

Interim Report

First six months 2008



GILDEMEISTER

Dear Shareholders,

worldwide demand for machine tools continues to develop predominantly positively. GILDEMEISTER has also been growing profitably in the second quarter: it has been possible to increase order intake, sales revenues and earnings according to plan.

At mid-year order intake rose to € 1,133.4 million (+32%); sales revenues increased to € 851.5 million (+20%). Profitability continued to develop positively: EBITDA reached € 84.6 million (previous year: € 60.4 million); EBIT amounted to € 70.0 million (previous year: € 45.7 million). EBT rose to € 54.3 million (previous year: € 30.4 million). The group annual profit at mid-year doubled to € 33.8 million (previous year: € 16.7 million).

GILDEMEISTER plans to grow with a focus on profits in the financial year 2008. We are expecting further stimuli, in particular, from our newly designed innovative machines and the important autumn trade fairs – the IMTS in Chicago, the AMB in Stuttgart and the BIMU in Milan. We are expecting a well-sustained trade fair business and are assuming stable worldwide demand for our machine tools, services and solar technology.

For the financial year 2008 we are again planning record figures: in the whole year we now want to exceed the two billion euro threshold regarding order intake for the first time. We are working on increasing sales revenues to more than € 1.8 billion. We are expecting an increase in EBT and in the annual profit of more than 50% compared to the previous year. If business development continues in line with plans, we will further increase the dividend for the financial year 2008.

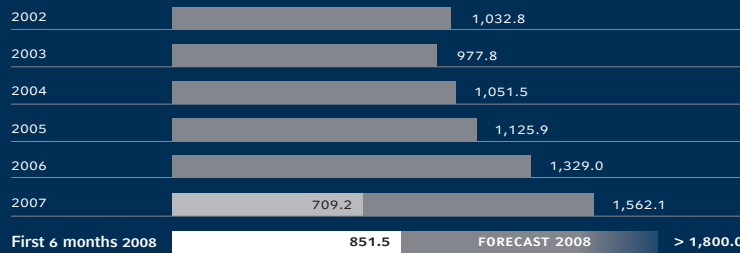
Key figures

The Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft were prepared in accordance with the International Financial Reporting Standards (IFRS), as they have to be applied within the European Union. The Interim Financial Statements have not been audited.

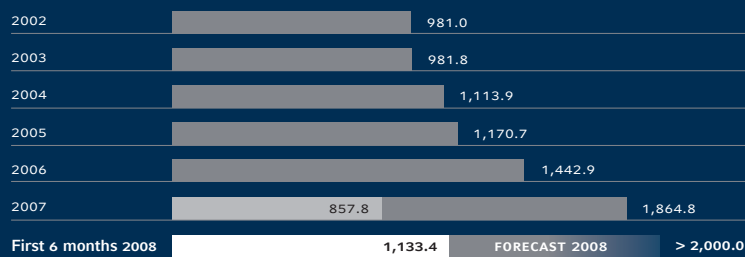
GILDEMEISTER GROUP	2008	2007	CHANGES	
	FIRST 6 MONTHS € MILLION	FIRST 6 MONTHS € MILLION	2008 AGAINST 2007 € MILLION	%
Sales revenues				
Total	851.5	709.2	142.3	20
Domestic	402.7	313.3	89.4	29
International	448.8	395.9	52.9	13
% International	53	56		
Order intake				
Total	1,133.4	857.8	275.6	32
Domestic	478.7	386.1	92.6	24
International	654.7	471.7	183.0	39
% International	58	55		
Order backlog*				
Total	1,031.3	595.3	436.0	73
Domestic	349.1	228.8	120.3	53
International	682.2	366.5	315.7	86
% International	66	62		
Investments	16.7	20.8	-4.1	-20
Personnel costs	196.2	177.8	18.4	10
Personnel ratio in %	20.1	24.2		
Employees	6,044	5,556	488	9
plus trainees	195	163	32	20
Total employees*	6,239	5,719	520	9
EBITDA	84.6	60.4	24.2	40
EBIT	70.0	45.7	24.3	53
EBT	54.3	30.4	23.9	79
Annual profit	33.8	16.7	17.1	102

* Reporting date 30 June

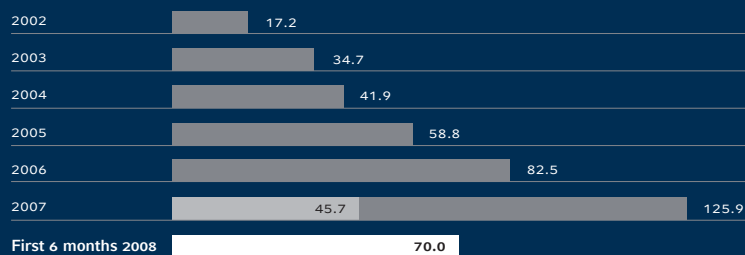
SALES REVENUES in € million



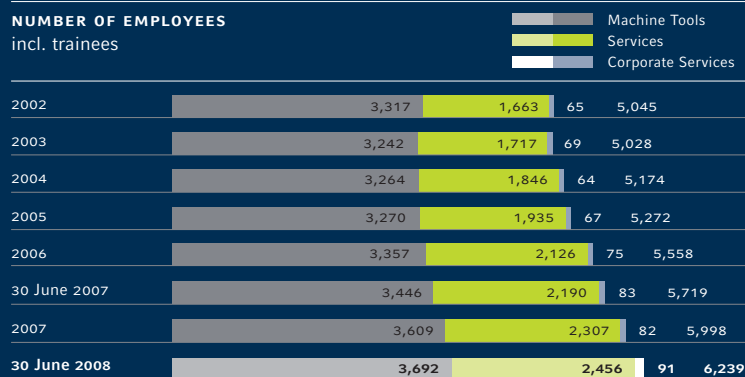
ORDER INTAKE in € million



EBIT in € million



NUMBER OF EMPLOYEES incl. trainees



	Key Figures	
→	2 Overall Economic Development	Economic Development
→	3 Development of the Machine Tool Industry	
→	4 - 14 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	
	8 Investments	
	9 Segmental Reporting	
	9 "Machine Tools"	
	11 "Services"	
	12 "Corporate Services"	
	12 GILDEMEISTER Share	Opportunities and Risk Report
	14 Research and Development	
	14 Employees	
→	15 Opportunities and Risk Report	
→	15 Forecast 2008	
→	17 - 23 Interim Consolidated Financial Statements of GILDEMEISTER Aktiengesellschaft as at 30 June 2008	Forecast 2008
	17 Consolidated Income Statement	Interim Consolidated Financial Statements
	18 Consolidated Balance Sheet	
	19 Consolidated Cash Flow Statement	
	20 Statement of Changes in Group Equity	
	21 Consolidated Segmental Reporting	
	22 Notes to the Interim Consolidated Financial Statements	
	23 Responsibility Statement	
→	24 Financial Calendar	Financial Calendar



PERFORMANCE WITHOUT LIMITS

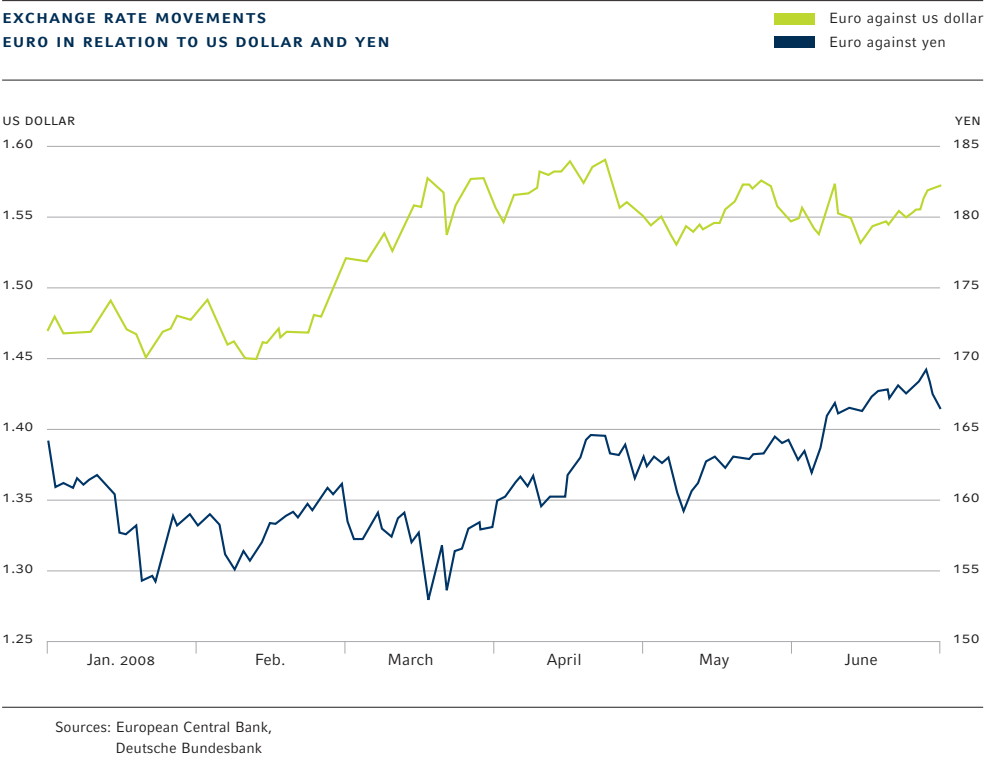
The DMU 40 monoblock® opens up the full spectrum of universal milling processes.

Maximum user-friendliness with minimum space requirements through the innovative technology from GILDEMEISTER.

Overall economic development slowed down in the second quarter of 2008. Asia continued to be a driving force. There was virtually no break in the momentum in China. In Japan development was weaker. In Germany the economic cycle lost momentum. According to the provisional calculations of the German Economic Research Institute (DIW), gross domestic product only increased by 0.2% compared to the previous quarter.

For GILDEMEISTER’s international business, the US dollar, the Japanese yen and the Chinese yuan are important. The **exchange rate** of the currencies most important for us changed in the second quarter as follows: The US dollar continued to lose value against the euro; on 24 April it was fluctuating at a level of 0.63 euros. The average value of 0.64 euros was considerably lower than the comparison value of the previous year (0.74 euros). This means that our products become even more expensive in the dollar region. In relation to the Chinese yuan, initially there was no significant change of the euro but then it became increasingly weaker. At the end of the second quarter, the exchange rate was 10.81 yuan (30 June 2008). The Japanese currency fell continuously against the euro. On 1 April one euro cost 157.55 yen and on 26 June the euro reached the highest level of the quarter at 169.23 yen. The euro closed the second quarter at a value of 166.44 yen (30 June 2008). The average rate of exchange was 163.29 yen (previous year’s quarter: 162.89 yen).

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

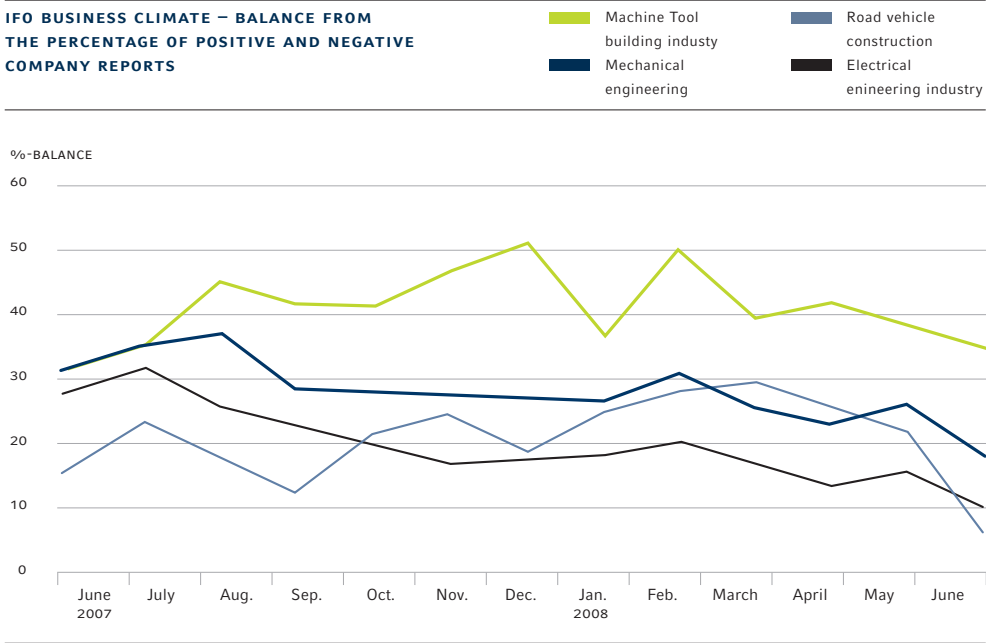


The **worldwide market for machine tools** will continue to develop positively in 2008. Current forecasts (status: April 2008) of the German Machine Tool Builders' Association (VDW) and of the ifo Institute are still assuming growth in global consumption and in global production of 10% to € 57.0 billion.

The **German machine tool industry** should develop in line with the global market. The VDW and the ifo Institute expect growth of 10% in production and in consumption. Order intake in the first half year was higher than the comparison level of the previous year. At the same time, both domestic and international orders increased.

The ifo **business climate index** for trade and industry fell during the second quarter. Companies in the industrial sectors representing the main customers for machine tools evaluate their current business situation as being less favourable than it was at the start of the year.

Source: VDW (German Machine Tool Builders' Association)



Source: ifo Institute (Economic Research Institute), Munich

GILDEMEISTER Aktiengesellschaft Bielefeld	Production plants Turning	Production plants Milling	Production plants Turning / Milling	Production plants Ultrasonic / Lasertec	Automation / Controls
	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 comprised 73 enterprises including GILDEMEISTER Aktiengesellschaft as of 30 June 2008. The consolidated group thus remained unchanged compared to 31 March 2008.

Sales Revenues

As planned, sales revenues in the second quarter of € 459.5 million exceeded the value of the first three months (€ 392.0 million). In the first half year, sales revenues reached € 851.5 million and were thus 20% above the previous year's level (€ 709.2 million). In the "Machine Tools" segment an increase in sales revenues could be achieved in the first six months of € 65.3 million (+13%) compared to the previous year. The "SunCarrier" division contributed € 40.1 million to the increase in sales revenues. We are active in the project business with the "SunCarrier". The sales revenues and earnings will be predominantly booked in the second half of 2008.

Domestic sales revenues rose by 29% to € 402.7 million, international sales revenues grew 13% to € 448.8 million. The export share amounted to 53% (same period in previous year: 56%).

SALES REVENUES GILDEMEISTER GROUP
in € million

	Domestic	International	
First 6 months 2007	313.3	395.9	709.2
First 6 months 2008	402.7	448.8	851.5

More detailed information on sales revenues in each segment is given on page 9 et seq. We are working on increasing sales revenues in the financial year 2008 to more than € 1.8 billion.

Sales and Service Organization

DMG Vertriebs und Service GmbH
DECKEL MAHO GILDEMEISTER; Bielefeld

70 Sales and Service locations
 worldwide

a+f GmbH
 Würzburg

DMG Deutschland; Stuttgart
 7 Sales and Service locations

DMG MICROSET GmbH
 Bielefeld

DMG Europe; Klaus (Austria)
 27 Sales and Service locations

SACO S.p.A.
 Castelleone

DMG Asia; Shanghai / Singapore
 17 Sales and Service locations

DMG America; Itasca
 8 Sales and Service locations

DMG Services; Bielefeld, Pfronten
 11 Service locations

Economic
DevelopmentBusiness
DevelopmentOpportunities
and Risk Report

Order Intake

In the second quarter, order intake rose by 23% to € 541.5 million (previous year: € 441.7 million). Overall, in the first half year, the order intake increased to € 1,133.4 million and thus was 32% or € 275.6 million higher than the same period in the previous year (€ 857.8 million).



Crowd puller:

At the Intersolar 2008 in Munich a+f presented a 288 square metre "SunCarrier" for the first time.

The "SunCarrier" division contributed € 29.2 million to the increase in order intake in the second quarter. At the end of June, a+f once again received a major order to a value of € 21.6 million. Overall, a+f GmbH achieved order intake of € 142.0 million with the "SunCarrier" in the first half year.

In the reporting period order intake within the group rose both domestically and abroad: Domestic orders grew by 24% to € 478.7 million (previous year: € 386.1 million). International orders rose 39% to € 654.7 million (previous year: € 471.7 million). International orders accounted for 58% of orders (previous year: 55%).

Order intake in the second quarter fulfilled our expectations and thus proceeded very satisfactorily in the reporting period. GILDEMEISTER was able to achieve particular success at the METAV in Düsseldorf and at the DIE & MOULD in China. Moreover, we were able to conclude further orders at the trade fairs and exhibitions that have taken place so far.

Forecast 2008

Interim Consolidated
Financial Statements

Financial Calendar

ORDER INTAKE GILDEMEISTER GROUP
 in € million

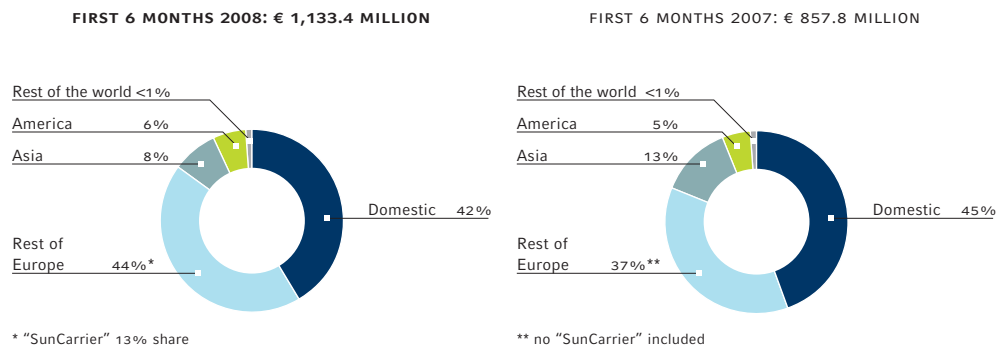
■ Domestic
 ■ International

First 6 months 2007	386.1	471.7	857.8
First 6 months 2008	478.7	654.7	1,133.4

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

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

ORDER INTAKE GILDEMEISTER GROUP BY REGIONS



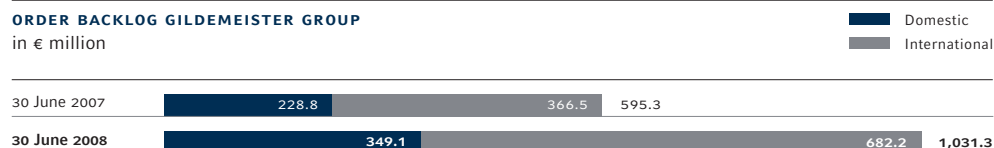
The increase in order intake in the first half year was especially attributable to a growth in international orders and a rise in demand for our solar technology. In the whole year we now want to exceed the two billion euro threshold regarding order intake for the first time.

Order Backlog

As at 30 June 2008 the order backlog within the group amounted to € 1,031.3 million (+73%) and thus was above one billion euros for the first time. The "SunCarrier" division of a+f GmbH accounted for € 176.0 million or 17%.

The backlog of domestic orders rose by € 120.3 million (+53%) to € 349.1 million. International order backlog grew by € 315.7 million (+86%) to € 682.2 million compared to the previous year. Of the existing orders, international orders accounted for 66% (corresponding date of the previous year: 62%).

ORDER BACKLOG GILDEMEISTER GROUP in € million



The order backlog signifies production capacity utilisation of about six months on average. Due to the high level of order backlog, production is already operating at full capacity into the next financial year.

Results of Operations, Net Worth and Financial Position

The profitability of the GILDEMEISTER group continued to develop positively: EBITDA and EBIT rose again in the **second quarter** according to plan in comparison with the first quarter and also against the comparable figures of the previous year. EBITDA amounted to € 51.2 million (previous year: € 36.3 million). EBIT rose to € 44.1 million (previous year: € 29.3 million).

As at the end of the **first six months** EBITDA reached € 84.6 million (previous year: € 60.4 million); EBIT amounted to € 70.0 million (previous year: € 45.7 million). EBT rose to € 54.3 million (previous year: € 30.4 million). The group annual profit doubled as of 30 June to € 33.8 million (previous year: € 16.7 million).

Total operating revenue rose to € 980.0 million (previous year: € 734.4 million). This rise was due to an increase in sales revenues to € 851.5 million (previous year: € 709.2 million) and a change in stocks of finished goods and work in progress to € 125.5 million (previous year: € 21.9 million); this includes an increase in stocks of finished and unfinished goods of € 78.4 million for the high level of materials required for the "SunCarrier". The materials quota rose due to prefabrication to 57.4% (previous year: 52.5%). Expenditure on materials amounted to € 562.5 million (previous year: € 385.1 million). Gross profits rose by € 68.2 million to € 417.5 million (previous year: € 349.3 million); the gross profit margin amounted to 42.6% (previous year: 47.5%). The personnel expenditure quota decreased to 20.1% (previous year: 24.2%). Personnel expenditure amounted to € 196.2 million (previous year: € 177.8 million). The balance of other expenses and income rose to € 136.7 million due to the increase in volume (previous year: € 111.1 million). Depreciation of € 14.6 million remained at the previous year's level (previous year: € 14.7 million). The financial result was € -15.7 million (previous year: € -15.3 million). At the end of the first six months the tax ratio further improved as planned to 38% (previous year: 45%). Tax expenditure amounted to € 20.5 million (previous year: € 13.7 million).

	30 JUNE 2008 € M	31 DEC. 2007 € M	30 JUNE 2007 € M
Net Worth			
Fixed assets	286.9	285.3	269.8
Current assets	1,001.1	864.8	779.4
Equity	350.0	329.5	297.3
Outside capital	938.0	820.6	751.9
Balance sheet total	1,288.0	1,150.1	1,049.2

The balance sheet total as at 30 June 2008 amounted to € 1,288.0 million (€ +137.9 million). The fixed assets on the assets side increased by € 1.6 million to € 286.9 million and current assets by € 136.3 million to € 1,001.1 million. Inventories grew by € 155.3 million to € 516.3 million. Purchases for solar modules and advance work for the "SunCarrier" led to a rise in raw materials and consumables of € 6.6 million to € 32.9 million, in unfinished goods of € 76.4 million to € 89.1 million and in finished goods of € 2.5 million to € 2.5 million. Trade receivables rose by € 18.6 million to € 311.1 million. The amount of receivables from the "SunCarrier" business amounted

to € 25.5 million. At the end of the first six months liquid funds amounted to € 51.9 million. Under liabilities, outside capital amounted to € 938.0 million.

Financial liabilities rose by € 67.1 million, payments on account received for orders placed rose by € 38.8 million and trade creditors rose by € 30.6 million. The GILDEMEISTER Aktiengesellschaft subordinated bond was cancelled as planned at the first possible cancellation date on 19 July 2008 and replaced by a borrowers' note in an amount of € 200 million. The volume consists of two tranches, one amounting to € 140 million over five years and the other amounting to € 60 million over a period of seven years. Through this refinancing we will be able to further reduce interest expense in the second half-year by € 1.8 million and have thus created a long-term funding structure.

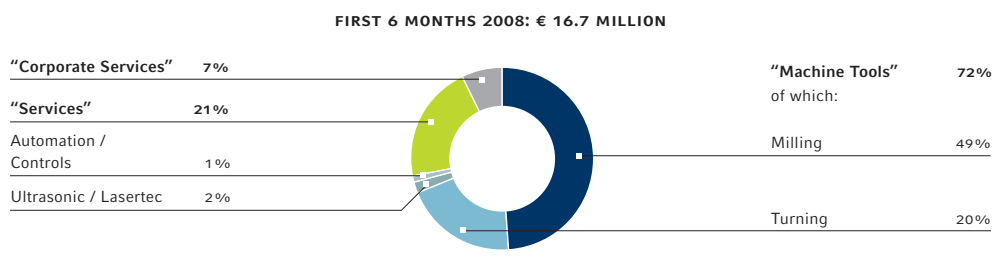
The free cash flow was negative in the second quarter at € -48,9 million (previous year: € 6.4 million) and thus in the second half of the year at € -97.9 million (previous year: € -35.5 million). In the first six months the **cash flow** from operating activity amounted to € -82.0 million (previous year: € -16.7 million). Based on earnings before tax (EBT) of € 54.3 million (previous year: € 30.4 million), depreciation of € 14.6 million and trade creditors of € 31.3 million contributed to this positive cash flow. In opposition, the increase in necessary procurements and advance work in inventories (€ +154.5 million) and trade receivables (€ +18.0 million) reduced the cash flow. The cash flow from investment activities amounted to € -15.9 million (previous year: € -18.8 million). Cash flow from financing activities of € 54.7 million (previous year: € 30.7 million) resulted from a change in financial liabilities (€ 69.9 million) and from the distribution of the dividend in May 2008 (€ -15.2 million). We are expecting free cash flow of around € 50 million for the entire year.

In July 2008, settlement was received for a second major "SunCarrier" order to a value of € 32.4 million; payments for the "SunCarrier" business have been received in an amount of € 22.8 million.

	2008 FIRST 6 MONTHS € M	2007 FIRST 6 MONTHS € M
Cash Flow		
Cash Flow from operating activities	-82.0	-16.7
Cash Flow from investment activity	-15.9	-18.8
Cash Flow from financing activity	54.7	30.7
Changes in cash and cash equivalents	-43.7	-4.7
Liquid Funds at the start of reporting period	95.6	42.2
Liquid Funds at the end of reporting period	51.9	37.5

Investments

In the first six months investments amounted to € 16.7 million (previous year: € 20.8 million); this corresponds to 31% of the investments planned so far for the current financial year (€ 53.5 million). At the Bielefeld site, the main focus was placed on up-dating the production areas for the crv-series. At the Geretsried site we invested in an automated high-rack storage system for efficient spare parts storage. Further focus was placed on the development of new machine types and on the acquisition of models, fixtures and machine tools.

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

Segments
"Machine Tools"

The "Machine Tools" segment includes the group's new machines business. It comprises the business areas of turning and milling technologies, the ultrasonic and laser technologies, as well as DMG Automation and DMG Electronics.

**KEY FIGURES
"MACHINE TOOLS" SEGMENT**

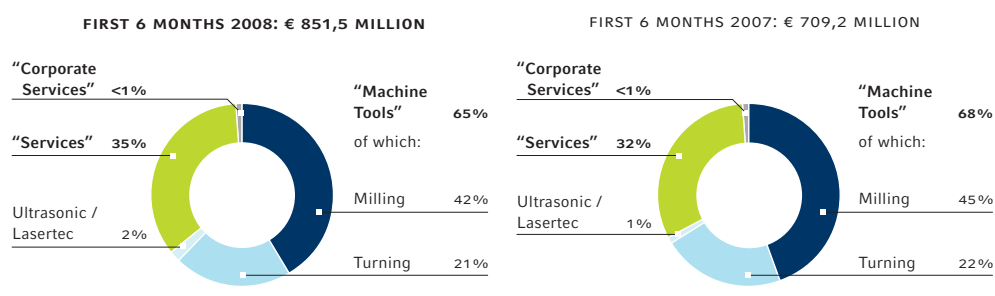
	2008 FIRST 6 MONTHS € M	2007 FIRST 6 MONTHS € M	CHANGES 2008 AGAINST 2007	
			€ M	%
Sales Revenues				
Total	549.9	484.6	65.3	13
Domestic	270.3	202.3	68.0	34
International	279.6	282.3	-2.7	-1
% International	51	58		
Order Intake				
Total	700.7	614.3	86.4	14
Domestic	339.9	238.5	101.4	43
International	360.8	375.8	-15.0	-4
% International	51	61		
Order Backlog*				
Total	750.9	520.2	230.7	44
Domestic	251.7	155.3	96.4	62
International	499.2	364.9	134.3	37
% International	66	70		
Investments	12.0	15.3	-3.3	-22
Employees	3,497	3,283	214	7
Plus Trainees	195	163	32	20
Total Employees*	3,692	3,446	246	7
EBIT	33.7	24.5	9.2	38

* Reporting date 30 June

The machine tool business developed positively in the reporting period. **Sales revenues** amounted to € 549.9 million and were thus € 65.3 million or 13% above the previous year's figure (€ 484.6 million). The "Machine Tools" segment contributed 65% of group sales revenues (previous year: 68%). The milling technology of DECKEL MAHO contributed 42% (previous year: 45%). The turning technology of GILDEMEISTER amounted to 21% (previous year: 22%). New technologies accounted for 2% (same period in the previous year: 1%).

In relation to the total sales revenues of the group, the "Machine Tools", "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 € 86.4 million or 14% to € 700.7 million (previous year: € 614.3 million). "Machine Tools" thus accounted for 62% of all group order intake. Both our technology machines and our standard machines have contributed to the increase in order intake. The **order backlog** on 30 June amounted to € 750.9 million (previous year: € 520.2 million). Earnings in the "Machine Tools" segment increased due to a rise in sales volume and improved earnings margins. In the first six months of the year, GILDEMEISTER achieved an **EBIT** in the "Machine Tools" segment of € 33.7 million (previous year: € 24.5 million). The "Machine Tools" segment had 3,692 **employees** as of 30 June (31 Dec. 2007: 3,609). In particular, employee numbers were purposely strengthened at the sites in Shanghai and Pleszew due to the increased sales performance. Further staff increases also occurred at DMG Electronics.

“Services”

The “Services” segment comprises mainly the business activities of DMG Vertriebs und Service GmbH and its subsidiaries. a+f GmbH, with its strongly growing “SunCarrier” division, is also allocated to the “Services” segment. **DMG Service Solutions** offers world-wide customised service solutions and service products over the entire lifespan of the DMG machine tools. The service solutions include various services, which, through our highly-qualified service staff and our worldwide sales and service network, ensure direct customer contact and rapid availability. **DMG Service Products** – such as DMG Powertools, adjustment devices and tool management from DMG MICROSET, DMG Spare Parts and components from SACO – provide users with an opportunity to increase the productivity of their DMG machines tools significantly. Up-to-date service news may be obtained at www.gildemeister.com.

KEY FIGURES “SERVICES” SEGMENT	2008	2007	CHANGES	
	FIRST 6 MONTHS	FIRST 6 MONTHS	2008 GEGENÜBER 2007	
	€ M	€ M	€ M	%
Sales Revenues				
Total	301.5	224.4	77.1	34
Domestic	132.3	110.8	21.5	19
International	169.2	113.6	55.6	49
% International	56	51		
Order Intake				
Total	432.6	243.3	189.3	78
Domestic	138.7	147.4	-8.7	-6
International	293.9	95.9	198.0	206
% International	68	39		
Order Backlog*				
Total	280.4	75.1	205.3	273
Domestic	97.4	73.5	23.9	33
International	183.0	1.6	181.4	11,338
% International	65	2		
Investments	3.6	3.6	0.0	0
Employees*	2,456	2,190	266	12
EBIT	52.3	33.8	18.5	55

* Reporting date 30 June

The sustained positive development in the “Services” segment is a component of success for the good business development in the group. Demand for skilled services continued running at a high level. **Sales revenues** reached € 301.5 million and were thus 34% above the previous year’s level (€ 224.4 million). The SunCarrier division contributed € 40.1 million to sales revenues in the first half year. “Services” contributed 35% of group sales revenues. **Order intake** in the first half year developed satisfactorily at a total of € 432.6 million (previous year: € 243.3 million). The “SunCarrier” division contributed € 142.0 million of this. At the end of June, a+f received a further major order to a value of € 21.6 million. The **order backlog** amounted to € 280.4 million, of which the SunCarriers of a+f GmbH accounted for € 176.0 million. **EBIT** amounted to € 52.3 million (previous year: € 33.8 million). The number of **employees** rose to 2,456 (31 Dec. 2007: 2,307). The employee increase occurred in particular at the newly founded DMG Spare Parts. Moreover, our regional service capacity in Europe and Asia was further expanded in order to meet the increased requirements of our customers even better.

“Corporate Services”

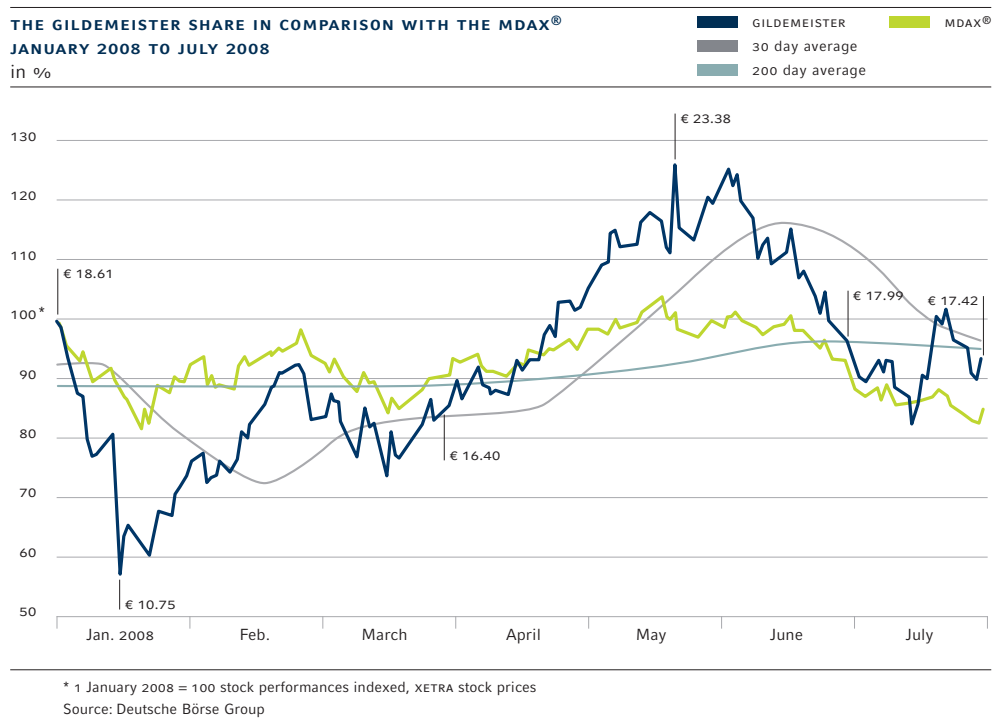
KEY FIGURES “CORPORATE SERVICES” SEGMENT	2008 FIRST 6 MONTHS € M	2007 FIRST 6 MONTHS € M	CHANGES 2008 AGAINST 2007 € M
Sales Revenues	0.1	0.2	-0.1
Order Intake	0.1	0.2	-0.1
Investments	1.1	1.9	-0.8
Employees*	91	83	8
EBIT	-16.5	-11.9	-4.6

* Reporting date 30 June

The “Corporate Services” segment essentially comprises GILDEMEISTER Aktiengesellschaft with its group-wide holding functions. **EBIT** amounted to € -16.5 million (previous year: € -11.9 million). The higher expense results from the increase in demands made of central functions. This includes, amongst others, an increase in consultation and personnel costs as well as extending our risk and compliance management.

GILDEMEISTER Share

The GILDEMEISTER share performed better than the MDAX in the second quarter. Following a share price of € 16.40 on 1 April, the share reached its “all time high” of € 23.38 on 22 May and closed the quarter at € 17.99 (30 June 2008). The share is currently quoted at 17.42 € (30 July 2008).



The GILDEMEISTER shares are held in wide free float. On the basis of a total number of 43.3 million shares, the shares were transferred 1.8 times during the first six months (previous year's period: 0.9 times). The trading volume rose by 92% to about 609,000 shares on average per trading day (previous year: 317,000 shares). Several banks analysed the current and future business development of GILDEMEISTER in the first six months of 2008 and arrived at the following ratings: "Buy" (DZ Bank, 24 July 2008), "Buy" (Berenberg Bank, 24 July 2008), "Buy" (Dresdner Kleinwort, 23 July 2008), "Add" (WestLB, 18 June 2008), "Buy" (BHF Bank, 07 May 2008), "Buy" (LBBW, 07 May 2008), "Buy" (UniCredit, 06 May 2008).

Earnings per share increased to € 0.78 (previous year: € 0.38). Further information on earnings per share is included in the Notes to the Financial Statements on page 22.

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Research and Development

Expenditure on research and development in the first half year amounted to € 27.6 million and was thus higher than the previous year's figure (€ 23.0 million). There are currently 457 employees working on the development of our new products; this corresponds to 13% of the workforce at the plants.

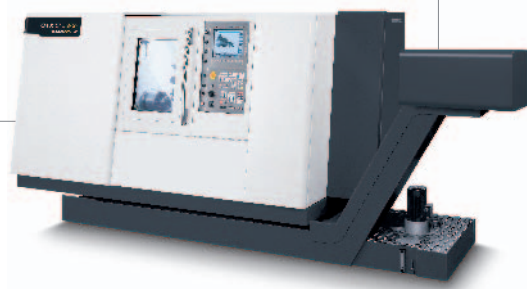
GILDEMEISTER presented five of the planned 17 new developments at 40 trade fairs and in-house exhibitions. The two newest launches, which were presented at the CCMT in Beijing and at the DIE & MOULD in Shanghai, were the DMC 1035 V eco and the CTX 510 eco. With its ECO series, GILDEMEISTER offers an economically priced yet at the same time a technologically high-quality entry into CNC controlled turning and milling. These machines are primarily intended for the fast growing regions in Asia, South America and eastern Europe.

Further activities in the area of research and development are concentrating on the three highlights of the industry in September and October. At these we will once again prove our position as the worldwide leader in innovations with more new presentations.



DMG ECOLINE – Entry technology for growth markets:

The new **DMC 1035 V eco** is impressive in its technological highlights, such as a high-performance milling spindle, a machine tool magazine with fast twin pinners and a short idle time. This vertical milling machine has up-to-date control technology and integrated 3D simulation.



Employees

As at 30 June 2008, GILDEMEISTER had 6,239 employees, of whom 195 were trainees (31 Dec. 2007: 5,998). In comparison with year-end 2007, the number of employees has risen by 241. In the "Services" segment the increase in employees took place at the newly founded DMG Spare Parts GmbH. Moreover, we have further expanded our sales and service capacity in Asia and Europe. In the "Machine Tools" segment, additional employees were recruited, in particular, at our production sites in Shanghai and Pleszew, as well as at DMG Electronics.

At the end of the first six months, 3,692 employees (59%) worked for the national companies and 2,547 employees (41%) for our international companies. Personnel expenditure amounted to € 196.2 million (previous year's period: € 177.8 million); the personnel expenditure ratio decreased to 20.1% (previous year: 24.2%).

Opportunities and Risk Report

Opportunities arise for GILDEMEISTER through the continuous development of products and the consistent continuation of our future-oriented investment strategy with the aim of further extending our innovations' leadership. Integration solutions with robots for the automation of machine tools, as well as the supply of our ECO series to the growing markets in eastern Europe, Asia and South America, offer further potential opportunities. Concentrating the spare parts business for the entire GILDEMEISTER group in DMG Spare Parts enables us to optimise our spare parts logistics and, in the future, to reduce delivery times and stocks of spare parts worldwide. In addition, we intend to tap into further potential earnings related to this business area.

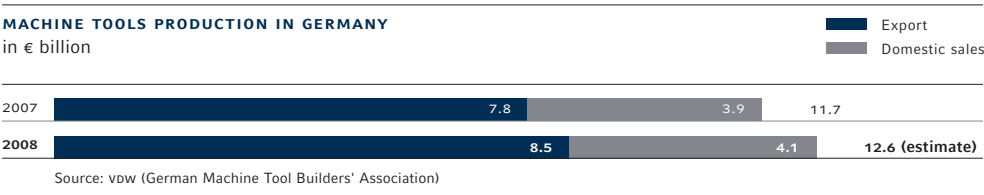
Risks, which result from our corporate dealings, are continuously monitored within the scope of the GILDEMEISTER risk management. In doing so, special attention is paid to risks that could endanger the future of each company or the group as a going concern. The Executive Board and the Supervisory Board are informed regularly about the risk position of the group and its companies.

No lasting changes have occurred in the risk position since the publication of our last report in the 2007 financial report. Overall the risks can be controlled. From today's perspective, the future of the GILDEMEISTER group is not at risk. We do not expect any fundamental changes in the risk position.

Forecast 2008

The **world economy** will not proceed as expansionary in the financial year 2008 as in the previous year according to current forecasts. However, the industrial markets are exhibiting different development trends: Strong stimuli continue to come from Asia. In Europe and America there are signs of an economic slowdown. This also applies to Germany.

The **worldwide market for machine tools** will continue to follow its positive development trend in 2008. Current forecasts (status: April 2008) of the ifo Institute and the vdw are expecting an increase in global demand of 10% to € 57.0 billion. This estimate is based, in particular, on the positive outlook for the major Asian markets, such as China and India, as well as for the European markets, especially the eastern European markets. In Germany, economic experts are likewise expecting an increase in consumption of 10%. An increase in German exports of 9% is expected; domestic sales are expected to rise by 5%.



GILDEMEISTER plans to grow with a focus on profits in the financial year 2008. We are expecting further stimuli, in particular, from our newly designed innovative machines and the important autumn trade fairs – the IMTS in Chicago, the AMB in Stuttgart and the BIMU in Milan. We are expecting a well-sustained trade fair business and are assuming a stable worldwide demand for our machine tools, services and solar technology.

For the **financial year 2008** we are again planning record figures: in the whole year we now want to exceed the two billion euro threshold regarding order intake for the first time. We are working on increasing sales revenues to more than € 1.8 billion. We are expecting an increase in EBT and in the annual profit of more than 50% compared to the previous year. If business development continues in line with plans, we will further increase the dividend for the financial year 2008.

Consolidated Income Statement

2 nd Quarter	2008		2007		CHANGES	
	01 APRIL - 30 JUNE	%	01 APRIL - 30 JUNE	%	2008 AGAINST 2007	%
	€ M		€ M		€ M	
Sales Revenues	459.5	87.4	388.9	100.3	70.6	18.2
Changes in stocks of finished goods and work in progress	64.4	12.3	-3.2	-0.8	67.6	2,112.5
Capitalised payments	1.8	0.3	2.0	0.5	-0.2	10.0
Total Work Done	525.7	100.0	387.7	100.0	138.0	35.6
Cost of materials	-305.8	-58.2	-203.9	-52.6	-101.9	50.0
Gross Profit	219.9	41.8	183.8	47.4	36.1	19.6
Personnel expenditure	-99.5	-18.9	-90.7	-23.4	-8.8	9.7
Other expenses and income	-69.2	-13.2	-56.8	-14.7	-12.4	21.8
Depreciation	-7.1	-1.3	-7.0	-1.8	-0.1	1.4
Financial Result	-7.9	-1.5	-7.6	-1.9	-0.3	3.9
EBT	36.2	6.9	21.7	5.6	14.5	
Income taxes	-13.6	-2.6	-9.8	-2.5	-3.8	
Annual Profit	22.6	4.3	11.9	3.1	10.7	
Earnings per share acc. IAS 33 (in euro)	0.52		0.27			

First 6 months	2008		2007		CHANGES	
	01 JAN. - 30 JUNE	%	01 JAN. - 30 JUNE	%	2008 AGAINST 2007	%
	€ M		€ M		€ M	
Sales Revenues	851.5	86.9	709.2	96.6	142.3	20.1
Changes in stocks of finished goods and work in progress	125.5	12.8	21.9	3.0	103.6	473.1
Capitalised payments	3.0	0.3	3.3	0.4	-0.3	9.1
Total Work Done	980.0	100.0	734.4	100.0	245.6	33.4
Cost of materials	-562.5	-57.4	-385.1	-52.5	-177.4	46.1
Gross Profit	417.5	42.6	349.3	47.5	68.2	19.5
Personnel expenditure	-196.2	-20.1	-177.8	-24.2	-18.4	10.3
Other expenses and income	-136.7	-14.0	-111.1	-15.1	-25.6	23.0
Depreciation	-14.6	-1.5	-14.7	-2.0	0.1	0.7
Financial Result	-15.7	-1.5	-15.3	-2.1	-0.4	2.6
EBT	54.3	5.5	30.4	4.1	23.9	
Income taxes	-20.5	-2.0	-13.7	-1.9	-6.8	
Annual Profit	33.8	3.5	16.7	2.2	17.1	
Earnings per share acc. IAS 33 (in euro)	0.78		0.38			

Consolidated Balance Sheet

ASSETS	30 JUNE 2008 € M	31 DEC. 2007 € M	30 JUNE 2007 € M
Long-term assets			
Goodwill	75.8	75.8	70.5
Other intangible assets	23.5	24.3	25.6
Tangible assets	187.2	184.8	173.5
Financial assets	0.4	0.4	0.2
Trade debtors	3.9	0.3	0.1
Other long-term financial assets	18.8	14.6	18.8
Other long-term assets	1.0	0.9	0.5
Deferred taxes	30.0	27.3	34.5
	340.6	328.4	323.7
Short-term assets			
Inventories	516.3	361.0	340.0
Trade debtors	307.2	292.2	288.7
Other short-term financial assets	34.0	57.9	37.8
Other short-term assets	38.0	15.0	20.4
Cash and cash equivalents	51.9	95.6	37.5
Long-term assets held for disposal	0.0	0.0	1.1
	947.4	821.7	725.5
	1,288.0	1,150.1	1,049.2
EQUITY AND LIABILITIES	30 JUNE 2008 € M	31 DEC. 2007 € M	30 JUNE 2007 € M
Equity			
Subscribed capital	112.6	112.6	112.6
Capital provisions	68.3	68.3	68.3
Revenue provisions	169.4	149.0	116.8
Total equity of shareholders	350.3	329.9	297.7
of GILDEMEISTER Aktiengesellschaft			
Minority interests' share of equity	-0.3	-0.4	-0.4
Total Equity	350.0	329.5	297.3
Long-term liabilities			
Long-term financial liabilities	43.6	42.3	262.0
Pension provisions	27.6	27.8	27.8
Other long-term provisions	28.2	31.3	24.5
Trade creditors	0.0	0.9	1.0
Other long-term financial liabilities	6.0	6.5	0.8
Other long-term liabilities	3.9	3.4	0.2
Deferred taxes	3.7	3.0	7.6
	113.0	115.2	323.9
Short-term liabilities			
Short-term financial liabilities	283.9	218.1	37.6
Tax provisions	19.0	23.0	24.5
Other short-term provisions	147.8	131.9	112.1
Payments received on account	150.9	112.1	72.4
Trade creditors	173.9	142.4	135.9
Other short-term financial liabilities	16.2	42.8	20.8
Other short-term liabilities	33.3	35.1	24.7
	825.0	705.4	428.0
	1,288.0	1,150.1	1,049.2

Consolidated Cash Flow Statement

	2008 01 JAN. - 30 JUNE € M	2007 01 JAN. - 30 JUNE € M
CASH FLOW FROM OPERATING ACTIVITIES		
Earnings before tax (EBT)	54.3	30.4
Income taxes	-20.5	-13.7
Depreciation of assets	14.6	14.7
Changes in deferred taxes	-1.9	-5.2
Changes in long-term provisions	-3.3	0.7
Other expense / income not affecting payments	1.6	1.0
Changes in short-term provisions	11.9	21.9
Changes in inventories, trade debtors and other assets	-180.2	-90.7
Changes in trade payables and other liabilities	41.5	24.2
	-82.0	-16.7
CASH FLOW FROM INVESTMENT ACTIVITY		
Amounts paid out for investments in intangible and tangible assets	-17.0	-20.8
Amounts received from the disposal of fixed assets	1.1	2.0
	-15.9	-18.8
CASH FLOW FROM FINANCING ACTIVITY		
Amounts received from raising (financing) credits	69.9	39.4
Paid Dividends	-15.2	-8.7
	54.7	30.7
Changes affecting payments	-43.2	-4.8
Consolidation and exchange rate related changes not affecting payments	-0.5	0.1
Cash and cash equivalents as at January 1	95.6	42.2
Cash and cash equivalents as at June 30	51.9	37.5

Economic
DevelopmentBusiness
DevelopmentOpportunities
and Risk Report

Forecast 2008

Interim Consolidated
Financial Statements

Financial Calendar

Statement of Changes in Group Equity

	SUBSCRIBED CAPITAL € M	CAPITAL PROVISIONS € M	REVENUE PROVISIONS € M	SHAREHOLDERS EQUITY OF GILDEMEISTER AKTIEN- GESELLSCHAFT € M	MINORITY INTEREST SHARE OF EQUITY € M	TOTAL € M
As at 1 January 2008	112.6	68.3	149.0	329.9	-0.4	329.5
Annual Profit	0.0	0.0	33.8	33.8	0.0	33.8
Changes in currency / Changes in market value of derivatives	0.0	0.0	1.8	1.8	0.0	1.8
Consolidation transactions / other changes	0.0	0.0	0.0	0.0	0.1	0.1
Dividend	0.0	0.0	-15.2	-15.2	0.0	-15.2
As at 30 June 2008	112.6	68.3	169.4	350.3	-0.3	350.0

	SUBSCRIBED CAPITAL € M	CAPITAL PROVISIONS € M	REVENUE PROVISIONS € M	SHAREHOLDERS EQUITY OF GILDEMEISTER AKTIEN- GESELLSCHAFT € M	MINORITY INTEREST SHARE OF EQUITY € M	TOTAL € M
As at 1 January 2007	112.6	68.3	108.1	289.0	-0.4	288.6
Annual Profit	0.0	0.0	16.7	16.7	0.0	16.7
Changes in currency / Changes in market value of derivatives	0.0	0.0	0.7	0.7	0.0	0.7
Consolidation transactions / other changes	0.0	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	-8.7	-8.7	0.0	-8.7
As at 30 June 2007	112.6	68.3	116.8	297.7	-0.4	297.3

Consolidated Segmental Reporting

2nd QUARTER 2008	MACHINE TOOLS € M	SERVICES € M	CORPORATE SERVICES € M	TRANSITION € M	GROUP € M
Sales revenues	288.9	170.6	0.0	0.0	459.5
EBIT	20.3	31.9	-9.1	1.0	44.1
Investments	7.9	2.0	0.5	0.0	10.4
Employees	3,692	2,456	91	0	6,239

2nd QUARTER 2007	MACHINE TOOLS € M	SERVICES € M	CORPORATE SERVICES € M	TRANSITION € M	GROUP € M
Sales revenues	270.4	118.4	0.1	0.0	388.9
EBIT	16.3	20.7	-7.2	-0.5	29.3
Investments	10.4	2.4	1.2	0.0	14.0
Employees	3,446	2,190	83	0	5,719

FIRST 6 MONTHS 2008	MACHINE TOOLS € M	SERVICES € M	CORPORATE SERVICES € M	TRANSITION € M	GROUP € M
Sales revenues	549.9	301.5	0.1	0.0	851.5
EBIT	33.7	52.3	-16.5	0.5	70.0
Investments	12.0	3.6	1.1	0.0	16.7
Employees	3,692	2,456	91	0	6,239

FIRST 6 MONTHS 2007	MACHINE TOOLS € M	SERVICES € M	CORPORATE SERVICES € M	TRANSITION € M	GROUP € M
Sales revenues	484.6	224.4	0.2	0.0	709.2
EBIT	24.5	33.8	-11.9	-0.7	45.7
Investments	15.3	3.6	1.9	0.0	20.8
Employees	3,446	2,190	83	0	5,719

Economic
DevelopmentBusiness
DevelopmentOpportunities
and Risk Report

Forecast 2008

Interim Consolidated
Financial Statements

Financial Calendar

Notes to the Interim Consolidated Financial Statements

1 APPLICATIONS OF REGULATIONS

The half-year consolidated financial statements of GILDEMEISTER Aktiengesellschaft as of 30 June 2008 were prepared, as were the Consolidated Financial Statements of the year ending 31 December 2007, 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 companies included in the half-year 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 2007.

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 voting rights according to IFRS.

On 6 July 2007 the German Federal Council approved the Corporate Tax Reform Act 2008, which applies to GILDEMEISTER as of 1 January 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. In the current and subsequent financial years a reduction in the effective income tax burden for domestic profits is expected, which will be due primarily to a reduction in corporate tax.

The accounting and valuation principles and applied consolidation methods remain unchanged from the financial year 2007. For further details we refer to the Notes to the Consolidated Financial Statements of the year ending 31 December 2007.

2 CONSOLIDATED GROUP

As at 30 June 2008 the consolidated group comprised 73 companies (31 Dec. 2007: 72) including GILDEMEISTER Aktiengesellschaft, of which 72 companies (31 Dec. 2007: 70) were included in the Interim Financial Statements as part of the full consolidation process. The changes in the current financial year do not impair comparison with the Consolidated Financial Statements for the year ending 31 December 2007.

3 EARNINGS PER SHARE

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

Group result excluding profit share of other shareholders	€ K	33,811
Average weighted number of shares (pieces)		43,302,503
Earnings per share acc. to IAS 33	€	0.78


There were no dilution effects in the reporting period.

4 CONSOLIDATED INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT	Details on the income statement, the balance sheet and on the cash flow statements may be found in the section “Results of Operations, Net Worth and Financial Position” on page 7.	Economic Development
5 STATEMENT OF CHANGES IN GROUP EQUITY	The consolidated annual profit as at 30 June 2008 of € 33.8 million, as well as currency translations resulting in neither profit nor loss and the change in market value of derivatives (€ 1.8 million) caused an increase in equity. The distribution of the dividend in May 2008 (€ -15.2 million) decreased equity.	Business Development
6 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 2007. Further details on business development are included in the “Segments” section on page 9 et seq.	Business Development
7 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE	Significant events occurring after the balance sheet date are presented in the report. No other significant events have occurred after the balance sheet date of the half-year financial statements.	Opportunities and Risk Report

Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable accounting and reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.”

Bielefeld, 31 July 2008
GILDEMEISTER Aktiengesellschaft
The Executive Board


Dipl.-Kfm. Dr. Rüdiger Kapitzka


Dipl.-Ing. Günter Bachmann


Dipl.-Kfm. Dr. Thorsten Schmidt


Dipl.-Kfm. Michael Welt

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

24 September 2008	German Investment Conference, Munich
06 November 2008	3 rd Quarterly Report 2008 (1 July to 30 September)
12 February 2009	Press Release on Provisional Figures for the Financial Year 2008
13 March 2009	Press conference on Financial Statements, Bielefeld
13 March 2009	Publication of Annual Report 2008
14 March 2009	DVFA Analysts' Conference, Frankfurt
15 May 2009	Annual General Meeting at 10.00 a.m. in the Town Hall Bielefeld

Subject to alteration.

Statements relating to the future

This report contains statements relating to the future, which are based on current evaluations of the management regarding future developments. Such statements are subject to risks and uncertainties and as such it is impracticable for GILDEMEISTER to carry out a check or make an accurate prediction, such as for example on the future market environment and general economic conditions, the conduct of 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 uncertainties 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 referred to therein.

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

