.0 | 205.1 |
| Equity accounted investments | 7.2 | 6.7 | 6.3 |
| Other equity investments | 47.1 | 46.9 | 46.2 |
| Trade debtors | 2.8 | 1.4 | 1.3 |
| Receivables from associated companies | 4.7 | 4.9 | 3.6 |
| Other long-term financial assets | 9.8 | 10.4 | 6.8 |
| Other long-term assets | 1.1 | 1.3 | 8.1 |
| Deferred taxes | 48.7 | 41.3 | 42.1 |
| | 533.1 | 463.2 | 442.3 |
| Short-term assets | | | |
| Inventories | 551.2 | 452.0 | 474.6 |
| Trade debtors | 222.2 | 188.7 | 364.9 |
| Receivables from at equity accounted companies | 11.2 | 3.8 | 7.6 |
| Receivables from related parties | 13.0 | 10.5 | 0.0 |
| Receivables from associated companies | 7.3 | 5.9 | 0.3 |
| Other short-term financial assets | 80.9 | 69.4 | 88.5 |
| Other short-term assets | 41.1 | 29.5 | 26.0 |
| Cash and cash equivalents | 68.7 | 105.2 | 85.3 |
| Long-term assets held for sale | 46.7 | 43.6 | 0.0 |
| | 1.042.3 | 908.6 | 1.047.2 |
| | 1.575.4 | 1.371.8 | 1.489.5 |

| EQUITY AND LIABILITIES | 30 June 2012 | 31 Dec. 2011 | 30 June 2011 |
|---|---------------------|---------------------|---------------------|
| | € million | € million | € million |
| Equity | | | |
| Subscribed capital | 151.7 | 151.7 | 156.4 |
| Capital provision | 257.2 | 257.2 | 257.1 |
| Revenue provisions | 241.5 | 234.2 | 218.3 |
| Total equity of shareholders of | | | |
| GILDEMEISTER Aktiengesellschaft | 650.4 | 643.1 | 631.8 |
| Minority interests' share of equity | 85.7 | 12.1 | 12.0 |
| Total equity | 736.1 | 655.2 | 643.8 |
| Long-term liabilities | | | |
| Long-term financial debts | 12.5 | 14.5 | 16.7 |
| Pension provisions | 22.2 | 21.6 | 26.5 |
| Other long-term provisions | 17.8 | 16.7 | 22.2 |
| Trade creditors | 0.3 | 0.3 | 0.2 |
| Liabilities to associated companies | 0.0 | 0.4 | 0.0 |
| Other long-term financial liabilities | 8.8 | 16.2 | 15.0 |
| Other long-term liabilities | 2.5 | 2.8 | 2.9 |
| Deferred taxes | 11.0 | 7.7 | 6.2 |
| | 75.1 | 80.2 | 89.7 |
| Short-term liabilities | | | |
| Short-term financial debts | 70.8 | 19.5 | 126.6 |
| Tax provisions | 16.6 | 13.3 | 6.5 |
| Other short-term provisions | 145.3 | 145.1 | 130.6 |
| Payments received on account | 151.7 | 127.8 | 151.6 |
| Trade creditors | 268.4 | 246.1 | 291.9 |
| Liabilities to at equity accounted companies | 0.3 | 0.2 | 0.1 |
| Liabilities to associated companies | 12.7 | 9.9 | 0.2 |
| Liabilities to related parties | 24.5 | 11.2 | 0.0 |
| Other short-term financial liabilities | 34.1 | 24.3 | 24.5 |
| Other short-term liabilities | 29.0 | 27.1 | 24.0 |
| Liabilities in connection with assets held for sale | 10.8 | 11.9 | 0.0 |
| | 764.2 | 636.4 | 756.0 |
| | 1,575.4 | 1,371.8 | 1,489.5 |

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Consolidated Cash Flow Statement

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| | 2012 01 Jan. – 30 June € million | 2011 01 Jan. – 30 June € million |
|--|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Earnings before tax (EBT) | 38.2 | 2.1 |
| Income taxes | - 12.0 | - 0.6 |
| Depreciation | 19.3 | 15.1 |
| Change in deferred taxes | - 4.1 | - 2.0 |
| Change in long-term provisions | 0.8 | 2.5 |
| Other income and expenses not affecting payments | - 1.4 | 14.4 |
| Change in short-term provisions | - 1.0 | 4.0 |
| Changes in inventories, trade debtors and other assets | - 97.9 | - 144.6 |
| Changes in trade creditors and other liabilities | 4.5 | 61.8 |
| | - 53.6 | - 47.3 |
| CASH FLOW FROM INVESTMENT ACTIVITY | | |
| Amounts paid out for investments in intangible and tangible assets | - 24.5 | - 20.9 |
| Amounts received from the disposal of fixed assets | 0.6 | 3.8 |
| | - 23.9 | - 17.1 |
| CASH FLOW FROM FINANCING ACTIVITY | | |
| Inflows / outflows for borrowings / repayment of borrowings | 51.5 | - 176.1 |
| Payments for the costs of the capital increase | 0.0 | - 6.3 |
| Dividends paid | - 14.6 | 0.0 |
| Proceeds from capital increase | 0.0 | 220.0 |
| Payments for changes in interests in subsidiaries | - 2.5 | 0.0 |
| Changes to consolidated companies | 6.7 | 0.0 |
| | 41.1 | 37.6 |
| Changes affecting payments | - 36.4 | - 26.8 |
| Effects of exchange rate changes on financial securities | - 0.1 | 0.3 |
| Cash and cash equivalents at 1 January | 105.2 | 111.8 |
| Cash and cash equivalents at 30 June | 68.7 | 85.3 |

Development of Group Equity

D. 05

| | Subscribed capital € million | Capital provision € million | Revenue provisions € million | Total equity of shareholders of GILDEMEISTER Aktiengesellschaft € million | Minority interests' share of equity € million | Total Equity € million |
|----------------------------|---------------------------------|--------------------------------|---------------------------------|--|---|---------------------------|
| As at 1 Jan. 2012 | 151.7 | 257.2 | 234.2 | 643.1 | 12.1 | 655.2 |
| Total comprehensive income | 0.0 | 0.0 | 21.9 | 21.9 | -0.2 | 21.7 |
| Consolidation measures / | | | | | | |
| Other changes | 0.0 | 0.0 | 0.0 | 0.0 | 73.8 | 73.8 |
| Dividend | 0.0 | 0.0 | -14.6 | -14.6 | 0.0 | -14.6 |
| As at 30 June 2012 | 151.7 | 257.2 | 241.5 | 650.4 | 85.7 | 736.1 |

| | Subscribed capital € million | Capital provision € million | Revenue provisions € million | Total equity of shareholders of GILDEMEISTER Aktiengesellschaft € million | Minority interests' share of equity € million | Total 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 |
| As at 30 June 2011 | 156.4 | 257.1 | 218.3 | 631.8 | 12.0 | 643.8 |

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Group Segmental Reporting

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| 2ND QUARTER 2012 | Machine Tools € million | Industrial Services € million | Corporate Services € million | Transitions € million | Group € million |
|------------------------------------|-------------------------------|-------------------------------------|------------------------------------|--------------------------|--------------------|
| Sales revenues | 272.5 | 192.5 | 0.0 | | 465.0 |
| EBIT | 14.0 | 18.6 | - 6.4 | 0.4 | 26.6 |
| Investments | 7.7 | 4.2 | 3.8 | | 15.7 |
| Employees | 3,458 | 2,843 | 77 | | 6,378 |

| 2ND QUARTER 2011 | Machine Tools € million | Industrial Services € million | Corporate Services € million | Transitions € million | Group € million |
|------------------------------------|-------------------------------|-------------------------------------|------------------------------------|--------------------------|--------------------|
| Sales revenues | 259.3 | 137.9 | 0.0 | | 397.2 |
| EBIT | 13.1 | 16.3 | - 7.6 | 0.3 | 22.1 |
| Investments | 7.1 | 5.9 | 0.4 | | 13.4 |
| Employees | 3,271 | 2,368 | 71 | | 5,710 |

| FIRST SIX MONTHS 2012 | Machine Tools € million | Industrial Services € million | Corporate Services € million | Transitions € million | Group € million |
|------------------------------|-------------------------------|-------------------------------------|------------------------------------|--------------------------|--------------------|
| Sales revenues | 532.1 | 384.6 | 0.1 | | 916.8 |
| EBIT | 16.2 | 40.3 | - 11.2 | 0.1 | 45.4 |
| Investments | 14.5 | 8.4 | 4.2 | | 27.1 |
| Employees | 3,458 | 2,843 | 77 | | 6,378 |

| FIRST SIX MONTHS 2011 | Machine Tools € million | Industrial Services € million | Corporate Services € million | Transitions € million | Group € million |
|------------------------------|-------------------------------|-------------------------------------|------------------------------------|--------------------------|--------------------|
| Sales revenues | 467.7 | 306.8 | 0.1 | | 774.6 |
| EBIT | 16.3 | 27.2 | - 11.0 | 0.0 | 32.5 |
| Investments | 22.6 | 7.6 | 0.7 | | 30.9 |
| Employees | 3,271 | 2,368 | 71 | | 5,710 |

Notes to the Interim Consolidated Financial Statements

1 APPLICATION OF REGULATIONS

The interim consolidated financial statements of GILDEMEISTER Aktiengesellschaft as of 30 June 2012 were prepared, as were the Consolidated Financial Statements of the year ending 31 December 2011, 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 2011.

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 2011. For further details we refer to the Notes to the Consolidated Financial Statements of the year ending 31 December 2011.

2 CONSOLIDATED GROUP

On 30 June 2012, the GILDEMEISTER group, including GILDEMEISTER Aktiengesellschaft, comprised 124 companies, 121 of which were included in the Interim Financial Statements as part of the full consolidation process. Compared to 31 March 2012, the number of group companies has risen by one. In June, GILDEMEISTER Beteiligungen AG founded Ulyanovsk Machine Tools ooo, with registered office in Ulyanovsk, Russia. Compared to the consolidated financial statements as of 31 December 2011, the number of companies has risen by seven. As already reported in the interim report as of 31 March 2012, the material changes result from expanding the cooperation with Mori Seiki to the European markets. As of 1 January 2012, GILDEMEISTER and Mori Seiki transferred their investments in their European sales companies to DMG MORI SEIKI Europe AG, Dübendorf, Switzerland. DMG Holding AG, Dübendorf, Switzerland, holds 60% of the shares in DMG MORI SEIKI Europe AG and Mori Seiki Co. Ltd., Nagoya, holds 40% of the shares.

The European Mori Seiki sales companies in Italy, France, Spain, Great Britain and Sweden have been consolidated since 1 January 2012.

The following individual assets and liabilities were acquired and recognised at provisional fair value: € 22,823 k intangible assets, property, plant and equipment, and financial assets, € 18,900 k inventories as well as € 56,621 k receivables and other assets, € 5,297 k provisions, € 70,806 k borrowings and cash and cash equivalents in an amount of € 6,646 k. The net assets acquired amounted in total to € 28,887 k. When measuring the minority interests' share in equity, use was made of the option in IFRS 3 of measuring minority interests at their proportionate share of net assets, which led to lower recognition.

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As of 30 June 2012, the purchase price allocation is still provisional. This results in goodwill of € 21,200 κ.

Since 1 January 2012, the European Mori Seiki sales companies have contributed an additional € 72,125 κ to group sales revenues. The share of earnings before taxes for the same period amounted to € 1,094 κ.

Furthermore, comparison with the consolidated financial statements for the period ending 31 December 2011 is not impaired. With no change from the consolidated financial statements 2011, DMG / Mori Seiki Australia Pty. Ltd. and SUN CARRIER OMEGA Pvt. Ltd. are classified as a joint venture and included in the consolidated financial statements at equity. MG Finance GmbH was classified as an associate and also included at equity in the interim financial statements.

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. At the same time the group earnings after taxes of € 26.2 million are increased by € 0.2 million by the minority interests' earnings.

| D . 07 | | |
|---|-----|------------|
| Group result excluding the profit share of the shareholders | € κ | 26,439 |
| Average weighted number of shares (pieces) | | 58,363,195 |
| Earnings per share acc. to IAS 33 | € | 0.45 |

4 INCOME STATEMENT, STATEMENT OF FINANCIAL POSITION, CASH FLOW STATEMENT Detailed explanations of the income statement, the statement of financial position and the cash flow statement can be found in the section “Results of Operations, Net Worth and Financial Position” on page 7 et seq.


5 STATEMENT OF COMPREHENSIVE INCOME Total comprehensive income for the period as at 30 June of € 21.7 million comprised earnings after taxes (€ 26.2 million) and “other comprehensive income for the period after taxes” (€ – 4.5 million). Significant influential factors were the change in measurement of financial assets available for sale and the change in the market value of derivative financial instruments. The differences arising from the foreign currency translation reduced comprehensive income. Seasonally-related income and expenses, respectively those distributed unevenly over the year, did not have any material effect.

| | | |
|--|---|--|
| 6 DEVELOPMENT OF GROUP EQUITY | Equity increased in total by € 80.9 million to € 736.1 million. Minority interests' share of equity rose by € 73.6 million to € 85.7 million. The earnings after taxes as at 30 June 2012 of € 26.2 million, the changes in value of financial assets available for sale of € 0.3 million as well as the changes in fair value of derivative financial instruments of € 0.5 million increased equity. This was compensated by a reduction in equity through the recognition of currency changes directly in equity as well as by the distribution of a dividend in May 2012 of € – 14.6 million. | ----- Economic Development ----- |
| 7 SEGMENTAL REPORTING | Within the scope of segmental reporting, pursuant to the IFRS 8 regulations the business activities of the GILDEMEISTER group – as already reported – have been differentiated since financial year 2011 into the business segments of “Machine Tools”, “Industrial Services” and “Corporate Services”. The segment differentiation follows the internal management and reporting on the basis of the different products and services. The Mori Seiki machines produced under licence are included in “Machine Tools”; the business with Mori Seiki products will be booked under “Industrial Services”. The demarcation of the segments and the determination of the segment results remain unchanged from 31 December 2011. Further details on business development are included in the “Segments” section on page 11 et seq. | ----- Business Development ----- ----- Opportunities and Risk Management Report ----- |
| 8 STATEMENT OF RELATIONS TO RELATED COMPANIES AND PERSONS | Material changes as of 31 March 2012 have not arisen. As presented in the notes to the financial statements as of 31 December 2011, numerous business relations continue to exist with related parties, which are conducted on the basis of standard market terms and conditions. | ----- Forecast ----- |
| 9 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE | Significant events occurring after the end of the reporting period are presented in the “Forecast”. No other significant events have occurred after the reporting date 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, 26 July 2012
GILDEMEISTER Aktiengesellschaft
The Executive Board


Dipl.-Kfm. Dr. Rüdiger Kapitza


Dipl.-Ing. Günter Bachmann


Dipl.-Kffr. Kathrin Dahnke


Dipl.-Kfm. Dr. Thorsten Schmidt


Dipl.-Kfm. Christian Thönes

Supervisory Board:
Hans Henning Offen, Chairman
Günther-Johann Schachner, Deputy chairman

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| 25 October 2012 | Third Quarterly Report 2012 (1 July to 30 September) |
| 14 March 2013 | Press conference on the balance sheet, Dusseldorf |
| 14 March 2013 | Publication of Annual Report 2012 |
| 15 March 2013 | Society of Investment Professionals in Germany (DVFA), Analysts Conference, Frankfurt |
| 07 May 2013 | First Quarterly Report 2013 (1 January to 31 March) |
| 17 May 2013 | 111 th Annual General Meeting of Shareholders at 10 a.m. in the Town Hall Bielefeld |

Subject to alteration

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Forward-looking statements

This report contains forward-looking statements, which are based on current estimates of the management of future developments. Such statements are based on the management's current expectations and specific assumptions. They are subject to risks, uncertainties and other factors, which could lead to the actual future circumstances, including the assets, liabilities, financial position and profit or loss of GILDEMEISTER, differing materially from or being more negative than those expressly or implicitly assumed or described in these statements. The business activities of GILDEMEISTER are subject to a series of risks and uncertainties, which may result in forward-looking statements, estimates or forecasts becoming inaccurate.

GILDEMEISTER is strongly affected, in particular, by changes in general economic and business conditions (including margin developments in the most important business areas as well as the consequences of a recession) as these have a direct effect on processes, suppliers and customers. Due to their differences, not all business areas are affected to the same extent by changes in the economic environment; significant differences exist with respect to the timing and extent of the effects of any such changes. This effect is further intensified by the fact that, as a global entity, GILDEMEISTER operates in various markets with very different economic rates of growth. Uncertainties arise inter alia from the risk that customers may delay or cancel orders or they may become insolvent or that prices become further depressed by a persistently unfavourable market environment than that which we are expecting at the current time; developments on 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 in financial assets in general; growing volatility and further decline in the capital markets and a deterioration in the conditions for the credit business and in particular deterioration from growing uncertainties that arise from the financial market and liquidity crisis including that of the euro debt crisis as well as a deterioration in the future economic success of the core business areas in which we operate; challenges in integrating major acquisitions and in implementing joint ventures and achieving the expected synergy effects and other essential portfolio measures; the introduction of competing products or technology by other companies or the entry onto the market of new competitors; a change in the dynamics of competition (primarily on developing markets); a lack of acceptance of new products and services in customer target groups of the GILDEMEISTER group; changes in corporate strategy; interruptions in the supply chain, including the inability of a third party, for example due to a natural catastrophe, to supply parts, components or services on schedule; the outcome of public investigations and associated legal disputes as well as other measures of public bodies; the potential effects of these investigations and proceedings on the business of GILDEMEISTER and various other factors.

Should one of these factors of uncertainty 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 stated, expected, anticipated, intended, planned, aimed at, estimated or projected in these statements. GILDEMEISTER neither intends to nor does GILDEMEISTER assume any separate 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 the future developments or events contained therein.

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