

Interim Report

3rd Quarter 2007



GILDEMEISTER

Dear Shareholders,

the worldwide demand for machine tools continues to run at a high level. Also the success achieved at the EMO in Hanover is contributing to the good business development of GILDEMEISTER. In the third quarter we achieved further growth in order intake, sales revenues and results.

As at 30 September 2007 order intake rose to € 1,403.7 million (+33%); sales revenues increased to € 1,074.9 million (+16%). Profitability continued to develop positively: EBITDA reached € 93.9 million (previous year: € 70.9 million), EBIT amounted to € 71.1 million (previous year: € 47.5 million). EBT rose to € 48.5 million (previous year: € 21.2 million). The group reports annual profit of € 27.2 million as at 30 September 2007 (previous year: € 11.1 million).

As expected new impetus came from the most important trade fair worldwide for machine tools, the EMO. With an order volume of € 162.6 million and 526 machines sold, it generated a boost in orders in the third quarter. The post-trade fair business will also have a positive influence on the fourth quarter and brings important impetus for the financial year 2008. Due to its good business development GILDEMEISTER can once again raise its targets for 2007. For the whole year we are now expecting order intake of more than € 1.8 billion and sales revenues of over € 1.5 billion. On the basis of the planned increase in sales revenues, we are now expecting a rise in EBT and in the annual profit of more than 60%. We plan an increase in the dividend for the current year.

Key figures

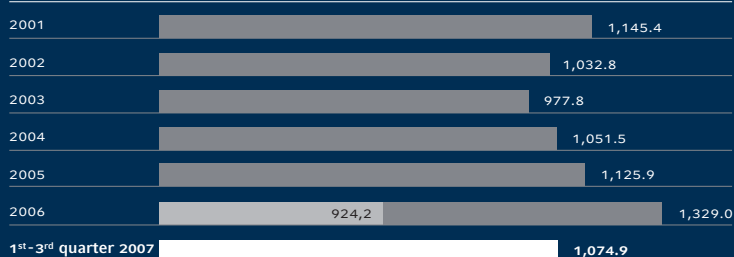
→ The Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft were prepared in accordance with the International Financial Reporting Standards (IFRS). The interim Financial Statements have not been audited.

GILDEMEISTER group	2007	2006	CHANGES	
	1 st -3 rd QUARTER € M	1 st -3 rd QUARTER € M	2007 AGAINST 2006 € M	%
Sales Revenues				
Total	1,074.9	924.2	150.7	16
Domestic	493.5	421.2	72.3	17
International	581.4	503.0	78.4	16
% International	54	54		
Order Intake				
Total	1,403.7	1,058.8	344.9	33
Domestic	628.1	484.2	143.9	30
International	775.6	574.6	201.0	35
% International	55	54		
Order Backlog*				
Total	775.5	467.3	308.2	66
Domestic	290.6	181.6	109.0	60
International	484.9	285.7	199.2	70
% International	63	61		
Investments	35.3	17.6	17.7	101
Personnel Costs	267.2	233.7	33.5	14
Personnel Expenditure Quota (in%)	23.9	24.9		
Employees	5,666	5,240	426	8
plus Trainees	222	181	41	23
Total Employees*	5,888	5,421	467	9
EBITDA	93.9	70.9	23.0	32
EBIT	71.1	47.5	23.6	50
EBT	48.5	21.2	27.3	129
Annual Profit	27.2	11.1	16.1	145

* Reporting date 30 September 2007

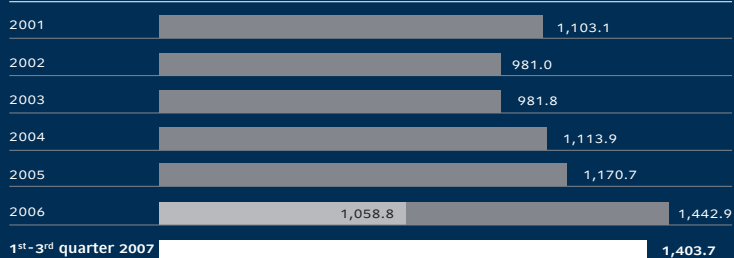
SALES REVENUES

in € million



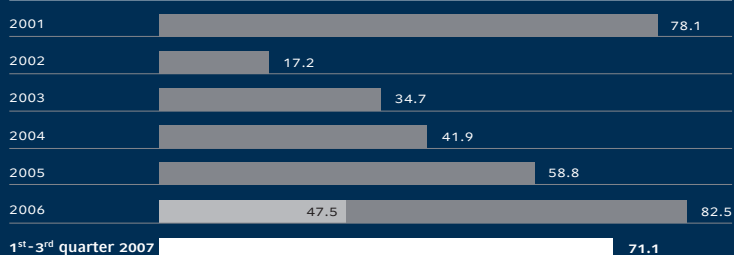
ORDER INTAKE

in € million



EBIT

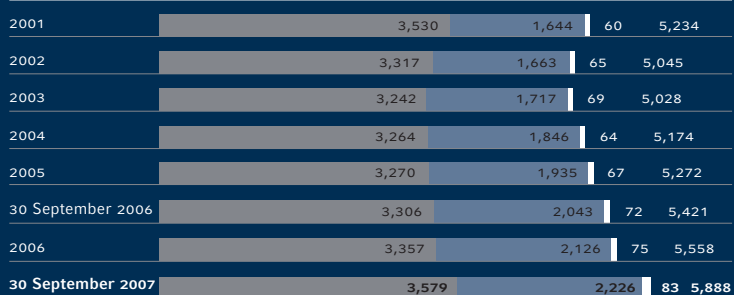
in € million





NUMBER OF EMPLOYEES

incl. trainees

Machine Tools
Services
Corporate Services



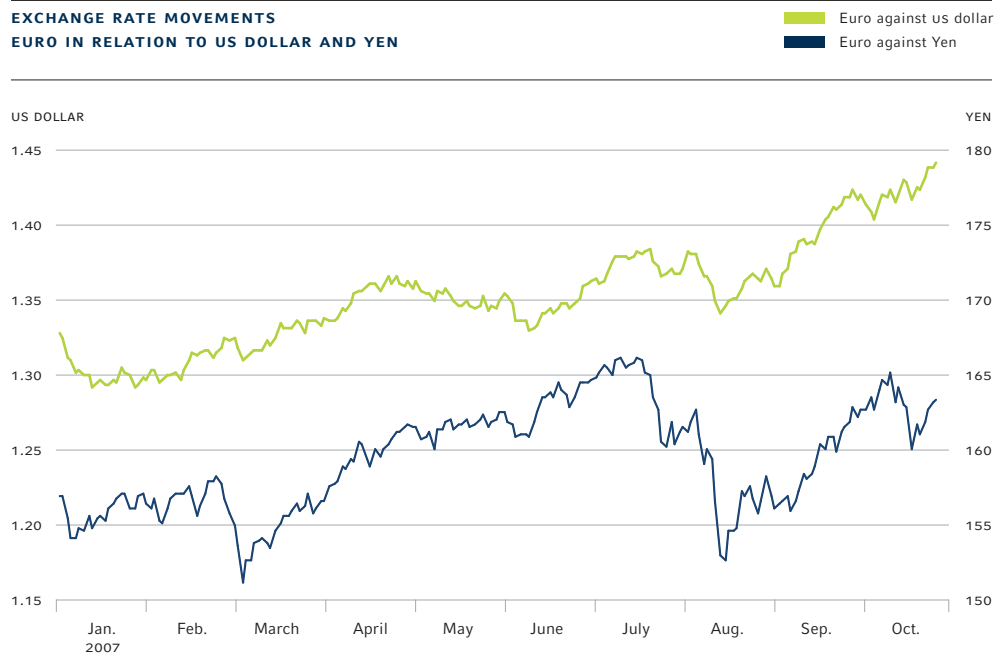
	Key Figures	
→	2 Overall Economic Development	Economic Development
→	3 Development of the Machine Tool Industry	
→	4 - 17 Business Development of the GILDEMEISTER group	Business Development
	4 Sales Revenues	
	5 Order Intake	
	6 Order Backlog	
	7 Results of Operations, Net Worth and Financial Position	
	9 Investments	
	10 Segments	
	10 "Machine Tools"	
	12 "Services"	
	13 "Corporate Services"	
	13 GILDEMEISTER Share	Opportunities and Risk Report
	15 Research and Development	
	16 Production, Technology and Logistics	
	17 Employees	
→	17 Opportunities and Risk Report	
→	20 Forecast	
→	24 - 30 Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft as at 30 September 2007	Forecast
	24 Consolidated Income Statement	
	25 Consolidated Balance Sheet	
	26 Consolidated Cash Flow Statement	
	27 Statement of Changes in Group Equity	
	28 Consolidated Segmental Reporting	
	29 Notes to the Interim Consolidated Financial Statements	
→	31 Information on GILDEMEISTER Aktiengesellschaft	Interim Consolidated Financial Statements
→	32 Financial Calendar	

	<p>COVER PICTURE</p> <p>Workpiece: Implant of titanium base alloy for artificial knee joints, completely machined in 110 minutes on a DMC 75 v linear vertical machining centre with 5-axis precision milling with linear drive.</p> <p>Technological application for medical technology.</p>	
---	--	---

Overall economic development continued to follow an upwards trend in the third quarter. Sustained strong impetus came from Asia. The strong dynamic growth in China is driving global economic expansion. However, in Japan the economy slowed down. The upwards trend in Germany grew in strength. According to the provisional calculations of the German Economic Research Institute (DIW), gross domestic product increased by 0.4% compared to the previous quarter.

For GILDEMEISTER's international business the US dollar, the Japanese yen and the Chinese yuan are important. The foreign **exchange rate** of the currencies most important for us changed in the third quarter as follows: the US dollar had a value of 0.73 euros on 2 July 2007 and initially remained at this low level. In the course of the financial crisis in the USA the dollar became weaker and closed the quarter at its lowest value so far of 0.70 euros (28 Sep. 2007). Its average value of 0.73 euros was below the comparison value of the previous year (0.79 euros). This led to a significant price increase in our products in the dollar regions. The Chinese yuan was quoted at 10.33 yuan against the euro on 2 July 2007 and lost value in the second half of the quarter. At the end of the quarter (28 Sep. 2007) it was at 10.65 yuan. The Japanese Yen was initially stronger against the euro and as at 17 August 2007 was valued against the euro at 152.74 Yen. Ultimately it slipped back and at the end of the third quarter was at a level of 163.55 Yen (28 Sep. 2007). The average exchange rate of 161.89 Yen was above the previous year's quarter (148.08 Yen). The weaker Yen gives our Japanese competitors a currency advantage. Further information in this respect is given in the "Forecast" on page 20.

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



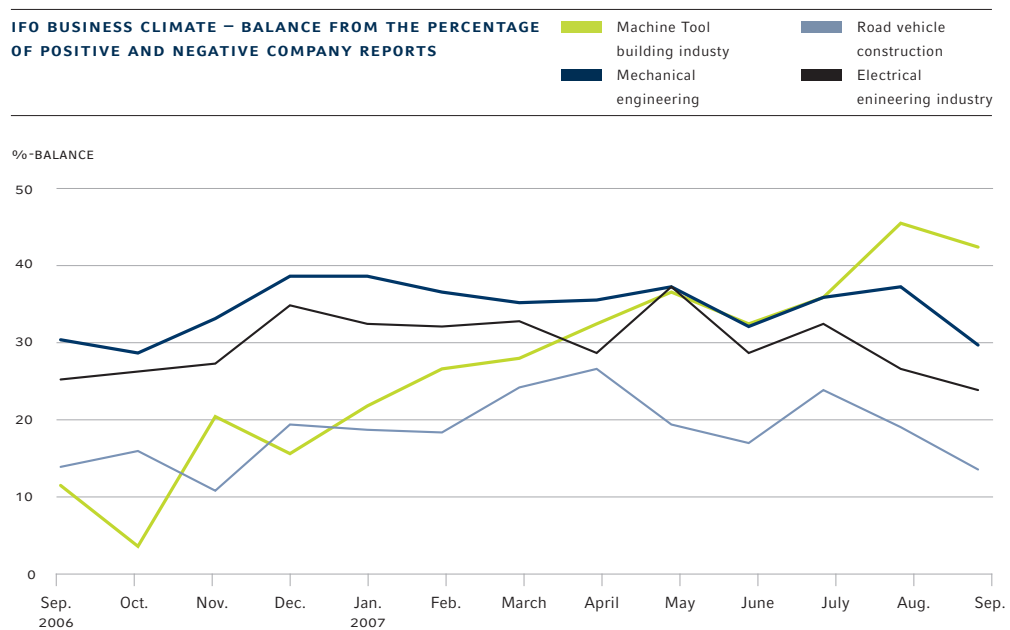
Source: European Central Bank

The **worldwide market for machine tools** continues to develop positively in line with expectations. The German Machine Tool Builders' Association (vbw) and the ifo Institute have again increased their latest forecast (status: 11 Oct. 2007) for global market growth in 2007. Following the successful EMO, they are now assuming an increase in global consumption and global production of 11% to € 53.3 billion. The world market for machine tools finds itself in good economic cycle with rates of growth in double figures. The reasons for this are due on the one hand to the global reduction of the investment delay in industrial countries and, on the other, are especially due to densely populated regions, such as China, India and Eastern Europe, which have a considerable amount of catching up to do. The result of these developments is that nearly all the main countries where there is demand have partially recorded clear rates of growth.

Order intake for the **German machine tool industry** has also risen. In the first three quarters order intake was higher than the comparative value of the previous year. Both domestic orders and international orders have contributed to this. As a result of the successful EMO in Hanover, the German Machine Tool Builders' Association (vbw) and the ifo Institute are now expecting growth in consumption of 22% and in production of 15% for the year 2007.

The excellent mood is reflected in the ifo Institute **business climate**, which has continuously improved over the course of the year, in particular for metal cutting machine tools. In general, mechanical engineering and electrical engineering, which are the main customer sectors for machine tools, remained at a high level.

Source: vbw (German Machine Tool Builders' Association)



Source: Economic Research Institute (ifo), Munich

GILDEMEISTER Aktiengesellschaft Bielefeld	Production plants Turning	Production plants Milling	Production plants Turning/Milling	Production plants Ultrasonic/Lasertec	Controls/ Automation
	GILDEMEISTER Drehmaschinen GmbH Bielefeld	DECKEL MAHO Pfronten GmbH Pfronten	FAMOT Pleszew S.A. Pleszew	SAUER GmbH Idar-Oberstein, Kempten	DMG AUTOMATION GmbH, Hüfingen
	GRAZIANO Tortona S.r.l. Tortona	DECKEL MAHO Seebach GmbH Seebach, Geretsried	DECKEL MAHO GILDEMEISTER Machine Tools, Shanghai		DMG Electronics GmbH Pfronten
	GILDEMEISTER Italiana S.p.A. Bergamo				

The GILDEMEISTER group, including GILDEMEISTER Aktiengesellschaft, comprised 72 enterprises as at 30 September 2007. The consolidated group has thus increased by four companies compared to 30 June 2007: with the takeover of WKZ Werkzeugmaschinen GmbH (1 July 2007), which is now trading under the name DMG AUTOMATION GmbH, a specialist for integration solutions with robots is now part of the group. DMG Electronics GmbH commenced business activities in September. In the future this company will carry out the group-wide concentration of software development in the control field, the coordination of control technology and standardisation of electronics. Furthermore, in September GILDEMEISTER founded DMG SPARE PARTS GMBH based in Geretsried. This company will commence activity at the start of 2008; it will optimise spare parts logistics throughout the group to reduce delivery times and stocks of spare parts worldwide. To strengthen sales and service activities in Eastern Europe, in August DMG Romania Sales & Services S.R.L. based in Bucharest, Romania was founded.

Sales Revenues

In the third quarter sales revenues of € 365.7 million (+10%) exceeded those of the previous year (€ 332.8 million). In the first nine months sales revenues amounted to € 1,074.9 million and were thus 16% higher than the same period in the previous year (€ 924.2 million). Domestic sales revenues rose by 17% to € 493.5 million. International sales revenues increased by 16% to € 581.4 million. The export share amounted to 54% (previous year: 54%).

SALES REVENUES GILDEMEISTER GROUP		in € million	
	Domestic	International	Total
1 st - 3 rd Quarter 2006	421,2	503,0	924,2
1 st - 3 rd Quarter 2007	493,5	581,4	1,074,9

Detailed information on sales revenues in each segment is given on page 11 et sqq.

Based on the good order backlog, we are planning to increase sales revenues for the whole year to more than € 1.5 billion.

Sales and Service Organization		
DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER; Bielefeld	66 Sales and Service locations worldwide	a+f GmbH Würzburg
	DMG Deutschland; Stuttgart 8 Sales and Service locations	DMG MICROSET GmbH Bielefeld
	DMG Europe; Klaus (Austria) 24 Sales and Service locations	SACO S.p.A. Castelleone
	DMG America; Chicago 8 Sales and Service locations	
	DMG Asia; Shanghai/Singapore 17 Sales and Service locations	
	DMG Services; Bielefeld, Pfronten 9 Service locations	

Order Intake

In the third quarter order intake rose by 55% to € 545.9 million (previous year: € 351.6 million). Overall in the first nine months, order intake rose to € 1,403.7 million and thus was 33% or € 344.9 million higher than the previous year (€ 1,058.8 million). Domestic orders increased by 30% to € 628.1 million (previous year: € 484.2 million). International orders rose 35% to € 775.6 million (previous year: € 574.6 million). The export quota accounted for 55% of orders (previous year: 54%).

On the one hand, the considerable increase in order intake in the third quarter resulted from the successful EMO. GILDEMEISTER achieved the highest order intake from a trade fair so far in the company's history with 526 machines sold at a value of € 162.6 million. The 14 world premieres and the new machine design were all well received by the international trade visitors. Equally important for the post-trade fair business and for the financial year 2008 are the 9,108 quotations that were newly generated. On the other hand, a significant contribution was made by the increase in order intake at the "SunCarrier" division of a+f GmbH, which is successfully establishing itself in the trend-setting market of renewable energy with complete solar installations. In the third quarter a+f received its first major orders for a value of € 63.0 million for tracker systems, which for the most part will contribute to sales revenues and a positive result in the financial year 2008.

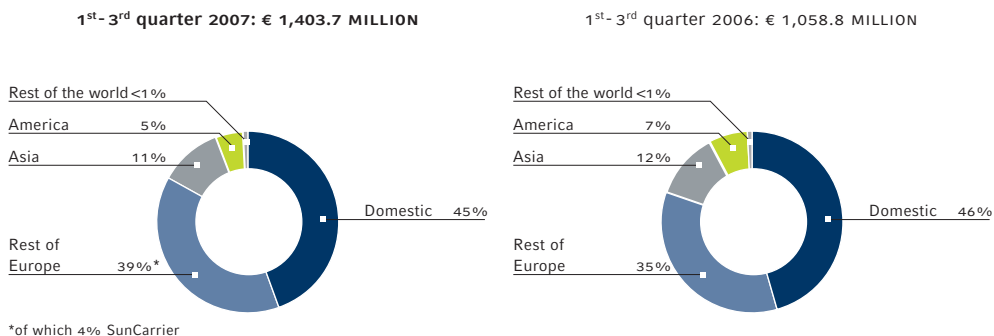
ORDER INTAKE GILDEMEISTER GROUP in € million

	Domestic	International	Total
1 st - 3 rd quarter 2006	484.2	574.6	1,058.8
1 st - 3 rd quarter 2007	628.1	775.6	1,403.7

More detailed information on order intake in each segment is given on page 11 et sqq.

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

**ORDER INTAKE GILDEMEISTER GROUP
BY REGIONS**



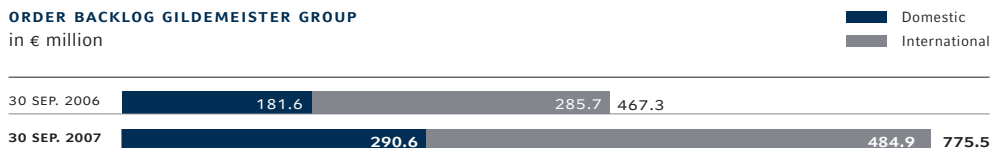
In the first nine months we increased our **sales prices** in the “Machine Tools” segment in Germany and Europe by 1 to 3%. In America and Asia the prices were adjusted according to developments in the main currency exchange rates. We have increased our prices for services worldwide by 3 to 5%.

The rise in order intake in the first nine months results from the increase in demand in Germany, as well as in the European and Asian markets. Due to the demand triggered at the EMO and the international trade fairs in the fourth quarter, including the MECT in Japan and the DMP in China, we are now expecting order intake for the whole year of more than € 1.8 billion.

Order Backlog

As at 30 September 2007 the order backlog for the group amounted to € 775.5 million (+66%). Of the existing orders, international orders accounted for 63% (corresponding date of the previous year: 61%). The international order backlog increased by € 199.2 million (+70%) to € 484.9 million compared to the previous year. The backlog of domestic orders rose by € 109.0 million (+60%) to € 290.6 million.

**ORDER BACKLOG GILDEMEISTER GROUP
in € million**



More detailed information on order backlog in each segment is given on page 11 et sqq. The order backlog signifies production capacity utilization of about six months.

Results of Operations, Net Worth and Financial Position

The results of operations at the GILDEMEISTER group continues to develop positively and improved according to plan compared to the previous year's comparative figures. In the **third quarter** EBITDA reached € 33.5 million (previous year: € 24.6 million); EBIT amounted to € 25.4 million (previous year: € 16.5 million). EBT rose to € 18.1 million (previous year: € 8.7 million). The group reports annual profit of € 10.5 million (previous year: € 4.8 million).

Total operating revenue rose to € 385.7 million (previous year: € 326.8 million). The materials quota improved to 52.6% (previous year: 53.3%). Gross profit increased to € 182.9 million (previous year: € 152.5 million). The personnel expenditure quota was 23.2% and thus below the previous year's level (24.1%). Personnel costs rose to € 89.4 million (€ +10.8 million). The balance of other expenses and other income rose by € 10.7 million to € 60.0 million due to the increase in volume. Depreciation amounted to € 8.1 million (previous year: € 8.1 million). The financial results amounted to € -7.3 million (previous year: € -7.8 million). The tax ratio improved in the third quarter to 42% (previous year: 45%). Total tax expense amounted to € 7.6 million (previous year: € 3.9 million).

As at **30 September 2007** EBITDA had reached € 93.9 million (previous year: € 70.9 million), EBIT amounted to € 71.1 million (previous year: € 47.5 million). EBT rose to € 48.5 million (previous year: € 21.2 million). The group reports annual profit of € 27.2 million as at 30 September 2007 (previous year: € 11.1 million).

Total operating revenue increased by 19.2% to € 1,120.1 million (previous year: € 939.9 million). The materials quota decreased by 0.8 percentage points to 52.5% (previous year: 53.3%). Gross profits rose by € 93.1 million to € 532.2 million (previous year: € 439.1 million); the gross profit margin of 47.5% is 0.8 percentage points above the previous year's level (46.7%). The personnel expenditure quota improved to 23.9% (previous year: 24.9%). Personnel costs amounted to € 267.2 million (previous year: € 233.7 million). The balance of other expenses and other income rose to € 171.1 million (previous year: € 134.5 million). The increase resulted mainly from sales-related expenses, for example those for outward freight temporary employees and higher trade fair costs incurred as a result of our presence at the EMO. Depreciation amounted to € 22.8 million (previous year: € 23.4 million). The financial result improved by € 3.7 million to € -22.6 million (previous year: € -26.3 million). The tax ratio decreased to 44.0% (previous year: 47.7%). Due to the higher results, tax expenditure rose to € 21.3 million (previous year: € 10.1 million).

The balance sheet total as at 30 September amounted to € 1,078.2 million (€ +123.3 million). The fixed assets on the **assets side** increased by € 11.6 million to € 277.1 million, further information on fixed assets is given in the section "Investments" on page 9. Current assets rose by € 111.7 million to € 801.1 million. Under current assets inventories rose by € 75.8 million to € 368.8 million. The necessary forward planning to avoid delivery bottlenecks and advance work for the planned increase in sales revenues in the fourth quarter led to a rise in raw materials and consumables to € 135.0 million (€ +33.3 million), in unfinished goods to € 127.4 million (€ +30.9 million) and in finished goods to € 106.4 million (€ +11.6 million). Overall the rise in trade receivables of € 21.6 million to € 274.9 million was disproportionately small when set against the increased sales performances. The further optimisation of our

accounts receivable management made a positive contribution to this. The changeover from factoring to the ABS programme in the second quarter of 2007 led to a lower volume of sales of trade receivables compared with 31 December 2006.

	30 SEP. 2007 € M	31 DEC. 2006 € M	30 SEP. 2006 € M
Net worth			
Fixed assets	277.1	265.5	256.4
Current assets	801.1	689.4	747.5
Equity	306.5	288.6	271.9
Outside capital	771.7	666.3	732.0
Balance sheet total	1,078.2	954.9	1,003.9

On the **liabilities side**, equity rose by € 17.9 million to € 306.5 million. Due to the funds tied up on the assets side as a result of the increase in volume, outside capital rose by € 105.4 million to € 771.7 million. The financial liabilities contained therein rose by € 41.3 million to € 300.1 million as well as payments on account by € 47.2 million to € 102.2 million. Trade creditors were reduced by € 11.5 million to € 119.4 million through the increased use of cash discounts, among others.

Due to the high level of funds tied up in current assets, the **financial position** in the **third quarter** developed as follows: The free cash flow in the third quarter amounted to € 11.4 million (previous year: € 17.0 million). **Cash flow** from current operations amounted to € 21.8 million (previous year: € 23.3 million). In the third quarter the annual profit (€ 10.5 million), depreciation (€ 8.1 million), the change in trade receivables (€ 15.1 million) and payments on account (€ 29.8 million) had a particularly positive impact on cash flow. Cash flow was reduced significantly by the change in inventories (€ -29.5 million) and trade creditors (€ -18.6 million). Cash flow from investment activity amounted to € -12.5 million (previous year's period: € -6.3 million). Cash flow from financing activities in the third quarter was € -1.5 million (previous year's period: € -17.1 million).

	2007 3 rd QUARTER € M	2006 3 rd QUARTER € M	2007 1 st -3 rd QUARTER € M	2006 1 st -3 rd QUARTER € M
Financial position				
Cash flow from current operations	21.8	23.3	5.1	-1.9
Cash flow from investment activity	-12.5	-6.3	-31.3	-16.5
Cash flow from financing activity	-1.5	-17.1	29.2	34.9
Changes in cash and cash equivalents	7.0	-0.2	2.3	16.1
Liquid funds at the start of reporting period	37.5	38.2	42.2	21.9
Liquid funds at the end of reporting period	44.5	38.0	44.5	38.0

As at **30 September 2007** the free cash flow amounted € -24.1 million (previous year: € -17.0 million). Cash flow from current operations improved to € 5.1 million (previous year: € -1.9 million). Based on an annual profit of € 27.2 million, depreciation of € 22.8 million, an increase in provisions (€ 36.8 million) and payments on account received (€ 47.2 million) all made a positive contribution to cash flow. Contrary effects were caused by a rise in inventories (€ -76.3 million) trade receivables (€ -20.1 million) and the decline in trade creditors (€ -12.5 million). Cash flow from investment activity amounted to € -31.3 million (previous year: € -16.5 million). Cash flow from financing activity was € 29.2 million (previous year: € 34.9 million). The change results particularly from the dividend distribution in May 2007 (€ -8.7 million).

As at 30 September 2007 we had sufficient **liquidity** at our disposal as well as financial scope from **financing agreements**. Liquid funds amounted to € 44.5 million compared to the annual financial statements 2006 (€ 42.2 million) and credit facilities amounted to € 141.4 million (31 Dec. 2006: € 189.6 million).

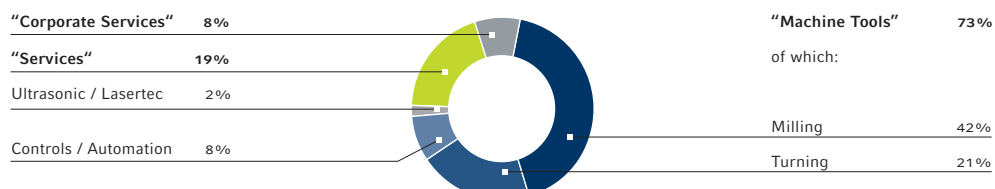
For the **fourth quarter 2007** we expect further improvement in our cash flow and as of year end a free cash flow of more than € 40 million. In particular the increase in the fourth quarter should result from a rise in annual profit and a reduction in trade debtors and inventories through the targeted sell-off of demonstration machines.

Investments

In the first nine months investments amounted to € 35.3 million (previous year: € 17.6 million); this corresponds to 67% of the investments planned for the current financial year. Of this amount € 26.3 million were tangible fixed assets (previous year: € 11.4 million) and € 9.0 million were intangible assets (previous year: € 6.2 million). For the financial year 2007 the volume of investments was increased in the second quarter by € 7.5 million to € 52.5 million. When using investment funds, GILDEMEISTER ensures an appropriate balance with regard to timing and business development over the course of the year.

In the third quarter we completed the assembly area expansion in Pfronten (3,440 square metres). Furthermore, in August our FAMOT production plant in Pleszew, Poland, has put its extended production capacity into operation (3,100 square metres). At the Bielefeld site we finalised the infrastructure measures. In Bangalore, India, we acquired an estate for the construction of a technology centre. With the acquisition of wkz Werkzeugmaschinen GmbH we have invested in a specialist for integration solutions with robots. A further focus of our investments was the development of new machine types, which were presented at the EMO in large numbers, as well as in models, measuring equipment and tools.

**CONTRIBUTION OF EACH SEGMENT /
DIVISION TO INVESTMENT**

1st-3rd QUARTER 2007: € 35.3 MILLION**Segments****"Machine Tools"**

The "Machine Tools" segment includes the group's new machines business. It comprises the business areas of turning and milling technology, the fields of ultrasonic/lasertec, as well as DMG AUTOMATION since July 2007 and DMG Electronics since September.

**KEY FIGURES
"MACHINE TOOLS" SEGMENT**

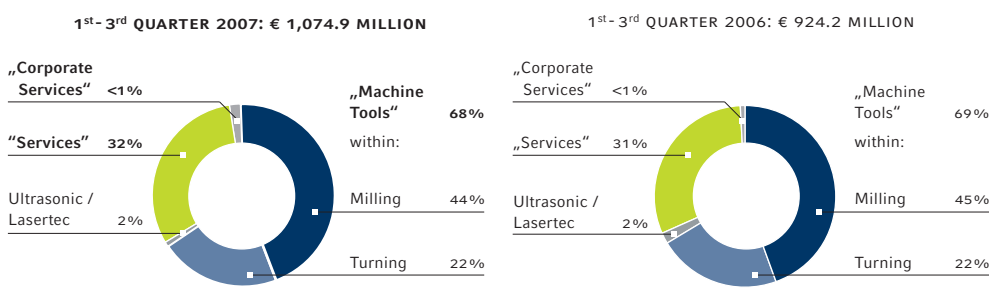
	2007	2006	CHANGES	
	1 st -3 rd QUARTER	1 st -3 rd QUARTER	2007 AGAINST 2006	
	€ M	€ M	€ M	%
Sales Revenues				
Total	732.9	633.7	99.2	16
Domestic	325.6	269.9	55.7	21
International	407.3	363.8	43.5	12
% International	56	57		
Order Intake				
Total	963.8	757.5	206.3	27
Domestic	410.4	328.4	82.0	25
International	553.4	429.1	124.3	29
% International	57	57		
Order Backlog*				
Total	621.4	423.7	197.7	47
Domestic	203.9	148.3	55.6	37
International	417.5	275.4	142.1	52
% International	67	65		
Investments	25.7	12.1	13.6	112
Employees	3,357	3,125	232	7
Plus Trainees	222	181	41	23
Total Employees*	3,579	3,306	273	8
EBIT	38.2	20.9	17.3	83

* Reporting date 30 September

Sales revenues in the reporting period amounted to € 732.9 million and were thus € 99.2 million or 16% above the previous year's value (€ 633.7 million). The "Machine Tools" segment contributed 68% of group sales revenues (previous year: 69%). The DECKEL MAHO milling technology contributed 44% (previous year's period: 45%). The turning technology of GILDEMEISTER contributed 22% (previous year: 22%). The ultrasonic / lasertec contributed 2% (previous year's period: 2%).

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

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



In the "Machine Tools" segment **order intake** increased by € 206.3 million or 27% to € 963.8 million (previous year: € 757.5 million). "Machine Tools" thus accounted for 69% of all group order intake. Both our technology machines and our entry level machines have contributed to the increase in order intake. Our new products were also met with great interest by the market. Together with targeted marketing measures and the well-attended trade fairs, in particular the EMO, and the DMG in-house exhibitions, the product innovations made a significant contribution to the higher level of orders.

On 30 September 2007 the **order backlog** amounted to € 621.4 million (previous year: € 423.7 million). In the first nine months of the year, GILDEMEISTER achieved an **EBIT** of € 38.2 million in the "Machine Tools" segment (previous year: € 20.9 million).

The "Machine Tools" segment had 3,579 **employees** (previous year: 3,306). Due to the higher sales revenue performance the Pfronten and Shanghai sites were systematically strengthened. Further recruiting was a result of the new group companies DMG AUTOMATION and DMG Electronics.

“Services”

The “Services” segment mainly includes the business activities of DMG Vertriebs und Service GmbH and its subsidiaries. **DMG Service Solutions** offers worldwide customised service solutions and service products over the entire lifespan of the DMG machine tools. The **service solutions** include various services provided by our highly-qualified service staff and its worldwide network ensures direct customer contact and rapid availability. **DMG service products** – such as DMG power tools, adjustment devices and tool management from MICROSET, DMG SPARE PARTS, as well as components and systems from a+f and SACO – allow users to increase the productivity of their DMG machine tools significantly. Up-to-date service news may be obtained at www.gildemeister.com.

KEY FIGURES “SERVICES” SEGMENT	2007	2006	CHANGES	
	1 st -3 rd QUARTER € M	1 st -3 rd QUARTER € M	2007 AGAINST 2006	
			€ M	%
Sales Revenues				
Total	341.8	290.3	51.5	18
Domestic	167.7	151.1	16.6	11
International	174.1	139.2	34.9	25
% International	51	48		
Order Intake				
Total	439.7	301.0	138.7	46
Domestic	217.5	155.6	61.9	40
International	222.2	145.4	76.8	53
% International	51	48		
Order Backlog*				
Total	154.1	43.6	110.5	253
Domestic	86.7	33.3	53.4	160
International	67.4	10.3	57.1	554
% International	44	24		
Investments	6.6	4.7	1.9	40
Employees*	2,226	2,043	183	9
EBIT	50.0	40.5	9.5	23

* Reporting date 30 September

Demand for skilled services continued at a high level. **Sales revenues** reached € 341.8 million and were thus 18% above the previous year’s level (€ 290.3 million). “Services” accounted for 32% of group sales revenues (previous year’s period: 31%). **Order intake** increased to € 439.7 million (previous year: € 301.0 million). “Services” thus accounted for 31% of all orders received. The **order backlog** amounted to € 154.1 million. **EBIT** amounted to € 50.0 million (previous year: € 40.5 million). The number of **employees** rose by 183 to 2,226 (previous year: 2,043). In particular our sales and service capacity in Europe, Asia and Germany was expanded further.

“Corporate Services”

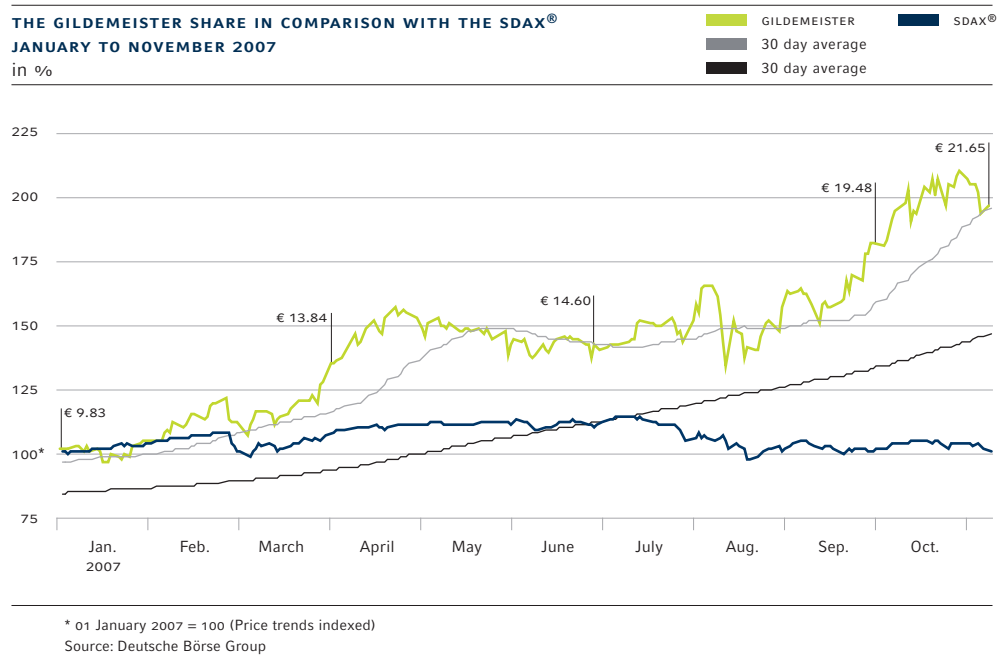
KEY FIGURES “CORPORATE SERVICES” SEGMENT	2007	2006	CHANGES
	1 st - 3 rd QUARTER € M	1 st - 3 rd QUARTER € M	2007 AGAINST 2006 € M
Sales Revenues	0.2	0.2	0.0
Order Intake	0.2	0.2	0.0
Investments	3.0	0.8	2.2
Employees*	83	72	11
EBIT**	-16.9	-13.3	-3.6

* Reporting date 30 September
 ** Previous year's figures adjusted as to reporting of transaction costs

The “Corporate Services” segment essentially comprises GILDEMEISTER Aktiengesellschaft with its group-wide holding function. **EBIT** amounted to € -16.9 million (previous year: € -13.3 million). The higher expense results from the increase in demands made of the central functions.

GILDEMEISTER Share

The GILDEMEISTER share continued its positive development in the third quarter. Following a price of € 14.60 at the start of the third quarter (2 July 2007), the share closed the reporting period at € 19.48 (28 September 2007). This corresponds to an increase in value of 33%; since the start of the year the share has achieved a rise in value of 98%. In comparison, the SDAX has only achieved a rise of 1% over the course of the year. The share is currently quoted at € 21.65 (6 November 2007). Research studies may be accessed in the internet or maybe requested from our investor relations team.



The GILDEMEISTER shares are held in wide free float. On the basis of a total number of 43.3 million shares, the shares have been transferred 1.5 times during the first nine months of financial year 2007 (previous year's period: 0.8 times). The shareholder composition has changed as follows: Union Investment Luxembourg S.A., Luxembourg, and the Governance for Owners LLP, London, Great Britain, have fallen below the threshold of 3% of the voting rights in GILDEMEISTER Aktiengesellschaft. JPMorgan Chase & Co., New York, USA, assigned through its subsidiaries, has exceeded the threshold of 5% of the voting rights.

Earnings per share increased to € 0.63 (previous year: € 0.26). Further information on earnings per share is included in the Notes to the Financial Statements on page 30.

GILDEMEISTER Aktiengesellschaft has been awarded with the first rank for its financial report 2006. The company thus accomplished the jump from the SDAX winner in the previous year to take the top position of around 200 reports evaluated. Content, design, language and reporting efficiency are analysed. This competition is independent and is the most comprehensive comparison in Germany and Europe, as well as being one of the main ones worldwide. Actual: Also in Handelsblatt company check of 2 November 2007 the annual report of GILDEMEISTER ranks first.

Under the motto "Grasping the future. Setting trends" GILDEMEISTER'S financial report convinced the experts and judges with its high level of transparency, quality of language and innovative design. GILDEMEISTER has met the capital markets' greater need for information and has completely fulfilled the recommendations of the German Corporate Governance Code. The financial report 2006 can be ordered or downloaded from the www.gildemeister.com website. The contents are also available as an interactive online version.



Best annual report:
GILDEMEISTER receives the "Rufer" as trophy for the winner by manager magazin.

Your contact to GILDEMEISTER:

GILDEMEISTER Aktiengesellschaft
Gildemeisterstraße 60
D-33689 Bielefeld

Investor Relations:

André Danks
Telephone: + 49 (0) 52 05 / 74 - 3028
Telefax: + 49 (0) 52 05 / 74 - 3273
E-Mail: ir@gildemeister.com

Public Relations:

Tanja Figge
Telephone: + 49 (0) 52 05 / 74 - 3001
Telefax: + 49 (0) 52 05 / 74 - 3081
E-Mail: info@gildemeister.com



EMO 2007 in Hannover:
GILDEMEISTER presented 70 exhibits
on 4,000 square metres.

Research and Development

In the first nine months expenditure on research and development amounted to € 35.3 million (previous year: € 32.6 million). They are focused on the expansion of the technological lead of our products. Due to the innovation offensive for the EMO 2007, GILDEMEISTER has increased the research and development budget for the current financial year to a total of € 51.1 million.

There are 464 employees working on the development of new products; this corresponds to 14% of the workforce at the plants. Of the 19 new developments announced, 18 have already been presented by GILDEMEISTER at 59 trade fairs and in-house exhibitions. At the EMO GILDEMEISTER presented 70 exhibits, of which 14 were world premieres and 14 machines were presented in a new design. The new product range includes the following highlights in particular:

- **The New machine design with innovative controls** – the new machine design of our machine tools presents a unique feature for the industry with transparency of the machining process, the materials processed and with its shape and colour, as well as the innovative DMG ERGOLINE® control.
- **Turning and turning/milling machines in the new CTX series** – the 5th generation of the new CTX series in a new design is based on three platforms for the alpha, beta and gamma series and facilitates maximum customer benefits at an international competitive price. The CTX beta and gamma machines can be equipped optionally with a high-performance milling spindle with B and Y axes and an automatic tool changer, and through their flexibility and functionality enter into new areas of application.
- **Automation solutions from DMG AUTOMATION** – With the complementary range of products from DMG AUTOMATION GmbH, in addition to machining systems and supporting software, GILDEMEISTER offers its customers complete integration solutions with robots. Besides the loading and unloading of machines, these concepts also integrate further processes, such as deburring or labelling of workpieces. Alternatively to standard solutions, our customers can also have turnkey concepts drawn up. These automation concepts are as interesting for small and medium-sized manufacturing shops as they are for large production plants.



EMO Trade Fair Highlights:

Our new design turning and milling machines were among the highlights of the EMO. In addition to technical performance capability, these machines are characterised by enormous transparency, special high quality surface materials and simple and fast programming.

Our new integration solutions from DMG AUTOMATION, which were also presented, enable the loading and unloading of workpieces and ancillary processes to be carried out with the same robot outside machine working space during the primary processing time. This permits maximum cost efficiency and an additional customer benefit.



Production, Technology and Logistics

In the area of **Production and Technology** we have continued our activities to increase efficiency and have introduced new measures. Through the founding of DMG Electronics GmbH, our electronic components will be centralised and our expertise in the area of development and procurement of hard- and software for machine controls will be strengthened. This will allow development and delivery times to be shortened, costs to be reduced and the quality of the machines to be increased.

The new assembly production line at DECKEL MAHO in Seebach is increasing productivity at the plant and improving consistency in assembly at the same time. With an efficient timing on two production lines the CNC universal milling machines DMU 50 and DMU 70 are flexibly produced in a model mix process. In order to meet the increase in demand for customised technology machines, a further assembly hall was constructed in Pfronten, which was put into operation in August.

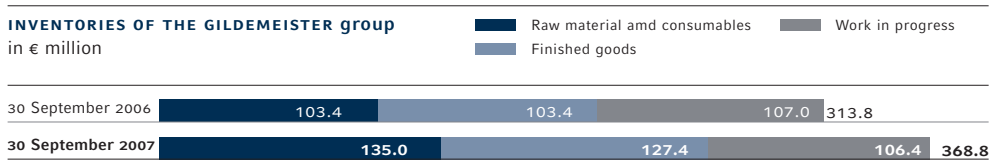
Through the modular design of new machines, the number of different assembly components has been reduced. This allows us to cut back on our inventories whilst at the same time increasing cost effectiveness and time efficiency in **production logistics**. Standardisation of core modules thus creates a distinct improvement in our value added system.

GILDEMEISTER has successfully extended the range of its products to include the business area of renewable energy with components and complete solar installations: a+f GmbH has sold 300 “SunCarrier” in its first major order. Their delivery and installation will already commence in August. The SPS-controlled, 250 square metre large “SunCarrier” automatically tracks the sun and thus achieves on average 32% more performance than fixed systems. The construction, whose patent is pending, primarily wins favour for its long life and low service requirements.



High-performance: : the “SunCarrier” has a module surface of 250 square metres and can supply power for up to 18 households.

At € 368.8 million, **inventories** were higher than the previous year (€ 313.8 million); they serve to safeguard increased production output as a result of demand. In **procurement** we are pursuing the continuous enhancement of our tried and tested **coSupply®** system. Our top 50 delivery partners have committed to working on continuously improving purchasing processes. Activities are focused in particular on safeguarding quality and increasing our delivery reliability.



Employees

As at 30 September 2007, GILDEMEISTER had 5,888 employees, of whom 222 were trainees (30 June 2007: 5,719). Compared to the first six months, the number of employees increased by 169; at the start of the new training year 65 trainees were recruited. The increase in personnel primarily took place in the “Machine Tools” segment at the Pfronten site and through the integration of the new group company, DMG AUTOMATION.

Compared with the 31 December 2006, the total number of employees has risen by 330. The additional personnel requirement arose in both the “Machine Tools” and “Services” segments.

At the end of the third quarter, 3,519 employees (60%) worked for the national companies and 2,369 employees (40%) for our international companies. Personnel costs amounted to € 267.2 million (previous year’s period: € 233.7 million). The personnel expenditure quota decreased to 23.9% (previous year’s period: 24.9%).

Opportunities and Risk Report

Opportunities and Risk Management System: Risks that are associated with our entrepreneurial activities are continually monitored within the GILDEMEISTER risk management system. Our group-wide risk management system enables us to clarify changes in the overall risk position of the group by means of a simple key figure. Through a controlled and conscious manner of dealing with risks, we can seize opportunities and achieve competitive advantages. Every quarter, trained employees identify relevant facts in the individual company divisions, and their risk potentials are quantified and assessed using statistical parameters. The Executive Board and the Supervisory Board are informed regularly about the risk position of the group and its companies.

Opportunities arise through consistent adherence to our investment strategy with the aim of safeguarding our leadership in innovation. On the occasion of the EMO 2007 we presented 70 exhibits, of which 14 were world premieres, and also presented our trendsetting new machine design. A new series of machines, the eco series, has been designed and is in demand in the fast-growing regions such as Asia, South America and Eastern Europe. GILDEMEISTER has successfully entered the forward-looking business area of renewable energy sources. Further part systems, a+f GmbH will intensify its offer of solar systems (SunCarrier), in order to be part of this growth market. Alongside this, since mid-year we have also been offering integration solutions with robots for the automation of machine tools.

Corporate strategic opportunities: A sustained leadership in technology and innovations, together with market leadership in product quality, offer opportunities to strengthen our position in numerous markets. Growing legal certainty and political stability provide more opportunities to achieve higher market shares in the future in the Asian and Eastern European markets, where there is a higher need for investment.

General economic risks: Major risks for the development of the GILDEMEISTER group result on the one hand from cyclical influences in those markets that are relevant to the company as well as the ongoing high prices for raw materials. Other potential risks include rising energy costs and delays in subcontractor deliveries. Overall from today's perspective, there are no risks arising from overall economic development that could jeopardise GILDEMEISTER as a going concern.

Sector risks: GILDEMEISTER counteracts risks arising out of general economic influences with technological advance, which we were once again able to prove this year at the world's largest trade fair for the industry, the EMO, as well as with an attractive product range for a broad customer base. We do not expect any significant adverse effects on our financial, net worth and results of operations position. Through the rising cost of materials and continuing competitive pressure from Asia, there is a currency-based risk in implementing sales prices – this particularly affects our standard machines. We intend to counteract this risk with an increase in local production in Poland and Shanghai.

Risks from operative tasks: As before our products are subject to constant price competition in international markets, which we are counteracting through cost reductions, improved manufacturing processes and by optimising production start-ups. The realisability of loss carry forwards on deferred tax assets may be adversely affected by changes in the rate of tax as well as by the results of operations at the corresponding companies.

Financial and valuation risks: The limiting of these risks is one of the core tasks of GILDEMEISTER Aktiengesellschaft. From our international activities, currency-related risks may arise, which we control through hedging transactions within the framework of our currency strategy. For this purpose the hedging instruments permitted are specified in a currency guideline. We believe that according to our evaluations, currency-related risks are low. Outside finance has been assured long-term through the issue of a fixed interest-bearing corporate bond which matures in July 2011. In addition we have a syndicated loan at our disposal for a total of € 175.0 million and a term until June 2011. Risks arising out of this area amount theoretically to about € 10 million and are controllable; the probability of occurrence is slight.

Corporate strategic risks arise mainly from erroneous interpretations of future market developments and from possibly misguided technological developments. We are counteracting these risks by intensive monitoring of the market and competitors, discussions on conditions as well as regular discussions on product development with competent experts. With our MIS early warning system (Marketing Information System), we are monitoring amongst others the worldwide market behaviour and the range of products on offer.

IT risks exist due to the increasing networking of our systems, some of which are complex. We are counteracting these risks by regular investments in hard- and software. Risks from this area amount to about € 1 million and are controllable.

Personnel risks arise essentially through personnel recruitment and development as well as through the fluctuation of employees in key positions. GILDEMEISTER limits these risks through intense further training and junior staff training programmes, appropriate remuneration, personnel standby plans and early successor planning. On the basis of the above mentioned measures, we consider the probability of occurrence of estimated damages in an amount of about € 7 million as slight.

Legal risks: The operational business of GILDEMEISTER entails legal risks. Customer warranty and liability claims may arise due to defective deliveries or services. Despite an efficient quality assurance management, pertinent claims cannot always be avoided. By limiting our warranty and liability obligations in our contractual terms of delivery, we keep these risks manageable and calculable.

Procurement and purchasing risks may arise through supplier shortfalls, quality problems and price increases. We regard the main risks to lie in price increases in the raw materials and energy sectors, and against the background of a rise in capacity utilisation. We have calculated the risk at about € 9 million with a low probability of occurrence.

Production risks are subject to continuous control by GILDEMEISTER through key figures on assembly and manufacturing progress, process time and continuity. We have calculated these risks at about € 16 million with a low probability of occurrence. Budget overspending, false developments and higher start-up costs for new products may lead to risks in the area of **research and development**. As a rule we avoid uncalculable projects, thus we consider these risks to be containable and controllable.

Overall risk: With the exception of production risks, no major changes have occurred in the risk situation since the last report. An addition of the main individual risks is not appropriate in our opinion as a simultaneous occurrence of hypothetical risks is improbable. The overall risk of the individual group companies as assessed by the risk management system, was still about 7% of total equity in the third quarter 2007 although the volume of sales had increased. The fluctuating trend in the ex-change rate of the euro to the US dollar and Yen does not currently permit a clear projection of the future development of the exchange rate. Exchange rates increase currency and price risks, which consequently could restrict the sale of our products and services. Overall the risks can be controlled and from today's perspective the future of the GILDEMEISTER group is not at risk. We currently do not expect any fundamental changes in the risk position.

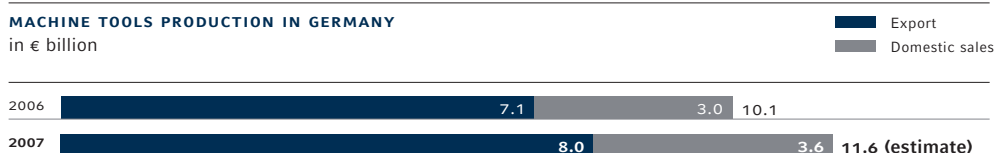
Forecast

The **world economy** will record an increase in gross domestic product (GDP) of 4.9% according to the Kiel Institute for the World Economy (IfW). Further growth of 4.4% has been anticipated for 2008. In **Asia** the rate of growth could slow down somewhat in the view of economic researchers. This also affects China, although the level will remain very high. Growth in Japan is expected to be 2.0% this year and in 2008 gross domestic product is expected to achieve 1.4%. The forecasts for China are running at 11.4% and 10.5%. The forecasts for the **USA** are rather more subdued. The IfW is assuming a plus of 2.0% for 2007. The forecasts for 2008 are at 1.8%. A similar trend is expected in **Europe**. From 2.6% this year, 2.2% is expected next year. The economic situation in **Germany** could develop somewhat more positively. According to estimates of the ifo Institute, growth will amount to 2.5%. Further increases in 2008 are considered possible.

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

The **worldwide market for machine tools** continues to develop positively. In their latest medium term forecast, the German Machine Tool Builders' Association (vbw) and the ifo Institute now consider it probable that in 2007 the world market will increase by 11% to € 53.3 billion. Asia and Europe will be the regions with the greatest growth. A further increase of 7% to € 57.0 billion has been forecast for **the year 2008**. It is assumed that growth impetus will continue to come from Asia, in particular from China and India, as well as from the Eastern European markets.

MACHINE TOOLS PRODUCTION IN GERMANY in € billion



Source: vbw (German Machine Tool Builders' Association)

So far over the course of the year the **German machine tool industry** has developed well. Against the background of a stable economic situation in 2007, the German Machine Tool Builders' Association and the ifo Institute are now assuming an increase in machine tool consumption in Germany of 22%. In an initial estimate for the **year 2008**, the association considers an increase in consumption of 10% to be likely. According to experts, German production could increase by 8% next year and exports by 9%.

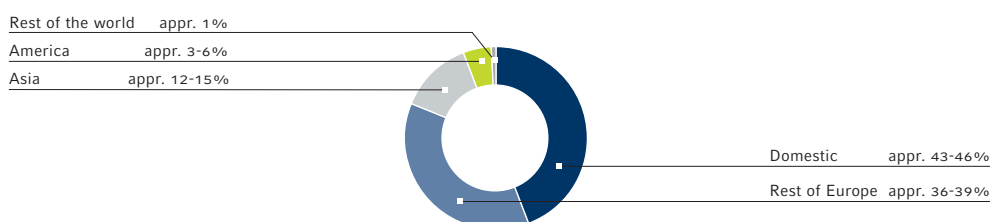
GILDEMEISTER expects the good business development to continue in the fourth quarter of the year. Our planning is based on stable demand for machine tools in nearly all the major sales markets, in particular in Germany and in the European markets, as well as in Asia (China and India). With our global presence and our innovative products we are well positioned and equipped for the forthcoming regional trade fairs. Moreover **GILDEMEISTER** will consistently expand its business activities in the field of renewable energy sources and will extend its sales presence in 2008 to other markets.

Due to its good business development **GILDEMEISTER** can once again raise its targets for 2007 and achieve the best financial year so far in 137 years. Taking into account the post-trade fair business, we are now expecting **order intake** for the whole year of more than € 1.8 billion. For the **financial year 2008** we are planning once again to increase order intake to about € 1.9 billion. We intend our growth to be organic and to be strongly driven by our own innovative strength.

The pressure on **sales prices** will continue to remain high – in particular for standard machines. This is caused by the increased cost of raw materials and energy as well as by sustained high pressure from Asian competition. In particular, our Japanese competitors have a currency advantage through the weak yen in relation to the euro. In financial year 2008 we will adjust our sales prices for “Machine Tools” and “Services” by approximately 2 to 5% based on market and product.

For the fourth quarter we are planning **sales revenues** to develop above the previous year’s level (€ 404.8 million). Due to the good order backlog we are now expecting to increase sales revenues for the whole year to more than € 1.5 billion. For the **financial year 2008**, in line with order intake, we are planning to increase sales revenues to more than € 1.6 billion.

**ESTIMATED SALES DISTRIBUTION FOR 2007
OF THE GILDEMEISTER GROUP BY REGIONS**



Based on expected order intake and sales revenues in the fourth quarter, the **order backlog** will remain high until the end of the financial year; it therefore forms a firm basis for capacity utilisation in 2008.

Earnings development: As expected new impetus came from the EMO. The post-trade fair business will also have a positive influence on the fourth quarter and provides important impetus for the financial year 2008. On the basis of the planned increase in sales

revenues, we expect an increase of more than 60% in EBT and in annual profit for the current year. We plan an increase in the dividend for the current year. Our goal for the financial year 2008 is to continue this positive development.

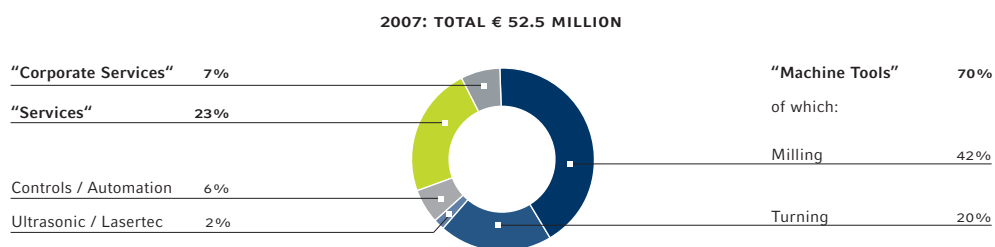
A secure **financing structure** allows us to have the necessary **liquidity** available for growth in 2008 as well as giving us sufficient scope within the credit facilities. To achieve this, in the medium-term GILDEMEISTER is steering the group in line with the following key figures, among others:

- _ a ratio of net debt to EBITDA of less than 300%,
- _ a ratio of net debt to equity (gearing) of less than 100%.

Of the planned **investments** for 2007 (€ 52,5 million), 33% or € 17.2 million remain for the fourth quarter. A main focus will be the provision of means of production for the start-up of our new machine types. A grand opening was held on 23 October 2007 to officially open DMG Polska's newly completed technology centre and the extended manufacturing capacity at FAMOT Pleszew S.A. in Poland. The structure of our investments remains well-balanced and adjusted to requirements

In 2008 we will continue our future-oriented investment strategy. Focus will be placed on the further and advanced development of machine types as well as the construction of a technology centre in India and capacity adjustments at our sites in Bielefeld and Tortona, Italy. By this means we intend to follow our goal of further extending our lead in innovations and to ensure the planned increase in business volume.

**CONTRIBUTION OF EACH SEGMENT / DIVISION TO THE
PLANNED INVESTMENTS IN THE FINANCIAL YEAR 2007**



Our **research and development** activities continue to be focused on innovative products, that is, on a steady improvement in performance capability and on an increase in benefits for our customers. In the fourth quarter we plan to invest a further € 15.8 million (31%) of our development budget (€ 51.1 million). The expenditure will serve the transfer of the new design to other series and preparations for series production of new products. An additional focal point is the further development of our integration solutions with robots. Moreover, we intend to reduce further the costs of development and manufacturing in controls and automation.

In **procurement** we aim to integrate further partners into our **coSupply®** system. This will simplify communication and improve coordination timing. In combination with intensive cost management we are thus able to counteract price increases, in particular those in the area of cast iron and steel suppliers. We expect a cost increase in purchase prices for the entire year 2007 of about 1 to 2%.

In the area of **production and technology** we plan to modernise the assembly areas at our sites in Bielefeld and Tortona (Italy), in 2008, in order to best meet the needs of our customers and to satisfy the increased demand for our new CTX 5th generation turning machines. In the field of information technology we are also working on further enhancements to create additional customer benefits and to reduce costs.

Regarding the **products** we are continuing to focus on extending the modular machine construction and on the new design for other product lines.

In order to reduce **inventories** we intend to extend the construction of standardised machine modules and to integrate our suppliers more firmly in our assembly process.

Significant changes to the future **corporate legal structure** are not planned at the current time. We are expecting a positive contribution to sales revenues and earnings development from our new subsidiary companies.

The number of **employees** will rise slightly in the fourth quarter in order to extend our service capacity in line with requirements and to strengthen personnel at the production companies that in part have seen considerable growth in sales performance. In addition to new staff recruitment at the new companies, **DMG AUTOMATION** and **DMG Electronics**, we have especially integrated and further trained employees from the permanent group staff in order to take advantage of synergy effects. In the current financial year we expect an increase in employee numbers of 8 to 9% compared to the previous year; this increase also includes the planned staff recruitment for the newly formed companies. The number of employees will thus be about three percentage points above our originally planned increase.

Consolidated Income Statement

3 rd Quarter	2007		2006*		CHANGES	
	1 JULY - 30 SEPTEMBER	%	1 JULY - 30 SEPTEMBER	%	2007 AGAINST 2006	%
	€ M		€ M		€ M	
Sales revenues	365.7	94.9	332.8	101.8	32.9	9.9
Changes in stocks of finished goods and work in progress	17.9	4.6	-7.5	-2.3	25.4	338.7
Capitalised payments	2.1	0.5	1.5	0.5	0.6	40.0
Total work done	385.7	100.0	326.8	100.0	58.9	18.0
Cost of materials	-202.8	-52.6	-174.3	-53.3	-28.5	16.4
Gross profit	182.9	47.4	152.5	46.7	30.4	19.9
Personnel expenditure	-89.4	-23.2	-78.6	-24.1	-10.8	13.7
Other expenses and income	-60.0	-15.6	-49.3*	-15.2	-10.7	21.7
Depreciation	-8.1	-2.1	-8.1	-2.5	0.0	0.0
Financial result	-7.3	-1.9	-7.8*	-2.3	0.5	6.4
EBT	18.1	4.6	8.7	2.6	9.4	
Tax on income and earnings	-7.6	-2.0	-3.9	-1.2	-3.7	
Annual profit	10.5	2.6	4.8	1.4	5.7	

Earnings per share acc. IAS 33 in Euro 0.24 0.11

* Figures adjusted as to reporting of transaction costs

1 st - 3 rd Quarter	2007		2006*		CHANGES	
	1 JAN. - 30 SEP.	%	1 JAN. - 30 SEP.	%	2007 AGAINST 2006	%
	€ M		€ M		€ M	
Sales revenues	1,074.9	95.9	924.2	98.3	150.7	16.3
Changes in stocks of finished goods and work in progress	39.8	3.6	11.6	1.3	28.2	243.1
Capitalised payments	5.4	0.5	4.1	0.4	1.3	31.7
Total work done	1,120.1	100.0	939.9	100.0	180.2	19.2
Cost of materials	-587.9	-52.5	-500.8	-53.3	-87.1	17.4
Gross profit	532.2	47.5	439.1	46.7	93.1	21.2
Personnel expenditure	-267.2	-23.9	-233.7	-24.9	-33.5	14.3
Other expenses and income	-171.1	-15.3	-134.5*	-14.3	-36.6	27.2
Depreciation	-22.8	-2.0	-23.4	-2.5	0.6	2.6
Financial result	-22.6	-2.0	-26.3*	-2.7	3.7	14.1
EBT	48.5	4.3	21.2	2.3	27.3	
Tax on income and earnings	-21.3	-1.9	-10.1	-1.1	-11.2	
Annual profit	27.2	2.4	11.1	1.2	16.1	

Earnings per share acc. IAS 33 in Euro 0.63 0.26

* Figures adjusted as to reporting of transaction costs

Consolidated Balance Sheet

ASSETS	30 SEP. 2007 € M	31 DEC. 2006 € M	30 SEP. 2006 € M
Long-term assets			
Intangible assets	98.1	97.4	98.6
of which goodwill	73.0	70.6	70.2
Tangible assets	178.5	167.9	157.5
Financial assets	0.5	0.2	0.3
Trade debtors	0.2	0.8	1.0
Other long-term assets	21.5	18.5	7.2
Deferred taxes	35.4	31.4	32.9
	334.2	316.2	297.5
Short-term assets			
Inventories	368.8	293.0	313.8
Trade debtors	274.7	252.5	285.8
Other short-term assets	56.0	49.9	68.8
Cash and securities	44.5	42.2	38.0
Long-term assets held for sale	0.0	1.1	0.0
	744.0	638.7	706.4
	1,078.2	954.9	1,003.9
EQUITY AND LIABILITIES			
	30 SEP. 2007 € M	31 DEC. 2006 € M	30 SEP. 2006 € M
EQUITY			
Subscribed capital	112.6	112.6	112.6
Capital provisions	68.3	68.3	68.3
Revenue provisions	126.0	108.1	91.4
Minority interests	-0.4	-0.4	-0.4
	306.5	288.6	271.9
Long-term liabilities			
Long-term financial liabilities	249.3	226.6	304.8
Pension provisions	27.8	28.0	28.4
Other long-term provisions	26.0	23.6	20.2
Trade creditors	0.9	0.7	0.0
Other long-term liabilities	0.6	8.8	5.2
Deferred taxes	6.2	9.7	11.2
	310.8	297.4	369.8
Short-term liabilities			
Long-term financial liabilities	50.8	32.2	41.3
Other short-term provisions	149.8	114.7	101.6
Payments received on account	102.2	55.0	60.3
Trade creditors	118.5	130.2	116.7
Liabilities from bills of exchange	0.2	0.1	8.9
Other short-term liabilities	39.4	36.7	33.4
	460.9	368.9	362.2
	1,078.2	954.9	1,003.9

Economic
DevelopmentBusiness
DevelopmentOpportunities
and Risk Report

Forecast

Interim Consolidated
Financial Statements

Financial Calendar

Consolidated Cash Flow Statement

	2007 1 JULY - 30 SEP. € M	2006 1 JULY - 30 SEP. € M	2007 1 JAN. - 30 SEP. € M	2006 1 JAN. - 30 SEP. € M
CASH FLOW FROM THE CURRENT OPERATIONS				
Earnings before taxes (EBT)	18.1	8.7	48.5	21.2
Taxes on profit	-7.6	-3.9	-21.3	-10.1
Depreciation of assets	8.1	8.1	22.8	23.4
Changes in deferred taxes	-2.2	-3.5	-7.4	-2.0
Changes in long-term provisions	0.8	-1.9	1.7	-1.2
Other non-cash expenses and income	0.3	0.2	1.3	2.1
Changes in short-term provisions	13.3	21.1	35.1	26.0
Changes in inventories, trade debtors and other assets	-12.2	10.9	-103.0	-30.5
Changes in trade payables and other liabilities	3.2	-16.4	27.4	-30.8
	21.8	23.3	5.1	-1.9
CASH FLOW FROM INVESTMENT ACTIVITY				
Amounts paid out for investments in intangible and tangible assets	-10.4	-6.3	-31.2	-16.2
Amounts paid out for investments in financial assets	-2.1	0.0	-2.1	-1.4
Amounts received from the disposal of fixed assets	0.0	0.0	2.0	1.1
	-12.5	-6.3	-31.3	-16.5
CASH FLOW FROM THE FINANCING ACTIVITY				
Drawings/Deposits from redemption / borrowing of (financial) loans	-1.5	-17.1	37.9	39.2
Distribution of dividends to shareholders	0.0	0.0	-8.7	-4.3
	-1.5	-17.1	29.2	34.9
Changes affecting payments	7.8	-0.1	3.0	16.5
Consolidation and exchange rate related changes not affecting payments	-0.8	-0.1	-0.7	-0.4
Liquid funds at the start of reporting period	37.5	38.2	42.2	21.9
Liquid funds at the end of reporting period	44.5	38.0	44.5	38.0

Statement of Changes in Group Equity

	SUBSCRIBED CAPITAL € M	CAPITAL PROVISIONS € M	REVENUE PROVISIONS € M	MINORITY INTERESTS € M	GROUP EQUITY € M
As at 1 January 2007	112.6	68.3	108.1	-0.4	288.6
Annual profit	0.0	0.0	27.2	0.0	27.2
Changes in currency / Changes in market value of derivatives	0.0	0.0	-0.6	0.0	-0.6
Consolidation transactions / other changes	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	-8.7	0.0	-8.7
As at 30 September 2007	112.6	68.3	126.0	-0.4	306.5

	SUBSCRIBED CAPITAL € M	CAPITAL PROVISIONS € M	REVENUE PROVISIONS € M	MINORITY INTERESTS € M	GROUP EQUITY € M
As at 1 January 2006	112.6	68.3	85.0	-0.1	265.8
Annual profit	0.0	0.0	11.2	-0.1	11.1
Changes in currency / Changes in market value of derivatives	0.0	0.0	-0.5	0.0	-0.5
Consolidation transactions / other changes	0.0	0.0	0.0	-0.2	-0.2
Dividend	0.0	0.0	-4.3	0.0	-4.3
As at 30 September 2006	112.6	68.3	91.4	-0.4	271.9

Economic
DevelopmentBusiness
DevelopmentOpportunities
and Risk Report

Forecast

Interim Consolidated
Financial Statements

Financial Calendar

Consolidated Segmental Reporting

SEGMENTS BY BUSINESS	3 rd QUARTER 2007	MACHINE	SERVICES	CORPORATE	TRANSITIONS	GROUP
		TOOLS	€ M	€ M	SERVICES	
Sales Revenues		248.3	117.4	0.0		365.7
EBIT		13.7	16.2	-5.0	0.5	25.4
Investments		10.4	3.0	1.1		14.5
Employees		3,579	2,226	83		5,888

	3 rd QUARTER 2006	MACHINE	SERVICES	CORPORATE	TRANSITIONS	GROUP
		TOOLS	€ M	€ M	SERVICES	
Sales Revenues		233.9	98.8	0.1		332.8
EBIT		11.3	11.4	-6.0*	-0.2	16.5*
Investments		4.1	1.7	0.4		6.2
Employees		3,306	2,043	72		5,421

* Figures adjusted as to reporting of transaction costs

	1 st - 3 rd QUARTER 2007	MACHINE	SERVICES	CORPORATE	TRANSITIONS	GROUP
		TOOLS	€ M	€ M	SERVICES	
Sales Revenues		732.9	341.8	0.2		1,074.9
EBIT		38.2	50.0	-16.9	-0.2	71.1
Investitionen		25.7	6.6	3.0		35.3
Employees		3,579	2,226	83		5,888

	1 st - 3 rd QUARTER 2006	MACHINE	SERVICES	CORPORATE	TRANSITIONS	GROUP
		TOOLS	€ M	€ M	SERVICES	
Sales Revenues		633.7	290.3	0.2		924.2
EBIT		20.9	40.5	-13.3*	-0.6	47.5*
Investments		12.1	4.7	0.8		17.6
Employees		3,306	2,043	72		5,421

* Figures adjusted as to reporting of transaction costs

SEGMENTS BY REGIONS	1 st - 3 rd QUARTER 2007	GERMANY	REST OF	NORTH-	ASIA	OTHERS	TRANSI-	GROUP
		€ M	EUROPE	AMERICA	€ M	€ M	TIONS	
Sales Revenues with affiliated companies		263.5	111.1	4.6	13.1	0.8	-393.1	0.0
Sales revenues with third parties		612.1	341.3	52.9	63.1	5.5		1,074.9
Investments		24.7	7.4	0.1	3.0	0.1		35.3

	1 st - 3 rd QUARTER 2006	GERMANY	REST OF	NORTH-	ASIA	OTHERS	TRANSI-	GROUP
		€ M	EUROPE	AMERICA	€ M	€ M	TIONS	
Sales Revenues with affiliated companies		239.4	81.9	1.9	8.5	0.8	-332.5	0.0
Sales revenues with third parties		518.7	295.0	53.4	51.7	5.4		924.2
Investments		12.5	4.3	0.1	0.7	0.0		17.6

Notes to the Interim Consolidated Financial Statements

1 APPLICATIONS OF REGULATIONS The Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft as at 30 September 2007 were prepared, as were the Consolidated Financial Statements of the year ending 31 December 2006, 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 2006.

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 1.103, 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 exercising of election rights according to IFRS.

In the interests of a more precise presentation of costs, GILDEMEISTER has made a change to the information presented in the Income Statement. Expenses from the amortisation of transaction costs for the corporate bond issue and the syndicated loan facility that were previously reported in other operational costs are now accounted for in the financial results as was the case in the consolidated financial statements as at 31 December 2006. As at 30 September 2006 transaction costs of € 3,195 κ and as at 30 September 2007 an amount of € 1,283 κ were reported in the financial results.

On 6 July 2007 the German Federal Council approved the Corporate Tax Reform Act 2008, which will apply to GILDEMEISTER as of 1 July 2008. The act provides, among others, for a reduction in the rate of corporate tax from 25% to 15%, whereas the effective trade tax will rise slightly. No significant effects are expected for the financial year 2007 from the revaluation of the domestic deferred taxes to take place at year-end by applying the future lower tax rates. In subsequent financial years a reduction in the effective income tax burden for domestic profit is expected, which primarily will be due to a reduction in corporate tax.

The accounting and valuation principles and applied consolidation methods remain unchanged from the financial year 2006. Since 1 January 2007, new standards and interpretations of the IFRS accounting rules have come into force, which were obligatorily applied to the present consolidated financial statements. For further details we refer to the Notes to the Consolidated Financial Statements of the year ending 31 December 2006.

2 SEASONAL AND CYCLICAL EFFECTS As a globally operating company GILDEMEISTER is subject to various economic trends. In the sections “Overall Economic Development” on page 2 and “Development of the Machine Tool Industry” on page 3, the cyclical influences during the reporting period have been described in detail. Industry-related seasonal fluctuations over the course of the year are normal and may lead to different sales revenues and results as a consequence. Sectorally the fourth quarter has always generated the highest sales revenues at GILDEMEISTER.

3 CONSOLIDATED GROUP On 30 September 2007, the GILDEMEISTER group comprised 72 companies, including the GILDEMEISTER Aktiengesellschaft, of which 71 were included in the Interim Financial Statements as part of the full consolidation process. The changes are detailed in the section “Business Development of the GILDEMEISTER group”. The changes do not impair comparison with the Consolidated Financial Statements for the year ending 31 December 2006.

4 EARNINGS PER SHARE In accordance with IAS 33, earnings per share are determined by dividing the consolidated earnings by the average number of shares.

Group result excluding profit share of other shareholders	27,108 € κ
Average weighted number of shares	43,302,503 pieces
Earnings per share acc. to IAS 33	0.63 €

There were no dilution effects in the reporting period.

5 CONSOLIDATED INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT Details on the consolidated income statement, the consolidated balance sheet and on the consolidated cash flow statements may be found in the section “Results of Operations, Net Worth and Financial Position”.

6 STATEMENT OF CHANGES IN GROUP EQUITY The consolidated annual profit at 30 September 2007 of € 27.2 million increases the equity. A reduction of group equity resulted from the changes in currency/changes in the market value derivative financial instruments of € 0.6 million. Moreover the dividend distribution for the financial year 2006 which was passed by resolution at the Annual General Meeting, reduced equity by € 8.7 million.

7 CONSOLIDATED SEGMENTAL REPORTING No changes have occurred in the delimitation of segments or in the determination of results achieved by each segment compared with 31 December 2006. Further details on business development are included in the section “Segments”.

8 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE Significant events occurring after the balance sheet date are presented in “Forecast”. No other significant events have occurred after the balance sheet date.

Information about GILDEMEISTER Aktiengesellschaft

GILDEMEISTER Aktiengesellschaft has no operative business but functions as the management holding company for the GILDEMEISTER group. The sales revenues of € 9.8 million shown for the parent company result, apart from rental income, exclusively of the performance of holding activities for the group.

As of 30 September 2007 GILDEMEISTER Aktiengesellschaft was divided into four executive units with the following functional compliance areas: corporate strategy, purchasing, human resources, key accounting, auditing, compliance, and investor and public relations; technology and production; sales and service; controlling, finance, taxation and information technology (IT).

As at 30 September 2007 GILDEMEISTER Aktiengesellschaft had 68 employees (31 December 2006: 62).

Economic
DevelopmentBusiness
DevelopmentOpportunities
and Risk Report

Forecast

Interim Consolidated
Financial Statements

Financial Calendar

12 FEBRUARY 2008	Press release on Provisional Figures for the financial year 2007
13 MARCH 2008	Press conference on Financial Statements
13 MARCH 2008	Publication of Annual Report 2007
14 MARCH 2008	DVFA Analysts' Conference
16 MAY 2008	General Meeting of Shareholders at 10 am in the Town Hall Bielefeld
19 MAY 2008	Dividend payment

Subject to alteration

Bielefeld, 7 November 2007

Yours sincerely,
GILDEMEISTER Aktiengesellschaft
The Executive Board

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

Executive Board:
Dipl.-Kfm. Dr. Rüdiger Kapitza, Chairman
Dipl.-Ing. Günter Bachmann
Dipl.-Kfm. Dr. Thorsten Schmidt
Dipl.-Kfm. Michael Welt

Statements relating to the future

This report contains statements relating to the future, which are based on current estimates by the management regarding future developments. Such statements are subject to risks and uncertainties and as such it is impracticable for GILDEMEISTER to carry out a check or make a precise estimate, such as for example for the future market environment and the general economic conditions, the conduct of the market participants, the successful integration of new acquisitions and the realisation of expected synergy effects as well as measures by state agencies. Should one of these uncertainty factors or incalculabilities occur, or should the assumptions on which these statements are based turn out to be incorrect, the actual results may deviate significantly from the results explicitly stated or implicitly included in these statements. GILDEMEISTER neither intends nor assumes a separate obligation to update forward-looking statements in order to adapt them to events or developments after the reporting period. Forward-looking statements must not be understood as a guarantee or assurance of the future developments or events contained therein.

This report is available in German and English; both versions are available on the Internet for downloading at www.gildemeister.com. Further copies and additional informative literature on GILDEMEISTER are available free of charge upon request.

GILDEMEISTER Aktiengesellschaft
Gildemeisterstraße 60
D-33689 Bielefeld
Local Court Bielefeld HRB 7144
Phone: +49 (0) 52 05 / 74-3001
Fax: +49 (0) 52 05 / 74-3081
Internet: www.gildemeister.com
E-Mail: info@gildemeister.com

Economic
Development

Business
Development

Opportunities
and Risk Report

Forecast

Interim Consolidated
Financial Statements

Financial Calendar

GILDEMEISTER Aktiengesellschaft
Gildemeisterstraße 60
D-33689 Bielefeld
Local Court Bielefeld HRB 7144
Phone: +49 (0) 52 05 / 74-3001
Fax: +49 (0) 52 05 / 74-3081
Internet: www.gildemeister.com
E-Mail: info@gildemeister.com