Interim Report

as of September 30, 2005

Creating Ideas,
Providing Solutions

IWKA

Interim Report for the period ending September 30, 2005

Karlsruhe, November 9, 2005

Systematic review of entire portfolio and elimination of unprofitable business entities continues

IWKA is consistently examining its entire portfolio and is eliminating business units that are unprofitable or no longer fit its corporate strategy. Severance of the EX-CELL-O and Boehringer groups is imminent. Group management will be reorganized. The aim is to enable those in charge to make faster decisions, have more control over implementation and be able to continuously monitor profitability. Our vision is to collaborate with a wide variety of industries and end users by developing and offering customized technical solutions and services for advanced industrial automation systems. In view of these goals, IWKA AG is working hard to reduce the complexity of the company and align its portfolio with the needs of the industrial automation market. IWKA will focus on fields of activity that promise high growth, cash flow and profits. The far-reaching restructuring and consolidation of the Group will be completed by the end of 2006. Earning power is expected to start growing again as early as 2007.

Developments at the EX-CELL-O group are a particularly representative example of actions being taken to continue to focus the business. As of the second quarter, the machining subsegment, which consists primarily of the EX-CELL-O group, was transferred from the Automotive Technology Division to the non-core businesses. Steps have since been taken to sell the EX-CELL-O group within the next few months. The Executive Board has agreed on an appropriate divestment plan and a letter of intent has been signed with a prospective purchaser. The Supervisory Board has given its approval to proceed with the project. The EX-CELL-O group will therefore be shown separately under discontinued operations in the current interim report to comply with IFRS accounting rules. The prior year's income statement numbers have been adjusted accordingly.

Declining orders received and severe margin pressure in the automotive sector are strongly affecting the year 2005, causing earnings from operating activities in all divisions that service the automotive industry to deteriorate significantly. There will be additional expenses related to organizational restructuring and divestments as a result of the ongoing portfolio renewal. These one-time effects are weighing heavily on profits.

The IWKA Group's strategic plan is establishing the right conditions to both kick start the balancing mechanisms between the Group's divisions and to partially offset the strong dependence on the automotive sector. For example, the Packaging Technology Division has become a strong profit generator during the first nine months.

Economic environment

World economic growth has slowed down in the past few months, but continues to be robust. Rising oil and other raw material prices dampened the effects of expansionary monetary policies and the low cost of capital.

At the same time, the global economy has become even more imbalanced. Thanks to expanding markets in the United States and China, the rapid growth of their real gross domestic products continued. The Japanese economy also grew substantially after the country managed to bounce back from stagnation.

The dynamics of the euro zone's economy are still very weak and will only strengthen slightly to the end of 2005. The rising price of oil over the past few months is dampening demand from private households and thereby continues to depress consumer spending. In contrast, the mood in industry has improved slightly, in part because of rising orders in a few sectors. The drop in the value of the euro this year and low long-term interest rates are providing a stimulus. Exports should continue to contribute to growth, particularly since the competitive position from a price perspective has recently improved. This should also benefit capital spending. Overall, the gross domestic product in the euro zone will likely grow by 1.3 percent this year.

In Germany, economic recovery continues to be sluggish. Real gross domestic product rose by a mere 0.6 percent from mid-2004 to mid-2005. Corporate capacity utilization is lower than a year ago. Initially, export growth slowed down because of the rise in the value of the euro and the weaker global economy; later, the pronounced higher cost of energy had a damping effect. The German economy continues to live from foreign demand. Until now, this demand has only marginally spilled over into the domestic economy, which has been more or less stagnant since last year. Consumer spending in particular remained weak. One bright spot is capital spending on equipment, which was higher in the first half of 2005.

Orders received, sales revenues, order backlog, personnel

A difficult market environment, particularly in the automotive industry, shaped the first three quarters of 2005. Orders received and sales revenues were unable to match the prior year's level, while total output was 2.1 percent higher. Order backlog was considerably above the 2004 year-end level.

Total orders received from continuing operations to end of September were EUR 1,504.1 million, 2.8 percent lower than the comparable prior year's level. Strong competitive pressure forced the business units to accept considerably lower margins than in the past in order to secure orders.

The sluggish capital spending of many carmakers strongly affected the Robot Technology Division in particular. Increasingly, automotive manufacturers are now refurbishing existing robots instead of the usual practice of replacing them with new ones. The industry is also taking advantage of the over capacities that exist in the market.

Despite the low orders received figures, order backlog at the end of the third quarter of 2005 was EUR 1,203.4 million, 42.4 percent higher than on December 31, 2004. All core business areas reported an increase.

Sales revenues from continuing operations in the first nine months (excluding the EX-CELL-O group) came in at EUR 1,322.2 million, one percent less than during the same period last year. In particular, the Robot Technology Division reported a decline, with sales down EUR 105.6 million from last year's equivalent period. Compared to the same period last year, the Automotive Technology Division's sales were up EUR 45.7 million and the Packaging Technology Division reported an increase of EUR 16.0 million.

On September 30, the Group had 11,409 employees, 166 less than at the end of 2004 on an adjusted basis. Part of the decrease is attributable to cutbacks in the Packaging Technology Division. The Robot Technology Division also responded to low orders received by adjusting staff levels in Augsburg and Hungary.

Capital expenditures, research and development

IWKA spent EUR 36.6 million on tangible and intangible fixed assets during the first three quarters of 2005, as compared to EUR 38.0 million during the same period in 2004. The investments aimed to further improve the efficiency of the business processes and focused on areas such as IT.

IWKA's packaging group developed an innovative sealing system for the food industry in response to the trend to switch from glass and metal containers to cost-effective plastic packaging. The continuous process makes it possible to convey products gently, prevents swashing and makes it easier to switch between different size containers. The system is easily able to seal up to 300 containers per minute of products such as coffee, baby food, snacks, beverages and other liquids.

KUKA Roboter, a longtime partner to the plastics industry, presented innovative solutions at the "Fakuma" trade fair in Friedrichshafen. Alongside shelf-mounted robots specially developed for the plastics industry, the "KUKA Safe Robot" was an exhibition highlight. This innovation can significantly change the way robots are applied in industry processes. An example is the jointed-arm robot teamworking with humans – regardless of whether it be for material handling, equipment assembly, welding processes, parts transportation or quality control. The safety technology is directly integrated into the robots, making external safety systems superfluous. In addition to providing higher safety standards, the technology reduces robot purchase and maintenance costs.

The welding guns group continued to expand its laser activities and installed a laser laboratory in France during the period under review. This lab is used to conduct customer-specific tests and to manufacture prototype parts.

Operating profit, assets and financial position

The revenues and costs for companies that are intended for disposal are separately disclosed in the income statement of the IWKA Group and are shown under discontinued operations in accordance with International Financial Reporting Standards (IFRS). For the current year, this affects companies belonging to the EX-CELL-O group, which will be shown as discontinued operations in the September 30 interim report. They are summarized under discontinued operations on the income statement and as assets and liabilities from discontinued operations on the Group consolidated balance sheet.

For continuing operations, earnings from operating activities (EBIT) were EUR 42.0 million lower than during the first nine months of 2004. EBIT to September 30 of this year was EUR 14.6 million. The reasons for this sharp drop are the weaker capacity utilization in the robot division, strong margin pressure and structural adjustments in a number of companies. While the Packaging Technology Division's operating profit was almost twice what it was last year, the Automotive Technology Division's current EBIT is sharply lower than what it was for the same period last year. The Robot Technology Division is even reporting negative results because of the precipitous drop in sales. The profit from continuing operations' non-core businesses, which reported break even for the prior year's comparable period, was higher. Viewed separately, EBIT from discontinued operations (the EX-CELL-O group) was EUR -20.5 million.

Result from continuing operations of the IWKA Group for the first nine months is EUR 1.1 million, which compares to EUR 27.7 million the year prior.

Result from discontinued operations is EUR -25.6 million, whereas last year's comparable result was EUR -0.7 million. In addition to the EX-CELL-O group's result from operating activities, it includes profits from the sale of the RMG group and the VAG group, which could not be realized until 2005 because of contractual conditions. Furthermore, the EX-CELL-O group's long-term assets were depreciated in anticipation of the likelihood of a loss when the group is sold. According to IFRS 5 accounting rules, this only partially takes into account the probable loss on disposal. Including profits from the sale of the RMG and VAG groups and a tax effect, the result recognized on disposal of discontinued operations was EUR -1.6 million.

The Group's net after-tax results were EUR -24.5 million, which compares to last year's EUR 27.0 million.

IWKA Group key figures 3rd Quarter 2005

in Euro million	*9 Months 2005*	*9 Months 2004*	*Change*
Orders received*	1,504.1	1,548.1	-2.8%
Order backlog*	1.203,4 (9/30)	844.8 (12/31)	42.4%
Sales revenues*	1,322.2	1,339.9	-1.3%
Total sales revenues incl. discontinued operations*	1,417.6	1,492.6	-5.0%
abroad in %	69.4%	66.1%	--
Total output*	1,413.7	1,384.1	2.1%
EBIT*	14.6	56.6	-74.2%
in % of sales revenues	1.1%	4.2%	--
Result from continuing operations*	1.1	27.7	-96.0%
Result from discontinued operations	-25.6	-0.7	--
Net after-tax result	-24.5	27.0	--
Earnings per share	-0.89	1.02	--
Earnings per share (continuing operations)	0.07	1.04	--
Capital expenditure*	36.6	38.0	-3.7%
Employees*	11,409 (9/30)	11,575 (12/31)	-1.4%
abroad in %	41.2%	40.8%	--

in Euro million	*3rd Quarter 2005*	*3rd Quarter 2004*	*Change*
Orders received*	479.2	467.1	2.6%
Sales revenues*	479.3	442.8	8.2%
Total output*	482.2	468.8	2.9%
EBIT*	0.5	18.1	-97.2%
Result from continuing operations*	-3.1	10.1	--
Result from dicontinued operations	-30.4	1.1	--
Net after-tax result	-33.5	11.2	--
Earnings per share	-1.24	0.43	--
Earnings per share (continuing operations)	-0.10	0.39	--
Capital expenditure*	16.1	13.3	21.1%

*) for 2004, excludes the companies sold in the interim period
Employees and capital expenditures in 2004 and 2005 include the EX-CELL-O group

Outlook

IWKA Aktiengesellschaft is in the midst of a major restructuring and renewal process. The Group's goal is to focus more and more on automation technology and to partner with a wide variety of industries and end-users by developing and offering customized technical solutions for modern industrial automation systems. All of IWKA's activities fall under the main heading of automation technology, which involves automating technical processes in the mechanical engineering industry, the automotive sector, aeronautics & space and medicine. In particular, it is applied in measurement, control, regulation, monitoring and optimization tasks.

IWKA will continue to partner with and offer products and services to the automotive sector and the packaging industry, but an even higher priority will be to offer sector-specific automation solutions for the entire range of manufacturing industries, as well as for the service industry and individual consumers.

In order to sharpen its focus, IWKA has started a comprehensive cleanup of its portfolio. Each entity is being examined to ensure that it continues to meet the needs of the Group or that it is essential to the fulfillment of its strategic goals. This will further reduce the complexity of the IWKA Group. Presently, one of the most important items on the streamlining agenda is the EX-CELL-O group. The company is currently negotiating the sale of the EX-CELL-O group to strategic investors. The process is being accelerated to enable IWKA to complete its portfolio streamlining in this area and to offer EX-CELL-O a clear business outlook.

Reduced capital spending and cost cutting programs in the automotive industry, together with unrelenting pressure on prices will continue to strongly affect IWKA's EBIT from continuing operations. As a result, the Automotive Technology and Robot Technology Divisions' EBIT during the 2005 financial year will be weaker than the previous year by more than was previously expected. Moreover, orders that the Robot Technology Division had expected to receive are being rescheduled for next year.

Overall, the uncompromising portfolio-streamlining program, further sizable restructuring expenses and negative developments in the general business environment lead IWKA to expect a negative net after-tax result for the 2005 financial year, particularly in view of anticipated disposal losses.

Upon completion of the restructuring program in the first half of 2006, the second half year will serve as a consolidation period for the company. From 2007 onward, IWKA will be a completely refocused automation group with a streamlined organizational structure. This and the expected revival in demand from important customers will once more result in commensurate earnings.

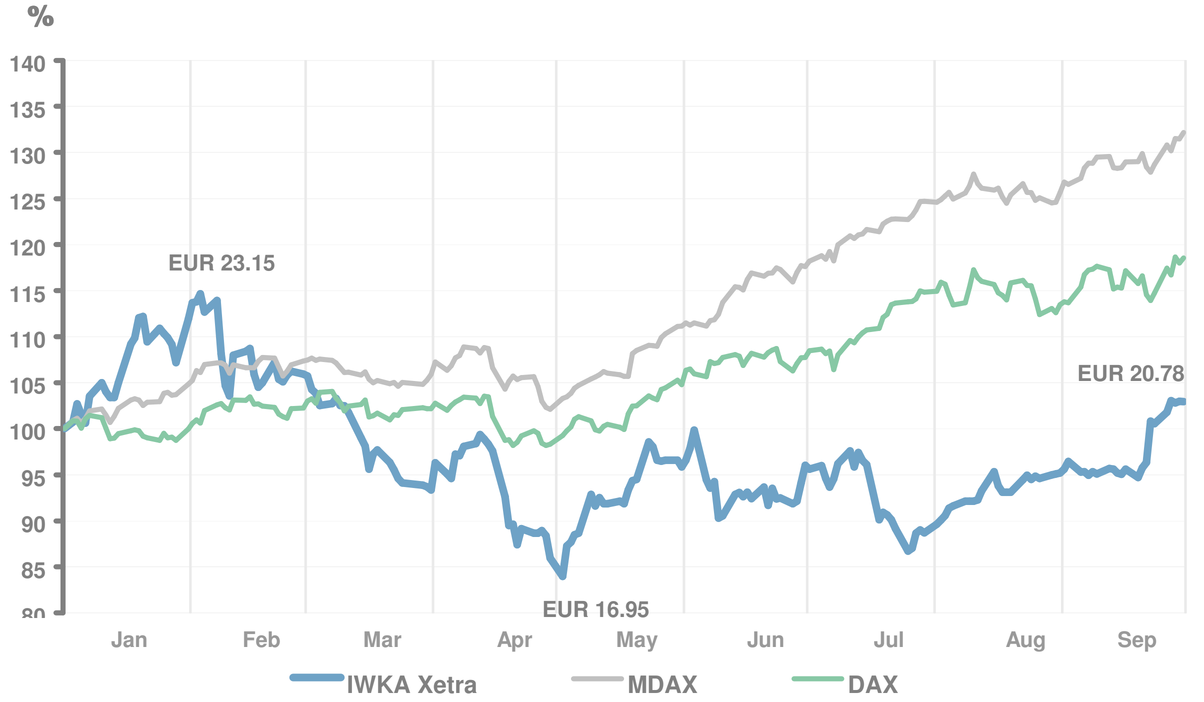
IWKA Equity

The call for new Bundestag elections on May 22 and the prospect of further progress on reforms caused stock markets in Germany to soar. The trend continued after the voting on September 18. For the first time in over three years, the DAX closed above the 5000 mark. The MDAX reached an all-time high. At the beginning of the third quarter, the renewed forecast of lower profits for the current financial year weighed on IWKA's share price, but subsequently the equity recovered.

On July 15, the six shareholder representatives on the Supervisory Board of IWKA AG announced their resignations. On July 29, the Supervisory Board appointed Mr. Wolfgang-Dietrich Hein, Dipl.-Ing., to the position of Chairman of the Board. Mr. Hein assumed his new role on September 1. On September 30, the company invited shareholders to an extraordinary general meeting scheduled for November 9, 2005 in Karlsruhe and published recommendations for the election of new supervisory board members. In view of the Group management reorganization, Mr. Hans Lampert, Dipl.-Kfm., tendered his resignation as a member of the Executive Board effective October 28, 2005.

IWKA's share price reached a high of EUR 20.78 at the end of September, ending higher than at the beginning of the year for the first time. The increase was 2.9 percent, which compares to a rise of 18.5 percent for the DAX and 32.2 percent for the MDAX over the same period.

IWKA share price trend January - September 2005 vs. DAX and MDAX



Development in the divisions

Automotive Technology

in EUR million	3rd Quarter 2005	3rd Quarter 2004	9 Months 2005	9 Months 2004	Change 9 Months
Orders received	248.3	232.2	752.2	763.7	-1.5%
Order backlog	--	--	851.3 (9/30)	556.7 (12/31)	52.9%
Sales revenues	247.9	211.3	624.8	579.1	7.9%
Total output	244.6	216.8	671.9	603.9	11.3%
EBIT	-1.4	13.5	11.6	29.7	-60.9%
in % of sales revenues	-0.6%	6.4%	1.9%	5.1%	--
Employees	--	--	4,299 (9/30)	4,289 (12/31)	0.2%

The Automotive Technology Division had new orders received of EUR 752.2 million in the first nine months of 2005, which is 1.5 percent less than the corresponding prior year's period. KUKA Schweissanlagen received a contract from DaimlerChrysler for the successor to the C-Class. US-based KUKA Flex received another follow-up order for the Jeep Wrangler (JK) in Toledo, Ohio in the third quarter. The performance contracts for the JK project, a pay-on-production model, have since been signed. KUKA Werkzeugbau (KWS), based in Schwarzenberg, was able to book an order from BMW in the third quarter for structural components for the R 55 Mini. The JWF Froehlich company received an order from BMW Steyer for an engine test stand in the most recent quarter. KUKA Schweissanlagen and LSW Maschinenfabrik (LSW), Bremen, intensified their bidding efforts for projects outside the automotive sector.

Order backlog as of September 30 was EUR 851.3 million, EUR 294.6 million more than at the close of 2004. The Automotive Technology Division's sales revenues during the reporting period were EUR 624.8 million, EUR 45.7 million above the previous year's EUR 579.1 million.

The number of employees was 4,299, marginally higher than last year's closing number. To keep up with the administration of high order volumes, the American companies B & K and KUKA Flex in particular hired more staff, while KWS and LSW took steps to adjust their capacities downward.

Reduced capital spending and cost-cutting programs in the automotive sector have further intensified downward pressure on prices. This has had a negative impact on the business, and the Automotive Technology Division's earnings from operating activities have deteriorated accordingly. EBIT at the end of the third quarter was EUR 11.6 million and despite higher sales, was EUR 18.1 million lower than reported during the same period last year. The ARO Schweisszangen group, which reported excellent demand in 2005 along with rising profits, was unable to offset the decline.

Packaging Technology

in EUR million	3rd Quarter 2005	3rd Quarter 2004	9 Months 2005	9 Months 2004	Change 9 Months
Orders received	95.2	102.1	296.2	311.0	-4.8%
Order backlog	--	--	158.3 (9/30)	147.6 (12/31)	7.2%
Sales revenues	92.6	96.6	288.8	272.8	5.9%
Total output	95.7	102.0	299.0	289.7	3.2%
EBIT	1.9	2.6	8.5	4.4	93.2%
in % of sales revenues	2.1%	2.7%	2.9%	1.6%	--
Employees	--	--	2,600 (9/30)	2,708 (12/31)	-4.0%

The Packaging Technology Division had orders received to the end of September of EUR 296.2 million, 4.8 percent less than at the end of September 2004. The main drop in orders received was in the pharmaceuticals/cosmetics area, although sales revenues did increase. Orders in the food subsegment were also slightly below last year's level, but sales revenues rose sharply. Orders received and sales revenues in the dairy subsegment were approximately the same as last year.

Major orders received in the third quarter were reported by Hassia Verpackungs-maschinen, which booked an order from Campina for a thermoforming, filling and sealing machine and ERCA Formseal, France, with orders from Ehrmann, Senoble and Danone for three packaging machines, as well as an order from Nutrifrais, Switzerland. The American company R.A. Jones received major orders in the third quarter from Anheuser-Busch, McCormick, Kraft Foods, Novartis and Zumbiel.

Sales revenues were EUR 288.8 million as of September 30, EUR 16.0 million higher than at the same time in 2004. IWKA expects that sales at the end of the current financial year will be slightly higher than last year. Order backlog rose to EUR 158.3 million from the level at the close of 2004.

The Packaging Technology Division had 2,600 employees as of September 30. The drop, 108 persons less than on December 31, 2004, is the result of restructuring measures implemented by a number of companies.

Packaging Technology's EBIT of EUR 8.5 million made a significant contribution to the Group's consolidated earnings (prior year: EUR 4.4 million). The division's restructuring which is needed to sharpen the focus of its future business will affect earnings during the next months.

Robot Technology

in EUR million	3rd Quarter 2005	3rd Quarter 2004	9 Months 2005	9 Months 2004	Change 9 Months
Orders received	53.0	71.3	196.3	257.9	-23.9%
Order backlog	--	--	62.4 (9/30)	50.7 (12/31)	23.1%
Sales revenues	59.8	65.6	182.6	288.2	-36.6%
Total output	58.1	79.7	203.6	283.8	-28.3%
EBIT	-0.3	0.3	-2.3	23.3	--
in % of sales revenues	-0.5%	0.5%	-1.3%	8.1%	--
Employees	--	--	2,005 (9/30)	2,044 (12/31)	-1.9%

The Robot Technology Division was able to report orders received of EUR 196.3 million to the end of the third quarter. As a result of automotive customer project postponements and cancellations, the division was unable to match last year's order level. Orders received fell sharply; EUR 61.6 million below the prior year's reported third quarter total. Although orders from industries other than automotive were EUR 110.5 million, or sixty percent of the total, they could not offset the slump in the automotive sector.

Total sales at the end of the third quarter were EUR 182.6 million, still substantially lower than the EUR 288.2 million reported at end of the prior year's equivalent period. Staff levels are being continuously monitored and adjusted because of the declining sales volume. The robot group currently employs 2,005 people.

The Robot Technology Division's cumulative loss for the first three quarters of the financial year is EUR 2.3 million. The division almost broke even in the third quarter itself.

Major automotive industry orders for the robot group in the quarter just ended came from BMW for the successor to the Mini, for BMW's 3-Series coupé and the 3-Series convertible, as well as from DaimlerChrysler for the C Class.

The company is expecting that in the coming months, automotive customers will continue to postpone orders. Alongside comprehensive restructuring measures, the robot group will therefore intensively concentrate its development and sales activities on robotics applications outside the automotive industry. Expenses for marketing and product development in the new business areas outside the automotive industry will increase. This includes boosting skills at the local level, as well as forming alliances with system partners.

Non-core businesses

in EUR million	*3rd Quarter 2005*	*3rd Quarter 2004**	*9 Months 2005*	*9 Months 2004**	*Change 9 Months*
Non-core businesses continuing operations (BKT-Group, BW-Group, Bopp & Reuther SR)					
Order receipts	81.5	60.3	255.3	210.8	21.1%
Order backlog	--	--	131.4 (9/30)	83.8 (12/31)	56.8%
Sales revenues	76.2	69.1	217.4	188.5	15.3%
Total output	80.8	67.3	230.5	195.3	18.0%
EBIT	1.4	3.0	2.6	0.8	225.0%
in % of sales revenues	1.8%	4.3%	1.2%	0.4%	--
Employees	--	--	1,760 (9/30)	1,781 (12/31)	-1.2%
Non-core businesses discontinued operations (EX-CELL-O-Group)					
Order receipts	17.8	43.2	125.1	166.2	-24.7%
Sales revenues	27.0	65.5	99.8	158.9	-37.2%
Total output	36.9	62.2	114.0	164.4	-30.7%
EBIT	-5.6	4.3	-20.5	6.5	--
in % of sales revenues	-20.7%	6.6%	-20.5%	4.1%	--
Employees	--	--	658 (9/30)	657 (12/31)	0.2%

*) for 2004, excludes the companies sold in the interim period

As of the second quarter, the non-core businesses also include the reclassified machining business companies (EX-CELL-O group consisting of EX-CELL-O GmbH, EX-CELL-O Machine Tools, Inc., USA, EX-CELL-O MACHINES S.A., France) and FMS Drehtechnik Schaffhausen AG, Switzerland. The EX-CELL-O group's business results are therefore shown under discontinued operations. The prior year's income statement figures were adjusted accordingly.

Continuing operations reported orders received of EUR 255.3 million in the first nine months of the financial year. Comparing the same group of consolidated companies, this is EUR 44.5 million higher than the prior year's level. All of the business groups, from Bopp-und Reuther Sicherheits-und Regelarmaturen to the Balg- und Kompensatoren (BKT) and the Boehringer groups were able to follow this trend. Sales revenues from continuing operations were EUR 217.4 million, EUR 28.9 million higher than the comparable prior year's level. Order backlog was EUR 47.6 million higher than on December 31, 2004. The non-core businesses had 1,760 employees as of September 30, 2005, twenty-one persons less than at the end of 2004.

Excluding the EX-CELL-O group, the non-core businesses reported earnings of EUR 2.6 million at the end of the first three quarters, higher than the prior year's EUR 0.8 million.

The BKT group's orders received were substantially higher than at the same time last year. The gas expansion joint business results reported by the French company SFZ for the first nine months of the year are particularly delightful, as are those of the automotive business.

The Boehringer group's positive trend continued throughout the third quarter, supported by demand for systems in the crankshaft machining area. CNC turning machines was also able to report several bookings in the quarter just ended.

Bopp & Reuther SR's sales revenues again kept pace with the prior year's level. The divestment program for the BKT group and the Bopp & Reuther Gesellschaft is proceeding according to plan.

Cumulative orders received and sales revenues for the EX-CELL-O group of companies (discontinued operations) were lower than at the same time last year. EBIT for the first nine months was negative at EUR -20.5 million. EX-CELL-O had already booked an order in June from General Motors in China in an effort to utilize capacity. The project consists of 104 machining centers to be used in the production of cylinder blocks and cylinder heads. In addition, several technically challenging projects passed acceptance tests and started operations at automotive customers during the quarter just ended. As reported earlier, negotiations are underway with a strategic investor for the sale of the group.

IWKA Group Income Statement

in Euro million	9 Months 2005	9 Months 2004
Sales revenues	**1,322.2**	**1,339.9**
Changes in inventories of finished goods and work in process	84.0	38.1
Own costs capitalized	7.5	6.1
Total output	**1,413.7**	**1,384.1**
Other operating income	27.7	30.2
Cost of materials	-741.9	-696.1
Personnel expense	-456.7	-446.0
Depreciation/amortization on intangible and tangible assets	-35.0	-36.4
Other operating expenses	-193.2	-179.2
Earnings from operating activities (EBIT)	**14.6**	**56.6**
Income from participations	1.3	1.5
Net interest income/expense	-14.9	-15.1
Earnings from ordinary activities	**1.0**	**43.0**
Taxes on income	0.1	-15.3
Result from continuing operations	**1.1**	**27.7**
Result from discontinued operations	-25.6	-0.7
Net after-tax result	**-24.5**	**27.0**
Minority interests in profits	0.9	0.0
Earnings per share (in EUR after minority interests)	-0.89	1.02

in Euro million	3rd Quarter 2005	3rd Quarter 2004
Sales revenues	**479.3**	**442.8**
Changes in inventories of finished goods and work in process	0.3	22.9
Own costs capitalized	2.6	3.1
Total output	**482.2**	**468.8**
Other operating income	7.8	16.4
Cost of materials	-261.6	-238.2
Personnel expense	-152.9	-149.1
Depreciation/amortization on intangible and tangible assets	-11.1	-12.2
Other operating expenses	-63.9	-67.6
Earnings from operating activities (EBIT)	**0.5**	**18.1**
Income from participations	0.3	0.5
Net interest income/expense	-5.3	-5.6
Earnings from ordinary activities	**-4.5**	**13.0**
Taxes on income	1.4	-2.9
Result from continuing operations	**-3.1**	**10.1**
Result from discontinued operations	-30.4	1.1
Net after-tax result	**-33.5**	**11.2**
Minority interests in profits	0.4	0.2
Earnings per share (in EUR after minority interests)	-1.24	0.43

IWKA Group Balance Sheet

Assets

in Euro million	9/30/2005	12/31/2004
Non-current assets		
Intangible assets	160.0	160.0
Tangible assets	230.2	255.3
Participations in associated companies	2.9	3.0
Other financial assets	15.3	15.0
	408.4	**433.3**
Deferred taxes	**48.4**	**39.3**
Current assets		
Inventories	417.5	348.1
Receivables and other assets		
Trade receivables	340.5	442.6
Receivables from long-term contracts	123.4	90.7
Receivables from affiliated companies	39.0	18.0
Other assets, prepaid expenses and deferred charges	55.1	36.7
	558.0	588.0
Cash and cash equivalents	33.3	135.4
	1,008.8	**1,071.5**
Assets of discontinued operations	**127.6**	**115.8**
	1,593.2	**1,659.9**

Equity and liabilities

in Euro million	9/30/2005	12/31/2004
Equity	**313.1**	**358.1**
Non-current liabilities and provisions		
Long-term financial liabilities	105.6	136.9
Other long-term liabilities	11.5	12.9
Pension provisions and similiar obligations	159.4	179.0
Deferred taxes	16.7	22.7
	293.2	**351.5**
Current liabilities and provisions		
Short-term financial liabilities	209.5	131.1
Trade payables	142.7	206.6
Advances received	136.7	96.9
Liabilities from long-term contracts	79.0	85.8
Accounts payable to affiliated companies	4.4	2.0
Other short-term liabilities and deferred income	62.0	73.0
Provision for taxes	16.3	52.3
Other provisions	265.9	245.6
	916.5	**893.3**
Liabilities from discontinued operations	**70.4**	**57.0**
	1,593.2	**1,659.9**

IWKA Group Cash Flow Statement

in Euro million	*9 Months 2005*	*9 Months 2004*
Net after-tax result	**-24.5**	**27.0**
Result from the disposal of discontinued operations	1.6	5.6
Depreciation/amortization on fixed assets	37.6	43.4
Other non-payment-related expenses/income	-2.3	0.7
Cash flow	**12.4**	**76.7**
Result on the disposal of assets	-2.1	-5.7
Changes in		
provisions	-10.1	-14.2
inventories	-101.9	-59.2
receivables and deferred charges	-44.6	-80.8
liabilities and deferred income	-27.1	25.9
Cash flow from operating activities	**-173.4**	**-57.3**
Payments from disposals of fixed assets	6.1	10.3
Payments for capital expenditure on intangible and tangible assets	-36.6	-43.1
Payments for investments in financial assets	-1.7	-3.5
Payments from the sale of consolidated companies and other business units	75.5	-2.1
Cash flow from investing activities	**43.3**	**-38.4**
Payments of dividends	-17.6	-17.6
Changes in financial liabilities	43.4	41.0
Cash flow from financing activities	**25.8**	**23.4**
Payment-related change in cash and cash equivalents	**-104.3**	**-72.3**
Exchange-rate-related and other changes in cash and cash equivalents	2.3	0.5
Change in cash and cash equivalents	**-102.0**	**-71.8**
Cash and cash equivalents at the beginning of the period (01/01)	136.6	114.7
Cash and cash equivalents at the end of the period (9/30)	**34.6**	**42.9**

Development of IWKA Group Equity

in Euro million	Subscribed Capital	Capital Reserve	Revenue Reserves: Other Revenue Reserves	Revenue Reserves: Translation Gains/ Losses	Revenue Reserves: Market Valuation/ Hedges	Net Retained Earnings	Minority Interests	Total
Jan. 1, 2004	**69.2**	**133.3**	**107.5**	**-4.0**	**-4.6**	**17.6**	**4.1**	**323.1**
Changes in ownership			-1.9					-1.9
Exchange rate-related differences				2.6				2.6
Other changes					2.5		-0.4	2.1
IWKA AG dividend						-17.6		-17.6
Group net after-tax result for the period			27.0					27.0
September 30, 2004	**69.2**	**133.3**	**132.6**	**-1.4**	**-2.1**	**0.0**	**3.7**	**335.3**

in Euro million	Subscribed Capital	Capital Reserve	Revenue Reserves: Other Revenue Reserves	Revenue Reserves: Translation Gains/ Losses	Revenue Reserves: Market Valuation/ Hedges	Net Retained Earnings	Minority Interests	Total
Jan. 1, 2005	**69.2**	**133.3**	**140.4**	**-3.7**	**-1.9**	**17.6**	**3.2**	**358.1**
Changes in ownership			-9.3				-0.2	-9.5
Exchange rate-related differences				5.2			0.2	5.4
Other changes					1.2			1.2
IWKA AG dividend						-17.6		-17.6
Group net after-tax result for the period			-23.6				-0.9	-24.5
September 30, 2005	**69.2**	**133.3**	**107.5**	**1.5**	**-0.7**	**0.0**	**2.3**	**313.1**

Explanatory notes

IFRS/IAS accounting standards

Since the 2004 business year, IWKA Aktiengesellschaft has prepared its consolidated financial statements according to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretation Committee (SIC) as well as the International Financial Reporting Interpretation Committee (IFRIC). The interim report is therefore prepared in accordance with IAS34.

The Group's interim consolidated financial statements are not subjected to any audit review.

Scope of consolidation

The interim Group consolidated financial statements, in addition to IWKA Aktiengesellschaft, include 36 companies registered inside Germany and 46 firms domiciled outside of Germany, on whose behalf IWKA Aktiengesellschaft exercises uniform control.

The following major changes have occurred since December 31, 2004:

All subsidiaries classified as discontinued operations in the 2004 annual report have been eliminated from the scope of consolidation as of January 1, 2005. These include mainly the Kassel-based RMG Group, the VAG Armaturen Group in Mannheim and Heinrichs Messtechnik GmbH, Cologne. A detailed list of the companies is included in the 2004 annual report.

Accounting and valuation policies

The same valuation methodology and financial principles as those used in the consolidated financial statements for the 2004 business year were applied in preparing these interim financial statements and establishing the comparison figures to the prior year. A description of the principles is published in the notes of the 2004 Group consolidated financial statements. The latter are also available on the Internet at www.iwka.de.

Discontinued operations

For the income statement, the numbers for all companies categorized as discontinued operations as of September 30, 2005 - and for the prior year - were summarized in accordance with IFRS 5 and shown as result from discontinued operations. Assets and liabilities have been categorized on the balance sheet as assets of discontinued operations and liabilities from discontinued operations and have not been adjusted to align with the prior year's numbers.

The EX-CELL-O group (EX-CELL-O GmbH based in Eislingen, EX-CELL-O Machines S.A. located in Paris, Sterling Heights-based EX-CELL-O Machine Tools Inc.) was classified as discontinued operations as of end of September.

In addition to the EX-CELL-O group's earnings from operating activities, result from discontinued operations as of September 30, 2005 includes profits from the sale of the RMG group and the VAG group, which could not be realized until 2005 because of contractual conditions. Furthermore, the EX-CELL-O group's long-term assets were depreciated in anticipation of the likelihood of a loss when the group is sold. This only partially takes into account the probable loss on disposal according to IFRS 5 accounting rules. Including profits from the sale of the RMG and VAG groups and a tax effect, the result recognized on disposal of discontinued operations was EUR -1.6 million.

Cash flow statement

The cash flow statement defines the flow of funds into and out of the IWKA Group in accordance with IAS 7. The amount recognized as cash and cash equivalents comprises bank balances, checks and cash on hand. This also includes cash and cash equivalents from discontinued operations.

Segment reporting

The material primary segment information is included in the division reports.

The companies of the EX-CELL-O group and FMS Drehtechnik Schaffhausen AG, situated in Schaffhausen, have been reclassified as non-core businesses since December 31, 2004: The prior year's income statement figures were adjusted accordingly. In addition, the key figures for the non-core businesses segment were adjusted to reflect the portion of the divested companies.

Earnings per share

Earnings per share were calculated by dividing the Group's after tax consolidated net earnings as well as the result from continuing operations adjusted for minority interests by the Group's 26.6 million outstanding shares. Undiluted earnings per share and earnings per share are identical.

Contingent liabilities and other financial obligations

There has been no material change in other financial obligations since December 31, 2004.

Significant events

There were no events of major importance at the close of the first three quarters of 2005.

Karlsruhe, November 2005

IWKA Aktiengesellschaft

The Executive Board

Financial calendar

Preliminary figures for financial 2005	February 7, 2006
Press conference presenting the annual financial statements, Karlsruhe	March 29, 2006
DVFA analysts conference, Frankfurt / Main	March 29, 2006
Interim Report for the first three months of 2006	May 9, 2006
Annual General Meeting 2006, Karlsruhe	June 2, 2006

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