Interim Report

as of March 31, 2005

Creating Ideas,
Providing Solutions

IWKA

Interim Report as of March 31, 2005

Karlsruhe, May 10, 2005

Orders received from automotive industry on the decline

Quarterly operating profit considerably below last year

Increasing price pressure and reluctant capital spending, in particular by the automotive industry, have considerably worsened the orders received situation during the first quarter. These developments directly impact our Automotive Technology and Robot Technology Divisions. As a result of these worsening market conditions, the Group's orders received during the first quarter came in at EUR 579.0 million, 19.7 percent lower than the comparable prior year's value. Sales revenues to the end of March were EUR 426.5 million, a slight 2.5 percent below the first-quarter results of 2004. EBIT came in at EUR 1.3 million, substantially lower than the comparable 2004 result. Nevertheless, due to one-time gains resulting from the divestment of some companies, net after-tax profit was higher.

Economic Environment

Signs of a weakening global economy and export demand that had been driving German industry became considerably stronger during the first quarter of 2005. At the same time, domestic demand remains stagnant. Forecasts for higher gross domestic product were corrected downward several times during the past few months. According to economic research institutions, Germany's gross domestic product will grow by at most 0.7 percent – half of what had originally been estimated. Current increases in energy and raw material prices and the strength of the euro in comparison to the US dollar add to the continued burden on profits and the reluctance of customers to place orders. These issues are also impacting the IWKA Group's consolidated quarterly results.

Orders received, sales revenues, order backlog, personnel

The difficult market conditions, particularly in the automotive industry, characterized the first quarter of 2005. Orders received were down 19.7 percent and sales revenues were down 2.5 percent. The unusually high levels of the prior year could not be matched, because these were defined by a major automotive industry order.

The IWKA Group recorded orders received of EUR 579.0 million during the first quarter of 2005. Comparing only continuing operations, orders received were down by EUR 141.8 million or 19.7 percent from the prior year's results. The drop impacted the Automotive Technology and Robot Technology Divisions, which were affected by significantly reduced capital spending by the automotive industry. Order backlog was 25 percent higher than at the close of 2004, reaching EUR 1,219.5 million as of March 31.

Sales revenues during the reporting period came in at EUR 426.5 million, EUR 11.1 million lower than the prior year. The Robot Technology Division's sales plummeted by 35.7 percent. In contrast, the Packaging Technology Division and the continuing operations of the non-core businesses reported improved results.

At the end of the quarter, the IWKA Group had 11,476 employees. The work force shrank by 99 persons compared to the close of 2004. Of the 11,476 employees, 4,682 or 40.8 percent were employed by foreign operations.

Capital expenditure, research and development

IWKA invested EUR 10.7 million in tangible and intangible fixed assets during the first quarter, as compared to EUR 13.9 million in the same period in 2004. Capital spending is focused on optimizing business processes.

IWKA's Packaging and Robot Technology companies jointly presented innovative handling and packaging solutions and systems at the international "Interpack" industrial trade show.

In addition to presenting intelligent solutions surrounding the handling, sorting and palletizing of goods, the KUKA Robot Group showcased a new palletizing robot. It is extremely fast and flexible, in part thanks to the application of new materials (carbon fiber composites or CFRPs).

The IWKA Packaging group presented a recently developed flexible and modular tube filler that targets the pharmaceutical and cosmetic sectors. The innovative SlimLine tray erector developed for the dairy industry saves customers up to thirty percent in packaging material. A cost-effective machine for forming, filling and sealing microwavable polypropylene cups was launched in the food sector.

Operating profit, assets and financial position

The difficult market conditions and strong margin pressure led to a significantly lower EBIT than that achieved during the prior year's comparable quarter. At EUR 1.3 million, it was EUR 8 million lower than for the same period in 2004. The Automotive Technology Division's earnings during the first quarter of 2005 were EUR 3.5 million, slightly below last year's result. Thanks to higher business volume, the Packaging Technology Division's EBIT rose to EUR 2.0 million, representing a year-over-year increase of EUR 2.8 million. As a result of substantially lower sales revenues, the Robot Technology Division's operating earnings were EUR -3.6 million, EUR 12.3 million less than the prior year's number. The non-core businesses reported positive quarterly earnings, compared to a loss during the same quarter in 2004.

The completed sale of former Process Technology Division companies during the first quarter of 2005 led to a significantly positive result. Net income for the first quarter of 2005 is EUR 13.2 million, which compares with EUR 1.5 million the year before.

IWKA Group key figures 3 months 2005

in Euro million	*3 Months 2005*	*3 Months 2004*	*Change in %*
Orders received (Continuing Operations)	579.0	720.8	-19.7%
abroad in %	74.1%	57.0%	--
Order backlog (Continuing Operations)	1,219.5 (3/31)	975.5 (12/31)	25.0%
Sales revenues (Continuing Operations)	426.5	437.6	-2.5%
abroad in %	71.5%	69.0%	--
Total output	470.2	495.7	-5.1%
EBIT	1.3	9.3	-86.0%
in % of sales revenues	0.3%	2.1%	--
Earnings from ordinary activities	-4.0	3.9	--
Net income	13.2	1.5	--
Profit per share	0.50	0.06	--
Capital expenditure (Continuing Operations)	10.7	13.9	-23.0%
Employees (Continuing Operations)	11,476 (3/31)	11,575 (12/31)	-0.9%
abroad in %	40.8%	40.8%	--

Outlook

Declining orders from the automotive industry are expected to result in weaker operating earnings in 2005. Earnings in 2005 will not match the return on sales achieved last year. Increasing price pressure and restrained capital spending over the past few weeks have led to a marked deterioration in the orders received situation. These developments directly impact our Automotive Technology and Robot Technology Divisions. As a result of these market trends, operating earnings in the Automotive Technology and Robot Technology Divisions will be below those of the previous year. We expect that higher business volume will result in improved operating profit in the Packaging Technology Division in comparison to the prior year.

IWKA Aktiengesellschaft has launched a comprehensive program of measures called FORproductivity. It aims to actively counter the drop in operating profit. The excellent market position achieved by our companies will enable us to continue to play a leading role as a systems integrator around the world.

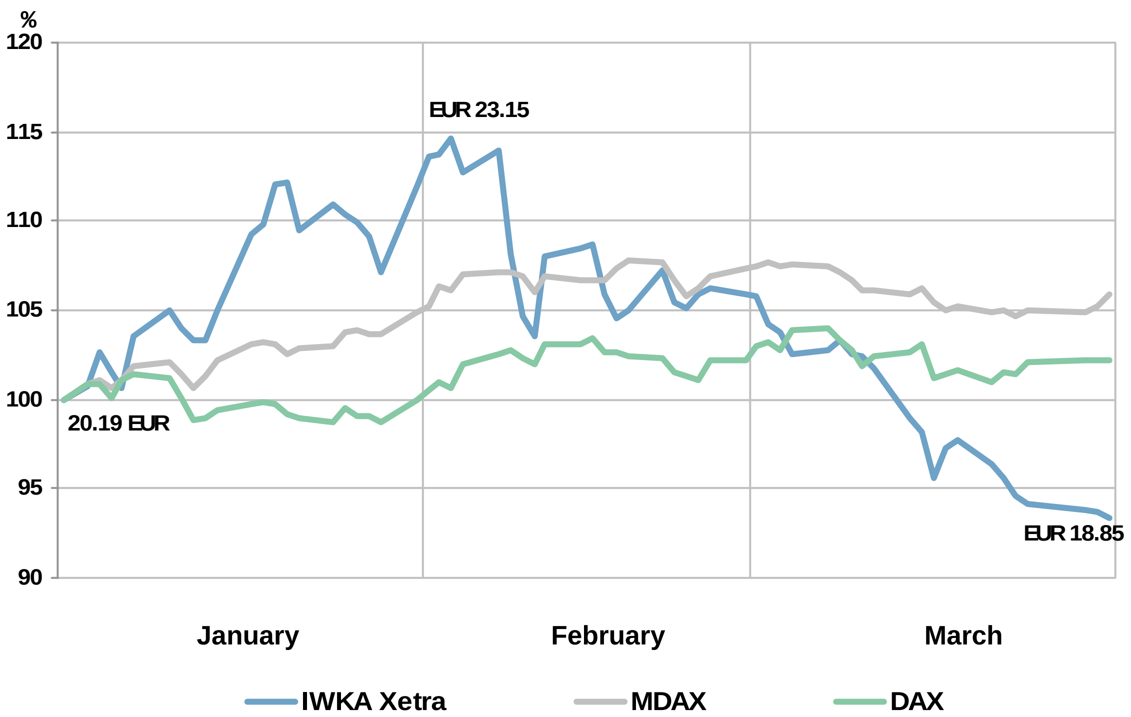
IWKA Equity

Up until the preliminary results for the 2004 business year were published on February 8, IWKA's share price performance was significantly better than the MDAX and DAX indices. Following the divestment of two of the Group's former Process Technology Division companies at the beginning of 2005, the stock price reached a five-year high of EUR 23.15 on February 3. Subsequently, the weaker earnings projections for the robot business during the current year caused the stock to perform disproportionately worse than the comparative indices.

IWKA's share price sank by 6.6 percent between January 1 and March 31, 2005, while the MDAX rose 5 .9 percent and the DAX gained 2.2 percent during the same period.

An ad hoc disclosure regarding earnings expectations for 2005, which was issued on April 15, exerted further pressure on IWKA's share price.

IWKA’s share price from January to March 2005
vs. the DAX and MDAX



Development in the divisions

Automobile Technology

in EUR million	*3 Months 2005*	*3 Months 2004*	*Change 3 Months*
Orders received	300.0	449.0	-33.2%
Order backlog	880.5 (3/31)	693.5 (12/31)	27.0%
Sales revenues	213.7	215.6	-0.9%
Total output	243.0	233.6	4.0%
EBIT	3.5	3.7	-5.4%
in % of sales revenues	1.6%	1.7%	--
Employees	5,034 (3/31)	4,999 (12/31)	0.7%

Orders received by the Automotive Technology Division during the first three months of the new business year came in at EUR 300.0 million as a result of the market conditions discussed above. This represents a drop of EUR 149.0 million, or 33.2 percent less than in the comparable prior year's reporting period. The division was unable to maintain the extraordinarily high level of the previous year, which had been impacted by a major order. Order backlog was EUR 187.0 million higher than at the close of 2004. Sales revenues of EUR 213.7 million were only slightly below the prior year's value, missing the mark by about EUR 1.9 million. The EBIT of EUR 3.5 million was marginally below the EUR 3.7 million achieved during the same quarter last year. The workforce expanded from 2004's final number, increasing by thirty-five persons to 5,034 employees.

Major orders received by KUKA Schweissanlagen GmbH during the first quarter include contracts from Ford for the Transit and the Galaxy, and from BMW for phase two of the touring and limousine versions of the 3-Series. Orders received by the powertrain business unit grew during the reporting period, mainly as a result of major orders at B & K Corp. and EX-CELL-O. The former was able to win a new customer, Magna, and received orders to supply assembly and test systems for the GMT 900 gearbox project. EX-CELL-O was successful in securing an order for a second line for the 6F gearbox project at Ford. Although EX-CELL-O has always had an excellent position from a technical and product perspective, in the past it has suffered from organizational weaknesses. This situation resulted in a first-quarter loss at EX-CELL-O. The company's entire organizational structure will therefore be converted from functional to project-oriented, in order to enable it to effectively and rigorously manage major projects.

Packaging Technology

in EUR million	*3 Months 2005*	*3 Months 2004*	*Change 3 Months*
Orders received	99.3	108.5	-8.5%
Order backlog	164.1 (3/31)	147.6 (12/31)	11.2%
Sales revenues	89.1	78.0	14.2%
Total output	93.0	90.8	2.4%
EBIT	2.0	-0.8	--
in % of sales revenues	2.2%	-1.0%	--
Employees	2,654 (3/31)	2,708 (12/31)	-2.0%

The Packaging Technology Division had orders received of EUR 99.3 million – 8.5 percent lower than the EUR 108.5 million reported during the same period last year. Order backlog increased from EUR 147.6 million at the end of 2004 to EUR 164.1 million as of March 31, 2005. Sales revenues came in at EUR 89.1 million, EUR 11.1 million higher than last year. All of the Packaging Technology Division's target market sectors contributed to the increase. EBIT was EUR 2.8 million higher than during the first quarter of 2004, reaching EUR 2.0 million.

The Packaging Technology Division had 2,654 employees as of March 31, 2005. The workforce was reduced in conjunction with the continued realignment to the three target market segments and now stands at fifty-four persons less than at the end of 2004.

Orders received from the pharmaceutical/cosmetics market sector were slightly higher than the year prior. IWK Verpackungstechnik GmbH was able to win four orders for its newly developed tube-filling machine during the first quarter. The machine rounds out the product family with a rating of up to 100 tubes per minute.

Slightly higher orders received than last year were also reported from the food sector. R.A. Jones / USA received orders for four high-speed pouch machines during the reporting period.

In the dairy sector, orders received were lower than during the first quarter of 2004. The prior year's numbers had been favorably impacted by a major order that HASSIA Verpackungs-maschinen had received from the American market. Gasti Verpackungsmaschinen GmbH signed another contract with a Greek dairy during the first quarter for two additional aseptic machines.

Robot Technology

in EUR million	*3 Months 2005*	*3 Months 2004*	*Change 3 Months*
Orders received	82.5	96.1	-14.2%
Order backlog	74.1 (3/31)	50.7 (12/31)	46.2%
Sales revenues	57.8	89.9	-35.7%
Total output	62.5	111.8	-44.1%
EBIT	-3.6	8.7	--
in % of sales revenues	-6.2%	9.7%	--
Employees	1,977 (3/31)	2,044 (12/31)	-3.3%

The Robot Technology Division had to absorb the impact of substantially lower demand resulting from postponed and canceled projects in the automotive industry. Orders received during the first quarter came in at EUR 82.5 million, 14.2 percent lower than during the first quarter of 2004. While in 2004 declining orders from the automotive industry totaling EUR 60 million could be offset by orders received from the non-automotive sector, in 2005 this will no longer be entirely possible. The division is addressing these issues with a comprehensive program of measures to cut costs. Order backlog at the end of the quarter was EUR 74.1 million, 46.2 percent higher than at the close of 2004.

Because of weak orders received levels during the latter part of last year and the first quarter of 2005, sales revenues were 32.1 million lower than during the same period in 2004 and ended at EUR 57.8 million. The significantly lower total output compared to the same quarter last year and the sharp increase in margin pressures resulted in negative quarterly earnings for the Robot Technology Division. The EBIT of EUR -3.6 million was EUR 12.3 million lower than the prior year's result. At the end of the quarter, the Robot Technology Division had 1,977 employees, a reduction of 67 workers.

During the quarter just ended, the division was able to win orders from BMW for the successor to the X5 and the BMW Mini as well as the BMW 3-Series Coupé and the 3-Series Cabrio.

The division continues to focus on expanding its business in the non-automotive sector in order to reduce its dependence on the automotive industry. At the end of 2004, already half of the delivered products and services went to the non-automotive sector.

Non-core businesses

in EUR million	*3 Months 2005*	*3 Months 2004*)*	*Change 3 Months*
Orders received	95.8	65.6	46.0%
Order backlog	100.9 (3/31)	77.6 (12/31)	30.0%
Sales revenues	64.5	52.4	23.1%
Total output	70.3	57.8	21.6%
EBIT	0.6	-1.7	--
in % of sales revenues	0.9%	-3.2%	--
Employees	1,717 (3/31)	1,728 (12/31)	-0.6%

*) Continuing Operations only

Following the disposal of the VAG-group and RMG-group at the end of last year, the non-core businesses now comprise the BKT-group and Boehringer-group and the safety fittings business of the former Bopp & Reuther-group.

The previous year's figures are shown on a comparable pro-forma basis. Orders received during the first quarter were EUR 95.8 million, EUR 30.2 million higher than in 2004. Sales revenues were also higher than in the same period last year, reaching EUR 64.5 million as compared to EUR 52.4 million. The division's EBIT improved to EUR 0.6 million, which compares to EUR -1.7 million the year before. All of the aforementioned companies reported in part substantially improved results compared to the previous year's quarter. At the end of the first quarter of 2005 there were 1,717 employees, compared to 1,728 on December 31, 2004.

Bopp & Reuther Sicherheits- und Regelarmaturen GmbH was again able to report higher orders received. Orders received in the Balg- und Kompensatoren-group were also above the comparable prior year's figures. Gas expansion joints in particular added to order volume.

During the first quarter, the Boehringer-group benefited from higher demand from abroad for crankshaft machining systems. Orders received rose. The group won orders from General Motors in the United States and from KIA in Slovakia, to name two. On the other hand, demand for CNC turning machines has not recovered.

IWKA will continue to actively manage its portfolio.

IWKA Group Income Statement

in Euro million	*3 Months 2005*	*3 Months 2004*
Sales revenues	**426.5**	**437.6**
Changes in inventories of finished goods and work in process	41.3	55.9
Own costs capitalized	2.4	2.2
Total output	**470.2**	**495.7**
Other operating income	12.0	6.3
Cost of materials	-247.3	-268.0
Personnel expense	-161.7	-155.7
Depreciation/amortization on intangible and tangible assets	-12.6	-12.9
Other operating expenses	-59.3	-56.1
Earnings from operating activities (EBIT)	**1.3**	**9.3**
Income from participations	0.0	0.5
Net interest income/expense	-5.3	-5.9
Earnings from ordinary activities	**-4.0**	**3.9**
Taxes on income	0.4	-1.1
Result from Continuing Operations	**-3.6**	**2.8**
Result from Discontinued Operations	16.8	-1.3
Net income	**13.2**	**1.5**
Minority interests in profits	0.2	0.1
Earnings per share	0.50	0.06

IWKA Group Balance Sheet

Assets

in Euro million	*3/31/2005*	*12/31/2004*
Non-current assets		
Intangible assets	160.3	160.0
Tangible assets	256.2	255.3
Participations in associated companies	3.0	3.0
Other financial assets	15.6	15.0
	435.1	**433.3**
Deferred taxes	**39.2**	**39.3**
Current assets		
Inventories	402.8	348.1
Receivables and other assets		
Trade receivables	408.4	442.6
Receivables from long-term contracts	122.2	90.7
Receivables from affiliated companies	23.3	18.0
Other assets, prepaid expenses and deferred charges	53.5	36.7
	607.4	588.0
Cash and cash equivalents	87.4	135.4
	1,097.6	**1,071.5**
Assets of discontinued operations	**0.0**	**115.8**
	1,571.9	**1,659.9**

Equity and liabilities

in Euro million	*3/31/2005*	*12/31/2004*
Equity	**363.7**	**358.1**
Non-current liabilities and provisions		
Long-term financial liabilities	122.7	136.9
Other long-term liabilities	12.1	12.9
Pension provisions and similiar obligations	179.1	179.0
Deferred taxes	22.5	22.7
	336.4	**351.5**
Current liabilities and provisions		
Short-term financial liabilities	149.0	131.1
Trade payables	175.2	206.6
Advances received	118.1	96.9
Liabilities from long-term contracts	53.6	85.8
Accounts payable to affiliated companies	3.4	2.0
Other short-term liabilities and deferred income	56.2	73.0
Provision for taxes	49.3	52.3
Other provisions	267.0	245.6
	871.8	**893.3**
Liabilities from discontinued operations	**0.0**	**57.0**
	1,571.9	**1,659.9**

IWKA Group Cash Flow Statement

in Euro million	*3 Months 2005*	*3 Months 2004*
Net income	**13.2**	**1.5**
Result from the disposal of discontinued operations	-16.8	0.0
Depreciation/amortization on fixed assets	12.6	14.6
Other non-payment-related expenses/income	-0.7	-1.2
Cash flow	**8.3**	**14.9**
Result on the disposal of assets	-0.1	0.0
Changes in		
provisions	8.2	-10.7
inventories	-52.4	-59.4
receivables and deferred charges	-18.2	-22.8
liabilities and deferred income	-61.7	35.1
Cash flow from operating activities	**-115.9**	**-42.9**
Payments from disposals of fixed assets	0.4	0.6
Payments for capital expenditure on intangible and tangible assets	-10.7	-15.6
Payments for investments in financial assets	-0.6	-1.1
Payments from the sale of consolidated companies and other business units	75.5	0.0
Cash flow from investing activities	**64.6**	**-16.1**
Changes in financial liabilities	1.3	9.6
Cash flow from financing activities	**1.3**	**9.6**
Payment-related change in cash and cash equivalents	**-50.0**	**-49.4**
Exchange-rate-related and other changes in cash and cash equivalents	0.8	0.8
Change in cash and cash equivalents	**-49.2**	**-48.6**
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 (3/31)	**87.4**	**66.1**

Development of IWKA Group Equity

in Euro million	*Subscribed Capital*	*Capital Reserve*	*Revenue Reserves*			*Net Retained Earnings*	*Minority Interests*	*Total*
			Other Revenue Reserves	*Trans-lation Gains/ Losses*	*Market Valuation/ Hedges*			
Jan. 1, 2004	**69.2**	**133.3**	**107.5**	**-4,0**	**-4.6**	**17.6**	**4.1**	**323.1**
Changes in ownership			-1.9				-0.3	-2.2
Exchange rate-related differences				1.5				1.5
Other changes					1.6			1.6
Group net income for the period			1.6				-0.1	1.5
March 31, 2004	**69.2**	**133.3**	**107.2**	**-2.5**	**-3,0**	**17.6**	**3.7**	**325.5**

in Euro million	*Subscribed Capital*	*Capital Reserve*	*Revenue Reserves*			*Net Retained Earnings*	*Minority Interests*	*Total*
			Other Revenue Reserves	*Trans-lation Gains/ Losses*	*Market Valuation/ Hedges*			
Jan. 1, 2005	**69.2**	**133.3**	**140.4**	**-3.7**	**-1.9**	**17.6**	**3.2**	**358.1**
Changes in ownership			-9.3					-9.3
Exchange rate-related differences				0.9				0.9
Other changes					0.8			0.8
Group net income for the period			13.4				-0.2	13.2
March 31, 2005	**69.2**	**133.3**	**144.5**	**-2.8**	**-1.1**	**17.6**	**3.0**	**363.7**

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 IAS 34. The prior year's figures have been determined in accordance with these same standards.

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

Scope of consolidation

The Group’s interim 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 primarily the Kassel-based RMG-group, the VAG-Armaturen-group in Mannheim and Heinrichs Messtechnik GmbH, Cologne. A detailed list of the companies concerned 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 detail 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 prior year's numbers for all companies categorized as discontinued operations were summarized in accordance with IFRS 5 and shown as earnings from discontinued operations. These companies include Marcon Ingenieurgesellschaft mbH, Bopp & Reuther Messtechnik GmbH, WPD Wartungs- und Prüfdienst GmbH, Heinrichs Messtechnik GmbH, Inex Vision Systems Inc., the VAG Armaturen-group and the RMG-group. These companies were also already shown as discontinued operations in the 2004 Group consolidated financial statements.

The earnings from discontinued operations as of March 31, 2005 include profits from the divestment of the RMG Group and the VAG Group, which could only be realized in 2005 due to contractual agreements.

Cash flow statement

The cash flow statement defines the flow of funds into and out of the IWKA Group. The amount recognized as cash and cash equivalents comprises bank balances, checks and cash on hand.

Segment reporting

The major elements of segment reporting with regard to the primary segments are included in the division reports. The key figures for the non-core businesses segment were adjusted to reflect the pro-rata shares of the divested companies.

Earnings per share

Earnings per share were calculated by dividing the Group's after tax consolidated net earnings 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

On March 15, 2004, IWKA Aktiengesellschaft released the following ad hoc disclosure:

“Declining incoming orders from automotive industry - operating profit in 2005 expected to weaken

Reduced capital spending by the automotive industry has led to a significant drop in the order situation over the past few weeks. There has been a further erosion of margins. These developments directly impact the Automotive Technology and Robot Technology Divisions. Current year operating profits expected from these two divisions will come in lower than last year's numbers. The first quarter of 2005 just ended shows that the projections for "a trend to higher operating profit quality" in 2005 envisioned at the beginning of the year no longer apply. IWKA Aktiengesellschaft has launched a comprehensive program of measures to actively counter the drop in operating profit.
Profits from the completed sale of former Process Technology Division companies during the first quarter of 2005 have exceeded our expectations”.

Karlsruhe, May 2005

IWKA Aktiengesellschaft

The Executive Board

Financial calendar

Annual General Meeting 2005, Karlsruhe	June 3, 2005
Interim Report for the first six months of 2005	August 9, 2005
Interim Report for the first nine months of 2005	November 8, 2005
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

Contact

IWKA Aktiengesellschaft
Public & Investor Relations
Postfach 3409
76020 Karlsruhe
Phone +49 721 143-330
Fax +49 721 143-331
e-mail: pr@iwka.de

www.iwka.de