



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

Interim Report

First six months 2003

GILDEMEISTER

DEAR SHAREHOLDERS,

Overall economic development and demand for German machine tools has continued to be subdued during the first six months of 2003. As previously announced, the second quarter went well for GILDEMEISTER. We were able to close the first six months according to plan and, compared with the rest of the industry, have developed relatively well in the face of the current difficult environment.

The sales figures for the second quarter exceeded the figures for the first quarter; they reached € 470.8 million in the first six months (compared with the last six months of the previous year, this was a fall of 3%). The order intake amounted to € 471.7 million (-3%). As announced, at € 11.0 million, EBIT (earnings before interest and tax) were positive. At € 2.3 million, the result from ordinary activities was also positive in the second quarter, however, a slight loss (€ 1.5 million) was recorded by the end of the first six months of the year. With € 329.7 million, orders on hand continue to represent a satisfactory basic capacity utilisation.

GILDEMEISTER expects a rather restrained course of demand for the current financial year, looking ahead to a moderate revival after the summer months. Should demand pick up over the course of the year, our order intake for the entire year could reach more than € 1 billion, and sales, too, could again exceed € 1 billion. Based on measures already initiated, we still hope to achieve a profit over the year. We will consider the distribution of a dividend, as soon as the group has obtained an adequate net profit for the year.

KEY FIGURES

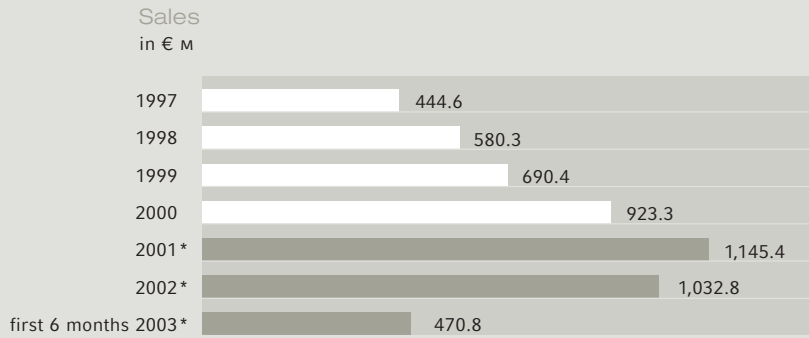
The Consolidated Interim Financial Statements of the GILDE-MEISTER Aktiengesellschaft were prepared in accordance with International Financial Reporting Standards (IFRS). This Interim Report has not been audited.

GILDEMEISTER-group	2003	2002	Changes	
	first 6 months	first 6 months	2003 against 2002	
	€ M	€ M	€ M	%
Sales				
Total	470.8	486.2	-15.4	-3
Domestic	232.8	246.0	-13.2	-5
International	238.0	240.2	-2.2	-1
% International	51	49		
Order Intake				
Total	471.7	486.0	-14.3	-3
Domestic	216.3	235.8	-19.5	-8
International	255.4	250.2	5.2	2
% International	54	51		
Orders on hand*				
Total	329.7	380.4	-50.7	-13
Domestic	124.7	167.1	-42.4	-25
International	205.0	213.3	-8.3	-4
% International	62	56		
Investments**	10.0	14.4	-4.4	-31
Staff costs	136.4	137.8	-1.4	-1
Employees	4,879	4,935	-56	-1
plus trainees	191	174	17	10
Total employees*	5,070	5,109	-39	-1

	2003	2002	Changes	
	first 6 months	first 6 months	2003 against 2002	
	€ M	€ M	€ M	%
EBITDA	28.0	30.6	-2.6	-8
EBIT	11.0	11.1	-0.1	-1
Profit/loss on ordinary activities	-1.5	0.3	-1.8	-600
Profit/loss for the year	-5.1	-7.4	2.3	31

* Reporting date 30 June 2003

** Tangible and intangible asset additions, excluding capitalised development expenses, goodwill additions and Financial leases



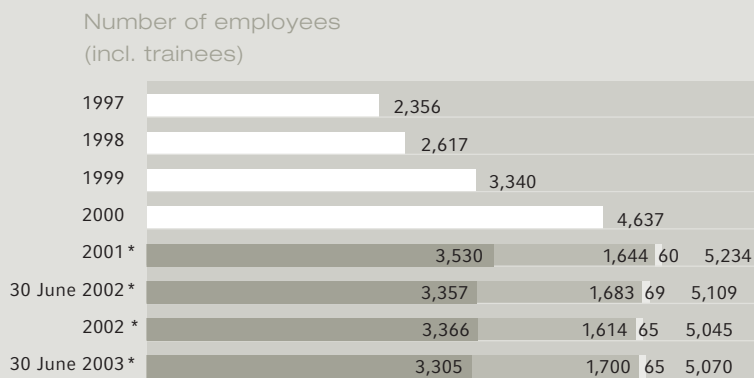
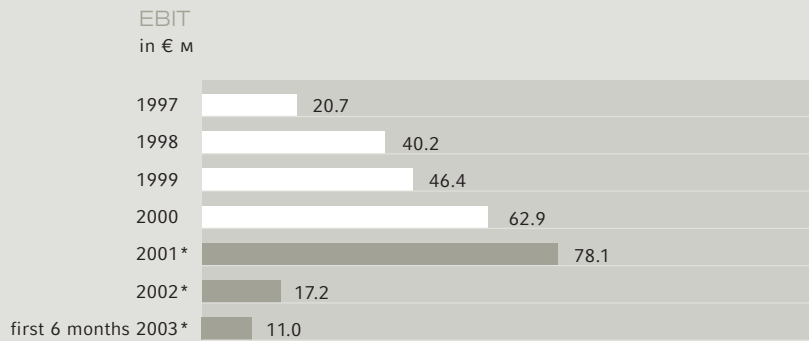
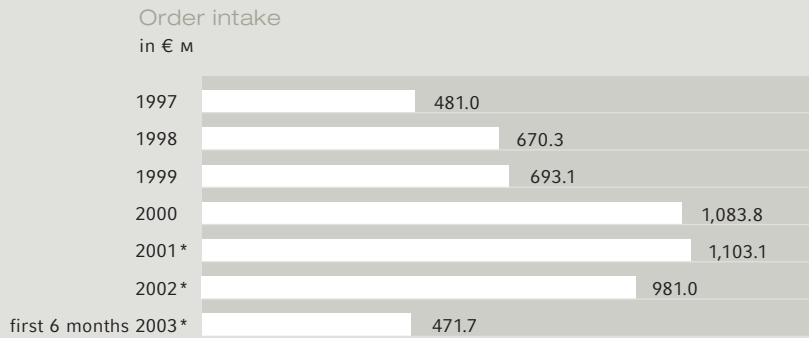
<< GILDEMEISTER-
group key
figures

<< Sales

Order intake

EBIT

Employees



* in acc. w. IFRS

Total employees
 Machine tools

Services
 Corporate Services

<< Cover picture:
Micro-machining with
DML 80 FineCutting,
here: laser-cutting of a
medical stent (medical
technology: vessel-
supporting mesh),
enlarged 20-fold

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Economic
Development

Business
Development

Segments

Forecast 2003

Consolidated Interim
Financial Statements

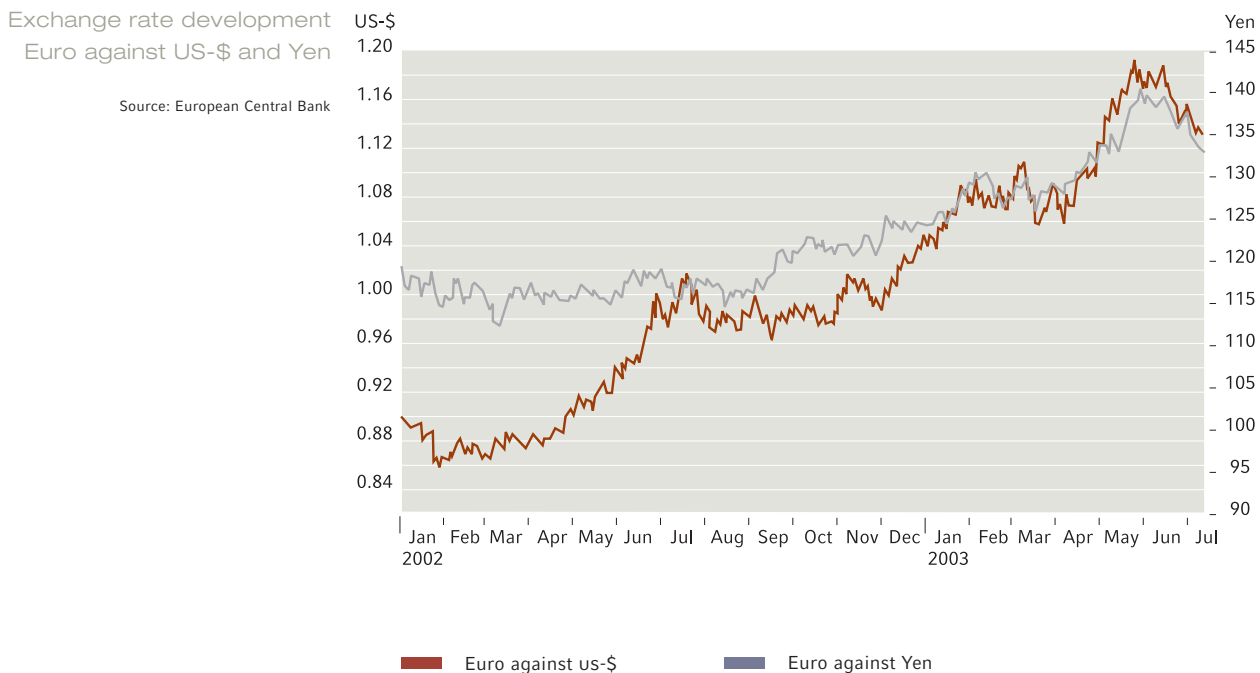
Financial Calendar

Overall Economic Development

Overall economic development has continued to be subdued during the first six months of the current financial year. The expectation of a quick pickup in economic activity following the end of the war with Iraq and the SARS crisis, has not occurred yet in the major industrial states. In some of the Asian countries, particularly China, the upward trend continued, as was the case in Japan. The Euro region had nearly come to a standstill; in Germany economic development remained weak in the second quarter. However, the ifo Institute has, for the first time, recorded a gradual improvement in climate in the manufacturing industry. According to economic research institutes, any noticeable revival is not expected before the beginning of 2004 though.

The **exchange rates** with respect to those currencies that are relevant to us, i. e. the us-\$ and the Yen, continued to fluctuate in the second quarter. The us-\$ continued to weaken and developed against the Euro between us-\$ 1.10 and us-\$ 1.20. The Yen also lost ground against the stronger Euro. The exchange rate oscillated at between Yen 130 and 140. Changes in the exchange rate relations could affect our export business with these currency regions.

Source: ifo - Economic Research Institute, Munich
IfW - Institute for World Economics, Kiel



Development of the Machine Tool Industry

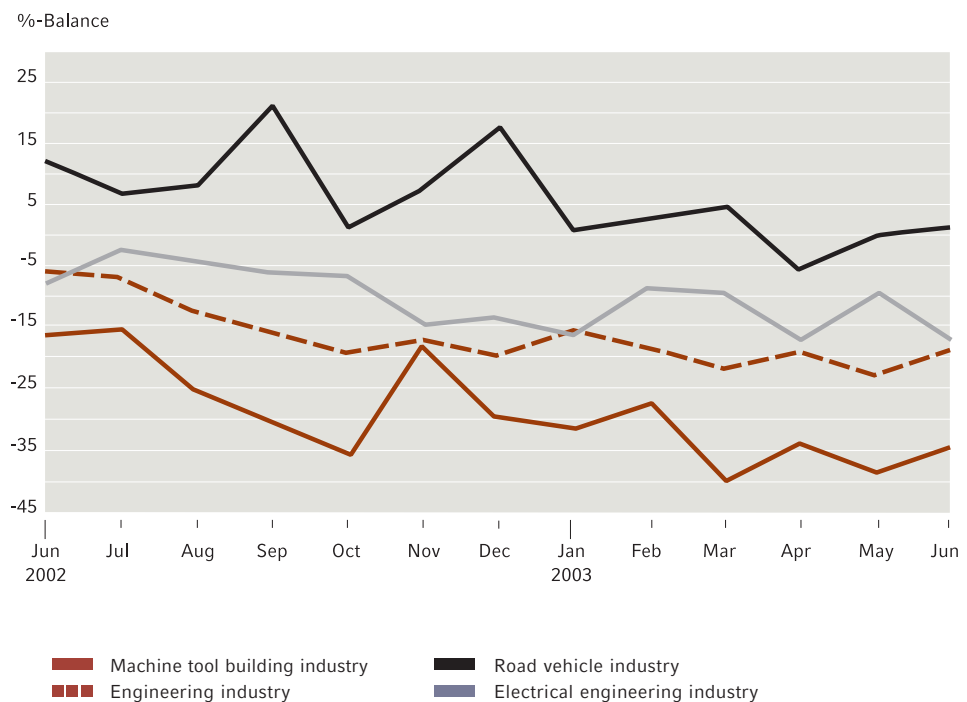
In the first six months of 2003 **global demand for machine tools** continued to decline. Due to the continuing uncertainties in the world markets, a forecast remains difficult. We stick to our assessment that both global output and global consumption of machine tools will be around 2 - 5% below the preceding year's figure. From today's perspective we expect demand to pick up by the end of the financial year, but certainly by the beginning of 2004.

With respect to cutting machines that are comparable with our production programme, the **German machine tool industry** has recorded a 5% decline in the order intake for the first six months when compared with the previous year. International orders were 9% above the figure for the previous year, whilst domestic orders showed a 21% decline. Sales by German machine tool manufacturers dropped by another 13% when compared with the previous year. The industry pins its hopes for fresh impetus in demand on this year's most significant trade fair for machine tools, the EMO, which will take place in October in Milan.

Source: VDW (Association of German Machine Tool Factories)

ifo business climate
Balance from the percentage of positive and negative company reports, excluding the Neue Bundesländer (former East German states)

Source: ifo Institute (Economic Research Institute), Munich



Business Development in the GILDEMEISTER Group

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

As at 30 June, 2003, the GILDEMEISTER group comprises of 61 companies, including GILDEMEISTER Aktiengesellschaft, 59 of which were included in the Interim Financial Statements as part of the full consolidation process. Compared with the Interim Report for the first quarter, the following change occurred in the legal corporate structure of the GILDEMEISTER group: GILDEMEISTER Aktiengesellschaft now holds 99.33% (formerly 99.17%) of the share capital of FAMOT Pleszew S.A. In the second quarter, GILDEMEISTER took on 22 employees and assets to the value of € 0.6 million for the manufacture of tool-setting equipment. The production of the setting and measuring equipment will be done under the name DMG Microset and will complement our services offered.

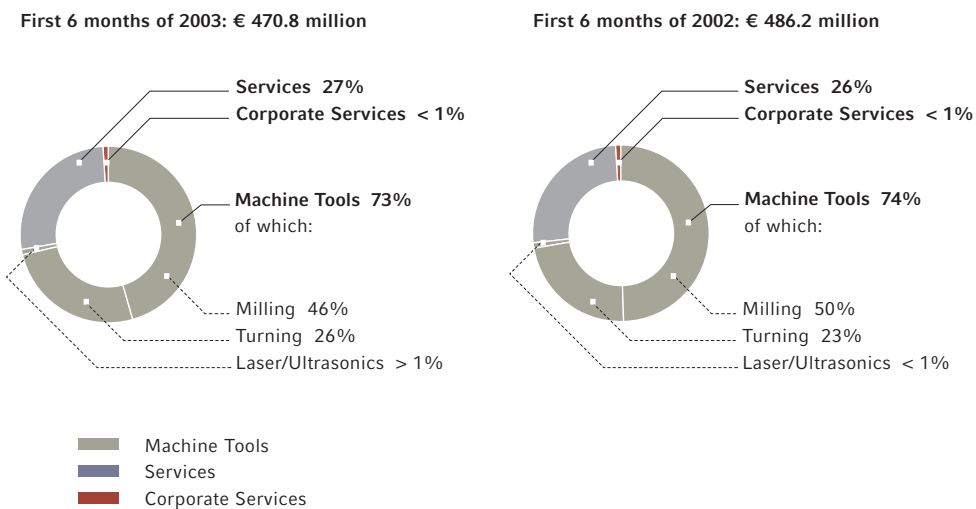
As far as we are aware, the shareholders' structure of the GILDEMEISTER Aktiengesellschaft has not changed significantly since the first quarter of 2003.

Sales

In the second quarter, group sales (€ 244.8 million) exceeded the figures for the first quarter (€ 226.0 million), reaching € 470.8 million over the first six months. This represents a 3% decline when compared with the corresponding period of the previous year (€ 486.2 million). GILDEMEISTER is therefore noticeably above industry trends, which suffered a 13% loss. At € 238.0 million international sales were slightly below the figures for the previous year (€ 240.2 million). Domestic sales dropped by 5% to € 232.8 million. The export share was 51% (previous year: 49%).

			PROCUREMENT	SALES AND SERVICES ORGANISATION
FAMOT Pleszew S.A. Pleszew 99,3%	SAUER GmbH & Co. KG Idar-Oberstein 50,5%	DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd. Shanghai 100%	a & f Stahl- und Maschinenbau GmbH Würzburg 90%	DMG Vertriebs und Service GmbH Bielefeld 100%
				48 Sales and Services organisations world-wide

GILDEMEISTER group sales distribution by segments / divisions:



In the "Machine Tools" segment, the ten production plants of the GILDEMEISTER group with its six domestic and four international sites contributed 73% of sales (previous year: 74%). The contribution of the "Services" segment rose to 27% (previous year: 26%).

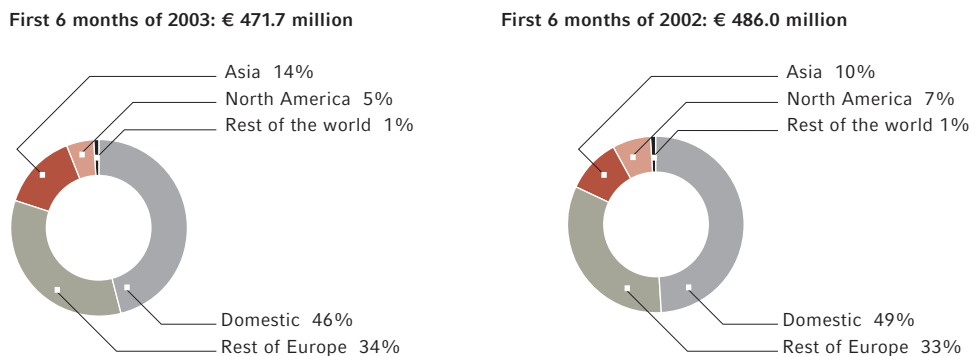
Based on the still satisfactory order backlog of approximately three months and the expected intake of new orders in the current financial year, we stick to our forecast that group sales could again exceed € 1 billion in the year 2003.

Order Intake

We expect a rather restrained course of demand for the current financial year; looking ahead to a gradual revival towards the end of the financial year. It remains uncertain, whether the expected revival in demand for machine tools will show its effect in this reporting year. An important indicator is the increasing number of project enquiries particularly from abroad.

In the second quarter the order intake of € 242.7 million rose by 6% compared with the previous quarter. In all, the order intake of € 471.7 million for the first six months was € 14.3 million or 3% below the benchmark figure for the previous year (industry: -5%). Domestic orders reached € 216.3 million; that is € 19.5 million or 8% less than in the comparable period of the previous year. International orders reached € 255.4 million; representing a slight rise by € 5.2 million or 2%. The export share rose to 54% (same period of the preceding year: 51%). The increase in the export share is due to another rise in Asia, particularly the PR of China.

GILDEMEISTER group order intake by regions



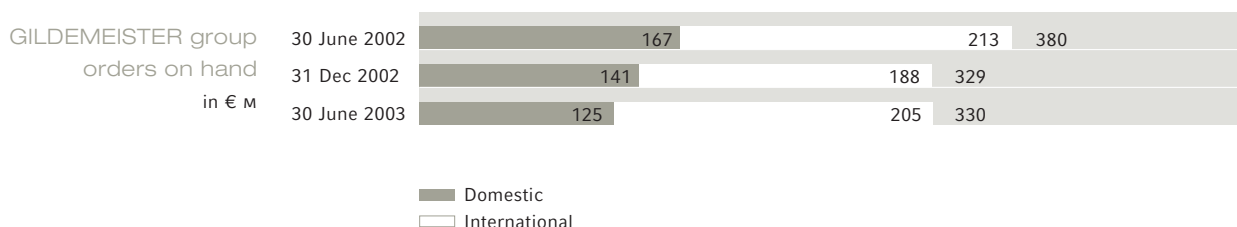
73% of the new orders were attributed to the "Machine Tools" (same period of the preceding year: 74%) and 27% to the "Services" (same period of the preceding year: 26%).

The satisfactory development of the order intake during the second quarter is mainly due to the CIMT in Peking - the most important trade fair in the Asian region - and to various smaller national trade fairs as well as the in-house exhibitions at Seebach, Leonberg and Bergamo, where 217 machines to the value of € 32.4 million were sold. Furthermore, the second quarter saw an increase in the share of major orders that were acquired via key accounting.

Following a moderate third quarter with respect to the order intake we do not expect an increase in orders before the fourth quarter. We still expect our order intake to reach more than € 1 billion in the financial year. In this respect we expect fresh stimulus from the forthcoming autumn trade fairs, particularly the EMO, and that the beginning upturn in demand for machine tools will have its effect on the order intake as early as this financial year.

Orders on Hand

On 30 June, 2003 orders on hand at the GILDEMEISTER group amounted to € 329.7 million. 62% of the existing orders were attributed to international orders (previous year: 56%). In comparison with the same time last year, the backlog of export orders decreased by € 8.3 million or 4%. In the same period, the backlog of domestic orders dropped by € 42.4 million or 25%. Over the second quarter, the number of existing orders did not change significantly.



By the end of the first six months, the orders on hand pertaining to "Machine Tools" amounted to € 270.4 million, representing an 82% share. € 59.3 million or 18% were attributed to "Services".

Results, Net Worth and Financial Position

Despite the continuing difficult market conditions, GILDEMEISTER achieved the planned business targets for the **second quarter**. Both **EBIT** (earnings before interest and taxes) of € 8.4 million (previous year: € -0.6 million) and **EGG** (results from ordinary activities) of € 2.3 million (previous year: € -5.8 million) were positive in the second quarter. By the end of the first six months, EBIT reached € 11.0 million; whilst the results from ordinary activities showed a slight loss of € 1.5 million. **EBITDA** amounted to € 28.0 million (previous year: € 30.6 million). As at 30 June, 2003 the **net loss for the year** amounted to € 5.1 million (previous year: € -7.4 million).

Performance for the second quarter has substantially improved against the first quarter and has improved against the corresponding quarter of the previous year. The improvement in performance (results from ordinary activities) against the first quarter of 2003 amounts to € 6.1 million (€ -3.8 million; € +2.3 million), and against the second quarter of the previous year (2002) € 8.1 million (€ -5.8 million; € +2.3 million).

In relation to the company's gross performance of € 493.5 million, the materials quota is about 54.0%, which is a slight improvement against the first quarter. Due to the reduction in gross performance, gross yield declined by € 10.5 million to € 227.2 million (gross yield margin 46.0%). Staff costs dropped by € 1.4 million to € 136.4 million when compared to the corresponding period of the preceding year. The balance from income

and expenses was reduced by € 6.5 million to € 62.8 million. Due to the smaller investment volume, depreciation also reduced by € 2.5 million to € 17.0 million. The financial result totals € -12.5 million (previous year: € -10.8 million).

Tax expenditure amounted to € 3.6 million at the end of the first six months. The tax load for the previous year amounted to € 7.7 million.

Net worth position		30 June 2003	31 Dec 2002	30 June 2002
in € M	Fixed assets	272.3	276.3	264.4
	Current assets	625.3	622.1	628.0
	Equity	185.7	193.8	207.3
	Outside capital	711.9	704.6	685.1
	Balance sheet total	897.6	898.4	892.4

The Consolidated Balance Sheet as of 30 June 2003 shows an almost unchanged balance sheet total (€ 897.6 million) against the Annual Balance Sheet 2002.

In the reporting period, the **cashflow** from running operations amounted to € -2.1 million (previous year: € 11.9 million). It was affected primarily by the reduction in short-term provisions (tax payments from the previous year). About € 13.2 million were paid out for investments, which is around 70% below the figure for the previous year.

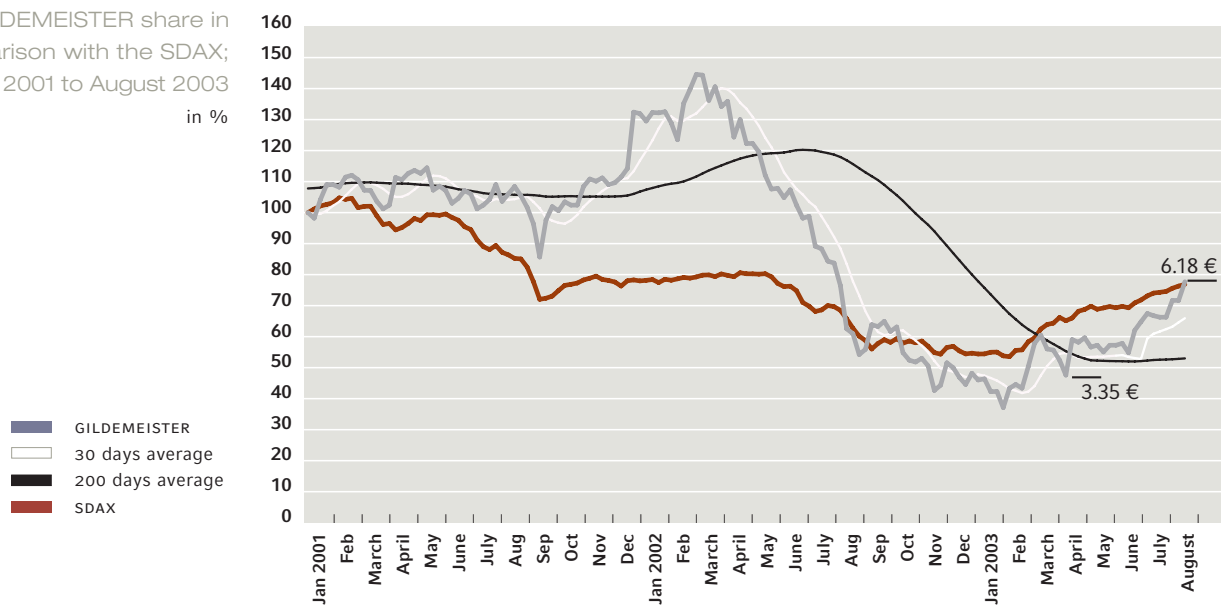
Financial position		2003	2002
in € M		First 6 months	First 6 months
	Cashflow from current activities	-2.1	11.9
	Cashflow from investment activities	-13.2	-44.4*
	Cashflow from financing activities	17.1	29.5*
	Change in cash and cash equivalents	-1.3	-1.1
	Cash and cash equivalents 1 January	17.7	15.3
	Cash and cash equivalents 30 June	16.4	14.2

* During the drawing up of the Annual Financial Statements as of 31 December, 2002, a reclassification within the cashflow was undertaken (€ 2.7 million repayment of capital to other company members). The figures as of 30 June, 2002, were adjusted accordingly.

The GILDEMEISTER Share

In the second quarter, the GILDEMEISTER share recorded an upward trend. Its price continued to recover following the press conference on financial statements that took place on 31 March and the general meeting of shareholders held on 16 May. On 30 June our security was traded at € 4.80, in contrast to 31 March, when it was quoted at € 3.35. The current price level of € 5.95 (1 August 2003) is significantly higher than in the first quarter. According to experts, the price of the GILDEMEISTER share has further potential. Along with the research mentioned in the first Quarterly Report 2003, the following up-to-date valuations are currently available: WestLB (4 July 2003) and KBC Peel Hunt (21 July 2003). These studies can be viewed on the Internet or can be obtained through our Investor Relations team.

The GILDEMEISTER share in comparison with the SDAX; January 2001 to August 2003 in %



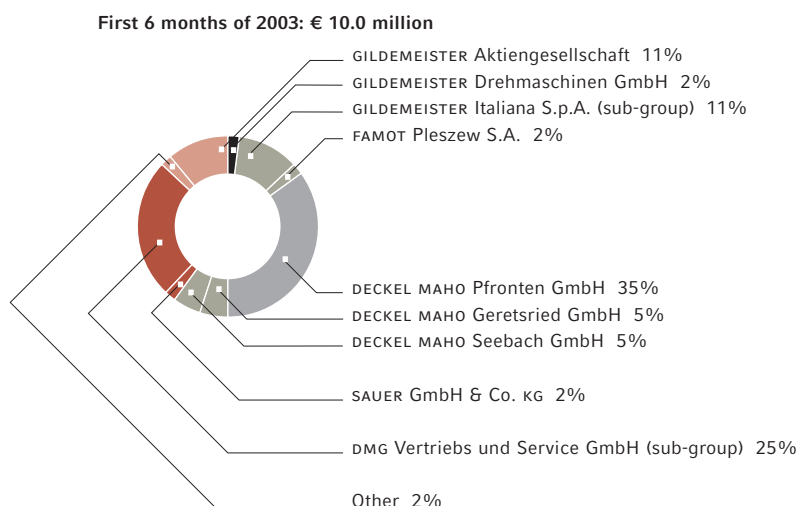
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Investments

In the first six months of the year, investments were around € 10.0 million. This represents 39% of the planned annual volume of € 25.5 million. Compared with the benchmark figure (1st six months 2002: € 14.4 million) this is a 31% reduction in investments. In the second quarter activities focused on the site integration of DMG Italia S.r.l. from Gorgonzola to the factory site of GILDEMEISTER Italiana S.p.A. in Brembate di Sopra. Further investments carried out were primarily used to maintain the group companies' readiness to operate.

Contribution of each group company to the investments in tangible and intangible assets



Employees

As of 30 June, 2003, GILDEMEISTER employed 5,070 people, 191 of whom were trainees. In comparison with the same time last year this is a decline of 39 employees. Noticeable shifts in staff occurred within the group. Dependent on business development, there was a selective decrease in staff at the Geretsried, Brembate di Sopra, Bielefeld and Seebach sites by 123. This was contrasted with the development of our new production plant in Shanghai. Furthermore, we strengthened our sales and services companies in Asia and Europe as well as our Technical Services area. For the first time, the 22 employees of DMG Microset, Bielefeld, were listed. Despite the collectively agreed increase in salaries and staffing adjustment measures, staff costs of € 136.4 million for the first six months were below those for the same period of the preceding year (€ 137.8 million).

Research and Development

Due to the focus on developments surrounding the EMO, spending on Research and Development reached € 22.8 million in the first six months of the year. The group employs 393 people in Research and Development; this represents almost 13% of the workforce at the production plants. Nine of ten innovations 2003 will be presented at the autumn trade fairs. Focal point will be the EMO in Milan, where GILDEMEISTER will present six of its innovations.

Segments

„Machine Tools“

KEY FIGURES	2003	2002	Changes	
	First 6 months	First 6 months	2003 against 2002	
	€ M	€ M	€ M	%
Sales				
Total	344.3	359.8	-15.5	-4
Domestic	158.4	170.1	-11.7	-7
International	185.9	189.7	-3.8	-2
% International	54	53		
Order intake				
Total	345.5	360.2	-14.7	-4
Domestic	144.7	155.7	-11.0	-7
International	200.8	204.5	-3.7	-2
% International	58	57		
Orders on hand*				
Total	270.4	315.1	-44.7	-14
Domestic	118.8	147.8	-29.0	-20
International	151.6	167.3	-15.7	-9
% International	56	53		
Investments**	6.3	10.3	-4.0	-39
Employees	3,114	3,183	-69	-2
plus trainees	191	174	17	10
Total employees*	3,305	3,357	-52	-2
EBIT	6.2	11.5	-5.3	
Profit/loss for the year	-2.9	0.2	-3.1	

* Reporting date 30 June

** Tangible and intangible asset additions, excl. capitalised development expenses, goodwill additions and financial leases

The "Machine Tools" segment includes the group's new machines business. In the reporting period **sales** amounted to € 344.3 million, therefore remaining below the figures for the previous year by 4% (€ 15.5 million).

In the first six months of 2003, GILDEMEISTER achieved **EBIT** of € 6.2 million in the "Machine Tools" segments. Profitability was mainly dominated by the smaller business volume and the continuing pressure on prices.

„Services“

KEY FIGURES	2003	2002	Changes	
	First 6 months	First 6 months	2003 against 2002	
	€ M	€ M	€ M	%
Sales				
Total	126.2	126.1	0.1	0
Domestic	74.1	75.6	-1.5	-2
International	52.1	50.5	1.6	3
% International	41	40		
Order intake				
Total	125.9	125.5	0.4	0
Domestic	71.3	79.8	-8.5	-11
International	54.6	45.7	8.9	19
% International	43	36		
Orders on hand*				
Total	59.3	65.3	-6.0	-9
Domestic	5.9	19.3	-13.4	-69
International	53.4	46.0	7.4	16
% International	90	70		
Investments**	2.6	3.2	-0.6	-19
Employees	1,700	1,683	17	1
EBIT	9.9	5.6	4.3	
Profit/loss for the year	2.2	0.7	1.5	

* Reporting date 30 June

** Tangible and intangible asset additions, excl. capitalised development expenses, goodwill additions and financial leases

The "Services" segment is operated by DMG Vertriebs und Service GmbH and its subsidiaries. With its products and technical services it represents an independent division. Also included are the procurement services of a & f Stahl- und Maschinenbau GmbH and the components and tools from saco S.p.A. Since publication of our previous reports the services offered have been complemented by the production of setting equipment by DMG Microset.

In the first six months of the year **sales** reached € 126.2 million. Profitability was improved through increases in efficiency and selective price adjustments. **EBIT** totalled € 9.9 million.

„Corporate Services“

KEY FIGURES	2003	2002	Changes	
	First 6 months € M	First 6 months € M	2003 against 2002 € M %	
Sales	0.3	0.3	0.0	0
Order Intake	0.3	0.3	0.0	0
Investments**	1.1	0.9	0.2	22
Employees*	65	69	-4	-6
EBIT	-4.6	-5.5	0.9	
Profit/loss for the year	-4.5	-7.1	2.6	

* Reporting date 30 June

** Tangible and intangible asset additions, excl. capitalised development expenses, goodwill additions and financial leases

The „Corporate Services“ segment is comprised of GILDEMEISTER Aktiengesellschaft with its group-wide holding functions and the holding company Macchine Utensili S.p.A. as financing company for the Italian production plants.

Forecast 2003

Global economy will gradually begin to show signs of recovery during the course of the year. However, noticeable effects on growth are not expected from next year onwards. The **world-wide market for machine tools** will be below the level of the previous years. Forecasts on international development with provisional figures for the financial year are not available. We stick to our assessment that global output will drop by 2 - 5%. In the latest medium-term forecasts (May 2003) by the Munich-based ifo Institute (Economic Research Institute) and the vdw (Association of German Machine Tool Factories), the **German Machine Tool Industry** also expects a 5% decline in production for the current year. With an assumed rise in incoming orders, a 4% increase in production is expected for 2004. On a medium-term basis, the German machine tool building industry sees itself further along the road to recovery.



GILDEMEISTER continues to plan for the financial year 2003 with restrained optimism. Thanks to our innovative products and world-wide operating sales and services organisation, we are well prepared for any market recovery.

With respect to the **order intake** we expect demand for machine tools to improve from September onwards. Due to the holiday season, we expect a moderate order intake for the third quarter, which will be at about the same level as the previous quarters. With an increased number in project enquiries and a gradual revival in demand, we expect a stronger fourth quarter. Provided that demand improves, we expect incoming orders to the value of more than € 1 billion over the year.

Due to the holiday season we are expecting lower **group sales** for the third quarter than for the second quarter. In line with industry trends, we anticipate higher figures for the fourth quarter so that sales could again exceed € 1 billion over the year.

Further activities for an improved performance have been initiated. The third quarter will close with positive EBIT, and a more or less balanced result from ordinary activities; the fourth quarter will close with a profit. With respect to the entire year 2003 we expect, in all, a profit on ordinary activities. We anticipate a lower tax load ratio than in the previous year. We will consider the distribution of a dividend, as soon as the group has obtained an adequate net profit for the year.

Consolidated Interim Financial Statements of GILDEMEISTER Aktiengesellschaft as of 30 June, 2003

Notes to the Consolidated Interim Financial Statements

1 APPLICATION OF REGULATIONS	<p>The Consolidated Interim Financial Statements of the GILDEMEISTER Aktiengesellschaft as of 30 June 2003 were prepared, as were the Consolidated Interim Financial Statements as of 30 June 2002 and the Consolidated Annual Financial Statements for the year ending 31 December, 2002, in accordance with International Financial Reporting Standards (IFRS) applicable on the reporting date and in accordance with the interpretation of the above Standards. The regulations of the IAS 34 on interim reporting were specifically applied.</p> <p>All Interim Financial Statements of those companies that were included in the Consolidated Interim Financial Statements were prepared in accordance with uniform accounting and valuation principles that were also the basis for the Consolidated Interim Financial Statements as of 30 June, 2002 and the Consolidated Annual Financial Statements for the year ending 31 December, 2002.</p> <p>In view of the purpose of quarterly reporting as an information vehicle based on the Consolidated Financial Statements, and in accordance with IAS 1.91, we refer to the Notes to the Consolidated Annual Financial Statements for the year ending 31 December, 2002, which sets out in detail the accounting, valuation and consolidation methods applied. These Notes also cover the exercising of election rights according to IFRS.</p> <p>The accounting and valuation principles and applied consolidation methods have not changed since the financial year 2002.</p> <p>These Interim Financial Statements have not been reviewed by our auditor.</p>
2 CONSOLIDATED GROUP	<p>As of 30 June, 2003, the GILDEMEISTER group comprises of 61 companies, including GILDEMEISTER Aktiengesellschaft, 59 of which were included in the Interim Financial Statements as part of the full consolidation process.</p>
3 EARNINGS PER SHARE	<p>In accordance with IAS 33, earnings per share are determined by dividing the consolidated earnings by the average number of shares. There were no dilution effects in the shown reporting period.</p>

Consolidated result excluding profit shares of other company members	€ -5,477 K
Number of shares	28,879,427
Earnings per share	€ -0.19

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

No changes have occurred in the demarcation of segments or in the determination of the result achieved by each segment compared with the 31 December, 2002.

5 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE No material events have occurred after the date of the Interim Financial Statements.

Consolidated Balance Sheet as of 30 June, 2003

	30 June 2003	31 Dec 2002	30 June 2002
	€ M	€ M	€ M
Assets			
Fixed assets	272.3	276.3	264.4
Current assets			
Stocks	273.9	250.8	292.2
Accounts receivable and other assets	289.4	316.6	286.0
Securities and liquid funds	16.4	17.9	15.0
Deferred taxes	39.0	32.9	28.3
Prepaid expenses and accrued income	6.6	3.9	6.5
	897.6	898.4	892.4

	30 June 2003	31 Dec 2002	30 June 2002
	€ M	€ M	€ M
Total Equity and Liabilities			
Equity/shares held by other company members			
Subscribed capital	75.1	75.1	75.1
Capital reserves	48.7	48.7	48.7
Revenue reserves	67.4	70.0	83.6
Net loss for the year	-5.5	0.0	-0.1
	185.7	193.8	207.3
Shares held by other company members	1.2	1.2	3.6
	186.9	195.0	210.9
Provisions	134.1	148.4	143.4
Accounts payable	558.5	537.3	522.9
Deferred taxes	9.6	8.0	7.4
Accruals and deferred income	8.5	9.7	7.8
	897.6	898.4	892.4

Consolidated Income Statement

	2003		2002		Changes	
	1 April - 30 June		1 April - 30 June		2003 against 2002	
2 nd quarter	€ M	%	€ M	%	€ M	%
Gross performance	249.8	100.0	253.5	100.0	-3.7	1.5
Cost of materials	-132.7	-53.1	-135.4	-53.4	2.7	2.0
Gross yield	117.1	46.9	118.1	46.6	-1.0	0,8
Staff costs	-68.2	-27.3	-69.3	-27.3	1.1	1,6
Other income and expenses	-31.9	-12.8	-39.2	-15.5	7.3	18.6
Depreciation of fixed assets	-8.6	-3.4	-10.2	-4.1	1.6	15.7
Financial result	-6.1	-2.4	-5.2	-2.1	-0.9	17.3
Profit/loss on ordinary activities	2.3	0.9	-5.8	-2.4	8.1	139.7
Taxes on corporate income and business profits	-3.1	-1.2	-2.6	-1.0	-0.5	19.2
Profit/loss for the year	-0.8	-0.3	-8.4	-3.4	7.6	90.5
Earnings per share in acc. w. IAS 33 (in Euro/share)	-0.04		-0.29			

	2003		2002		Changes	
	1 January - 30 June		1 January - 30 June		2003 against 2002	
First 6 months	€ M	%	€ M	%	€ M	%
Gross performance	493.5	100.0	516.5	100.0	-23.0	4.5
Cost of materials	-266.3	-54.0	-278.8	-54.0	12.5	4.5
Gross yield	227.2	46.0	237.7	46.0	-10.5	4.4
Staff costs	-136.4	-27.6	-137.8	-26.7	1.4	1.0
Other income and expenses	-62.8	-12.7	-69.3	-13.4	6.5	9.4
Depreciation of fixed assets	-17.0	-3.4	-19.5	-3.7	2.5	12.8
Financial result	-12.5	-2.5	-10.8	-2.1	-1.7	15.7
Profit/loss on ordinary activities	-1.5	-0.3	0.3	0.1	-1.8	600.0
Taxes on corporate income and business profits	-3.6	-0.7	-7.7	-1.5	4.1	53.2
Profit/loss for the year	-5.1	-1.0	-7.4	-1.4	2.3	31.1
Earnings per share in acc. w. IAS 33 (in Euro/share)	-0.19		-0.25			

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Statement of Changes in Equity

	Subscribed capital	Capital reserves	Revenue reserves	Net profit/loss for the year	Group equity	Shares held by other company members	Total
	€ M	€ M	€ M	€ M	€ M	€ M	€ M
As of 1 Jan. 2002	75.1	48.7	83.0	24.3	231.1	10.8	241.9
Dividend	0.0	0.0	0.0	-17.3	-17.3	-0.8	-18.1
Profit/loss for the year	0.0	0.0	0.0	-7.1	-7.1	-0.3	-7.4
Fluctuations in currencies/changes in the market value of derivative financial instruments	0.0	0.0	0.6	0.0	0.6	0.0	0.6
Consolidation measures/other changes	0.0	0.0	0.0	0.0	0.0	-6.1	-6.1
As of 30 June 2002	75.1	48.7	83.6	-0.1	207.3	3.6	210.9
As of 1 Jan. 2003	75.1	48.7	70.0	0.0	193.8	1.2	195.0
Profit/loss for the year	0.0	0.0	0.0	-5.5	-5.5	0.4	-5.1
Fluctuations in currencies/changes in the market value of derivative financial instruments	0.0	0.0	-2.6	0.0	-2.6	0.0	-2.6
Consolidation measures/other changes	0.0	0.0	0.0	0.0	0.0	-0.4	-0.4
As of 30 June 2003	75.1	48.7	67.4	-5.5	185.7	1.2	186.9

Consolidated Cashflow

	30 June 2003	30 June 2002
	€ M	€ M
Cashflow from current activities		
1. Net loss for the year	-5.1	-7.4
2. Depreciation of fixed assets	17.0	19.5
3. Change in deferred taxes	-4.6	-3.6
4. Change in long-term provisions	-0.2	0.7
5. Change in short-term provisions	-14.0	5.6
6. Change in stocks, trade debtors and other assets	1.8	6.2
7. Change in trade creditors and other liabilities	3.0	-9.1
	-2.1	11.9
Cashflow from investment activities		
1. Amounts received from the disposal of financial assets	1.4	
2. Amounts paid out for investments in fixed assets	-14.6	-30.3
3. Amounts paid out from investments in financial assets		-14.1
	-13.2	-44.4*
Cashflow from financing activities		
1. Amounts received from raising (financing) credits	17.1	46.7
2. Distribution of dividend to shareholders		-17.2
	17.1	29.5*
Changes affecting payments	1.8	-3.0
Changes not affecting payments due to changes in consolidation and exchange rate fluctuations	-3.1	1.9
Liquid funds as at 1 January	17.7	15.3
Liquid funds as at 30 June	16.4	14.2

* During the drawing up of the Annual Financial Statements as of 31 December, 2002, a reclassification within the cashflow was undertaken (€ 2.7 million repayment of capital to other company members). The figures as of 30 June 2002 were adjusted accordingly.

Segmental Reporting

GILDEMEISTER GROUP					
	Machine tools	Services	Corporate Services	Transition	Group
2nd quarter 2002	€ M	€ M	€ M	€ M	€ M
Sales	188.6	65.9	0.1		254.6
EBIT	2.9	1.5	-3.9	-1.1	-0.6
Profit/loss for the year	-1.2	-2.0	-4.2	-1.0	-8.4
Investments	5.1	2.1	0.5		7.7
Employees	3,357	1,683	69		5,109

GILDEMEISTER GROUP					
	Machine tools	Services	Corporate Services	Transition	Group
2nd quarter 2003	€ M	€ M	€ M	€ M	€ M
Sales	179.2	65.4	0.2		244.8
EBIT	2.8	7.2	-2.5	0.9	8.4
Profit/loss for the year	-2.5	1.7	-0.6	0.6	-0.8
Investments	3,4	1.4	0.6		5.4
Employees	3,305	1,700	65		5,070

GILDEMEISTER GROUP					
	Machine tools	Services	Corporate Services	Transition	Group
First 6 months 2002	€ M	€ M	€ M	€ M	€ M
Sales	359.8	126.1	0.3		486.2
EBIT	11.5	5.6	-5.5	-0.5	11.1
Profit/loss for the year	0.2	0.7	-7.1	-1.2	-7.4
Investments	10.3	3.2	0.9		14.4
Employees	3,357	1,683	69		5,109

GILDEMEISTER GROUP					
	Machine tools	Services	Corporate Services	Transition	Group
First 6 months 2003	€ M	€ M	€ M	€ M	€ M
Sales	344.3	126.2	0.3		470.8
EBIT	6.2	9.9	-4.6	-0.5	11.0
Profit/loss for the year	-2.9	2.2	-4.5	0.1	-5.1
Investments	6.3	2.6	1.1		10.0
Employees	3,305	1,700	65		5,070

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11 November 2003	3 rd Quarterly Report 2003 (1 July to 30 September)
10 February 2004	Press release on provisional figures for the financial year 2003
30 March 2004	Press Conference on Financial Statements
31 March 2004	Discussion with analysts
14 May 2004	General meeting of shareholders at 10am at the town hall in Bielefeld

Subject to alteration

Bielefeld, 7 August 2003

Yours truly,
GILDEMEISTER Aktiengesellschaft
The Executive Board

Supervisory Board:
Dr.-Ing. Manfred Lennings, Chair
Gerhard Dirr, Deputy

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