Interim Report

as of June 30, 2005

Creating Ideas,
Providing Solutions

IWKA

Interim Report for the period ending June 30, 2005

Karlsruhe, August 9, 2005

Margin pressure weighs on IWKA's half-year results

Executive Board has started comprehensive portfolio streamlining program

IWKA AG is intensively working on reducing the company's complexity and on restructuring its portfolio. The program is focused on addressing continuously unprofitable product areas. IWKA will concentrate on those fields of activity that offer high returns and have the potential to grow. The plan is to complete the sweeping changes by the end of 2006 and to return to the 2004's earning power by the year 2007.

Efforts are focused on strengthening the company's ability to innovate, in addition to examining its value-added chain and cutting production costs. The synergies within the Group will be even better utilized by further integration and more rigorous implemention. Continuously spreading globalization and the opening of new markets also demand to further develop the market organization in the divisions.

The year 2005 is being strongly affected by severe margin pressure from the automotive sector, which will lead to reduced EBITs in all divisions that serve this industry. The Group's earnings are also being strongly impacted by cost overruns for major projects in the EX-CELL-O Group. IWKA reported these developments in an ad-hoc disclosure on July 15, 2005.

Over the last several years, it has become apparent that a strong dependence on the automotive industry leads to fluctuations in the company's orders received and results. For the company to continue on its growth path, the balancing mechanisms between the divisions must be strengthened. IWKA's fundamental structure ensures that this will be accomplished. During the first half of the 2005 financial year, the Packaging Technology Division in particular became one of our primary profit generators, which confirms that the strategy we have adopted is correct.

Economic environment

Domestic demand in Germany is still feeble and is being further weakened by the price of oil, which recently continued its rise. Since imports rose considerably more than exports, external trade may have dampened growth statistics during the second quarter. However, over the course of the year, exports will continue to increase.

The current high price level for energy and raw materials will not change. Economic growth in the current year will be weak and the continuously high price of oil will probably also weigh on the economy during 2006 in the Euro Region. The high cost of energy reduces buyers' purchasing power, which has a particularly negative impact on domestic demand. The economic slowdown will also continue in the United States until the spring of 2006. The effects of the resulting reduced capital spending are also reflected in the half-year results of the IWKA Group.

Orders received, sales revenues, order backlog, personnel

The first half-year of 2005 was shaped by a difficult market environment, particularly in the automotive industry. Orders received and sales revenues were unable to match the prior year's level, while total output remained the same. Order backlog was considerably higher than at the end of 2004.

The IWKA Group received new orders worth EUR 1,132.2 million during the first six months. Comparing only continuing operations, orders received were down by EUR 71.8 million from the prior year's same period. The Robot Technology and Automotive Technology Divisions, which were both impacted by the restrained capital spending in the automotive industry, were mainly responsible for the decline. The Robot Technology Division's orders received dropped by 23.2 percent, and the decline was caused almost exclusively by the weak automotive business. Although the Automotive Technology Division's orders received were 5.2 percent lower, consideration should be given to the fact that the first half-year 2004 included a major DaimlerChrysler order (successor to the Sprinter model) valued at EUR 114 million. Orders received in the Packaging Technology Division were down 3.8 percent and were just under the prior year's figures in all three subsegments.

Despite the low level of orders received, the order backlog of EUR 1,246.7 million at the end of the second quarter of 2005 was 30 percent higher (adjusted by invoicing as per the POC method) than on December 31, 2004. An increase was reported by all core business areas.

Sales revenues from the IWKA Group's continuing operations during the period under review were EUR 912.8 million, EUR 70.0 million lower than last year's. The Automotive Technology Division's sales revenues were up by 2.5 percent, a slight increase compared to the midpoint of the prior year, while the Robot Technology Division's numbers were down 44.8 percent from the comparable period of the prior year because of the sharp drop in demand from automotive customers. In contrast, the Packaging Technology Division was able to generate considerably higher sales revenues, which were up 11.4 percent. Of the reported sales revenues, 67.6 percent were achieved abroad.

At the end of the second quarter, the IWKA Group had 11,424 employees, 151 persons fewer than at the close of last year. Of these, 4,672 people or 40.9 percent were employed by foreign companies.

Capital expenditures, research and development

IWKA invested EUR 20.5 million in tangible and intangible fixed assets in the first half of 2005, as compared to EUR 24.7 million during the same period last year. A considerable percentage of the investment has gone toward optimizing business processes, such as for the introduction of a new ERP system at KUKA Flexible Production Systems Corp. in the United States. The new system will be able to completely mirror the complex order processing in systems engineering projects.

IWK Verpackungstechnik GmbH has introduced a program called OPAL. All of the company's processes are being realigned to suit the requirements of the market, thereby further improving efficiency.

The KUKA Roboter Group's goals to penetrate new markets in the fields of general industry are being accomplished successfully. The Group introduced a new family of robots for casting and forging applications in the United States. Thanks to a corrosion-resistant coating and heat-reflecting paint, these high-performance robots are superbly suited for the harsh work environment in the casting industry. The robots' wrists are also specially protected from outside influences, which ensures that they operate smoothly, even under extreme operating conditions.

Operating profit, assets and financial position

As a result of the decline in sales revenues generated by the automotive business and the severe margin pressures, EBIT at the end of the first half-year was EUR -0.8 million.

This result was significantly lower than the EUR 40.6 million generated during the same period last year. IWKA's net after-tax profit at the end of the first half of 2005 came in at EUR 9.0 million compared to EUR 15.8 million the year prior. The result was supported by profits from the sale of companies belonging to the former Process Technology Division.

Operating earnings in the Packaging Technology Division were considerably higher than during the prior year. They climbed from EUR 1.8 million at the end of the first half of 2004 to EUR 6.6 million in the current year. The Automotive Technology Division's EBIT at the half-year mark was 80 percent of the previous year's comparative result. Though operating earnings during the second quarter of 2005 were back to slightly positive, the Robot Technology Division's result for the first six months remained negative at EUR -2.0 million because of substantially lower sales revenues. The non-core businesses, to which four companies from the machining segment related to EX-CELL-O GmbH were added as of the second quarter, generated a negative result of EUR -13.7 million. The loss is entirely attributable to EX-CELL-O - all other companies in this division finished with results that were better than the year before.

Group consolidated net debt for the period increased due to project-related higher work in process of machinery and systems orders.

Dividend

At the IWKA Aktiengesellschaft's Annual General Meeting on June 3, 2005, it was decided to keep the dividend unchanged at EUR 0.66 per share. This resulted in a total dividend distribution of EUR 17.6 million on June 6, 2005.

IWKA Group key figures

in Euro million	6 Months 2005	6 Months 2004*)	Change
Orders received	1,132.2	1,204.0	-6.0%
Order backlog	1,333.9 (6/30)	975.5 (12/31)	36.7%
Sales revenues	912.8	982.8	-7.1%
abroad in %	67.6%	66.3%	--
Total output	1,005.6	1,012.6	-0.7%
EBIT	-0.8	40.6	--
in % of sales revenues	-0.1%	4.1%	--
Earnings from ordinary activities	-11.1	30.7	--
Net after-tax result	9.0	15.8	-43.0%
Earnings per share	0.36	0.59	-39.1%
Capital expenditure	20.5	24.7	-17.0%
Employees	11,424 (6/30)	11,575 (12/31)	-1.3%
abroad in %	40.9%	40.8%	--

in Euro million	2nd Quarter 2005	2nd Quarter 2004*)	Change
Orders received	553.2	483.2	14.5%
Sales revenues	486.3	545.2	-10.8%
abroad in %	64.1%	64.1%	--
Total output	535.4	516.9	3.6%
EBIT	-2.1	31.3	--
Earnings from ordinary activities	-7.1	26.8	--
Net after-tax result	-4.2	14.3	--
Earnings per share	-0.15	0.53	--
Capital expenditure	9.8	10.8	-9.3%

*) Continuing Operations

Outlook

IWKA Aktiengesellschaft's Executive Board has launched a comprehensive program aimed at restructuring the portfolio of the IWKA companies. 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. The IWKA Group's complexity will be further reduced. An even stronger global positioning will enable the three core business areas to grow.

One of the first and most important steps of the streamlining process is to examine the EX-CELL-O Group. Cost overruns related to major projects at EX-CELL-O have generated significant losses, and a very rigorous restructuring program is currently underway at the company. All other possible business options are also being checked. Any action taken in this regard could result in a one-time negative impact on earnings in the double-digit millions.

As outlined in the ad hoc disclosure on July 15, 2005, the company's situation deteriorated further during the first half of 2005. Declining capital spending and cost cutting programs in the automotive industry added further pressure to already low prices. As a result, earnings generated from operating activities by the Automotive Technology and Robot Technology Divisions 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 postponed. The IWKA Group's EBIT margin in 2005 will therefore only be about two percent of consolidated sales revenues.

The negative developments in the economy and the portfolio restructuring program that has been introduced will make it difficult for the IWKA Group and IWKA Aktiengesellschaft to achieve positive year-end results for the 2005 financial year.

However, based on project inquiries for the coming year and new model cycles in the automotive industry, expectations are that business will stabilize in 2006. Notwithstanding these forecasts, IWKA will continue to expedite the FORproductivity efficiency improvement program to further improve cost structures and the competitiveness of its companies.

IWKA Equity

In contrast to general stock market trends in Germany, during the month of April IWKA's share price continued on the downward trend that started after preliminary figures for the 2004 business year were released in early February. After earnings expectations for the current business year were revised downward in an ad hoc announcement on April 15, the share price reached a low of EUR 16.95 in early May.

In the weeks leading up to the Annual General Meeting on June 3, media reports regarding the criticisms of major shareholders drew the attention of the financial markets to IWKA. Thereafter the stock price stabilized at between EUR 18 and 19 with above average trading volumes.

Overall, IWKA's share price fell 4.0 percent between January 1 and June 30, 2005, while the DAX rose 7.8 percent and the MDAX was up 17.6 percent.

On May 4, the share holdings of K Capital Partners, Boston, USA surpassed the five percent threshold and reached 5.29 percent of IWKA Aktiengesellschaft's total share capital.

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

Development in the divisions

Automotive Technology

in EUR million	2nd Quarter 2005	2nd Quarter 2004	6 Months 2005	6 Months 2004	Change
Orders received	253.9	126.6	503.9	531.5	-5.2%
Order backlog	--	--	811.7 (6/30)	556.7 (12/31)	45.8%
Sales revenues	206.1	195.3	376.9	367.8	2.5%
Total output	230.1	209.8	427.3	387.1	10.4%
EBIT	7.5	13.1	13.0	16.2	-19.8%
in % of sales revenues	3.6%	6.7%	3.4%	4.4%	--
Employees	--	--	4,336 (6/30)	4,289 (12/31)	1.1%

The Automotive Technology Division continues to sharpen its focus. As of the second quarter, the machining subsegment, which consists primarily of the EX-CELL-O Group, was transferred to the non-core businesses. The prior year's figures have been adjusted accordingly.

The Automotive Technology Division's orders received during the period under review were EUR 503.9 million, 5.2 percent less than the year before. Sales revenues were 2.5 percent higher than last year, ending at EUR 376.9 million. The EBIT of EUR 13.0 million is almost 20 percent below the comparable prior year's result.

Reduced capital spending and cost cutting programs in the automotive sector have caused the downward pressure on prices to increase further. This has had a major impact on the business, and the Automotive Technology Division's earnings from operating activities have deteriorated accordingly. The throughput times for systems business projects led to a substantial increase in order backlog. As of June 30, it totals EUR 811.7 million compared to EUR 556.7 million at the end of 2004. Total output also grew satisfactorily. The number of employees increased slightly to 4,336 on June 30, 2005, which compares to 4,289 at the close of 2004.

The systems assembly subsegment (KUKA Schweissanlagen) was not able to extend the success of the previous year's comparative quarter. In April, KUKA Schweissanlagen GmbH was awarded an important order by BMW. Under the contract, the company will be participating in the project to build the successor to the X 5 SUV. We are also pleased with the growth of the welding guns group, which has experienced increasing demand during 2005 and is reporting better results than in the prior year.

Packaging Technology

in EUR million	*2nd Quarter 2005*	*2nd Quarter 2004*	*6 Months 2005*	*6 Months 2004*	*Change*
Orders received	101.6	100.4	200.9	208.9	-3.8%
Order backlog	--	--	160.5 (6/30)	147.6 (12/31)	8.7%
Sales revenues	107.1	98.2	196.2	176.2	11.4%
Total output	110.3	96.9	203.3	187.7	8.3%
EBIT	4.6	2.6	6.6	1.8	266.7%
in % of sales revenues	4.3%	2.6%	3.4%	1.0%	--
Employees	--	--	2,630 (6/30)	2,708 (12/31)	-2.9%

The Packaging Technology Division also reported growth during the most recent quarter and the entire first half of the year. At EUR 200.9 million, the Packaging Technology's orders received were below the previous year's figures (EUR 208.9 million). However, sales revenues of EUR 196.2 million beat the previous year's figures by EUR 20 million. All subsegments reported better results. Order backlog on June 30 was EUR 160.5 million, 8.7 percent higher than the 2004 year-end amount. EBIT increased noticeably to EUR 6.6 million, EUR 4.8 million higher than in the first half of 2004.

In the pharmaceuticals/cosmetics area, IWK Verpackungsmaschinen GmbH booked orders for three tube-filling systems during the second quarter for Colgate, Procter & Gamble and Sanofi. Orders from L'Oréal also included a new tube filler. In the food subsegment, the international brewery Anheuser Bush ordered a packaging system for beverage multipacks from R.A. Jones during the second quarter. Orders received in the dairy subsegment continued to lag those of the previous year, but last year's figures were influenced by a major order from Gerber in the United States.

The Packaging Technology Division had 2,630 employees as of June 30, 2005. There were seventy-eight fewer persons than at the end of 2004 as a result of the continued restructuring.

Robot Technology

in EUR million	2nd Quarter 2005	2nd Quarter 2004	6 Months 2005	6 Months 2004	Change
Orders received	60.8	90.5	143.3	186.6	-23.2%
Order backlog	--	--	70.0 (6/30)	50.7 (12/31)	38.1%
Sales revenues	65.0	132.7	122.8	222.6	-44.8%
Total output	83.0	92.3	145.5	204.1	-28.7%
EBIT	1.6	14.3	-2.0	23.0	--
in % of sales revenues	2.5%	10.8%	-1.6%	10.3%	--
Employees	--	--	1,987 (6/30)	2,044 (12/31)	-2.8%

Because the orders expected from automotive industry customers were delayed, the Robot Technology Division was unable to match the prior year's total orders received level. These came in at EUR 143.3 million, 23.2 percent under the level achieved during the first half of 2004. Orders received from the general industry during the second quarter were unable to offset the decline caused by the weakness in the automotive sector during the first quarter. Nevertheless, total general industry orders were significantly higher than bookings from the automotive industry during the same period last year. Orders received from the automotive sector continue to be weak. During the quarter just ended, most of the division's bookings came from addendums to existing orders from BMW for the successor to the X5 and the Mini as well as the BMW 3-Series Coupé and the 3-Series Cabrio.

Because of the low order backlog at the end of 2004 and the decline in orders received, sales revenues were only EUR 122.8 million, about EUR 100 million less than the comparatively high revenues of the prior year's equivalent reporting period. Here too, total income from the general industry beat the automotive industry figures.

Revenue recognition for the division is increasingly being shifted to the second half of the 2005 business year because of the lag in orders received. Order backlog rose from EUR 50.7 million at the close of 2004 to EUR 70.0 million as of June 30, 2005. Because sales revenues were higher than during the prior quarter, the Robot Technology Division was able to achieve a slightly positive EBIT of EUR 1.6 million in the quarter just ended; however, the cumulative half-year total was still negative at EUR -2.0 million. Due to defined projects from the automotive industry, we expect business to pick up and a positive result to be achieved during the second half of the year.

At the end of the quarter, the Robot Technology Division had 1,987 employees, fifty-seven fewer workers than at the close of 2004. Jobs were cut primarily at KUKA Robotics Hungaria, KUKA Roboter's Hungarian manufacturing arm.

Non-core businesses (Continuing Operations)

in EUR million	2nd Quarter 2005	2nd Quarter 2004	6 Months 2005	6 Months 2004	Change
Orders received	135.3	163.8	281.1	273.5	2.8%
Order backlog	--	--	291.7 (6/30)	214.4 (12/31)	36.1%
Sales revenues	106.6	117.3	214.0	212.9	0.5%
Total output	110.8	116.4	226.8	230.4	-1.6%
EBIT	-12.3	1.1	-13.7	0.0	--
in % of sales revenues	-11.6%	0.9%	-6.4%	0.0%	--
Employees	--	--	2,380 (6/30)	2,438 (12/31)	-2.4%

As of the second quarter of 2005, the machining subsegment, which consists primarily of the EX-CELL-O Group, was transferred to the non-core businesses. The prior year's figures have been adjusted accordingly.

Extremely disappointing price levels and significant cost overruns on projects at EX-CELL-O are weighing heavily on the operating earnings of the division. During the first half of the year, EX-CELL-O generated losses in the double-digit millions as a result of cost overruns on technically challenging customer orders the group is executing. These losses almost cover the project costs for the second half of the year. Nevertheless, structural adjustments will still lead to one-off charges against earnings.

IWKA is addressing this situation with a comprehensive restructuring package. It includes changing and replacing the existing management team, along with further radical organizational changes and steps to cut costs. Every possible business option for EX-CELL-O is being examined. An order for a cylinder head and block machining line for General Motors in China was good news for the company. The project will ensure that EX-CELL-O's factory is loaded during the first quarter of 2006.

Following the successful disposal of the VAG and RMG groups at the end of last year, the non-core businesses now comprise the BKT and Boehringer groups, Bopp & Reuther SR, and as already discussed, the EX-CELL-O Group. Orders received at EUR 281.1 million for the first half of 2005 were 2.8 percent higher than the comparable prior year's figures. Sales revenues were EUR 214.0 million, roughly the same as last year's EUR 212.9 million. Order backlog increased to EUR 291.7 million as a result of long-term crankshaft projects at Boehringer and EX-CELL-O. This compares to only EUR 214.4 million at the end of 2004.

The divestment program is on track, particularly for Bopp & Reuther SR and the BKT-Group.

The division had 2,380 employees at the end of the second quarter, 2.4 percent fewer than at the end of 2004.

IWKA Group Income Statement

in Euro million	6 Months 2005	6 Months 2004
Sales revenues	**912.8**	**982.8**
Changes in inventories of finished goods and work in process	87.9	26.1
Own costs capitalized	4.9	3.7
Total output	**1,005.6**	**1,012.6**
Other operating income	20.1	16.3
Cost of materials	-535.4	-524.0
Personnel expense	-326.1	-319.7
Depreciation/amortization on intangible and tangible assets	-25.6	-25.9
Other operating expenses	-139.4	-118.7
Earnings from operating activities (EBIT)	**-0.8**	**40.6**
Income from participations	1.0	1.1
Net interest income/expense	-11.3	-11.0
Earnings from ordinary activities	**-11.1**	**30.7**
Taxes on income	3.3	-13.3
Result from Continuing Operations	**-7.8**	**17.4**
Result from Discontinued Operations	16.8	-1.6
Net after-tax result	**9.0**	**15.8**
Minority interests in profits	0.5	-0.2
Earnings per share (in EUR after minority interests)	0.36	0.59

in Euro million	2nd Quarter 2005	2nd Quarter 2004
Sales revenues	**486.3**	**545.2**
Changes in inventories of finished goods and work in process	46.6	-29.8
Own costs capitalized	2.5	1.5
Total output	**535.4**	**516.9**
Other operating income	8.1	10.0
Cost of materials	-288.1	-256.0
Personnel expense	-164.4	-164.0
Depreciation/amortization on intangible and tangible assets	-13.0	-13.0
Other operating expenses	-80.1	-62.6
Earnings from operating activities (EBIT)	**-2.1**	**31.3**
Income from participations	1.0	0.6
Net interest income/expense	-6.0	-5.1
Earnings from ordinary activities	**-7.1**	**26.8**
Taxes on income	2.9	-12.2
Result from Continuing Operations	**-4.2**	**14.6**
Result from Discontinued Operations	0.0	-0.3
Net after-tax result	**-4.2**	**14.3**
Minority interests in profits	0.3	-0.3
Earnings per share (in EUR after minority interests)	-0.15	0.53

IWKA Group Balance Sheet

Assets

in Euro million	*6/30/2005*	*12/31/2004*
Non-current assets		
Intangible assets	160.7	160.0
Tangible assets	257.0	255.3
Participations in associated companies	3.0	3.0
Other financial assets	16.4	15.0
	437.1	**433.3**
Deferred taxes	**37.5**	**39.3**
Current assets		
Inventories	448.2	348.1
Receivables and other assets		
Trade receivables	427.0	442.6
Receivables from long-term contracts	155.0	90.7
Receivables from affiliated companies	24.2	18.0
Other assets, prepaid expenses and deferred charges	77.0	36.7
	683.2	588.0
Cash and cash equivalents	41.0	135.4
	1,172.4	**1,071.5**
Assets of discontinued operations	**0.0**	**115.8**
	1,647.0	**1,659.9**

Equity and liabilities

in Euro million	*6/30/2005*	*12/31/2004*
Equity	**345.1**	**358.1**
Non-current liabilities and provisions		
Long-term financial liabilities	85.9	136.9
Other long-term liabilities	12.5	12.9
Pension provisions and similiar obligations	179.1	179.0
Deferred taxes	20.6	22.7
	298.1	**351.5**
Current liabilities and provisions		
Short-term financial liabilities	257.5	131.1
Trade payables	180.9	206.6
Advances received	125.0	96.9
Liabilities from long-term contracts	75.5	85.8
Accounts payable to affiliated companies	8.4	2.0
Other short-term liabilities and deferred income	71.1	73.0
Provision for taxes	20.2	52.3
Other provisions	265.2	245.6
	1,003.8	**893.3**
Liabilities from discontinued operations	**0.0**	**57.0**
	1,647.0	**1,659.9**

IWKA Group Cash Flow Statement

in Euro million	*6 Months 2005*	*6 Months 2004*
Net after-tax result	**9.0**	**15.8**
Result from the disposal of discontinued operations	-16.8	2.0
Depreciation/amortization on fixed assets	25.6	28.9
Other non-payment-related expenses/income	-1.5	0.5
Cash flow	**16.3**	**47.2**
Result on the disposal of assets	-1.6	-1.6
Changes in		
provisions	-28.1	-4.1
inventories	-94.5	-41.4
receivables and deferred charges	-81.0	-69.4
liabilities and deferred income	-17.1	44.4
Cash flow from operating activities	**-206.0**	**-24.9**
Payments from disposals of fixed assets	2.6	3.2
Payments for capital expenditure on intangible and tangible assets	-20.5	-28.1
Payments for investments in financial assets	-1.7	-1.3
Payments from the sale of consolidated companies and other business units	75.5	-0.5
Cash flow from investing activities	**55.9**	**-26.7**
Payments of dividends	-17.6	0.0
Changes in financial liabilities	69.9	5.9
Cash flow from financing activities	**52.3**	**5.9**
Payment-related change in cash and cash equivalents	**-97.8**	**-45.7**
Exchange-rate-related and other changes in cash and cash equivalents	2.2	0.7
Change in cash and cash equivalents	**-95.6**	**-45.0**
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 (6/30)	**41.0**	**69.7**

Development of IWKA Group Equity

			Revenue Reserves					
in Euro million	*Subscribed Capital*	*Capital Reserve*	*Other Revenue Reserves*	*Trans-lation Gains/ Losses*	*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				-0.3	-2.2
Exchange rate-related differences				2.2				2.2
Other changes					1.7			1.7
Group net after-tax result for the period			15.6				0.2	15.8
June 30, 2004	**69.2**	**133.3**	**121.2**	**-1.8**	**-2.9**	**17.6**	**4.0**	**340.6**

			Revenue Reserves					
in Euro million	*Subscribed Capital*	*Capital Reserve*	*Other Revenue Reserves*	*Trans-lation 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				4.3				4.3
Other changes					0.4		0.2	0.6
IWKA AG dividend						-17.6		-17.6
Group net after-tax result for the period			9.5				-0.5	9.0
June 30, 2005	**69.2**	**133.3**	**140.6**	**0.6**	**-1.5**	**0.0**	**2.9**	**345.1**

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 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 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 primarily 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 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 disposal of the RMG Group and the VAG Group, which could not be realized until 2005 because of 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 components of segment reporting with regard to the primary segments are included in the division reports.

The following companies have been reclassified as non-core businesses since December 31, 2004: 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. and FMS Drehtechnik Schaffhausen AG in Schaffhausen. The prior year's figures have been adjusted accordingly. In addition, 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

At the end of the first half-year of 2005, there were no events of major importance.

Karlsruhe, August 2005

IWKA Aktiengesellschaft

The Executive Board

Financial calendar

Extraordinary General Meeting	October 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

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