

# Interim Report

3<sup>rd</sup> quarter 2002

**GMX 400 linear**  
**GILDEMEISTER**

**GILDEMEISTER**

## Key Figures

The Consolidated Interim Financial Statements of GILDEMEISTER Aktiengesellschaft as of September 30, 2002, were prepared in accordance with the guidelines of the International Accounting Standards (IAS). In this respect the rules of IAS 34 pertaining to interim financial reporting were specifically applied. All benchmark figures for the corresponding period of the previous year are also shown in accordance with IAS. The Interim Report has not been audited.

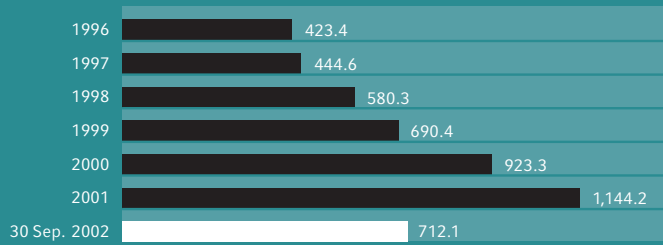
GILDEMEISTER group	2002		2001		Changes	
	1 Jan. - 30 Sep.	1 Jan. - 30 Sep.	1 Jan. - 30 Sep.	1 Jan. - 30 Sep.	2002 against 2001	
	€ M	€ M	€ M	€ M	%	
Sales						
Total	712.1	787.6	-75.5	-10		
Domestic	353.1	389.8	-36.7	-9		
International	359.0	397.8	-38.8	-10		
% International	50	51				
Order intake						
Total	737.1	868.6	-131.5	-15		
Domestic	345.9	447.3	-101.4	-23		
International	391.2	421.3	-30.1	-7		
% International	53	49				
Orders on hand*						
Total	406.8	503.9	-97.1	-19		
Domestic	171.1	236.6	-65.5	-28		
International	235.7	267.3	-31.6	-12		
% International	58	53				
Investments	22.3	40.7	-18.4	-45		
Staff costs	201.7	204.1	-2.4	-1		
Employees	4,868	4,935	-67	-1		
plus trainees	220	174	46	26		
Total employees	5,088*	5,109**				

	2002		2001		Changes	
	1 Jan. - 30 Sep.	1 Jan. - 30 Sep.	1 Jan. - 30 Sep.	1 Jan. - 30 Sep.	2002 against 2001	
	€ M	€ M	€ M	€ M	%	
EBITDA	29.0	68.2	-39.2	-57		
EBIT	0.5	42.2	-41.7	-99		
Profit/Loss on ordinary activities	-17.5	24.1	-41.6	-173		
Profit/Loss for the year	-23.6	7.4	-31.0	-418		

\* reporting date 30 September

\*\* reporting date 30 June 2002

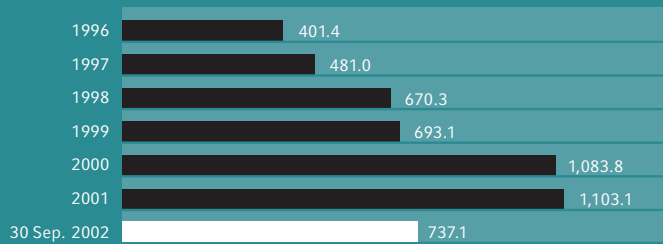
**Sales**  
in € M



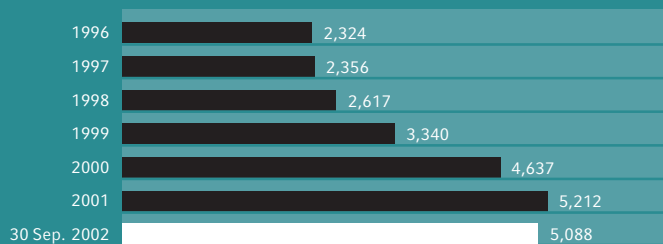
<< GILDEMEISTER  
group key figures

<< Sales  
Order intake  
Employees

**Order intake**  
in € M



**Number of employees**  
including trainees



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Dear ladies and gentlemen,

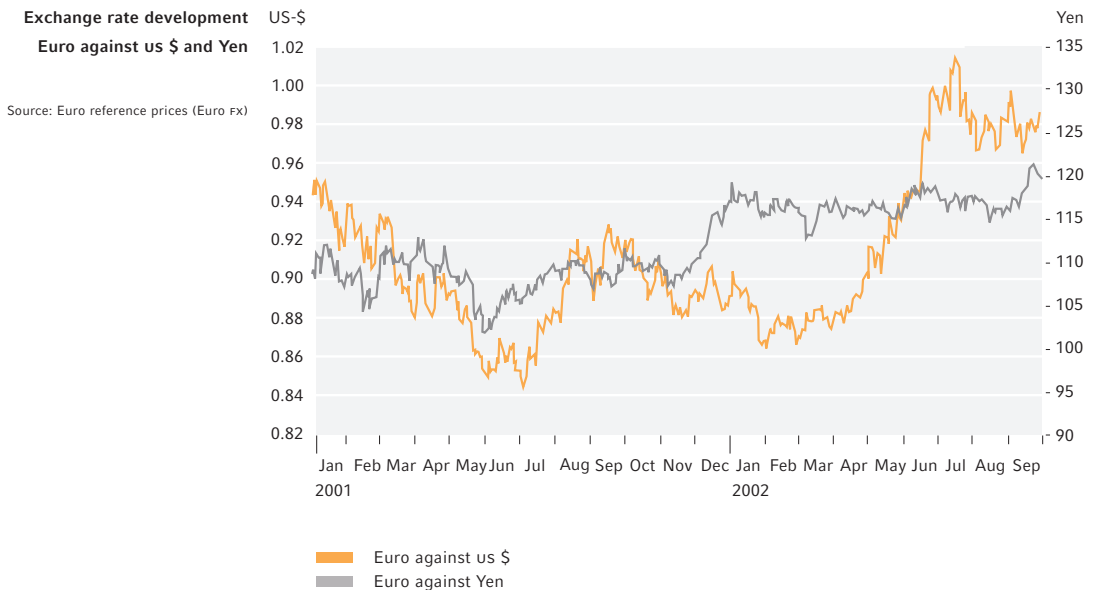
In the third quarter of 2002, world-wide demand for machine tools continued to develop with little vigour. The course of business at GILDEMEISTER was also subdued during this quarter. Sales amounted to € 225.9 million, and, at € 712.1 million during the first nine months, was 10% less than in the comparable period of the previous year. In the third quarter we were able to achieve another small increase in the intake of new orders to € 251.1 million. As of September 30, 2002, new orders totalled € 737.1 million. As previously announced, profitability suffered particularly in the third quarter, which was due primarily to smaller sales figures during the holiday months of July and August as well as innovation-related higher costs of material and the impact of tax. As of September 30, result on ordinary activities amounted to € -17.5 million, whilst earnings before interest and tax (EBIT) were € 0.5 million. Thanks to the increase in orders on hand of € 406.8 million, a satisfactory basic capacity utilisation will be possible at most of our production companies during the next few months.

Demand in the third quarter showed new – if small – signs of recovery. In comparison with the previous quarter, we intend to close the fourth quarter with yet another increase in orders. Despite the weak global demand in machine tools we expect to achieve an intake of new orders of € 1 billion. Sales will again be above € 1 billion. If business in the last three months of the year develops according to plan, it is still possible to achieve a profit on ordinary activities for the overall year 2002.

## Overall Economic Development

**Overall economic development** during the first nine months of 2002 continued to show little sign of thrust. According to the assessment of the International Monetary Fund (IMF) the recovery of the global economy is slow. In the **USA**, the economy continues to be weak and will grow only slightly during the months to come. In **Japan**, cyclical trends continue to be tense, even though economic performance rose slightly thanks to higher export figures. In **Europe**, the economic environment continues to be under pressure. According to research institutes, such as the DIW in Berlin, the greatest weakness in the European economy is the weak demand in capital and consumer goods. In **Germany**, economic trends were weaker than expected; any trends towards recovery failed to materialise. According to the economic research institutes, it is unlikely that a recovery will take place before the second half of 2003.

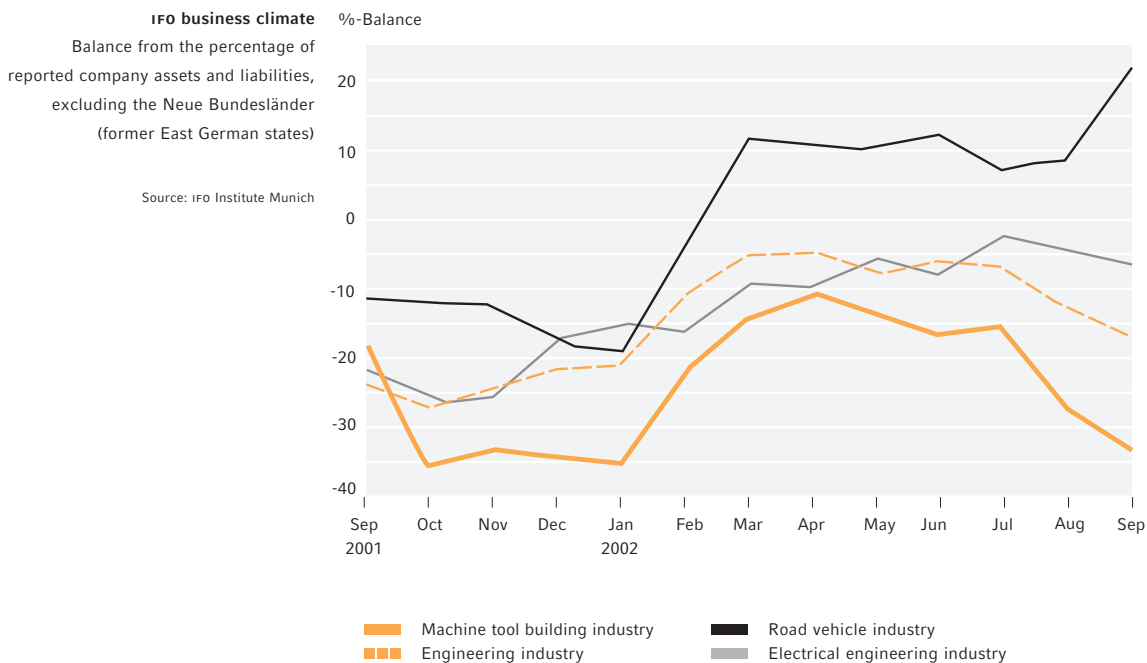
In the third quarter of 2002, **foreign exchange rate development** was dominated by the European growth deficit. The exchange rate development of the Euro against the Dollar remained at roughly the same level and had moved towards parity at US-\$ 0.99 by the end of the quarter. The Yen continued to be weak against all major currencies.



## Development of the Machine Tool Building Industry

In 2002 **global demand for machine tools** continued to decline in double-digit figures. Due to the continuing uncertain situation, a forecast for the global market remains difficult. We now assume that demand will only start to pick up during the course of the next financial year.

With respect to the **intake of new orders** pertaining to cutting machines that correspond to the production programme of DECKEL MAHO GILDEMEISTER, the **German machine tool industry** has recorded a deficit of 16% in the first nine months of the year when compared with the previous year. International orders declined by 12%, domestic orders by 20%. **Sales** of the German machine tool manufacturers dropped by 13% in the first nine months against the corresponding period for the previous year.



## GILDEMEISTER Group Business Development

GILDEMEISTER  
Aktiengesellschaft  
Bielefeld

### PRODUCTION FACILITIES

<b>GILDEMEISTER Drehmaschinen GmbH</b> Bielefeld 100%	<b>GILDEMEISTER Italiana S.p.A.</b> Brembate di Sopra 99%	<b>DECKEL MAHO Pfronten GmbH</b> Pfronten 100%	<b>DECKEL MAHO Geretsried GmbH</b> Geretsried 100%
	<b>GRAZIANO Tortona S.p.A.</b> Tortona 100%	<b>LASERTEC GmbH</b> Pfronten 100%	
	<b>SACO S.p.A.</b> Castelleone 100%		

As of 30 September, 2002 the GILDEMEISTER group including GILDEMEISTER Aktiengesellschaft comprised, as previously, 56 companies, 55 of which are included in the Interim Financial Statements as fully consolidated companies. The following changes in company structure of the GILDEMEISTER group have occurred since the Interim Report for the first six months: the share in GILDEMEISTER Italiana S.p.A. of the Holding Company Macchine Utensili S.p.A. was increased to 98.97% (previously: 95.32%). GILDEMEISTER Aktiengesellschaft now holds 99.0% of the share capital of FAMOT Pleszew S.A. (previously: 98.98%). In addition, the share in a & f Stahl- und Maschinenbau GmbH was increased from 51% to 90%.

As far as we are aware, no major changes have occurred in the shareholders' structure of GILDEMEISTER Aktiengesellschaft compared with the first six months of 2002.

### Sales

As of the end of September the group's sales of € 712.1 million (previous year: € 787.6 million) were 10% below the figure for the previous year's corresponding period. GILDEMEISTER is therefore slightly above industry trends, which suffered a 13% decline.

International sales dropped by 10%, domestic sales by 9% against the previous year so that the export share of 50% remained almost at a consistent level. International sales achieved € 359.0 million (previous year: € 397.8 million). Domestically, goods to the value of € 353.1 million were sold (previous year: € 389.8 million).

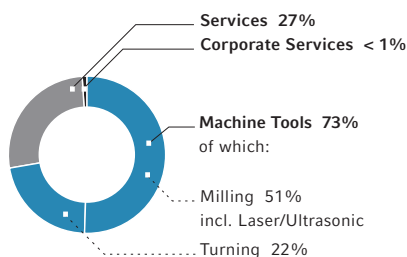
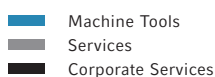
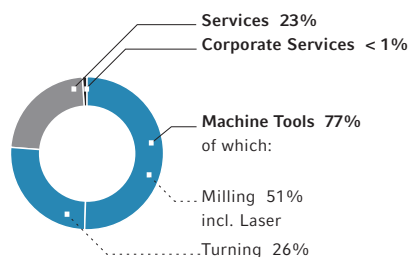


## PROCUREMENT

## SALES AND SERVICE ORGANISATION

<b>DECKEL MAHO Seebach GmbH</b> Seebach 100%	<b>FAMOT Pleszew S.A.</b> Pleszew 99%	<b>SAUER GmbH &amp; Co. KG</b> Stipshausen 50,5%	<b>a &amp; f Stahl- und Maschinenbau GmbH</b> Würzburg 90%	<b>DMG Vertriebs und Service GmbH</b> Bielefeld 100%
				<b>51 sales- and service locations</b> worldwide

GILDEMEISTER group sales distribution by segments/divisions

1<sup>st</sup> – 3<sup>rd</sup> quarter 2002: total € 712.1 million1<sup>st</sup> – 3<sup>rd</sup> quarter 2001: total € 787.6 million

In the “Machine Tools” segment the group’s nine production facilities contributed 73% of sales (corresponding period for the previous year: 77%). The “Services” segment increased its sales performance by 6% against the corresponding period for the previous year. The sales contribution of the services rose to 27% (previous year: 23%).

Based on our still high order level and the expected intake of new orders in the current financial year we expect that sales in the year 2002 will again exceed the € 1 billion.

### Order Intake

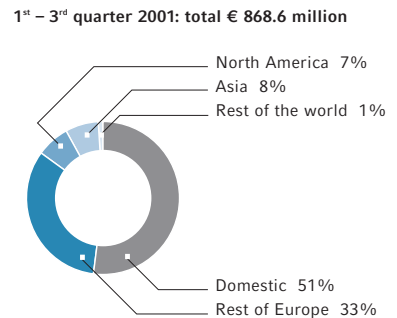
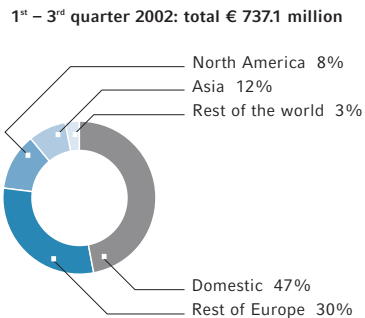
GILDEMEISTER expects a rather restrained demand development during the remaining course of the year. A trend towards recovery is not expected before the financial year 2003.

After orders for the second quarter to the value of € 250.8 million had already exceeded the order intake of the first quarter, the intake of orders for the third quarter improved even further and now amounts to € 251.1 million. We see these constant increases from quarter to quarter as a sign of a gradual recovery in demand.

In all, the order intake for the first three quarters of € 737.1 million was € 131.5 million or 15% below the extraordinarily high corresponding figures for the previous year. In the cutting field of machine tools, the industry received 16% fewer orders compared with the corresponding period for the previous year. The intake of domestic orders amounted to € 345.9 million, which is € 101.4 million or 23% less than in the corresponding period for the previous year. International new orders increased substantially in the third quarter and by the end of September totalled € 391.2 million, which is € 30.1 million or 7% less than in the corresponding period for the previous year.

There was a positive development of activities in Asia. In September GILDEMEISTER received an order from the Malaysian government for 60 turning and milling machines to the value of € 9.5 million to be delivered to various training and advanced vocational training institutions. The autumn trade fairs were also successful. At the IMTS in Chicago and particularly at the AMB in Stuttgart as well as at the BIMU in Milan, which takes place every two years, GILDEMEISTER was able to sell 168 machines from its innovative technology programme to the value of € 35.1 million. Thanks to these positive international activities, the export share rose from 49% to 53% in the reporting period.

**GILDEMEISTER group order intake**  
January to September by regions

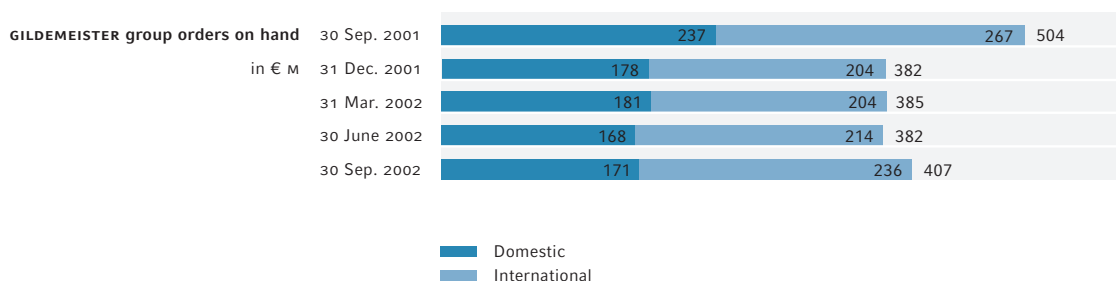


During the reporting year, 73% of new orders were attributed to the “Machine Tools” segment (corresponding period for the previous year: 79%), 27% to the group’s “Services” (corresponding period for the previous year: 21%) and below 1% to “Corporate Services”.

Even though an improvement in general economic situation has still not materialised, we expect, from today’s point of view, that our order intake for the current financial year will reach € 1 billion.

### Orders on Hand

On September 30, 2002, the GILDEMEISTER group’s orders on hand amounted to € 406.8 million. In the third quarter orders on hand rose since sales had dropped due to the holiday season. 58% of the order backlog is attributed to international orders (corresponding period for the previous year: 53%). Compared with the reporting date of the previous year, international orders on hand decreased by € 31.6 million or 12%. Domestic orders on hand dropped by € 65.5 million or 28% during the same period.



The orders on hand enable a basic capacity utilisation for the next months that is just satisfactory. However, the average values pertaining to capacity utilisation will be determined primarily by the technology machines of our production programme. With respect to individual projects some of the agreed delivery dates reach into the second half of the year 2003.

Orders on hand pertaining to the “Machine Tools” segment amounted to € 338.4 million, which equals an 83% contribution to the group’s order backlog (corresponding period for the previous year: 85%). € 68.4 million or 17% were attributed to the services.

## Results, Net Worth and Financial Position

In the reporting period the GILDEMEISTER group's business development was increasingly affected by the continuing subdued level of economic activity and weak global demand for machine tools. As of September 30, business trends are in accordance with the announcements made in the Interim Report for the first six months of the year; in all the third quarter finished with negative results.

In the first nine months, the group recorded a loss on **ordinary activities** of € -17.5 million (corresponding period for the previous year: € 24.1 million). **EBIT** amounted to € 0.5 million (corresponding period for the previous year: € 42.2 million), **EBITDA** to € 29.0 million (previous year: € 68.2 million). The results for the year as of 30 September, 2002 amount to about € -23.6 million (corresponding period for the previous year: € 7.4 million).

In the current financial year, the group's profitability has been affected by various factors. In the first nine months of the year, GILDEMEISTER maintained its innovative speed at a high level. 20 of 22 developments that were planned for the financial year 2002 had been presented before the major autumn trade fairs took place. The high number of product innovations resulted in increased start-up costs, which were particularly reflected in costs of material and staff costs. These innovations, however, secure our strong technological position and will prove to be an investment for the future, giving access to further growth in the global markets.

Whilst the "Services" segment during the reporting period achieved further increases in sales, as expected, sales and the result pertaining to the "Machine Tools" segment remained below the high figures of the previous year. In all, business development continues to be dominated by increased pricing pressure imposed by Japanese and European competitors, which in turn leads to reduced margins. Preproduction costs of material and higher marketing expenses due to trade fairs along with clearly fewer sales have also affected the result for the third quarter.

The losses for the reporting period, which were primarily suffered by the foreign companies, did not result in reduced taxes at our domestic group companies, which, considered together, are profitable. Since the tax-loss carry-forward was applied for the last time in 2001, the results for the current financial year were affected by the increased tax expenditure of the group.



**GMX 400 linear – Complete machining in new dimensions.** The machines of the GMX turning and milling centre line integrate state-of-the-art milling and turning technologies for six-sided complete machining of complex parts, such as the core bit shown here.



To improve the group's profitability various cost-cutting and efficiency increasing measures were introduced, which will not come into full effect before the next financial year. Whilst both the holiday months of July and August were closed with a loss, September recorded another profit. The fourth quarter will close with a positive result.

If business in the last three months of the year develops according to plan, it is still possible to achieve a profit on ordinary activities (EGG) for the overall year 2002. Taking into account tax on earning, we currently assume that, in all, the group will show an annual loss. From today's point of view we can therefore not expect distribution of a dividend for the financial year 2002.

Net worth position		30 Sep. 2002	31 Dec. 2001	30 Sep. 2001
in € M	Fixed assets	270.1	248.3	232.3
	Current assets	626.3	632.1	647.6
	Equity capital	192.1	242.7	227.5
	Loan capital	704.3	637.7	652.4
	<b>Balance sheet total</b>	<b>896.4</b>	<b>880.4</b>	<b>879.9</b>

The **cash flow** amounts to € -3.3 million (previous year: € 43.6 million). An inflow of funds from current activities is shown at € 30.2 million. This is mainly due to a reduction in current assets inventories. In comparison with the previous year the cash flow from investment activities has been affected by the acquisition of further minority interests in GILDEMEISTER Italiana S.p.A., FAMOT Pleszew S.A. and a & f Stahl- und Maschinenbau GmbH. These acquisitions were financed with bank loans.

Financial position		2002 30 September	2001 30 September
in € M	Cashflow	-3.3	43.6
	Cashflow from current activities	30.2	7.9
	Cashflow from investment activities	-62.0	-48.5
	Cashflow from financing activities	27.6	40.6
	Cash movement	0.3	0.6
	Cash 1 January	15.3	24.1
	Cash 30 September	15.6	24.7

## GILDEMEISTER Share

Following the upswing in the first five months of the year, the GILDEMEISTER share, like others, was no longer able to avoid the negative trends in the capital markets in the third quarter of 2002. On 30 September, 2002, the security closed at a price of € 4.60. In the reporting period the Deutsche Aktienindex (German stock index) recorded the greatest quarterly loss since 1959. Securities dealers attributed the general weak condition of the share prices to the global economic situation and are now talking about an inverse exaggeration. A large number of shares are substantially underpriced. According to experts' opinions, a turn-round is not expected before economic activities begin to pick up.

Analysts, such as Dresdner Kleinwort Wasserstein or HSBC Trinkaus & Burkhardt, expect an annually based upside target of € 8 for the GILDEMEISTER share. In our opinion, the current official quotation of € 5.40 (31 October, 2002) does not reflect the value of the company. Thanks to its existing potential the GILDEMEISTER share remains an interesting investment option.



Siemens 840D



**GMX 400 linear – Miles ahead in record time.**  
Thanks to its state-of-the-art control technics with 3-D real-time simulation and dynamic linear technology, the GMX sets new standards in productivity and precision.





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## Employees

On 30 September, 2002, the GILDEMEISTER group had 4,868 employees (as of 30 June, 2002: 4,935) and 220 trainees (as of June: 174). All measures, such as flexible working time models, are utilised. Further staff adjustment measures are directly related to business development at the individual group companies. The beginning of the new season of vocational training that falls in the reporting period is reflected by the increase of 46 trainees.

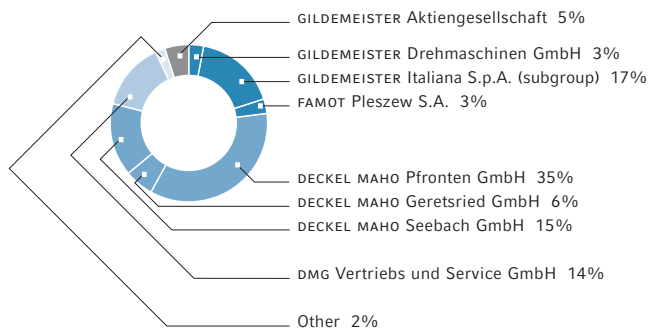
Of the 5,088 employees (including trainees) at the end of the third quarter 3,224 employees (63%) worked in the domestic companies and 1,864 (37%) in our international companies. Staff costs amounted to € 201.7 million in the first nine months compared to € 204.1 million in the corresponding period for the previous year.

### Investments

In the first nine months of the year, GILDEMEISTER invested € 22.3 million in property, plant, equipment and intangible assets (corresponding period for the previous year: € 40.7 million). Due to the weak economy, investment expenses that had originally been planned were cut. Of the planned total investments to the value of € 34.9 million 63.9% were actually carried out to date. The centre of investment activities in the third quarter was the logistical restructuring of the assembly and production areas at our Italian sites in Brembate di Sopra and Tortona.

Contribution of the individual group companies to the investments in tangible and intangible assets

1<sup>st</sup> – 3<sup>rd</sup> quarter 2002: Total € 22.3 million



## Research and Development

In the first three quarters of the year, spending on research and development amounted to € 35.2 million (corresponding period for the previous year: € 39.7 million). 401 employees are working on the development of new products across the entire group. This represents 13% of the production plants' staff. During the first nine months, GILDEMEISTER has already presented 20 of the 22 innovations planned for the year 2002. The numerous new products met with a very positive response at the major autumn trade fairs, such as the IMTS in Chicago, the AMB in Stuttgart and the BIMU in Milan. In the turning field, the new GMX line deserves special emphasis. It integrates state-of-the-art milling and turning technologies into high-precision six-sided complete machining of complex parts. In the milling area, the DMP 60 V was presented as a highly dynamic machining centre with extraordinarily short chip-to-chip times. For serialised milling, we introduced the DMC 60 S, a machine for 6-sided complete machining. Our reports on technology and innovation that are published on our newly designed website, [www.gildemeister.com](http://www.gildemeister.com), also met with a great deal of interest.

## Segments

As before, the GILDEMEISTER group's business activities cover the "Machine Tools", "Services" and "Corporate Services" segments.

The "Machine Tools" segment combines the new machines business of the turning, milling and laser/ultrasonic areas. The "Services" segment includes, along with the procurement services of a & f Stahl- und Maschinenbau GmbH and the components of SACO S.p.A., primarily the promising services division of DMG Vertriebs und Service GmbH and its subsidiaries. The "Corporate Services" segment covers the group-wide holding functions.

**“Machine Tools” segment**

## KEY FIGURES

	2002	2001	Changes	
	1 Jan. - 30 Sep.	1 Jan. - 30 Sep.	2002 against 2001	
	€ M	€ M	€ M	%
<b>Sales</b>				
Total	521.7	606.8	-85.1	-14
Domestic	236.9	304.8	-67.9	-22
International	284.8	302.0	-17.2	-6
% International	55	50		
<b>Order intake</b>				
Total	540.8	686.7	-145.9	-21
Domestic	231.1	342.2	-111.1	-32
International	309.7	344.5	-34.8	-10
% International	57	50		
<b>Orders on hand*</b>				
Total	338.4	428.7	-90.3	-21
Domestic	144.2	205.8	-61.6	-30
International	194.2	222.9	-28.7	-13
% International	57	52		
Investments	17.3	33.5	-16.2	-48
Employees	3,190	3,237	-47	-1
plus trainees	220	174	46	26
Total employees	3,410*	3,411**		
Profit/Loss on ordinary activities	-4.8	25.6	-30.4	-119

\* reporting date 30 September

\*\* reporting date 30 June 2002

## “Services” segment

### KEY FIGURES

	2002	2001	Changes	
	1 Jan. - 30 Sep.	1 Jan. - 30 Sep.	2002 against 2001	
	€ M	€ M	€ M	%
<b>Sales</b>				
Total	190.0	180.0	10.0	6
Domestic	115.8	84.2	31.6	38
International	74.2	95.8	-21.6	-23
% International	39	53		
<b>Order intake</b>				
Total	195.9	181.1	14.8	8
Domestic	114.4	104.3	10.1	10
International	81.5	76.8	4.7	6
% International	42	42		
<b>Orders on hand*</b>				
Total	68.4	75.2	-6.8	-9
Domestic	26.9	30.8	-3.9	-13
International	41.5	44.4	-2.9	-7
% International	61	59		
Investments	3.8	6.0	-2.2	-37
Employees	1,615*	1,629**	-14	-1
Profit/Loss on ordinary activities	-2.8	9.7	-12.5	-129

\* reporting date 30 September

\*\* reporting date 30 June 2002

## “Corporate Services” segment

### KEY FIGURES

	2002	2001	Changes	
	1 Jan. - 30 Sep.	1 Jan. - 30 Sep.	2002 against 2001	
	€ M	€ M	€ M	%
Sales	0.4	0.8	-0.4	-50
Order intake	0.4	0.8	-0.4	-50
Investments	1.2	1.2	0.0	0
Employees	63*	69**	-6	-9
Profit/Loss on ordinary activities	-10.1	-8.9	-1.2	-13

\* reporting date 30 September

\*\* reporting date 30 June 2002

The latest:

**GILDEMEISTER and ThyssenKrupp to consolidate machine tools**

On 12 July, 2002 GILDEMEISTER and ThyssenKrupp Technologies AG, Essen, announced that they intend to look into the pooling of their activities in the cutting machine tools area. By taking over the ThyssenKrupp machine tools business, GILDEMEISTER would further expand its position in the cutting machine tools area to a sales volume of approximately € 1.8 billion. The companies' range of products available on the market hardly overlaps. ThyssenKrupp's strength is the systems business, whilst GILDEMEISTER is market leader in standardised machines. GILDEMEISTER would particularly be able to reinforce its position in North America and in the major European markets. Business in Asia would be jointly expanded.

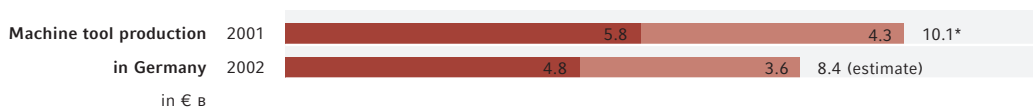
In our opinion, the timing for a possible consolidation is right. Organisation and structures can be adjusted and integrated faster during a weak phase of the market. We would benefit jointly from the expected revival of the market as early as the financial year of 2003.

The due diligence process is carried out according to plan and will be completed in December. Both parties expect ThyssenKrupp to become GILDEMEISTER's largest individual shareholder following the transaction, whereas ThyssenKrupp does not intend to control the company. The implementation of the merger will then have to be decided on by the committees and by the general meeting of the shareholders.

## Forecast 2002

For the overall year of 2002, the **global economy** does still not show much sign of vigour; a first moderate impetus is expected in the second half of the year 2003. The **global market for machine tools** will be below the level of the previous year. There are no forecasts for international trends in this financial year. We expect a decline in production by more than 10%.

The **German machine tool industry** revised its medium-term forecast given by the ifo Institute and the vdw (Association of German Machine Tool Manufacturers) in spring this year. For the year 2002, a 17% reduction in gross output to € 8.4 billion is expected instead of the previously forecast 10% decline. This has to be taken into account with regard to the year 2003, too, where in the first six months declining figures are initially assumed with respect to both sales and production; these will then be counterbalanced by an expected growth stimulus in the second half of the year. Production is expected to pick up from 2004. With respect to subsequent years, the German machine tool building industry sees itself heading for recovery.



Source: vdw (Verein Deutscher Werkzeugmaschinenfabriken, Association of German Machine Tool Manufacturers)

■ Exports  
■ Domestic sales

\* subsequently revised

Like others, our course of business is increasingly affected by the declining economic trends in the machine tool building industry. **GILDEMEISTER** plans for the financial year 2002 with caution. However, this year's results have been affected by our extensive investment outlays in the development of new products and the expansion of our own marketing and service organisation. These safeguarding measures for the future prepare us well for the expected revival of the market in the financial year 2003.

## Consolidated Interim Financial Statements of the GILDEMEISTER Aktiengesellschaft as of 30 September, 2002

### **Group Notes**

The Consolidated Interim Financial Statements of GILDEMEISTER Aktiengesellschaft as of 30 September, 2002 were prepared in accordance with applicable International Accounting Standards (IAS) – in future to be called International Financial Reporting Standards (IFRS) – and in accordance with their interpretation.

The regulations of the IAS 34 on interim reporting were specifically applied. These regulations create an obligation to include, in compliance with IAS, the benchmark figures pertaining to the items shown in the interim financial statements. Regardless of the previous accounting method according to HGB, the reporting in this respect was carried out so as if the IAS regulations had always been applied (SIC-B).

All Interim Financial Statements of the group companies included in the Consolidated Interim Financial Statements were prepared in accordance with uniform accounting and valuation principles that have remained unchanged since the Interim Financial Statements as per 30 June, 2002 were prepared. Detailed notes on the applied accounting, valuation and consolidation methods according to IAS and how they differ from German commercial law methods were set out in the Interim Report for the 1<sup>st</sup> quarter of 2002. Further details regarding the accounting and valuation methods in accordance with German commercial law are included in the Notes to the Financial Report for the year 2001. The consolidated group remained unchanged in comparison with the reporting date, 30 June, 2002.

These Interim Financial Statements have not been checked by our auditor. No material events have occurred since the reporting date of these Interim Financial Statements.



## Consolidated Balance Sheet

### GILDEMEISTER GROUP

	30 Sep. 2002	31 Dec. 2001	30 Sep. 2001
	€ M	€ M	€ M
<b>Assets</b>			
<b>Fixed assets</b>	270.1	248.3	232.3
<b>Current assets</b>			
Stocks	299.5	249.8	297.7
Debtors and other assets	271.1	334.7	287.4
Securities and liquid funds	16.2	17.9	26.0
	586.8	602.4	611.1
<b>Deferred taxes</b>	34.1	24.7	31.8
<b>Prepaid expenses</b>	5.4	5.0	4.7
	896.4	880.4	879.9

	30 Sep. 2002	31 Dec. 2001	30 Sep. 2001
	€ M	€ M	€ M
<b>Equity and liabilities</b>			
<b>Equity/</b>			
<b>Shares held by other shareholders</b>			
Subscribed capital	75.1	75.1	75.1
Capital reserves	48.7	48.7	48.7
Revenue reserves	82.0	82.6	82.3
Unappropriated profits	-14.9	25.6	8.4
	190.9	232.0	214.5
Shares held by other shareholders	1.2	10.7	13.0
	192.1	242.7	227.5
<b>Special account for investment allowances</b>	2.7	2.4	1.9
<b>Provisions</b>	154.1	144.5	135.5
<b>Creditors</b>	544.6	487.3	511.6
<b>Deferred income</b>	2.9	3.5	3.4
	896.4	880.4	879.9

## Statement of Changes in Equity

GILDEMEISTER GROUP	Subscribed Capital	Capital reserves	Revenue reserves	Unappropriated profit			Total
				Unappropriated profits brought forward	Profit for the year	Shares held by other shareholders	
	€ M	€ M	€ M	€ M	€ M	€ M	€ M
1 January 2002	75.1	48.7	82.6	1.1	24.5	10.7	242.7
Distribution of dividend	0.0	0.0	0.0	0.0	-17.2	0.0	
Withdrawal from reserves	0.0	0.0	-0.6	0.0	0.0	0.0	
Profit/loss for the year	0.0	0.0	0.0	0.0	-23.6	0.0	
Shares held by other shareholders	0.0	0.0	0.0	0.0	0.3	-9.5	
<b>30 September 2002</b>	<b>75.1</b>	<b>48.7</b>	<b>82.0</b>	<b>1.1</b>	<b>-16.0</b>	<b>1.2</b>	<b>192.1</b>

## Consolidated Income Statement

GILDEMEISTER GROUP	3 <sup>rd</sup> quarter 1 July – 30 September				Changes against previous year	
	2002		2001			
	€ M	%	€ M	%	€ M	%
<b>Gross performance</b>	240.2	100.0	292.6	100.0	-52.4	17.9
Spending on materials	-136.6	-56.9	-162.1	-55.4	25.5	15.7
<b>Gross yield</b>	103.6	43.1	130.5	44.6	-26.9	20.6
Staff costs	-63.9	-26.6	-69.5	-23.8	5.6	8.1
Other income and expenses	-41.3	-17.2	-43.4	-14.8	2.1	4.8
Depreciation of fixed assets	-9.0	-3.7	-8.8	-3.0	-0.2	2.3
<b>Financial results</b>	-7.2	-3.0	-6.6	-2.3	-0.6	9.1
<b>Profit/Loss on ordinary activities</b>	-17.8	-7.4	2.2	0.7	-20.0	909.1
Taxes on corporate income and business profits	1.6	0.7	-4.8	-1.6	6.4	133.3
<b>Profit/Loss for the year</b>	-16.2	-6.7	-2.6	-0.9	-13.6	523.1
<b>Earnings per share in €</b>	-0.56		-0.07			

in accordance with IAS 33

GILDEMEISTER GROUP	First 9 months of the year 1 January – 30 September				Changes against previous year	
	2002		2001			
	€ M	%	€ M	%	€ M	%
<b>Gross performance</b>	756.7	100.0	863.6	100.0	-106.9	12.4
Spending on materials	-415.4	-54.9	-471.5	-54.6	56.1	11.9
<b>Gross yield</b>	341.3	45.1	392.1	45.4	-50.8	13.0
Staff costs	-201.7	-26.7	-204.1	-23.6	2.4	1.2
Other income and expenses	-110.6	-14.6	-119.8	-13.9	9.2	7.7
Depreciation of fixed assets	-28.5	-3.8	-26.0	-3.0	-2.5	9.6
<b>Financial results</b>	-18.0	-2.3	-18.1	-2.1	0.1	0.5
<b>Profit/Loss on ordinary activities</b>	-17.5	-2.3	24.1	2.8	-41.6	172.7
Taxes on corporate income and business profits	-6.1	-0.8	-16.7	-1.9	10.6	63.5
<b>Profit/Loss for the year</b>	-23.6	-3.1	7.4	0.9	-31.0	418.9
<b>Earnings per share in €</b>	-0.81		0.25			

in accordance with IAS 33

In accordance with IAS 33 the earnings per share are determined by dividing the group result by the average number of shares as follows. The presented reporting periods did not show any share diluting effects.

Profit/Loss for the year excluding the profit share of other shareholders	-23,316 K€
Number of shares	28,879,427 shares
Earning per share	-0.81 €

## Segmental Reporting

<b>GILDEMEISTER GROUP</b>	Machine Tools	Services	Corporate Services	Transition	Group
<b>3<sup>rd</sup> quarter 2001</b>					
1 July - 30 September	€ M	€ M	€ M	€ M	€ M
Sales	214.9	58.5	0.3		<b>273.7</b>
Profit/Loss on ordinary activities	8.6	0.6	-2.7	-4.3	<b>2.2</b>
Investments	15.2	2.4	0.4		<b>18.0</b>
Employees (incl. trainees)	3,552	1,616	51		<b>5,219</b>

<b>GILDEMEISTER GROUP</b>	Machine Tools	Services	Corporate Services	Transition	Group
<b>3<sup>rd</sup> quarter 2002</b>					
1 July - 30 September	€ M	€ M	€ M	€ M	€ M
Sales	161.9	63.9	0.1		<b>225.9</b>
Profit/Loss on ordinary activities	-7.9	-9.4	-4.1	3.6	<b>-17.8</b>
Investments	6.3	1.3	0.3		<b>7.9</b>
Employees (incl. trainees)	3,410	1,615	63		<b>5,088</b>

<b>GILDEMEISTER GROUP</b>	Machine Tools	Services	Corporate Services	Transition	Group
<b>First 9 months 2001</b>					
1 January - 30 September	€ M	€ M	€ M	€ M	€ M
Sales	606.8	180.0	0.8		<b>787.6</b>
Profit/Loss on ordinary activities	25.6	9.7	-8.9	-2.3	<b>24.1</b>
Investments	33.5	6.0	1.2		<b>40.7</b>
Employees (incl. trainees)	3,552	1,616	51		<b>5,219</b>

<b>GILDEMEISTER GROUP</b>	Machine Tools	Services	Corporate Services	Transition	Group
<b>First 9 months 2002</b>					
1 January - 30 September	€ M	€ M	€ M	€ M	€ M
Sales	521.7	190.0	0.4		<b>712.1</b>
Profit/Loss on ordinary activities	-4.8	-2.8	-10.1	0.2	<b>-17.5</b>
Investments	17.3	3.8	1.2		<b>22.3</b>
Employees (incl. trainees)	3,410	1,615	63		<b>5,088</b>

The information on segmental reporting is in conjunction with IAS 34 and IAS 14.

## Consolidated Cashflow

GILDEMEISTER-KONZERN	30 Sep. 2002	30 Sep. 2001
	€ M	€ M
<b>Cash flow from current activities</b>		
1. Profit/loss for the year	-23.6	7.4
2. Depreciation of fixed assets	28.5	26.0
3. Change in deferred taxes	-9.3	8.9
4. Increase in long-term provisions	1.1	1.3
<b>Cash flow</b>	<b>-3.3</b>	<b>43.6</b>
5. Increase in short-term provisions	8.6	22.6
6. Decrease (prev. year increase) in stocks, trade debtors and other assets that cannot be allocated to investment and financing activities	15.4	-85.4
7. Increase in trade creditors and other liabilities that cannot be allocated to investment and financing activities	9.5	27.1
	<b>30.2</b>	<b>7.9</b>
<b>Cash flow from investment activities</b>		
1. Amounts paid out for investments in fixed assets	-41.8	-48.5
2. Amounts paid out for investments in financial assets	-20.2	0.0
	<b>-62.0</b>	<b>-48.5</b>
<b>Cash flow from financing activities</b>		
1. Increase in amounts owed to banks	47.6	57.8
2. Dividends paid out to shareholders	-17.2	-17.2
3. Repayments of capital to other shareholders	-2.8	0.0
	<b>27.6</b>	<b>40.6</b>
Change affecting payments	-4.2	-0.1
Changes not affecting payments due to consolidation and exchange rates	4.5	0.7
Liquid funds as of 1 January	15.3	24.1
<b>Liquid funds as of 30 September</b>	<b>15.6</b>	<b>24.7</b>

## Information about GILDEMEISTER Aktiengesellschaft

GILDEMEISTER Aktiengesellschaft manages the group as management holding in all functional areas. The central organisational units of the three committees of GILDEMEISTER Aktiengesellschaft include group strategy, product development, production and logistics, financing, controlling, personnel and marketing. The shown sales revenues of the parent company of € 12.8 million are almost exclusively revenues arising from the company's holding function. The earnings position of GILDEMEISTER Aktiengesellschaft is dominated by the control agreements and profit and loss transfer agreements with the three domestic subsidiaries, other income from investments and the expenses pertaining to the company's holding function. On September 30, 2002 GILDEMEISTER Aktiengesellschaft employed 60 employees.

Bielefeld, November 2002

Yours truly

GILDEMEISTER Aktiengesellschaft  
The Executive Board

Supervisory Board:

Chair: Dr.-Ing. Manfred Lennings

Deputy Chair: Harry Domnik

Executive Board:

Dipl.-Kfm. Dr. Rüdiger Kapitza,

Chair

Dr.-Ing. Raimund Klinkner

Dipl.-Kfm. Dieter Schäfer

## Financial Calendar

<b>06 February 2003</b>	Press release on provisional figures for the financial year 2002
<b>03 April 2003</b>	Press conference on the balance sheet
<b>04 April 2003</b>	Analysts' discussion
<b>08 May 2003</b>	1 <sup>st</sup> Quarterly Report 2003 (1 January to 31 March)
<b>16 May 2003</b>	Shareholders' general meeting at 10 am in Stadthalle Bielefeld (Convention Center Bielefeld)

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