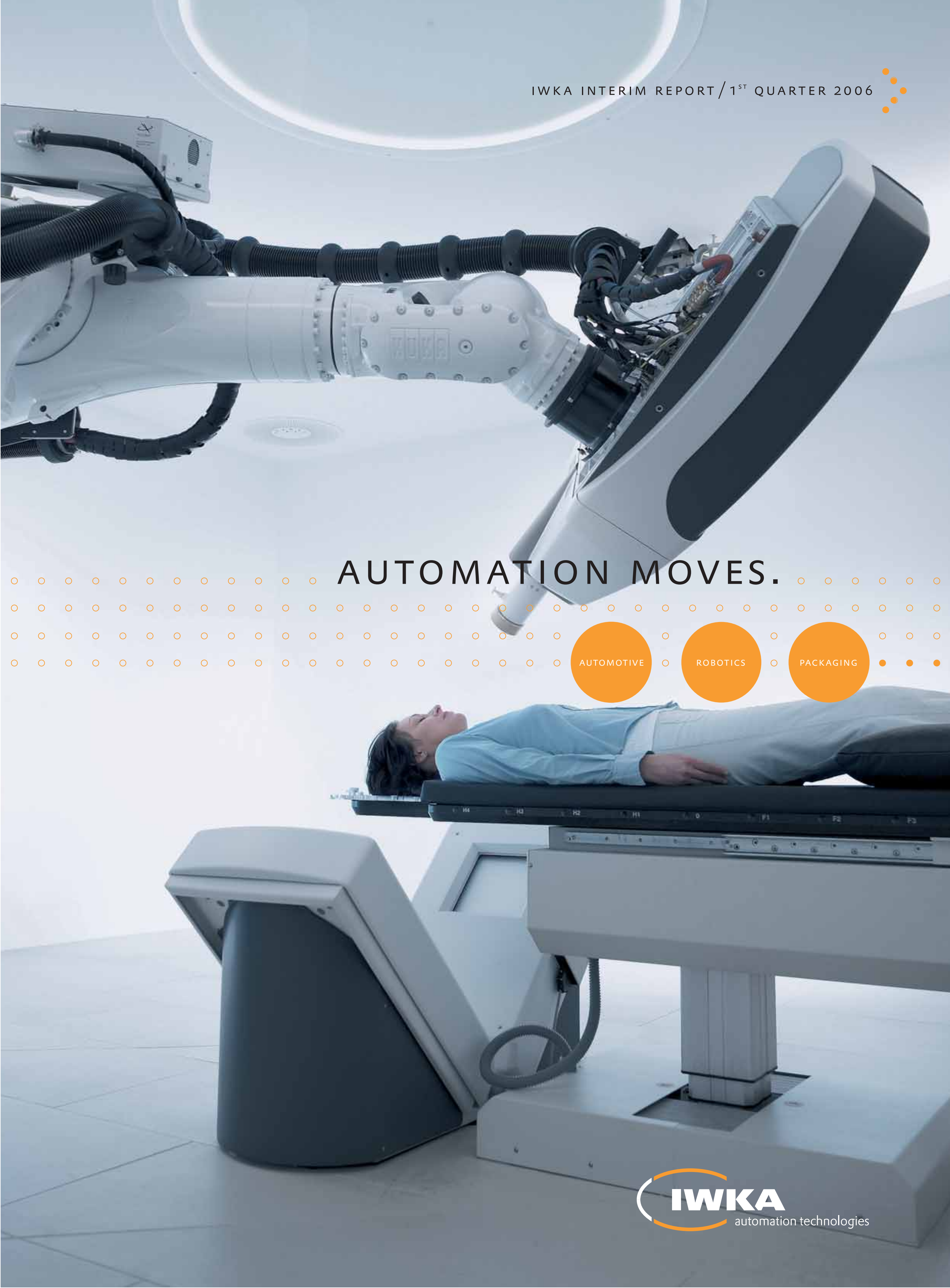
IWKA INTERIM REPORT / 1ST QUARTER 2006



AUTOMATION MOVES.

AUTOMOTIVE

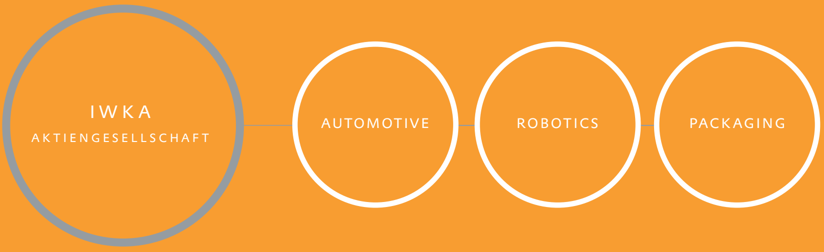
ROBOTICS

PACKAGING

IWKA automation technologies

AUTOMATION MOVES – AUTOMATION SAVES LIVES.

The world's first and only robot-controlled radiosurgery system "cyberknife" was developed on the basis of IWKA Robotics technology. It can be used to treat solid tumors anywhere on the body. With the help of this system, patients can be treated without resorting to an operation. It also reduces pain and requires no lengthy stay in hospital. The system is accurate to within millimeters. A digital imaging system keeps the beam permanently focused on the tumor and thereby minimizes damage to healthy tissue.



IWKA AUTOMATION TECHNOLOGIES

Global success with innovative automation solutions. For many branches, and many markets. The core expertise of the IWKA companies lies in the Automotive, Robotics and Packaging business sectors. It is here that our technologies set worldwide standards. For many manufacturing companies, IWKA Automation Technologies means cost reduction, security of production and perfectly reproducible quality. IWKA Automation technologies are solutions for success.

IWKA GROUP

in € million	3 Months 2006	3 Months 2005	Change
Orders received*	500.8	434.7	15.2%
Order backlog*	(March 31) 1,223.5	(Dec. 31) 1,016.1	20.4%
Sales revenues*	354.6	321.4	10.3%
Total output*	378.2	356.4	6.1%
EBIT*	0.3	2.7	
in % of sales revenues	0.1%	0.8%	–
Result from continuing operations*	-4.7	-0.1	
Result from discontinued operations	-1.7	13.3	–
Net after-tax result	-6.4	13.2	–
Earnings per share	-0.23	0.50	–
Earnings per share (continuing operations)	-0.18	0.00	–
Capital expenditure*	7.0	7.7	-9.1%
Employees*	(March 31) 8,714	(Dec. 31) 8,974	-2.9%

* Continuing operations (previous year comparable)

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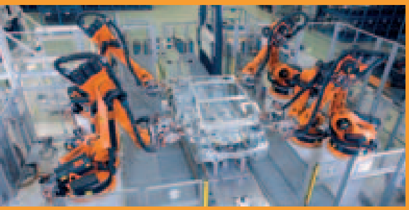
THOROUGH PORTFOLIO RESTRUCTURING SETS STAGE FOR GROWTH

- First-quarter orders received and sales revenues above last year's
- Operating earnings now at breakeven
- Positive outlook for 2006 financial year

AUTOMOTIVE

DYNAMIC STRATEGIES FOR THE AUTOMOTIVE SECTOR



AUTOMOTIVE ENGINEERING IS THE LARGEST BUSINESS AREA FOR IWKA. ANYONE LOOKING FOR SUCCESS IN THIS DYNAMIC MARKET MUST MAKE THE BEST USE OF HIS CAPABILITIES. WITH THE COMPANIES OF THE KUKA WELDING EQUIPMENT GROUP, ARO S.A.S., LSW, B&K, J.W. FROEHLICH AND GSN MASCHINEN-ANLAGEN-SERVICE GMBH, IWKA CONCENTRATES SUCCESSFULLY ON THE AREAS OF MANUFACTURING SYSTEMS, BODY-IN-WHITE TECHNOLOGIES, DRIVE COMPONENTS AND ENGINEERING SERVICES.

IWKA EQUITY

TREND REVERSAL AND OUTPERFORMANCE

The positive mood on the stock markets that began last year continued during the first quarter of 2006. The large-cap stocks listed on the DAX benefited from the recent economic momentum and improved business outlook, which are now leading to increased capital spending in Germany. The promise of significantly higher dividends for the 2005 business year also fueled the stock-exchange prices. The DAX rose 10.4% during the first quarter of 2006 in comparison to the beginning of the year.

The MDAX returned even better results. Thanks to higher profit growth for mid-caps, it outperformed the large-cap stock index for the sixth year in a row. The rise of 18.6% since the start of the year holds considerable promise.

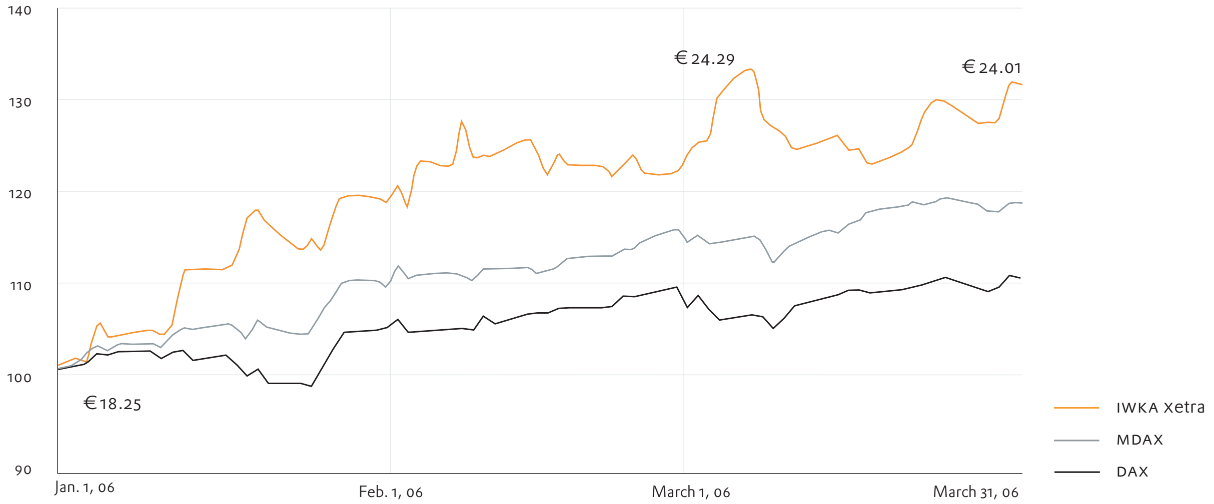
The IWKA equity managed a turnaround in early December 2005 thanks to the quick implementation of the announced divestments and Group restructuring. The stock outperformed the index during the first quarter of 2006. It closed at € 24.01 on March 31, a rise of 31.6% since the start of the year.

Trend reversal in December 2005.

Support for this delightful price rise was provided by a four-day road show at which the company's new strategy was presented. The March 2006 tour covered Frankfurt, Zurich and London. Thirty presentations, which were made to about sixty local and foreign investors, generated considerable interest.

On March 29, IWKA presented the financial statements and management report for the complete 2005 business year, meeting the three-month deadline set by the German Corporate Governance Code for the first time. The substantial shortfall reported for 2005 resulting from, among other things, one-time losses generated by discontinued operations, did not impact IWKA's share price. The stock's performance remained stable after the results were released. In their reports, analysts and the media repeatedly highlighted the company's plan to return to profitability as early as the current year.

○ IWKA's share price
from January to March 2006 vs. the DAX and MDAX



GENERAL CONDITIONS

Substantial growth of the world economy.

Despite rising oil prices, world economic growth remains strong. In mid-April, the IMF (International Monetary Fund) raised its growth forecast for 2006 by 0.6% to 4.9%. China's strong economic performance will weaken only slightly for the time being. Growth is expected to be 9.5%. Russia is hoping for 6% expansion in 2006. Economic growth in India is likely to be of the same order of magnitude. Economic prospects for Japan and Europe are also brightening. In view of these developments, most economic growth forecasts for the current year in Germany are coming in at 1.8%. Five economic experts concurred with this assessment recently. The IMF remains the only institution to predict that, despite the stimulus of the world economy, there will be little growth in Germany because of weak domestic demand. Its experts are again forecasting an expansion of 1.3% for 2006.

BUSINESS TREND

Orders received during the first quarter of the current financial year prove that IWKA is on the right track in its efforts to overcome last year's weak business performance. Order volume of € 500.8 million exceeded our expectations for the first quarter. This represents a solid increase over the € 434.7 million of the first quarter of 2005. All three divisions reported substantial growth. It was all made possible by our rigorous business restructuring programs, along with improved general economic conditions in key Euro zone markets, the United States, and still Asia. The increase in orders received establishes a solid foundation for the planned recovery during the current business year.

Orders received increased significantly.

Order backlog rose as a result of the high level of orders received during the first three months. It was € 1,223.5 million on March 31, 2006, 20.4% higher than at December 31, 2005.

Sales revenues, at € 354.6 million, were substantially higher than the € 321.4 million generated during the same quarter of 2005. The increase is largely attributable to the renewed increase in shipments by the Robotics division since the beginning of the year. Automotive was also able to generate higher orders, whereas Packaging's sales were just under last year's.

EARNINGS, FINANCIAL AND ASSETS SITUATION

During the first quarter of 2006, the IWKA Group's earnings from operating activities were just above breakeven, coming in at € 0.3 million. After three quarters of operating losses, the company has therefore returned to profitability. The improved results were primarily driven by the substantial earnings growth in the Robotics division.

The net interest expense on the other hand was slightly more negative than during the previous quarter. As a result, earnings before taxes from continuing operations to March 31, 2006 fell to € -4.3 million. When the negative result from discontinued operations is added, the loss for the first quarter of 2006 comes to € -6.4 million. The net income reported during the first quarter of last year was primarily the result of profits from the sale of the RMG and VAG groups. Earnings per share for the first quarter of 2006 were € -0.23.

Total assets decline as a result of the disposal of assets from discontinued operations.

Total assets as of March 31, 2006 were € 1,331.3 million, a decline from the December 31, 2005 level of € 1,553 million, mainly as a result of the disposal of assets from discontinued operations. At the same time, cash was reduced to finance inventories for current orders, which is typical of the first quarter. On the liability side of the balance sheet, liabilities from discontinued operations and other provisions fell in conjunction with the divestments. The equity capital ratio improved slightly, rising to 13.5%.

The IWKA Group Cash Flow Statement as of the first quarter of 2006 reflects the move into current assets typical of the first quarter – increase in inventories and receivables. As a result, cash flow from operating activities was negative at € -71 million. The previous year's quarter is not comparable because of the one-time incoming payments from the sale of the RMG and VAG Groups.

EMPLOYEES

The IWKA Group had 8,714 employees as of March 31, 2006 versus 8,974 at the same time last year.

Forty-four percent work for foreign operations. The 2.9% reduction in the workforce is primarily due to the personnel restructuring measures in Robotics and Packaging introduced in 2005. The number of people employed by the Automotive division stayed constant, because personnel were added for the startup of the pay-on-production contract in Toledo, Ohio, while the number of persons employed by the other business fields fell.

DIVISIONS

The division Automotive already booked orders from major customers like DaimlerChrysler, Ford, VW, BMW, VOLVO and Renault during the first quarter.

The improved business situation in the robot industry returned the division to positive numbers. KUKA Roboter was able to ship major orders to customers in the automotive industry.

The Packaging division's orders received were higher during the first quarter of 2006. The division received an above average number of orders from the pharmaceutical/cosmetics and the food industries.

TECHNOLOGY OF THE FUTURE – ROBOTICS

MODERN, HIGH-TECH SOLUTIONS CAN NO LONGER BE IMAGINED WITHOUT ROBOTS AS THE CORE ELEMENT. THE KUKA ROBOT GROUP DESIGNS, MANUFACTURES AND MARKETS INDUSTRIAL ROBOTS AND CONTROL SYSTEMS AND ASSOCIATED SERVICES IN THIS SECTOR. INNOVATIVE LEADERSHIP IS GUARANTEED BY A CONTINUOUS EXPANSION OF THE PRODUCT RANGE FOR NEW MARKETS IN GENERAL INDUSTRY BASED ON HIGHLY DEVELOPED TECHNICAL SOLUTIONS FOR THE AUTOMOBILE INDUSTRY.

DIVISION AUTOMOTIVE

Key figures

in € million	3 Months 2006	3 Months 2005	Change
Orders received	301.9	252.3	19.7%
Order backlog	(March 31) 974.6	(Dec. 31) 800.4	21.8%
Sales revenues	183.4	174.4	5.2%
EBIT	0.1	5.5	–
in % of sales revenues	0.1%	3.2%	–
Employees	(March 31) 4,312	(Dec. 31) 4,389	-1.8%

The Automotive division's companies reported higher orders received during the first quarter of 2006 than in the prior year's first quarter. At € 301.9 million, they were significantly higher than 2005's € 252.3 million. The year started positively with a series of important orders from major customers.

Sales revenues were also above last year's level. They surpassed the prior year's € 174.4 million by 5.2%, ending at € 183.4 million. Despite the budgeted startup losses associated with the pay-on-production contract to manufacture the Jeep Wrangler in the United States, the division achieved a breakeven EBIT of 0.1 million for the first quarter of 2006, which compares to last year's € 5.5 million.

The number of people employed by the division remained almost constant at 4,312 persons as of March 31, 2006, down slightly from 4,389 on March 31, 2005. Higher staff levels to accommodate the new pay-on-production contract in the United States were compensated by employee level adjustments at KUKA Werkzeugbau Schwarzenberg and Farman S.A. in France.

Year begins with substantial orders from major customers.

The division already booked substantial orders from major customers during the first quarter. KUKA Schweissanlagen received orders from DaimlerChrysler to manufacture the C-Class at its two German factories and in the United States, as well as an order from Ford for its minivan, also destined for two different plants. VW ordered systems for its new SUV. Follow-up orders were received from BMW to manufacture an X5 derivative, as well as from Volvo for the new V70.

KUKA Werkzeugbau was able to win comprehensive orders from Renault to manufacture the Megane, from VW for enhancements to the Golf and from BMW for the manufacture of car bodies for the 7-Series model. Getrag placed orders for assembly systems for its factory in Kosice, Slovakia with LSW in Bremen.

Automotive is expecting stable business performance for the current business year. Nevertheless, the division continues to face strong competitive pressure when bidding. The startup of the pay-on-production project for car body manufacturing in Toledo, Ohio, will be of particular importance to IWKA's Automotive division.

DIVISION ROBOTICS

Key figures

in € million	3 Months 2006	3 Months 2005	Change
Orders received	102.8	90.2	14.0%
Order backlog	(March 31) 84.2	(Dec. 31) 73.9	13.9%
Sales revenues	96.0	65.3	47.0%
EBIT	4.2	-3.6	–
in % of sales revenues	4.4%	-5.5%	–
Employees	(March 31) 1,784	(Dec. 31) 1,936	-7.9%

Following massive restructuring, IWKA's Robotics division started the new business year on a stronger footing. KUKA Roboter already received major orders from automotive customers at the start of the year. Orders received grew nicely during the first quarter and reached € 102.8 million, significantly higher than the € 90.2 million achieved during last year's equivalent quarter.

Sales revenues were 47% higher that in the same period last year.

The division's sales revenues were also higher than during the first quarter of 2005. At € 96.0 million, they were 47% above the prior year's € 65.3 million. The positive business results were due on the one hand to higher sales revenues from carmakers and on the other hand from expanding the general industry business. KUKA Roboter made use of the year 2005 to expand its offerings for general industry and was thus able to increase the percentage of the total business coming from customers outside the automotive sector. The trend continued during the first quarter of 2006.

The improved business situation in the robot industry returned the division to positive numbers. EBIT came in at € +4.2 million, following € -3.6 million during the first quarter of 2005. Restructuring-related staff reductions implemented at the end of 2005 began to have an impact in the first quarter. The number of employees fell by 7.9% from the December 31, 2005 level, and ended at 1,784 on March 31, 2006.

KUKA Roboter was able to ship major orders to customers in the automotive industry during the first quarter. Examples include Ford for the manufacture of the Mondeo, DaimlerChrysler for the C-Class and AUDI for manufacturing the A4. The robotics-related field service and other service business also exhibited tidy growth.

KUKA Roboter booked further orders for innovative projects in general industry during the first quarter. An example includes an order for fourteen robots to grind and polish welded parts. Seven robots will pack products into cartons in a packaging operation, for subsequent stacking on pallets. Four robots were recently installed under clean room conditions in the specialty glass industry.

KUKA Roboter will continue to actively promote automation solutions in a wide variety of industrial and non-industrial areas. We expect the positive trend at KUKA Roboter to continue during the current year.

DIVISION PACKAGING

Key figures

in € million	3 Months 2006	3 Months 2005	Change
Orders received	109.4	99.3	10.2%
Order backlog	(March 31) 175.6	(Dec. 31) 149.9	17.1%
Sales revenues	83.6	89.1	-6.2%
EBIT	-2.0	2.0	–
in % of sales revenues	-2.4%	2.2%	–
Employees	(March 31) 2,515	(Dec. 31) 2,544	-1.1%

Orders received on the rise.

The Packaging division's orders received were higher during the first quarter of 2006. IWKA Packaging companies generated orders received of € 109.4 million. During the same quarter last year, the number was € 99.3 million. The division received an above average number of orders from the pharmaceutical / cosmetics and the food industries. The American companies R.A. Jones and Packaging Technologies in particular reported substantial orders and again generated stable business.

Owing to invoicing dates, sales revenues still did not reach the prior year's level. The division generated € 83.6 million in revenue, 6.2% less than the € 89.1 million achieved a year prior. The revenue shortfall was also responsible for IWKA Packaging's reported operating loss for the quarter of € 2.0 million, compared to € +2.0 million the year before.

After completion of the restructuring measures in the pharmaceutical / cosmetics (-70 workers) and dairy (-50 workers) segments, the total number of employees was 139 persons fewer than at the same time last year. The division had 2,515 employees as of March 31, 2006, 1.1% less than on December 31, 2005.

IWKA Packaging's pharmaceuticals / cosmetics unit received an order from Glaxo Smith Kline in the United States for two tube filling and sealing machines. Commercial Leagune and Psicofarma were two more pharmaceutical companies that placed large orders. The food subsegment received orders for cartoners from Glaxo Smith Kline, South Africa and AB St. Louis in the United States, and one for a complex packaging system from Murray Goldburn in Australia. The dairy machines segment received orders for packaging systems from Zott and Laiterie St. Pere in France, as well as an order for a palletizing robot from Krings.

The Packaging division is expecting positive results for the overall 2006 business year.

NON-CORE BUSINESSES / DISCONTINUED OPERATIONS

The IWKA Group aims to enable industrial companies around the world to improve their productivity and improve their cost structures by applying automation technologies. Our core business focus is on the automotive, robotics and packaging industries. Divesting of activities that do not fit this strategy strengthens the ability of the Group to compete in the future.

As of the first quarter of 2006, the Boehringer Group remains the last company classified as a non-core business/discontinued operation. Compared to the first quarter of 2005, the company reported slightly lower orders received and steady sales revenues. As of March 31, 2006, the group's EBIT is negative.

RESEARCH AND DEVELOPMENT

CAPITAL EXPENDITURES

IWKA invested € 7.0 million in tangible and intangible fixed assets in the first quarter, as compared to € 7.7 million in 2005. A key aspect of the capital spending was optimizing business processes.

Automotive focused on development work related to the application of new materials. Customers are increasingly demanding advanced joining and forming processes for lightweight materials. Robotics is pressing ahead with product developments for its general industry target markets and is optimizing process and material handling robots for various fields of application. The control technology is presently being enhanced to serve as a platform for future innovations.

Platform for future innovations in the control technology.

IWKA's Automotive and Robotics companies jointly presented innovative material handling and packaging solutions and systems at the international Anuga FoodTec industry trade show in Cologne. IWKA Packaging's dairy segment presented its new open mould technology. This concept enables the dairy industry to manufacture cups more cost-effectively and to increase the variety of shapes. The machine has a rating of up to 36,000 cups per hour and rounds out the top end of the associated product family.

RISK MANAGEMENT

A detailed description of the risks to which the company is exposed and our risk management system can be found starting at page 62 of the 2005 annual report. The majority of the statements made in the report apply here as well. We are presently not aware of any risks that threaten the existence of the IWKA Group.

OUTLOOK

The IWKA Group now views the economic climate for the current financial year more positively. World economic growth continues to be stable, and as an exporting nation, Germany can reap the benefits. Furthermore, German companies seem increasingly prepared to invest in new machinery and equipment in 2006. They had been holding back significantly for the past number of years. The economic boom in the emerging markets will continue to strongly stimulate the economies of the industrialized nations. There are however, global economic risks associated with the development of energy prices.

IWKA automation technologies holds the key to higher productivity and cost effectiveness, particularly for carmakers and their subsuppliers. Automakers will therefore again invest more in production systems for new models in 2006. Pay-on-production contracts will become increasingly important to operations management as the value chain is reshaped.

Thanks to the extensive development work it has done in the past number of years, KUKA Roboter is in an excellent position to play a leading technology role in advancing the many new fields of application and thereby achieving market leadership.

After two weaker years, the packaging machine industry finally started the new year with increasing orders received. The market growth forecasts establish favorable preconditions for the successful completion of the IWKA Packaging division's restructuring program.

The realignment of our Group's financing structure, the focus of which is to convert mostly short-term bank loans to medium and long-term credit lines, supports the restructuring of IWKA and will ensure growth in international markets, as well as establishing a basis for strategically meaningful acquisitions. In accordance with this program, IWKA placed a € 69 million convertible bond issue on April 24, 2006.

We have already completed major parts of the Group's restructuring as of the end of the first quarter of 2006. The Group's orders received are on the rise. Overall, we expect improvements in cash flow and operating earnings for 2006.
We are aiming for a medium-term EBIT of 6 to 7% of sales revenues. Our medium-term target for return on capital employed (ROCE) is 20%.

2006 – cash flow and operating earnings improve.

PACKAGING

PACKAGING – SYSTEMATIC SUCCESS

FLEXIBILITY, RELIABILITY AND INNOVATIVE STRENGTH – THE SUCCESS OF THE IWKA COMPANIES IN THE PACKAGING SECTOR IS BUILT ON THESE THREE COLUMNS. THE MAIN ACTIVITIES OF THIS BUSINESS SECTOR INCLUDE THE DESIGN AND CONSTRUCTION OF PACKAGING MACHINES FOR THE DAIRY INDUSTRY AND FOR THE PHARMACEUTICAL, COSMETICS AND FOODSTUFFS INDUSTRIES. BUT THE INCREASING DEVELOPMENT OF THE DIVISION INTO A SYSTEM PARTNER ALSO PLAYS A DECISIVE ROLE, AND IS REFLECTED IN NUMEROUS PROJECT MANAGEMENT TASKS FOR THE REALISATION OF COMPLETE PACKAGING LINES.

IWKA GROUP INCOME STATEMENT

for the period Jan. 1 – March 31, 2006

in € million	Jan. 1 – March 31, 2006	Jan. 1 – March 31, 2005
Sales revenues	**354.6**	**321.4**
Changes in inventories of finished goods and work in process	22.3	32.6
Own costs capitalized	1.3	2.4
Total output	**378.2**	**356.4**
Other operating income	7.3	11.5
Cost of materials	-197.6	-180.7
Personnel expense	-129.2	-126.6
Depreciation/amortization on intangible and tangible assets	-9.8	-9.4
Other operating expenses	-48.6	-48.5
Earnings from operating activities (EBIT)	**0.3**	**2.7**
Income from participations	0.0	0.0
Net interest income/expense	-4.6	-3.8
Earnings before tax	**-4.3**	**-1.1**
Taxes on income	-0.4	1.0
Result from continuing operations	**-4.7**	**-0.1**
Result from discontinued operations	**-1.7**	**13.3**
Net after-tax result	**-6.4**	**13.2**
Minority interests in profits	0.4	0.2
Earnings per share (in € after minority interests)	-0.23	0.50

IWKA GROUP BALANCE SHEET

as of March 31, 2006

Assets

in € million	March 31, 2006	Dec. 31, 2005
Non-current assets		
Intangible assets	147.5	148.0
Tangible assets	187.4	192.2
Participations in associated companies	3.0	3.0
Other financial assets	12.0	11.7
	349.9	**354.9**
Deferred taxes	**53.0**	**54.5**
Current assets		
Inventories	319.5	278.0
Receivables and other assets		
Trade receivables	286.0	292.6
Receivables from long-term contracts	100.9	116.6
Receivables from affiliated companies	13.8	17.5
Other assets, prepaid expenses and deferred charges	86.0	31.2
	486.7	**457.9**
Cash and cash equivalents	37.7	118.4
	843.9	**854.3**
Assets of discontinued operations	**84.5**	**289.6**
	1,331.3	**1,553.3**

Equity and liabilities

in € million	March 31, 2006	Dec. 31, 2005
Equity	**179.7**	**189.1**
Non-current liabilities and provisions		
Long-term financial liabilities	52.3	53.0
Other long-term liabilities	11.1	12.2
Pension provisions and similiar obligations	136.5	137.8
Deferred taxes	7.9	8.0
	207.8	**211.0**
Current liabilities and provisions		
Short-term financial liabilities	224.9	227.5
Trade payables	147.9	172.0
Advances received	124.7	107.4
Liabilities from long-term contracts	84.4	88.6
Accounts payable to affiliated companies	0.3	3.0
Other short-term liabilities and deferred income	114.3	126.3
Provision for taxes	26.1	26.8
Other provisions	170.5	209.8
	893.1	**961.4**
Liabilities from discontinued operations	**50.7**	**191.8**
	1,331.3	**1,553.3**

IWKA GROUP CASH FLOW STATEMENT

in € million	Jan. 1 – March 31, 2006	Jan. 1 – March 31, 2005
Net after-tax result	**-6.4**	**13.2**
Result from the disposal of discontinued operations	0.4	-16.8
Depreciation/amortization on fixed assets	9.7	12.6
Other non-payment-related expenses/income	2.2	-0.7
Cash flow	**5.9**	**8.3**
Result on the disposal of assets	-0.5	-0.1
Changes in provisions	-2.8	8.2
Changes in inventories	-47.3	-52.4
Changes in receivables and deferred charges	9.8	-18.2
Changes in liabilities and deferred income	-36.5	-61.7
Cash flow from operating activities	**-71.4**	**-115.9**
Payments from disposals of fixed assets	1.5	0.4
Payments for capital expenditure on intangible and tangible assets	-7.2	-10.7
Payments for investments in financial assets	-0.5	-0.6
Payments from the sale of consolidated companies and other business units	-7.0	75.5
Cash flow from investing activities	**-13.2**	**64.6**
Changes in financial liabilities	-1.2	1.3
Cash flow from financing activities	**-1.2**	**1.3**
Payment-related change in cash and cash equivalents	**-85.8**	**-50.0**
Exchange-rate-related and other changes in cash and cash equivalents	-1.9	0.8
Change in cash and cash equivalents	**-87.7**	**-49.2**
Cash and cash equivalents at the beginning of the period (Jan. 1)	125.8	136.6
Cash and cash equivalents at the end of the period (March 31)	**38.1**	**87.4**

DEVELOPMENT OF GROUP EQUITY

in € million	Subscribed capital	Capital-reserve	REVENUE RESERVES Other revenue reserves	Translation gains/losses	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	–	–	–	–	-9.3
Exchange-rate related differences	–	–	–	0.9	–	–	–	0.9
Other changes	–	–	–	–	0.8	–	–	0.8
Group net after-tax result 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**

in € million	Subscribed capital	Capital-reserve	REVENUE RESERVES Other revenue reserves	Translation gains/losses	Market valuation/ hedges	Net retained earnings	Minority interests	Total
Jan. 1, 2006	**69.2**	**99.5**	**19.5**	**0.5**	**-0.2**	**0.0**	**0.6**	**189.1**
Changes in ownership	–	–	-3,0	–	–	–	-0.2	-3.2
Exchange-rate related differences	–	–	–	-0.6	–	–	–	-0.6
Other changes	–	–	–	–	0.8	–	–	0.8
Group net after-tax result for the period	–	–	-6.0	–	–	–	-0.4	-6.4
March 31, 2006	**69.2**	**99.5**	**10.5**	**-0.1**	**0.6**	**0.0**	**0.0**	**179.7**

IFRS/IAS Accounting Standards

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 subjected to any audit review.

Scope of consolidation

The Group's interim report contain iwka Aktiengesellschaft, 32 companies registered inside Germany and 42 firms domiciled outside Germany, on whose behalf IWKA Aktiengesellschaft exercises uniform control.

The following major changes have occurred since December 31, 2005:
All of the following subsidiaries classified as discontinued operations in the 2005 annual report have been eliminated from the scope of consolidation in 2006:

- Flexible Solution Group
  - IWKA Balg- und Kompensatoren-Technologie GmbH, Stutensee
  - American BOA Inc., Cumming/USA
  - BOA AG, Rothenburg/Switzerland
  - SAS Souplesse Fonctionnelle Systematique, Chassieu/France
  - Tubest Flexible Solutions S.A., Fere en Tardenois/France
- EX-CELL-O-Group
  - EX-CELL-O GmbH, Eislingen/Fils
  - EX-CELL-O Machine Tools, Inc., Sterling Heights/USA
  - EX-CELL-O Machines S.A.S., Paris/France
- Bopp & Reuther Sicherheits- und Regelarmaturen GmbH, Mannheim and C.H. Zikesch Armaturentechnik GmbH, Essen

Accounting and valuation policies

The same valuation methodology and financial principles as those used in the consolidated financial statements for the 2005 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 2005 Group consolidated financial statements. The latter are also available on the Internet at www.iwka.de.

Discontinues operations

For the income statement, the numbers for all companies categorized as discontinued operations as of March 31, 2006 – and for the prior year – were summarized in accordance with IFRS 5 and shown as earnings from discontinued operations. Intangible assets and liabilities items have been categorized on the balance sheet as intangible assets from discontinued operations and liabilities from discontinued operations and have not been adjusted to align with the prior year's numbers.

As of March 31, 2006, the Boehringer Group is the last remaining entity classified as discontinued operations. It consists of the following companies:

- Boehringer Werkzeugmaschinen GmbH, Göppingen
- Boehringer Werkzeugmaschinen Vertriebsgesellschaft mbH, Göppingen
- FMS Drehtechnik Schaffhausen AG, Schaffhausen/Switzerland
- George Fischer-Boehringer Corp., Farmington Hills/USA
- UBJ-Boehringer Inc., Mississauga/Canada

In addition, the prior year's numbers for discontinued operations still include the companies classified as discontinued operations in the 2005 financial report. These include the EX-CELL-O Group, the BKT Group and the B&R-Sicherheits- und Regelarmaturen Group.

The results of discontinued operations as of March 31, 2006 therefore include the Boehringer Group's share of earnings from operating activities as well as the results from the disposal of the B&R-Sicherheits- und Regelarmaturen-Group.

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 major components of segment reporting with regard to the primary segments are included in the reports of the Automotive, Robotics and Packaging operating divisions.

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, 2005.

Events of major importance after the end of the reporting period

On April 24, 2006, IWKA Aktiengesellschaft privately placed a convertible bond issue through its 100-percent-owned Dutch subsidiary IWKA Finance B.V. The bonds are convertible into 2,646,062 new shares of the company representing a share of equity of € 6,880 thousands. Shareholders subscription rights were excluded. The bonds were placed with institutional investors via an accelerated bookbuilding. Within the framework of the bookbuilding process, the conversion price was established at € 26.07648 and the total value of the issue at € 69 million. The nominal interest rate is 3.75% per annum and the term is 5.5 years.

Karlsruhe, May 9, 2006
IWKA Aktiengesellschaft

THE EXECUTIVE BOARD

Note: The quarterly report contains forward-looking statements based on assumptions and estimates made by the management of IWKA Aktiengesellschaft. Although management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results could deviate significantly from these assumptions and estimates due to a variety of different factors. Some of these factors could, for example, include a change in the overall economic climate, exchange rates and interest rates, as well as changed conditions in the markets themselves. IWKA Aktiengesellschaft makes no guarantees that future developments and actual future results will align with the assumptions and estimates contained in this report, nor does it accept any liability for same. Rising oil and other raw material prices dampened the effects of expansionary monetary policies and the low cost of capital.

FINANCIAL CALENDAR

Annual General Meeting, Karlsruhe	JUNE 1, 2006
Interim report for the first six months of 2006	AUGUST 8, 2006
Interim report for the first nine months	NOVEMBER 7, 2006
Preliminary figures for financial 2006	FEBRUARY 6, 2007
Press conference presenting the annual financial statements	MARCH 29, 2007
DVFA Analysts' Conference	MARCH 29, 2007
Interim report for the first quarter	MAY 8, 2007
Annual General Meeting	MAY 16, 2007
Interim report for the first six months	AUGUST 7, 2007
Interim report for the first nine months	NOVEMBER 6, 2007

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