The Technology Group: Turning, Milling, Ultrasonic / Lasertec and Services

Interim Report

3rd Quarter 2004

GILDEMEISTER

Dear Ladies and Gentlemen,

The positive trends in worldwide demand for machine tools have strengthened during the third quarter of 2004. This development is reflected in the business at GILDEMEISTER. The recovery that has become apparent over the financial year, particularly with respect to order intake, continued.

In the first nine months of 2004, sales revenues were € 735.1 million, an increase of 5% over sales revenues in the first nine months of 2003. Order intake increased by 16% to € 811.8 million. In the third quarter, the special expenditures had a negative impact on our results of operations. This was due to the cost of restructuring the group's long-term borrowings and to the cost of the reorganisation measures within the group. EBITDA reached € 42.7 million (previous year: € 45.7 million). EBIT increased by € 1.0 million to € 20.4 million (previous year: € 19.4 million). Due to the special expenditures, EBT of € -1.4 million was slightly negative as of September 2004 (previous year: € 1.1 million). The group reported a net result after tax for the year of € -4.9 million (previous year: € -7.5 million).

We are planning a significant increase in sales revenues for the fourth quarter of 2004. Over the year, it is our goal to once again cross the € 1 billion mark in sales revenues and order intake. This means a 6-7% increase in sales revenues; the rise in order intake will be around 9%. For the financial year 2004, we continue to aim for a considerable improvement in our result (EBT) compared to the previous year and, due to reduced tax rates, for a net profit after tax for the year.

Key Figures

The Consolidated Interim Financial Statements of GILDEMEISTER Aktiengesellschaft were prepared in accordance with International Financial Reporting Standards (IFRS). The Interim Report has not been audited.

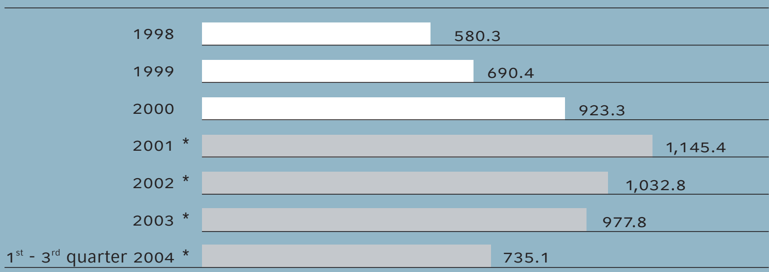
	2004 1st - 3rd quarter	2003 1st - 3rd quarter	Changes 2004 against 2003	
GILDEMEISTER group	€ M	€ M	€ M	%
Sales revenues				
Total	735.1	701.5	33.6	5
Domestic	355.7	346.0	9.7	3
International	379.4	355.5	23.9	7
% International	52	51		
Order intake				
Total	811.8	700.8	111.0	16
Domestic	381.3	324.6	56.7	17
International	430.5	376.2	54.3	14
% International	53	54		
Order backlog*				
Total	336.1	254.7	81.4	32
Domestic	133.2	105.0	28.2	27
International	202.9	149.7	53.2	36
% International	60	59		
Investments	16.2	28.0	-11.8	-42
Personnel costs	207.7	199.8	7.9	4
Employees	4,976	4,835	141	3
plus trainees	193	207	-14	-7
Total employees	5,169	5,042	127	3
EBITDA	42.7	45.7	-3.0	
EBIT	20.4	19.4	1.0	
EBT	-1.4	1.1	-2.5	
Profit / loss for the year	-4.9	-7.5	2.6	

*Reporting date 30 September

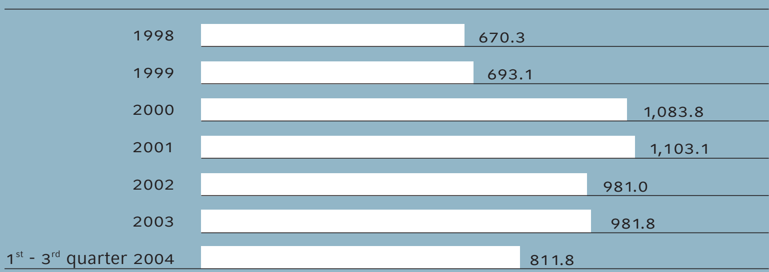
GILDEMEISTER group-
key figures

Sales revenues
Order intake
EBIT
Employees

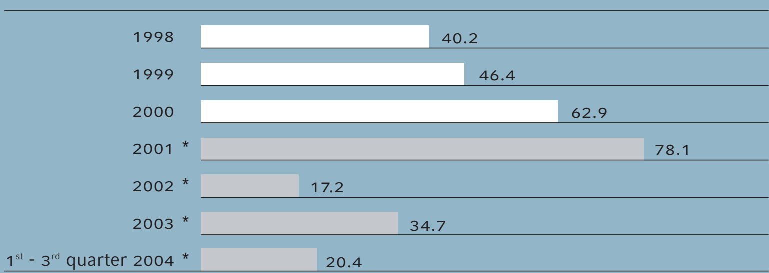
Sales revenues
in € million



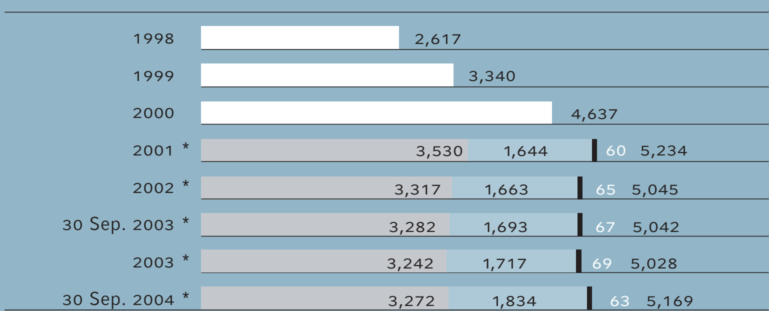
Order intake
in € million



EBIT
in € million



Number of employees
incl. trainees



*in accordance with IFRS

Machine Tools
Services
Corporate Services

COVER PICTURE

DMC 80 H *linear*:
Highspeed horizontal machining centre with linear drives in all axes; here to be seen when multiple thread cutting of an oil pump.

Overall Economic Development

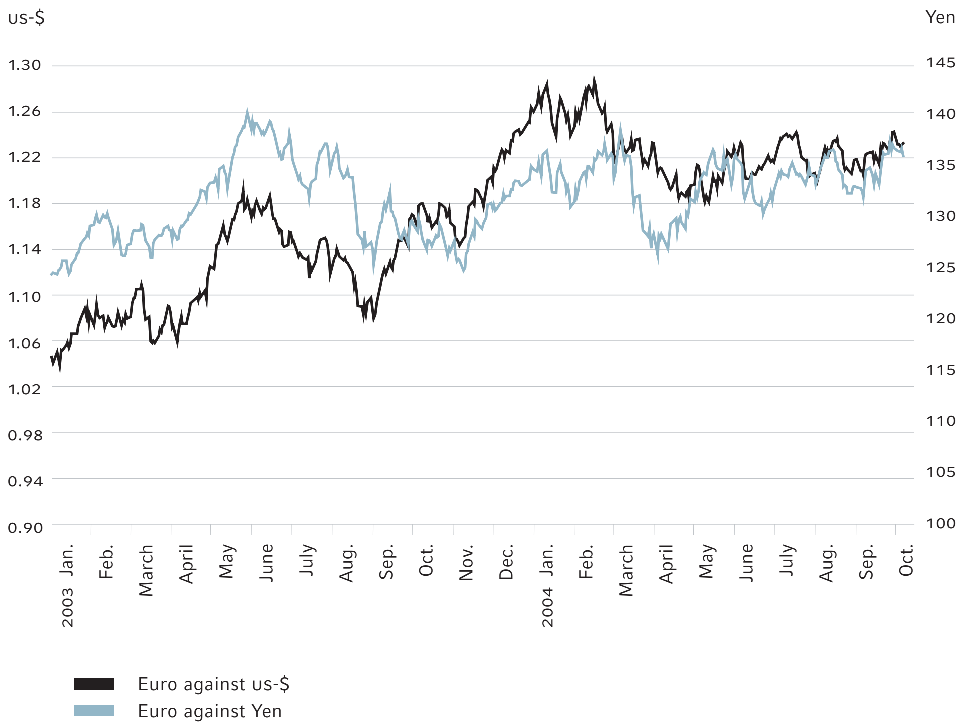
In the third quarter of 2004, overall economic development improved continuously, even though the markets relevant to GILDEMEISTER progressed with varying degrees of vigour. The USA experienced moderate growth. In the Asian region, growth rates were lower than in the first six months of 2004. In Japan capacity utilisation continued to increase, and China, too, confirmed its position as the driving force of the region. In Europe, the economy is making small steps towards recovery. Due to international demand, the German economy has also gradually begun to show some signs of recovery. According to the Kiel-based Institute for World Economics (IfW), Germany is heading for growth of up to 2% in 2004.

The exchange rates of the currencies relevant to GILDEMEISTER, i.e. the US-$ and the Yen, changed as follows during the third quarter of 2004: in July and August, the Euro increased in value to US-$ 1.24. In September, the Euro fluctuated between US-$ 1.20 and 1.23, rising back to US-$ 1.24 at the end of the third quarter of 2004. Compared to the Yen, the Euro has also noticeably increased in value since the end of June. Despite a temporary decline in prices, it has risen to Yen 137 since the middle of August. In their forecasts, most of the well-known fincance institutes expect a further strengthening of the Euro relative to the major world currencies over the year. The development of the exchange rate between the Euro and the Yen could affect our export business.

Sources: Institute for World Economics (IfW), Kiel
Economic Research Institute (ifo), Munich
International Monetary Fund (IMF), Washington
WestLB AG, Düsseldorf:
Zins- und Währungsperspektiven 4th quarter 2004
Bayerische Hypo- und Vereinsbank AG, München:
Freitagspapier 29 Oct. 2004
ING BHF-Bank, Frankfurt:
Kommentierte Charts vom 3 Nov. 2004

Development of the Euro relative to US-$ and Yen

Source: European Central Bank



Development of the Machine Tool Industry

According to trade associations, the **world-wide market for machine tools** is expected to improve in the year 2004. However, up-to-date forecasts with respect to the major markets Europe, Asia and America are not available. Based on current trends, we are now expecting the increase in global output and world-wide consumption in machine tools to be significantly higher than our previous estimate of 4%, perhaps even reaching double figures.

With respect to cutting machines similar to ours, the **German machine tool industry** reported an increase of 18% in order intake for the first nine months compared to the corresponding preceding year's figure. Sales revenues generated by German machine tool manufacturers increased by 11% compared to the previous year. Capacity utilisation improved significantly, reaching 91.4% for metal-cutting machines by the middle of the year, having previously been down to 86.2%. Despite a rise in orders, the order backlog of currently 6.5 months increased only marginally from the beginning of 2004. In spring, the VDW (Association of German Machine Tool Factories) forecast a 4% increase in output. Industry figures currently available show that business is better than expected. At the end of September, the VDW has therefore doubled its production forecast for 2004 from 4% to 8%.

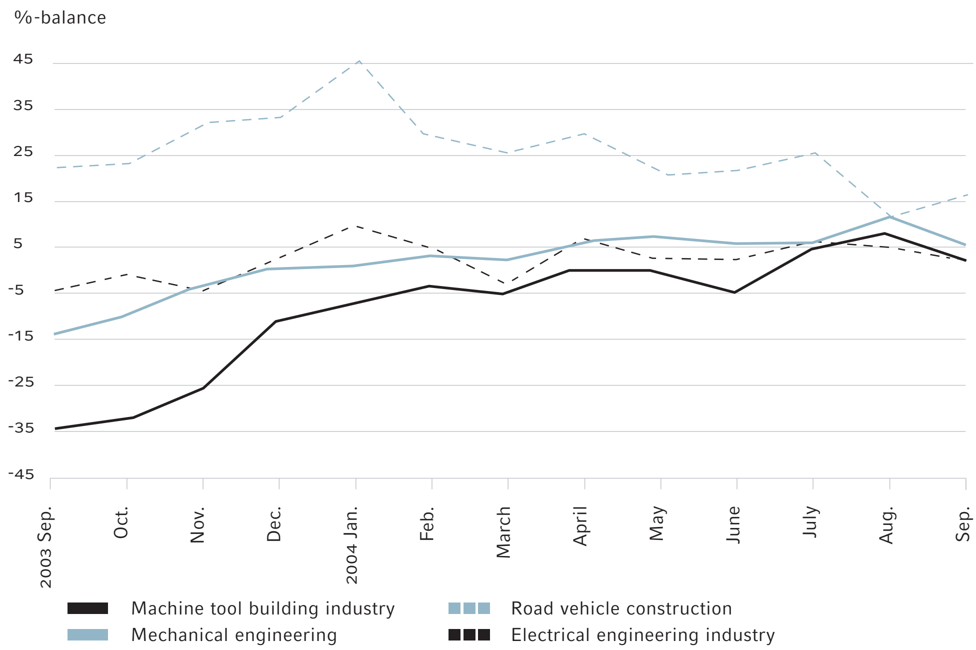
This upward trend can also be detected in the **Business Climate** that, according to surveys carried out by the Munich-based ifo Institute, has improved for the machine tool building industry. This applies to the entire mechanical engineering industry, even though not all trade associations have benefited equally. Business Climate in electrical engineering industry weakened slightly; whilst the road vehicle construction index rose in September following a previously negative trend.

Source: VDW (Association of German Machine Tool Factories)

ifo Business Climate

Balance from the percentage of positive and negative company reports, excluding the new Bundesländer (former East German states)

Source: ifo Institute (Economic Research Institute), Munich



Business Development of the GILDEMEISTER group

GILDEMEISTER
Aktiengesellschaft
Bielefeld

PRODUCITON SITES

GILDEMEISTER Drehmaschinen GmbH	GILDEMEISTER Italiana S.p.A.	GRAZIANO Tortona S.p.A.	DECKEL MAHO Pfronten GmbH	DECKEL MAHO Geretsried GmbH	DECKEL MAHO Seebach GmbH
Bielefeld 100%	Brembate di Sopra 100%	Tortona indirect 100%	Pfronten indirect 100%	Geretsried indirect 100%	Seebach 100%
	SACO S.p.A. Castelleone indirect 100%				

As of 30 September 2004, the GILDEMEISTER group comprised 60 companies, including GILDEMEISTER Aktiengesellschaft. Retrospectively, as from 1 January 2004, SAUER GmbH merged with LASERTEC GmbH. The strategic alignment of the two innovative technologies was thereby accommodated in one company under a standardized management structure. The transfer of place of business and change of corporate name from LASERTEC GmbH to SAUER GmbH took place in October 2004. GILDEMEISTER Aktiengesellschaft now holds 100% of FAMOT Pleszew S.A. (previously 99.5%). In the current financial year we have increased the number of our world-wide sales and service organisations to 56, thereof 39 with representative technology centres.

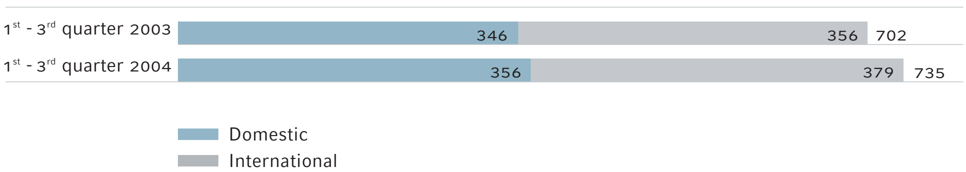
The shareholders' structure of GILDEMEISTER Aktiengesellschaft has – as far as we know – not changed significantly in the third quarter of 2004. The GILDEMEISTER shares are owned primarily by diverse share holders. The largest share is held by WestLB AG.

			PROCUREMENT	SALES AND SERVICES ORGANISATION
FAMOT Pleszew S.A. Pleszew 100%	SAUER GmbH Idar-Oberstein / Kempten indirect 99%	DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd. Shanghai 100%	a & f Stahl- und Maschinenbau GmbH Würzburg 100%	DMG Vertriebs und Service GmbH Bielefeld 100%
				DMG Microset GmbH Bielefeld indirect 100%
				56 Sales and Service Organisations world-wide

Sales revenues

In the third quarter of 2004, sales revenues were € 244.6 million, exceeding the value for the previous year (€ 230.7 million) by 6%. Market demand continues to show an increase in complex technology machines. In the third quarter of 2004 the longer lead times of these machines influenced our sales revenues development plans. In the first nine months of 2004, sales revenues reached € 735.1 million; a 5% increase compared to the first nine months of 2003 (€ 701.5 million). Domestic sales revenues increased by 3% to € 355.7 million. International sales revenues rose by 7% to € 379.4 million. The export share was 52% (previous year: 51%).

GILDEMEISTER group – sales revenues in € million



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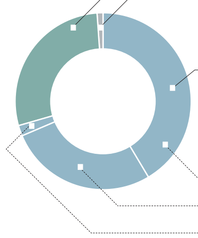
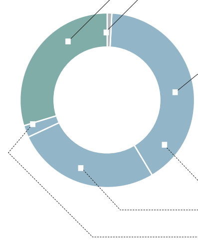
In the "Machine Tools" segment, the group, with its six domestic and four international production sites, contributed 70% (previous year: 72%) of total sales revenues. The DECKEL MAHO milling technology contributed 41% of total sales revenues (previous year: 45%). The contribution from the GILDEMEISTER, GRAZIANO and FAMOT turning technology amounted to 27% (previous year: 25%). The new SAUER ultrasonic and lasertec technologies accounted for 2% (previous year: 2%). 30% (previous year: 28%) of external sales revenues were attributed to the "Services" of DMG Vertriebs und Service GmbH, a & f Stahl- und Maschinenbau GmbH and SACO S.p.A. with its components business.

GILDEMEISTER group – distribution of sales revenues by segments / divisions

1st - 3rd quarter 2004: € 735,1 million



1st - 3rd quarter 2003: € 701,5 million



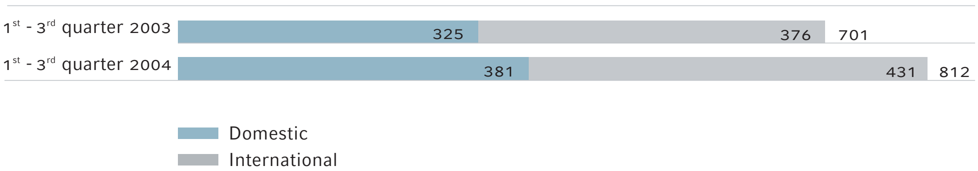
Machine Tools
Services
Corporate Services

For the fourth quarter of 2004, we expect our sales revenue development to be greater than sales revenues for the fourth quarter of 2003 (€ 276.3 million). Based on the increased order backlog and the new orders expected in the current accounting period, we are now planning for a 6-7% increase in sales revenues for the entire year.

Order intake

For 2004, we expect demand to develop steadily. Due to the successful autumn trade fairs, our order intake for the third quarter of 2004 was better than expected. The order intake of € 269.4 million exeeded the order intake for the corresponding quarter of the previous year (€ 229.1 million) by 18%.

GILDEMEISTER group – order intake in € million



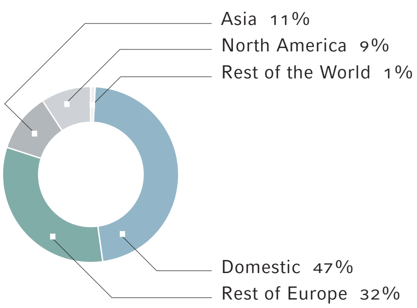
Order intake totalled € 811.8 million in the first nine months of 2004, increasing by 16% or € 111.0 million compared to the order intake for the first nine months of 2003. Order intake for domestic orders amounted to € 381.3 million; which is € 56.7 million or 17% greater than the corresponding period of the preceding year. International orders amounted to € 430.5 million, which represents an increase of € 54.3 million or 14%. The export share was 53% (previous year: 54%).

As in the corresponding period of the previous year, 73% of new orders were attributed to "Machine Tools" and 27% to "Services".

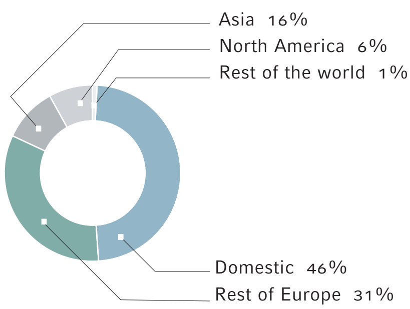
The order intake in each market region developed as follows:

GILDEMEISTER group- order intake by regions

1st - 3rd quarter 2004: € 811,8 million



1st - 3rd quarter 2003: € 700,8 million



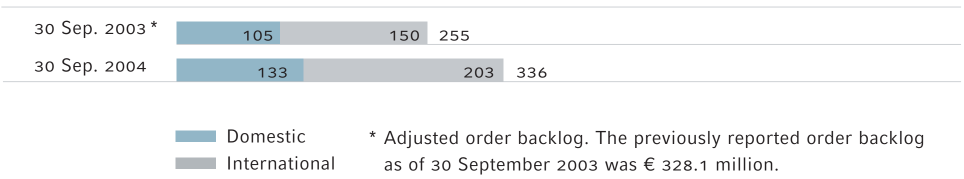
The rise in order intake in the third quarter is primarily due to the very successful AMB and IMTS trade fairs, held in Stuttgart and in Chicago respectively, and our in-house exhibition in Bielefeld. The key account transactions in the third quarter have also contributed to our success.

Following a successful third quarter, we expect a moderate increase in orders during the fourth quarter of 2004. We currently expect to achieve an increase in order intake during the year of around 9% in all.

Order Backlog

As of 30 September 2004, the group's order backlog amounted to € 336.1 million. 60% of the existing orders were attributed to international orders (previous year: 59%). Compared to 30 September 2003, international order backlog increased by € 53.2 million (+36%) to € 202.9 million and domestic order backlog increased by € 28.2 million (+27%) to € 133.2 million. The calculated value of our order backlog represents a production capacity utilisation of three to four months. Due to current trends in demand, the production capacity utilisation is primarily determined by our technology machines, which have comparatively longer lead times.

Order backlog in the GILDEMEISTER group
in € million



* Adjusted order backlog. The previously reported order backlog as of 30 September 2003 was € 328.1 million.

The order backlog for "Machine Tools" amounted to € 301.0 million at the end of the reporting period; representing 90% of the group's total order backlog (30 September 2003: 89%). 64% of these were export orders. € 35.1 million or 10% (30 September 2003: 11%) were attributed to "Services" with a 30% export share.

Results of Operations, Net Worth and Financial Position

In the third quarter, special expenditures had a negative impact on our results of operation. This was due to the cost of restructuring the group's long-term borrowings and to the cost of the reorganisation measures within the group. Our earnings developed as follows: EBITDA was € 10.8 million (previous year: € 17.7 million) and EBIT amounted to € 3.4 million (previous year: € 8.4 million). Primarily due to special expenditures, EBT of € -6.4 million (previous year: € 2.6 million) was negative in the third quarter.

For the first nine months ended 30 September 2004, EBITDA therefore reached € 42.7 million (previous year: € 45.7 million). EBIT increased by € 1.0 million to € 20.4 million (previous year: € 19.4 million). Due to the special expenditures, EBT of € -1.4 million was slightly negative as of 30 September (previous year: € 1.1 million). Earnings before taxes were affected by various factors. As part of our cost cutting and earnings growth programme, the group's allocation of product lines was reorganised. This means that in future, four product plants – two in each of the milling and the turning areas – will be responsible for the development, production, logistics and technical application support of the product lines worldwide. As a result, responsibility for the vertical and horizontal machining centre product lines, which had previously been the responsibility of DECKEL MAHO Geretsried, was transferred to the sister companies, DECKEL MAHO Pfronten and DECKEL MAHO Seebach. The resulting cut in personnel of approximately 120 employees and the reallocation of plant areas and of fixtures and fittings incurred a one-time expenditure of approximately € 4 million. In addition, a one-time expenditure arising from the refinancing measure in relation to the issue of the corporate bond also had a negative impact on our results. Part of this one-time expenditure was compensated for by the application of IFRS 3. The GILDEMEISTER group reported a net result after tax for the year of € -4.9 million (previous year: € -7.5 million).

In relation to the company's total work done of € 751.8 million (corresponding period of the previous year: € 737.7 million), the marginal cost of materials decreased by 0.9 percentage points to 53.2% (previous year: 54.1%). Due to the increase in total work done, gross yield increased by € 13.6 million to € 351.9 million (gross yield margin: 46.8%, previous year: 45.9 %). The improvement in the gross yield margin resulted from an increased percentage in total sales of complex technology machines. Personnel costs increased by € 7.9 million to € 207.7 million compared to the corresponding period of the previous year. This was due to the increase in standard wages, costs arising from the increase in the number of staff in the services and a one-off expenditure arising from specific staff adjustment measures. The net of other operating income and other operating expenses increased by € 8.7 million to € 101.5 million. Apart from sales-related rises in costs, additional costs were incurred due to our higher profile in the autumn trade fairs. The reduction in depreciation of assets of € 4.0 million to € 22.3 million had a positive impact, which is due primarily to the application of IFRS 3. The financial result was adversely affected by higher interest costs and a one-time expenditure arising in relation to the restructuring of the group’s borrowings. The net finance expenditure increased by € 3.5 million to € 21.8 million. Tax expenditure of € 3.5 million decreased by € 5.1 million compared to the corresponding period of the previous year (€ 8.6 million).

The rise in the balance sheet total as of 30 September is due to usual seasonal variations in the industry sector caused by a comparatively low invoicing volume in the third quarter and the preparation for the traditionally top-selling fourth quarter.

	30 Sep. 2004	31 Dec. 2003	30 Sep. 2003
	€ M	€ M	€ M
Net worth			
Fixed assets	263.9	270.6	274.5
Current assets	671.7	604.3	626.3
Equity	239.8	187.6	183.7
Liabilities	695.8	687.3	717.1
Balance sheet total	935.6	874.9	900.8

The balance sheet total as of 30 September increased by € 60.7 million to € 935.6 million compared to the balance sheet total as of 31 December 2003. On the **assets side**, a decrease in fixed assets of € 6.7 million was offset by an increase in current assets of € 67.4 million. This increase in current assets was primarily due to the seasonal increase in the supply, the greater amount of raw materials on-hand at the start of a production run and in-process items as well as to the high proportion of complex technology machines in production. Due to an increase in exports, trade receivables have also increased. Due to the refinancing measure, the balance in the bank as of 30 September 2004 has increased temporarily. Due to the increase in capital on 15 June 2004, the structure of **equity and liabilities** improved due to an inflow of € 60.1 million, thus increasing the equity ratio. As of 30 September 2004, equity amounted to € 239.8 million, which is an increase of € 52.2 million compared to 31 December 2003. As a result, the equity ratio currently amounts to 25.6% (31 December 2003: 21.4%). Liabilities increased slightly by € 8.5 million to € 695.8 million. An increase in financial liabilities, and in payments received for orders, is offset by a reduction in trade creditors and other liabilities.

In the third quarter of 2004, **cash flow** from current operations was almost balanced at € -0.1 million and amounted to € -28.6 million in the reporting period (previous year: € -2.3 million). Inventories increased by € 27.9 million compared to 31 December 2003. However, compared to the previous year, inventories increased only slightly by € 2.1 million to € 292.3 million. When compared to 31 December 2003, trade receivables increased by € 9.6 million. The payment of trade creditors to the amount of € 11.9 million had a negative impact on cash flow. The decrease in bills payable of € 8.4 million also had an adverse effect on cash flow. A noticeable increase in customer prepayments of € 42.7 million had a positive impact on cash flow development to the amount of € 21.5 million. Cash flow from investment activities amounted to € -14.9 million (previous year: € -24.4 million). Positive cash flow from financing activities of € 71.7 million was primarily due to the inflow of funds from the capital increase to the amount of € 60.1 million and to financial liabilities to the amount of € 11.7 million. Our projections show a noticeably positive cash flow development for the fourth quarter of the current financial year.

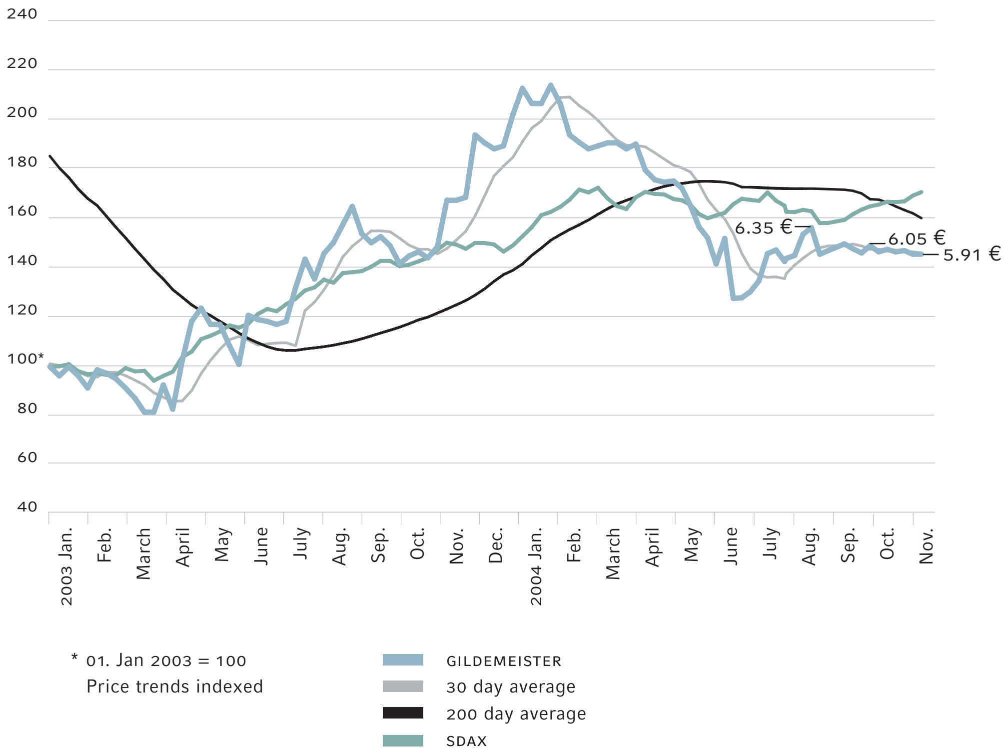
	2004 1st - 3rd quarter € M	2003 1st - 3rd quarter € M
Financial position		
Cash flow from current operations	-28.6	-2.3
Cash flow from investment activities	-14.9	-24.4
Cash flow from financing activities	71.7	21.8
Cash and cash equivalents	27.7	-7.5
Cash as of 1 January	11.4	17.7
Cash as of 30 September	39.1	10.2

The GILDEMEISTER Share

In the third quarter of 2004, the GILDEMEISTER share followed general trends in the capital market. The share fluctuated around a stable price level of € 6. On 5 August 2004 (publication of the figures for the first six months of 2004), the share was traded at € 6.35. By the end of the third quarter (30 September 2004), the price of the share was at € 6.05 and is currently quoted at € 5.92 (5 November 2004). Up-to-date studies can be viewed on the Internet or requested from our Investor Relations Team.

The GILDEMEISTER share in comparison with the SDAX; January 2003 to November 2004

in %



* 01. Jan 2003 = 100
Price trends indexed

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Risk Report

General economic risks: Potential risks for business development of the GILDEMEISTER group arise primarily from general economic conditions. The international market for our products is dominated by strong competition. In the third quarter of 2004, the aggressive pricing policy of Asian, particularly Japanese, competitors in almost all industrial markets resulted in a continuing strong pressure on prices and margins, affecting our revenue picture. This is added to by the risk of rising purchasing prices of steel, casts and energy, which could partly be offset. The rise in prices has affected two important areas at GILDEMEISTER: primarily the purchasing of machine beds (casts) and sheet metal sheathing and secondly the procurement of components (steel).
Risk potentials beyond the economic include the danger of terrorist attack that could strongly affect the general economic situation and, as a result, the capital goods industry in particular. Fortunately, due to agreements we have made regarding fixed interest rates, we will be able, as far as possible, to protect our business development against interest rate risks. In general, and from today's perspective, there are no risks arising from overall economic development that would jeopardise GILDEMEISTER's existence.

Industry sector risks: Due to our careful market surveillance, GILDEMEISTER is able to identify any potential section risks at an early stage. Risks arising from cyclical trends in the industry are counteracted by the technological superiority, attractive product range and extensive worldwide clientele of our group. We do not therefore expect any major adverse effects in our net worth, financial and earnings position. The ongoing consolidation phase in the machine tool industry may see the further restructuring. GILDEMEISTER meets this challenge by its global presence with a consistent market orientation and innovative product development.

Risks from operative tasks: Individual risks that are inseparable from our entrepreneurial activities are continually monitored by the GILDEMEISTER risk management system. As far as possible, we have taken precautions against those business risks that could substantially affect the company's net worth, financial and profit situation.

The continued heavy competition for our products in the international markets is counter-acted by reduced costs, enhanced production processes and optimised product start-ups at GILDEMEISTER. The recoverability of deferred tax assets in tax loss credits can be adversely affected by tax rate changes and the future profitability of the companies concerned. The restructuring of the group's financing through an increase in capital, bond issue and prolongation of the syndicated loan resulted in an improvement in the liquidity position. The group's credit structure that used to be based predominantly on short-term credit lines is now primarily based on contractually fixed medium and long term credits; this is added to by the increase in capital. Risks that are typical of the market arise from the payment pattern of our customers. Our measures to further

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reduce the appropriation of assets include the strict monitoring of terms for accounts receivable. Most of our sales are completed in Europe. The remaining currency risks are diminished by specific hedging transactions.

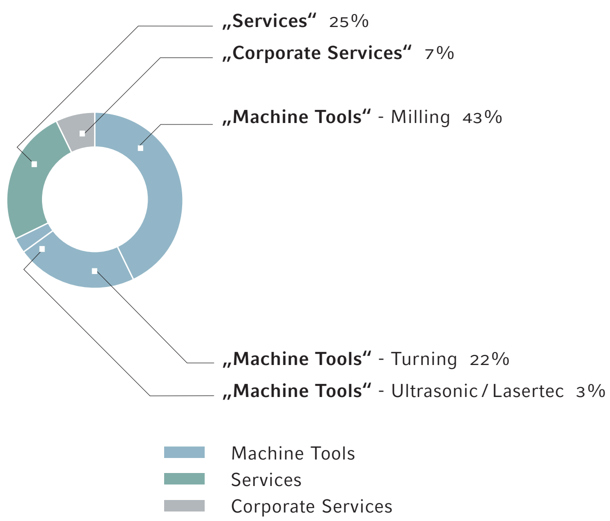
Overall risk: No major changes have occurred in the risk situation of the GILDEMEISTER group since the publication of our last report. The actual strength of the Euro and the forecasted development in the next twelve months will strengthen currency and price risks. This could affect the sales of our products and services. We face this risk with an ongoing internationalisation of our production and procurement activities. Overall, the risks can be controlled and the future existence of the GILDEMEISTER group is currently not jeopardised. We are currently not expecting any fundamental changes in the group's risk situation.

Investments

In the first three quarters of 2004, investments pursuant to IFRS amounted to € 16.2 million (first three quarters of 2003: € 28.0 million). Of the planned investments of € 24.0 million for the current financial year, 68% were made during the first nine months of the year. The investment surge of the previous years has reinforced GILDEMEISTER's technological lead and provided the basis for further efficiency increases. Currently, investments made were used primarily to maintain the group companies' readiness to operate. Amounts invested during the first three quarters of 2004 related primarily to investments in tools and fixtures and to capitalised development costs pursuant to IAS 38.

Contribution of each segment / division to investments

1st - 3rd quarter 2004: € 16.2 million



Production and Logistics, Products and Services

In the third quarter of 2004, activities in the **Production and Logistics** area were dominated by adaptations to the changed product mix. The continuing high proportion of complex technology machines necessitated, for example, site reconstruction, the coaching of specific suppliers and additional training activities. It was therefore not possible to increase sales revenues as planned.

In the third quarter of 2004, the focal point in the Production and Logistics area was the continued implementation of our globalisation strategy. The newly introduced division, between product plants and production plants, reflects our focus on the core expertise of each plant. The product plants are responsible for the development and support the marketing of products, whilst the production plants focus on production and assembly. This new approach enables and accelerates the development of new assembly sites particularly in dynamically growing markets such as China. It allows for easier market access, increased customer proximity and a greater flexibility with respect to market changes.

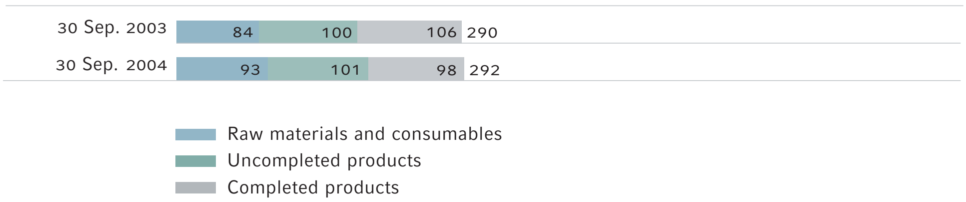
Several projects were carried out in order to improve processes within the plants and at the interfaces between other areas of the group or our suppliers. Examples of this include: improving the Intranet functionality in materials control or in sales-orientated production planning and reservation.

At the same time, optimisation measures were carried out in existing systems and processes as part of the continuous improvement process (CIP). The German Institute of Business Management (DIB) has honoured our success in its nation-wide ranking of ideas management. For the fourth successive time, the GILDEMEISTER plants, with the Pfronten location taking the lead, have taken the first three places in mechanical engineering.

In the **Procurement** area, the work of the coSupply® campaign for partnership co-operation with our supply partners, has focused on an improved and assured procurement of merchandise and on the quality of start materials. This included the further development and improvement of the continuous online suppliers' evaluation ("www.coSupply.de") and its expansion from 30 to 50 suppliers. This system records and evaluates 80% of the purchasing volume.

Together with Central Development Co-ordination, the group's purchasers continued with the expansion of the **standardisation** of sub-assemblies and products. For example, the limited use of standard cooling lubricant system variants resulted in significant savings in the third quarter of 2004. These activities and the ongoing negotiations with our suppliers were intensified, in order to offset negative effects in relation to the prices of steel and casts and the costs of energy.

Inventories of the GILDEMEISTER group
in € million



With € 292.3 million **inventories** nearly amount to the level of the previous year. (30 September 2003: € 290.2 million).

The GILDEMEISTER group will continue to pursue its innovation-orientated strategy of technological supremacy in cutting machine tools. We have therefore pushed on with the development of our new **products and services**. Further details are set out in the "Research and Development" chapter on page 20.

Employees

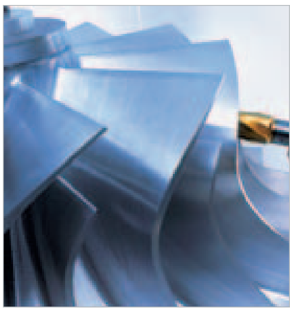
As of 30 September 2004, GILDEMEISTER had 5,169 employees, 193 of whom were trainees (30 September 2003: 5,042). This increase compared to the previous year is due primarily to the consolidation of staff levels in the Service area with the aim of better meeting customer requirements throughout the world. In addition, we continued with the expansion of our production capacities in Shanghai and at the ultrasonic /lasertec division. In line with business trends, staff adjustment measures were implemented at some of our production sites. The focus of our activities was the restructuring process of our machining centres in Geretsried, in collaboration with the product companies Pfronten and Seebach.

As of 30 September 2004, 3,145 employees worked for the domestic companies and 2,024 for our international companies. The percentage of staff working abroad was 39% (previous year: 37%). The number of employees working in the Services segment increased by 141 to 1,834 compared to 30 September 2003. The percentage of staff in this segment was 36% (30 September 2003: 34%). These trends reflect the ongoing reorganisation within the group – the continued internationalisation and consolidation of the Service area. Personnel costs of € 207.7 million exceeded the personnel costs for the corresponding period of the previous year (€ 199.8 million). This increase of € 7.9 million was due to the increase in standard wages, the increase in the number of staff and specific staff adjustment measures.

Research and Development

In the first three quarters of 2004, € 27.8 million were invested in Research and Development, which is a reduction of 16% compared to the corresponding period of the previous year (€ 33.0 million). These savings were achieved primarily by reducing external services. 407 employees at our production plants are employed in Research and Development, still representing 13% of staff.

In the first nine months of 2004, GILDEMEISTER maintained its technological lead and has introduced 15 of the altogehter 16 planned new machines at 50 national and international trade fairs and exhibitions. The focal points in the third quarter were the industry's major autumn trade fairs, such as the IMTS in Chicago and the AMB in Stuttgart. In this respect, we would like to give special mention to the world premieres introduced at the AMB: the DMC 80 U and DMC 80 H *linear*. The two product lines DMC U (CNC-machining centres for 5-sided / 5-axis machining) and DMC H (horizontal machining centres) are completed by these innovations. So the unit assembly system GILDEMEISTER uses to develop synergies over product lines and most various applications, is consequently used and implemented. For both machines the patent-applied-for duoBlock® construction will be adapted.



Innovative DMG technology:
With the new **DMC 80 U duoBLOCK®** DECKEL MAHO offers a 5-axis Universal machining centre for the fully automated production of complex workpieces.

Segments

“Machine Tools“

KEY FIGURES	2004 1st - 3rd quarter € M	2003 1st - 3rd quarter € M	Changes 2004 against 2003 € M	%
Sales revenues				
Total	514.5	504.8	9.7	2
Domestic	241.7	239.8	1.9	1
International	272.8	265.0	7.8	3
% International	53	52		
Order intake				
Total	589.6	511.0	78.6	15
Domestic	259.9	220.9	39.0	18
International	329.7	290.1	39.6	14
% International	56	57		
Order backlog*				
Total	301.0	227.7	73.3	32
Domestic	108.7	92.3	16.4	18
International	192.3	135.4	56.9	42
% International	64	59		
Investments	10.9	20.1	-9.2	-46
Employees	3,079	3,075	4	0
plus trainess	193	207	-14	-7
Total employees*	3,272	3,282	-10	0
EBIT	11.9	12.3	-0.4	

*Reporting date 30 September

The "Machine Tools" segment includes the group's new machines business. In the reporting period, sales revenues increased by € 9.7 million or 2% to € 514.5 million compared to the corresponding period for the previous year.

In the first nine months ending 30 September 2004, the segment achieved EBIT of € 11.9 million, which is slightly below the figure for the first nine months ending 30 September 2003 (€ 12.3 million).

"Services"

KEY FIGURES	2004 1st - 3rd quarter € M	2003 1st - 3rd quarter € M	Changes 2004 against 2003 € M	%
Sales revenues				
Total	220.2	196.3	23.9	12
Domestic	113.6	105.8	7.8	7
International	106.6	90.5	16.1	18
% International	48	46		
Order intake				
Total	221.8	189.4	32.4	17
Domestic	121.0	103.3	17.7	17
International	100.8	86.1	14.7	17
% International	45	45		
Order backlog*				
Total	35.1	27.0	8.1	30
Domestic	24.5	12.7	11.8	93
International	10.6	14.3	-3.7	-26
% International	30	53		
Investments	4.1	5.0	-0.9	-18
Employees*	1,834	1,693	141	8
EBIT	20.1	14.8	5.3	

*Reporting date 30 September

The "Services" segment is operated by DMG Vertriebs und Service GmbH and its subsidiaries. With its products and technical services, "Services" is an independent operating segment. Within this segment are the procurement services of a & f Stahl- und Maschinenbau GmbH, the components and tools of SACO S.p.A. and the tool management products and software of DMG Microset.

In the reporting period, sales amounted to € 220.2 million, which is 12% above the figures for the previous year. Due to the continuing expansion and to increases in business volume, profitability in the "Services" segment improved according to plan. Compared to the corresponding period of the previous year, EBIT rose by € 5.3 million to € 20.1 million.

"Corporate Services"

KEY FIGURES	2004 1st - 3rd quarter € M	2003 1st - 3rd quarter € M	Changes 2004 against 2003 € M	%
Sales revenues	0.4	0.4	0.0	0
Order intake	0.4	0.4	0.0	0
Investments	1.2	2.9	-1.7	-59
Employees *	63	67	-4	-6
EBIT	-2.1	-7.3	5.2	

*Reporting date 30 September

The "Corporate Services" segment is comprised of GILDEMEISTER Aktiengesellschaft, which functions as the management holding company for the group, and the Holding Macchine Utensili S.p.A., which functions as the financing company for the Italian production plants.

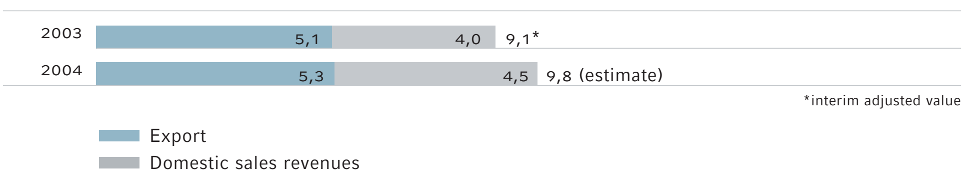
Compared to the corresponding period of the previous year, EBIT for the "Corporate Services" segment improved by € 5.2 million to € -2.1 million, primarily due to the profit generated by contributing the participating interest of GILDEMEISTER Aktiengesellschaft in DECKEL MAHO Geretsried GmbH to GILDEMEISTER Beteiligungen AG. The adjustment on group level is shown in the reconciliation column of the Consolidated Segmental Reporting (see page 35). A negative impact in the "Corporate Services" segment was caused by the restructuring of the group's long-term borrowing.

Forecast 2004

According to economic researchers, **the global economy** will, in the current financial year, continue to grow despite the high price of oil. In the USA, Japan and some Asian and Latin-American countries the rate of growth may slow down during next year. Economic development in China is expected to be steady. The International Monetary Fund (IMF) in Washington has recently upgraded its forecast for 2004 and is now expecting a worldwide 5% increase in gross domestic product (GDP). An increase of 4.3% has been expected for the year 2005. The growth forecast by the Kieler Institute for World Economics (IfW) is 4.8% for the current year and 3.9% for the next year. The **USA** remains the strongest performer. The IMF forecasts a 4.3% (2004) and 3.5% (2005) growth in gross domestic product for the USA (2005). In **Asia**, growth rates, which have sometimes been very high in the past, are expected to go down slightly next year. With respect to the Japanese economy, the International Monetary Fund expects a 4.4% growth for the current year and a 2.3% growth for the next year. China is expected to increase by 9.0% and 7.5% respectively. The IMF economists' growth estimate for **Europe** is 2.2% this year and next year. **Germany's** economic growth rate continues to lag behind, primarily as a result of reduced private consumption due to the strained conditions in the German employment market. With respect to investment in plant and equipment, on the other hand, a recovery is likely. Major stimuli for economic development continue to be triggered by exports. Growth forecasts for Germany range from 1.7% (ifo Institute) to 2.0% (IMF).

Sources: International Monetary Fund (IMF), Washington
Institute for World Economics (IfW), Kiel
Economic Research Institute (ifo), Munich

Machine tools production
in Germany
in € billion



Quelle: VDW (Association of German Machine Tool Factories)

Current forecasts for 2004 regarding mechanical engineering and, in particular, **machine tools**, predict further growth. According to its latest forecast, in October, the German Engineering Federation (VDMA) now expects a 5% increase in sales revenues, after its previous 2% forecast, and a positive development for the majority of its trade units. Trends towards a recovery with respect to machine tools are also expected to continue throughout the year. Forecasts for global development for the machine tool sector are not published during the year. According to our latest forecasts, the increase in global consumption is no longer expected to be 4% above the previous year, but to be significantly higher, perhaps even reaching double figures. Industry figures currently available for the German machine tool building industry show that, overall business is better than expected. At the end of September, the Association of German Machine Tool Factories (VDW) has therefore doubled its production forecast for 2004 from the previous 4% to 8%, reaching a potential production value of € 9.8 billion.

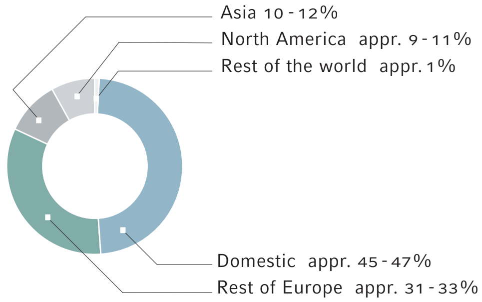
In the fourth quarter of 2004 and in the financial year 2005, business at **GILDEMEISTER** will continue to pick up thanks to its market-orientated strategy and product offensive. With our innovations and the optimisation of our sales and services organisations, we are well prepared for the expected market recovery. We will achieve our business targets for the year 2004. Our primary goal for the financial year 2005 is an increase in the profitability of our divisions by utilising additional earnings potentials. With the support of external specialists we will introduce measures in the areas of sales, service, production programme and resource structure. This will optimise business processes throughout the group, across all areas and companies, always with the customer in mind.

As regards the **order intake**, we expect the recovery of demand to continue throughout 2004. Following the successful third quarter, we expect a moderate increase in orders for the fourth quarter of 2004. We currently expect to achieve an increase in order intake during the year of around 9%, and thereby to once again cross the € 1 billion mark. The high pressure on **selling prices** will remain, this time triggered by unfavourable currency relations. In view of rising costs, particularly of steel, casts, energy and personnel, we find ourselves forced to raise our selling prices by approximately 3-8% on average depending on each particular product and current market trends with effect from January 2005.

As regards the **sales revenues**, we expect that the figures for the forth quarter will be above the corresponding quarter of 2003 (€ 276.3 million). In October, sales revenues reached € 95.2 million, as planned. We are now planning for a 6-7% increase in sales revenues for the entire year.

For the current financial year, we expect a rise in export share to around 54%. The following chart illustrates the regional sales distribution in the three major international markets.

Expected sales distribution for 2004 of the GILDEMEISTER group by regions



As of 31 October 2004, the group's **order backlog** amounted to € 327.9 million. This represents a satisfactory basic capacity utilisation for the next months.

Earnings development: GILDEMEISTER intends a sustainable increase in the group's earning power. Based on the planned increase in sales revenues for the fourth quarter, we continue to expect a considerable improvement in the result (EBT) compared to the previous year and, due to reduced tax rates, a net profit after tax of approximately € 5 million for the entire year. At this point in time, we consider a statement on the distribution of dividends to be premature.

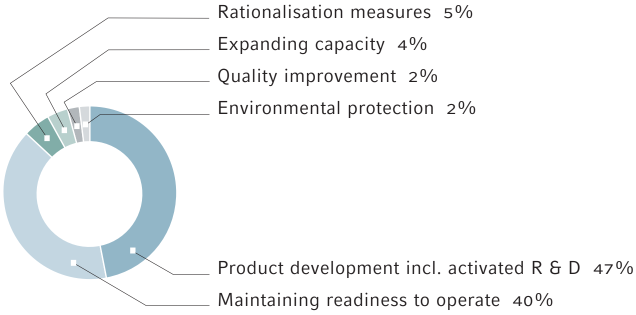
Due to our long-term financing GILDEMEISTER secures the group's stability. Along with the capital increase, the restructuring of the financial structure was achieved by the issue of a seven years' corporate bond of € 175.0 million and the prolongation for three years of a syndicated loan in the amount of € 141.0 million.

€ 7.8 million or 32% of the planned **investments** 2004 are left for the fourth quarter. This money will be used to maintain the companies' readiness to operate, as and when required, and will therefore relate primarily to the procurement of tools and fixtures and to capitalised development costs pursuant to IAS 38. Investments planned for the entire year, amounting to € 24.0 million, will be approximately 20% below the planned level of depreciation. The structure of the investments remains well balanced and adjusted to varying requirements.

In the **procurement** area, following the setting up of our coSupply® campaign, we intend to further enhance the individual evaluation of our 50 top suppliers and to intensify the co-operation with them. In this respect, it remains our long-term aim to halve the number of suppliers in favour of those partnerships that have strengthened during the campaign.

With respect to the fourth quarter of 2004 and the financial year 2005, we expect the rise in **prices and cost**, particularly of casts, steel and energy, to have a stronger impact on our procurement of goods than was the case in the first nine months. For the year 2005 we are actually expecting average price increases of 1.5-2%. To counteract these effects, we will further intensify our current activities aimed at the standardisation and internationalisation of the procurement area.

Structure of planned investments for the financial year 2004 within the GILDEMEISTER group



The **production and logistics** area will continue to play an important role in the performance development of GILDEMEISTER. For example, order control offices will be set up in the product plants to take over the central co-ordination, allocation and control of production orders for all plants and companies. This will allow for a much easier – market and cost orientated – flexible planning of orders, thereby contributing to increasing the group's earning power. The integration of the international sites into the GILDEMEISTER data processing systems will be pushed on. In this respect the GRAZIANO and FAMOT production plants will start by preparing the migration to BaaN, the group's ERP software.

In the **research and development** area we continue to develop our technological superiority and to secure our position as market leaders. Our products' highly innovative bias reflects this approach. In October 2004 GILDEMEISTER introduced the NEF 400. Due to the use of high-tech components, the fourth generation of NEF universal lathes enables efficient and precise turning at its best, even for newcomers. This exhibit is the 16th of the planned innovations in the current financial year. Along with the further integration of the machining technologies and an increase in machine precision and dynamics, additional focal points of 2005 include the further development of the ultrasonic technology and our trendsetting software and service products.

According to current assessments, we will introduce the new **products and services** that are currently being developed for the next financial year, on schedule. In the next financial year our activities will focus on the major European machine tools trade fair, the EMO in Hanover, which will be the most significant forum for the introduction of our new products. With respect to the delivery programme for 2005, we do not expect any deviations from the planned volume, cost and quality targets.

The number of **employees** will only be marginally altered in the fourth quarter of 2004. The higher production volume will be managed by utilising flexitime models.

Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft as of 30 September 2004

Notes to the Consolidated Financial Statements

1 Application of Regulations

The Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft as of 30 September 2004 were prepared, as were the Consolidated Interim Financial Statements as of 30 September 2003 and the Consolidated Annual Financial Statements for the year ending 31 December 2003, in accordance with International Financial Reporting Standards (IFRS) applicable on the reporting date and in accordance with the interpretation of the above Standards. The application of the IAS 34 regulations on interim reporting was particularly relevant.

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 Interim Consolidated Financial Statements as of 30 September 2003 and the Consolidated Annual Financial Statements for the year ending 31 December 2003.

In view of the purpose of interim reporting as an information vehicle based on the Consolidated Financial Statements, and in accordance with IAS 1.91, we refer to the Notes to the Consolidated Annual Financial Statements for the year ending 31 December 2003, which sets out in detail the accounting, valuation and consolidation methods applied. These Notes also cover the exercising of election rights according to IFRS.

The accounting and valuation principles and applied consolidation methods remained unchanged from the financial year 2003 and the Interim Financial Statements for the quarter ended 30 June 2004.

On 31 March 2004 the International Accounting Standards Board (IASB) adopted the new IFRS 3 "Business Combinations" as well as revised versions of IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets". The IASB allows for an earlier application of the standards. GILDEMEISTER has decided to apply the above standards retrospectively as from 1 January 2004.

These standards provide for irregular depreciation of goodwill instead of regular depreciation, if a valuation adjustment requirement was determined. In the past the adequacy of the book values has been reviewed regularly. From today’s point of view we do not consider a depreciation of goodwill to be necessary. Due to the retrospective application of IFRS 3, expenses to the value of € 4,880 K that would otherwise have arisen and been recorded in depreciation, have not been applied in the first three quarters of the financial year.

With respect to the write downs of inventory and deferred tax asset value adjustments made in the current financial year, we refer to our Notes to the Interim Reports for the quarters ending 31 March 2004 and 30 June 2004.

For greater transparency and clarity in representation we have summarised certain accounts in the Income Statement and in the Balance Sheet.

This Interim Report has not been reviewed by our auditor.

2 Consolidated group

As of 30 September 2004, the GILDEMEISTER group was comprised of 60 companies, including GILDEMEISTER Aktiengesellschaft, 59 of which were included in the Interim Consolidated Financial Statements as part of its full consolidation process.

3 Earnings per share

In accordance with IAS 33, earnings per share are determined by dividing the consolidated earnings by the weighted average number of shares as follows. There were no dilution effects in the shown reporting period.

Group result excluding profit shares of other company members	€ -4,955 K
Weighted average number of shares	34,511,796
Earnings per share	€ -0.14

4 Segmental Reporting

The information with respect to segmental reporting is given in accordance with IAS 34 and IAS 14. Explanatory notes are included in the "Segments" chapter.

No changes have occurred in the demarcation of segments or in the determination of the result achieved by each segment compared with the 31 December 2003.

5 Events occurring after the balance sheet date

No material events have occurred since the date of the Interim Consolidated Financial Statements except for those set out in the "Business Development of the GILDEMEISTER group" chapter.

Consolidated Balance Sheet as of 30 September 2004

Assets	30 Sep. 2004 € M	31 Dec. 2003 € M	30 Sep. 2003 € M
Fixed assets			
Intangible assets	99.3	99.8	102.1
thereof Goodwill	67.9	67.2	69.0
Tangible assets	164.4	170.6	172.2
Financial assets	0.2	0.2	0.2
Current assets			
Inventories	292.3	264.4	290.2
Trade receivables	269.2	259.6	252.4
Other assets	34.4	34.7	35.0
Securities and liquid funds	39.1	11.4	10.2
Deferred taxes	30.5	29.5	31.8
Prepaid expenses	6.2	4.7	6.7
	935.6	874.9	900.8

Total equity & liabilities	30 Sep. 2004 € M	31 Dec. 2003 € M	30 Sep. 2003 € M
Equity / shares to other shareholders			
Subscribed capital	112.6	75.1	75.1
Capital reserves	68.3	48.7	48.7
Revenue reserves	58.9	63.8	59.9
	239.8	187.6	183.7
Minority interests	1.1	1.2	1.2
	240.9	188.8	184.9
Provisions			
Pension provisions	27.8	28.9	28.6
Tax provisions	7.9	13.0	4.9
Other provisions	95.2	92.1	92.6
Gross liabilities			
Financial liabilities	333.9	322.2	346.1
Payments received on account	42.7	21.2	24.4
Trade payables	113.2	125.1	129.2
Other payables	57.7	66.8	70.9
Deferred taxes	9.1	8.9	10.4
Deferred income	7.2	7.9	8.8
	935.6	874.9	900.8

Consolidated Income Statement

3rd quarter	2004 1 July - 30 Sep. € M	2004 1 July - 30 Sep. %	2003 1 July - 30 Sep. € M	2003 1 July - 30 Sep. %	Changes 2004 agains 2003 € M	Changes 2004 agains 2003 %
Sales revenues	244.6		230.7		13.9	6.0
Increase in finished goods and work in progress	9.5		11.6		-2.1	18.1
Other capitalised payments	1.3		1.9		-0.6	31.6
Total work done	255.4	100.0	244.2	100.0	11.2	4.6
Cost of materials	-139.8	-54.7	-133.1	-54.5	-6.7	5.0
Gross profit	115.6	45.3	111.1	45.5	4.5	4.1
Personnel costs	-68.0	-26.6	-63.4	-25.9	-4.6	7.3
Other income and expenses	-36.8	-14.4	-30.0	-12.3	-6.8	22.7
Depreciation of assets	-7.4	-2.9	-9.3	-3.8	1.9	20.4
Financial result	-9.8	-3.8	-5.8	-2.4	-4.0	69.0
Profit / loss on ordinary activities (EBT)	-6.4	-2.5	2.6	1.2	-9.0	346.2
Taxes on profit	0.8	0.3	-5.0	-2.0	5.8	116.0
Annual profit / loss	-5.6	-2.2	-2.4	-0.9	-3.2	133.3

	2004	2003
Earnings per share in acc. w. IAS 33 (in €)	-0.13	-0.08

1st - 3rd quarter	2004 1 Jan. - 30 Sep. € M	2004 1 Jan. - 30 Sep. %	2003 1 Jan. - 30 Sep . € M	2003 1 Jan. - 30 Sep . %	Changes 2004 against 2003 € M	Changes 2004 against 2003 %
Sales revenues	735.1		701.5		33.6	4.8
Increase in finished goods and work in progress	12.1		30.0		-17.9	59.7
Other capitalised payments	4.6		6.2		-1.6	25.8
Total work done	751.8	100.0	737.7	100.0	14.1	1.9
Cost of materials	-399.9	-53.2	-399.4	-54.1	-0.5	0.1
Gross profit	351.9	46.8	338.3	45.9	13.6	4.0
Personnel costs	-207.7	-27.6	-199.8	-27.1	-7.9	4.0
Other income and expenses	-101.5	-13.5	-92.8	-12.6	-8.7	9.4
Depreciation of assets	-22.3	-3.0	-26.3	-3.5	4.0	15.2
Financial result	-21.8	-2.9	-18.3	-2.5	-3.5	19.1
Profit / loss on ordinary activities (EBT)	-1.4	-0.2	1.1	0.2	-2.5	227.3
Taxes on profit	-3.5	-0.5	-8.6	-1.2	5.1	59.3
Annual profit / loss	-4.9	-0.7	-7.5	-1.0	2.6	34.7

	2004	2003
Earnings per share in acc. w. IAS 33 (in €)	-0.14	-0.27

Consolidated Statement of Shareholder`s Equity

2003	Subscribed Capital	Capital reserves	Revenue reserves	Group equity	Minority interests	Total
	€ M	€ M	€ M	€ M	€ M	€ M
As of 1 January 2003	75.1	48.7	70.0	193.8	1.2	195.0
Annual profit / loss	0.0	0.0	-7.8	-7.8	0.3	-7.5
Currency changes / Change to market value of derivatives	0.0	0.0	-2.3	-2.3	0.0	-2.3
Consolidation measures / other changes	0.0	0.0	0.0	0.0	-0.3	-0.3
As of 30 September 2003	75.1	48.7	59.9	183.7	1.2	184.9

2004	Subscribed Capital	Capital reserves	Revenue reserves	Group equity	Minority interests	Total
	€ M	€ M	€ M	€ M	€ M	€ M
As of 1 January 2004	75.1	48.7	63.8	187.6	1.2	188.8
Capital increase	37.5	19.6		57.1		57.1
Annual profit / loss	0.0	0.0	-5.0	-5.0	0.1	-4.9
Currency changes / Change to market value of derivatives	0.0	0.0	0.1	0.1	0.0	0.1
Consolidation measures / other changes	0.0	0.0	0.0	0.0	-0.2	-0.2
As of 30 September 2004	112.6	68.3	58.9	239.8	1.1	240.9

Consolidated Cash Flow Statement

	2004 1 Jan. - 30 Sep.	2003 1 Jan. - 30 Sep.	2003 1 Jan. - 31 Dec.
	€ M	€ M	€ M
Cash flow from current operations			
1. Annual profit / loss	-4.9	-7.5	-3.6
2. Depreciation of fixed assets	22.3	26.3	36.4
3. Change in deferred taxes	1.0	3.4	4.3
4. Change in long-term provisions	-2.8	-0.5	3.1
5. Change in short-term provisions	-1.0	-21.6	-17.5
6. Profit / Loss from disposal of fixed assets	-0.1	0.0	-1.0
7. Change in inventories, trade receivables and other assets	-38.7	-13.0	8.1
8. Change in trade payables and other liabilities	-4.4	10.6	-1.1
	-28.6	-2.3	28.7
Cash flow from investment activity			
1. Amounts paid out for investments in intangible assets and tangible assets	-15.4	-28.0	-36.3
2. Amounts paid out for investments in financial assets	-0.8	0.0	-0.2
3. Amounts received from the disposal of fixed assets	1.3	3.6	4.2
	-14.9	-24.4	-32.3
Cash flow from financing activity			
1. Amounts received (prev. year paid out) from raising (prev. year repayments) of (financing) credits and other financial instruments	11.7	21.8	-2.0
2. Distribution of dividends to shareholders	-0.1	0.0	-0.1
3. Amounts received from the capital increase	60.1	0.0	0.3
	71.7	21.8	-1.8
Changes affecting payments	28.2	-4.9	-5.4
Consolidation and exchange rate related changes not affecting payments	-0.5	-2.6	-0.9
Liquid funds as at 1 January	11.4	17.7	17.7
Liquid funds as at end of reporting period	39.1	10.2	11.4

Consolidated Segmental Reporting

Segmentation by business segments

3rd quarter 2003	Machine Tools	Services	Corporate Services	Reconciliation	Group
	€ M	€ M	€ M	€ M	€ M
Sales revenues	160.5	70.1	0.1		230.7
EBIT	6.1	4.9	-2.7	0.1	8.4
Investments	9.5	2.1	1.8		13.4
Employees	3,282	1,693	67		5,042

3rd quarter 2004	Machine Tools	Services	Corporate Services	Reconciliation	Group
	€ M	€ M	€ M	€ M	€ M
Sales revenues	167.4	77.1	0.1		244.6
EBIT	2.8	5.9	-5.0	-0.3	3.4
Investments	3.4	0.8	0.6		4.8
Employees	3,272	1,834	63		5,169

1st - 3rd quarter 2003	Machine Tools	Services	Corporate Services	Reconciliation	Group
	€ M	€ M	€ M	€ M	€ M
Sales revenues	504.8	196.3	0.4		701.5
EBIT	12.3	14.8	-7.3	-0.4	19.4
Investments	20.1	5.0	2.9		28.0
Employees	3,282	1,693	67		5,042

1st - 3rd quarter 2004	Machine Tools	Services	Corporate Services	Reconciliation	Group
	€ M	€ M	€ M	€ M	€ M
Sales revenues	514.5	220.2	0.4		735.1
EBIT	11.9	20.1	-2.1	-9.5	20.4
Investments	10.9	4.1	1.2		16.2
Employees	3,272	1,834	63		5,169

Segmentaion by geographical areas

1st - 3rd quarter 2003	Germany	Rest of Europe	North Amerika	Asia	Others	Recon-ciliation	Group
	€ M	€ M	€ M	€ M	€ M	€ M	€ M
Sales revenues with group companies	159.9	47.5	1.3	5.1	0.3	-214.1	0.0
Sales revenues with third parties	430.0	200.7	34.4	35.8	0.7		701.6
Investments	22.2	2.9	0.2	2.7	0.0		28.0

1st - 3rd quarter 2004	Germany	Rest of Europe	North Amerika	Asia	Others	Recon-ciliation	Group
	€ M	€ M	€ M	€ M	€ M	€ M	€ M
Sales revenues with group companies	160.7	58.5	2.1	4.6	0.8	-226.7	0.0
Sales revenues with third parties	436.0	216.0	47.8	33.0	2.3		735.1
Investments	11.1	4.2	0.1	0.6	0.2		16.2

Information about GILDEMEISTER Aktiengesellschaft

GILDEMEISTER Aktiengesellschaft has no operative business, but functions as the management holding company for the GILDEMEISTER group. The shown sales revenues of € 12.9 million of the parent company result primarily from the performance of the holding activities.

As of 30 September 2004, GILDEMEISTER Aktiengesellschaft was unaltered by divided into three executive units with the following functional areas: Strategy and Product Development, Sales and Marketing, Services, Personnel, Public Relations and Purchasing Coordination; Logistics Procurement, Investments, Production, Projects and Personnel (plants); Controlling, Finances and Accounting and Information Technology.

Profitability of GILDEMEISTER Aktiengesellschaft is dominated by the profit and loss transfer agreements with four domestic subsidiaries, other income from investments and the expense relating to the holding activities.

As of 30 September 2004, 63 people were employed at GILDEMEISTER Aktiengesellschaft (30 September 2003: 67).

Bielefeld, 8 November 2004

Yours sincerely
GILDEMEISTER Aktiengesellschaft
The Executive Board

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

Executive Board:
Dipl.-Kfm. Dr. Rüdiger Kapitza, Chair,
Prof. Dr.-Ing. Raimund Klinkner, Deputy Chair
Dipl.-Kfm. Michael Welt

Financial Calendar

15 February 2005	Press release on provisional figures for the financial year 2004
4 April 2005	Press conference on the balance sheet
4 April 2005	Publication of the Annual Report 2004
5 April 2005	Analysts's discussion
20 May 2005	General Meeting of shareholders at 10 am in the Town Hall Bielefeld

Subject to alteration.

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