IWKA INTERIM REPORT / 3RD QUARTER 2006

AUTOMATION IS PERFECTION.

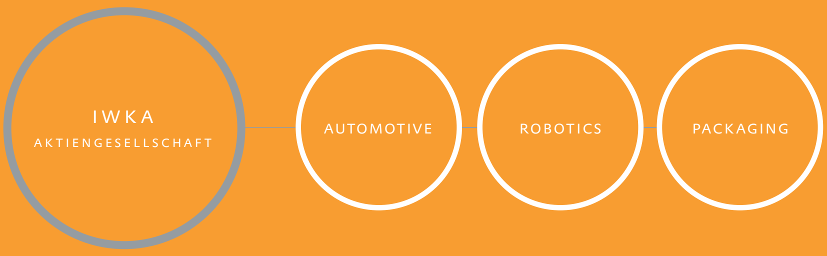
AUTOMOTIVE

ROBOTICS

PACKAGING

IWKA automation technologies

AUTOMATION MOVES – AUTOMATION IS PERFECTION.
Thanks to the specially founded KUKA Toledo production operations LLC, IWKA is already positioned today for the automotive industry needs of tomorrow. The company has started an innovative pay-on-production business with DaimlerChrysler. The entire bodies-in-white for the successor to the legendary Jeep® Wrangler are being built on ultramodern KUKA assembly systems in Toledo, Ohio/USA.



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.

in € millions	9 Months 2006	9 Months 2005	Change
Orders received*	1,176.3	1,115.8	5.4%
Order backlog* **	(Sep. 30) 692.7	(Dec. 31) 609.1	13.7%
Sales revenues*	1,042.6	972.9	7.2%
thereof abroad in %	61.4%	67.2%	–
Total output*	1,072.4	1,049.2	2.2%
EBIT*	14.7	1.1	–
in % sales revenues	1.4%	0.1%	–
Result from continuing operations*	-4.9	-7.9	–
Result from discontinued operations	-54.7	-16.6	–
Net after-tax result	-59.6	-24.5	–
Earnings per share	-2.22	-0.89	–
Earnings per share (continuing operations)	-0.16	-0.27	–
Capital expenditure*	18.1	22.3	-18.8%
Employees*	(Sep. 30) 7,541	(Dec. 31) 7,883	-4.3%

* Continuing operations (previous year comparable)
** Order backlog calculated on the basis of the PoC method

in € millions	3rd Quarter 2006	3rd Quarter 2005	Change
Orders received*	322.7	358.4	-10.0%
Sales revenues*	364.0	362.9	0.3%
Total output*	368.5	360.9	2.1%
EBIT*	11.8	-2.6	–
Result from continuing operations*	4.8	-1.5	–
Result from discontinued operations	-2.2	-32.0	–
Net-after tax result	2.6	-33.5	–
Earnings per share	0.10	-1.24	–
Earnings per share (continuing operations)	0.18	-0.05	–
Capital expenditure*	6.6	9.6	-31.3%

* Continuing operations (previous year comparable)

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OPERATING RESULT SIGNIFICANTLY HIGHER THAN LAST YEAR
RESTRUCTURING OF GROUP PORTFOLIO WEIGHS ON YEAR-END RESULT:

- Orders received and sales revenues again higher than prior year
- Significant improvement in operating result
- Debt further reduced

AUTOMOTIVE

DYNAMIC STRATEGIES FOR THE AUTOMOTIVE SECTOR

AUTOMOTIVE ENGINEERING IS THE LARGEST BUSINESS AREA FOR IWKA. ANY COMPANY LOOKING FOR SUCCESS IN THIS DYNAMIC MARKET MUST MAKE BEST USE OF ITS CAPABILITIES. WITH THE COMPANIES OF THE KUKA WELDING EQUIPMENT GROUP IWKA CONCENTRATES SUCCESSFULLY ON THE AREAS BODY-IN-WHITE TECHNOLOGIES AND ENGINEERING SERVICES.

IWKA EQUITY

FURTHER STEPS TO CONSOLIDATE TRIGGER SHARE PRICE MOVEMENTS

The market situation following the significant price correction in early summer has stabilized in Germany. The leading indices MDAX and DAX have recovered somewhat from the downturn. The MDAX has risen 16.9% in the first nine months of 2006, and the DAX has added 11.0% since the beginning of the year.

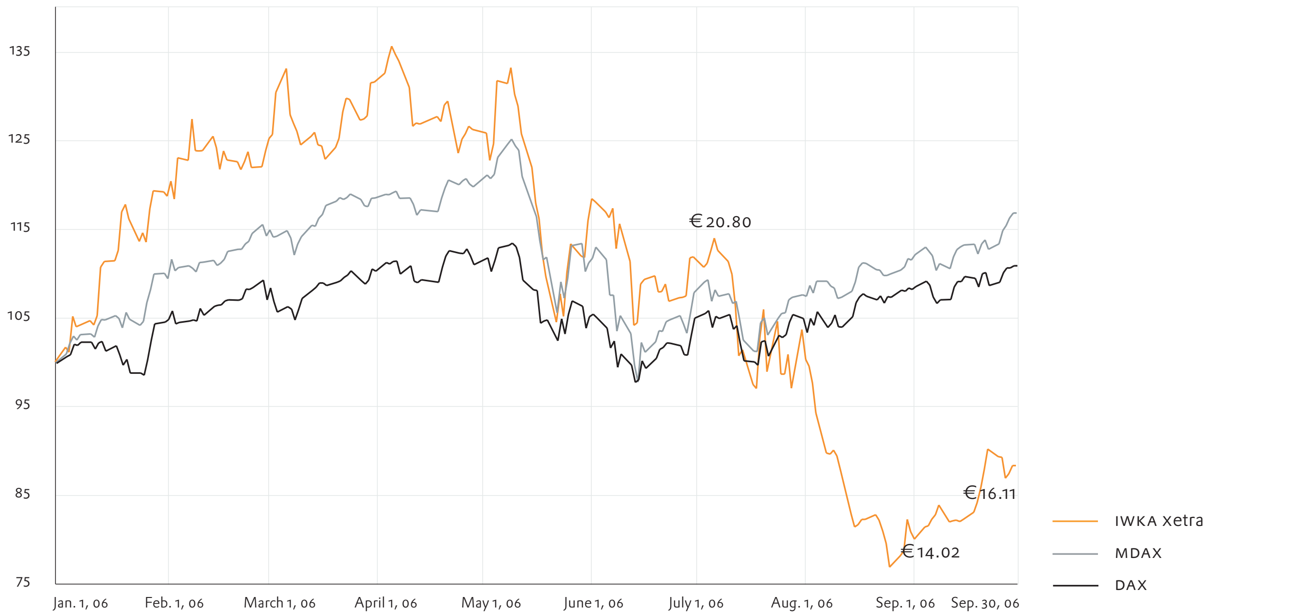
IWKA's share price has not been able to match this trend. On August 3, IWKA announced the next step in the consolidation of its business activities. As of June 30, 2006, three additional groups were categorized as discontinued operations. This resulted in a further value adjustment, which led to a higher loss in the interim report published on June 30. IWKA's share price fell about 20% in August as a result of the unexpected impact on earnings, and on August 25 it closed at € 14.02, its lowest value for this year.

However, the low share price and the measures to focus the company on core competencies brought IWKA back into the sights of European long-term investors and improved the attractiveness of the stock. The share price therefore partly recovered by the end of the quarter. At the end of September, IWKA's stock price was 11.7% lower than at the start of the year.

IWKA shares move back into sights of European long-term investors.

The Anglo-Saxon mutual fund companies Fidelity and Schroders announced that they had reduced their share of equity in the company to under 5% on August 2 and September 26. Fidelity increased its share back to over 5% at the end of the quarter.

IWKA's share price
from January 1, to September 30, 2006 vs. the DAX and MDAX



MANAGEMENT REPORT

GENERAL CONDITIONS

The world's economy will grow at 5.1% during the current year according to the most recent estimates of the IMF, a higher rate than expected. The economic performance of the EU's member countries will improve by 2.7% and that of the Euro zone by 2.4%, each 1.1% higher than in 2005. Germany's position is the best it has been for a long time: even the IMF is expecting 2% growth during the current year; the federal government's forecasts are 0.3% higher. Participants in Germany's economy share the optimism brought on by the rising trend of the key indicators, such as the higher production levels and improved orders received in the processing industries and in the construction industry. In contrast, ZEW's barometer of economic activity continues to trend downward, month after month. Tax increases are casting a shadow on 2007; according to the IMF, Germany can achieve 1.3% growth at best. The various institutions are divided when it comes to their forecasts. Some, together with the EU Commission, are expecting only a temporary setback, while others are expecting drastic scenarios with corresponding repercussions on Europe's economic figures.

Economic rebound strengthens.

Most expectations are for a "soft landing scenario". A recession is considered unlikely. The momentum of world economic growth will only decline slightly, primarily because of lower consumer spending and investment expansion in the United States. Europe's economy will lose some of its momentum, but will not be brought to a halt. Even the rapid rate of growth in Asia, mostly driven by exports, will not be supported at the current levels. Nevertheless, growth in the developing and emerging nations will remain strong according to the IMF. Expansion of the Chinese and Indian economies in particular will remain high. As an export nation, Germany, and particularly machinery producers will continue to reap the benefits. The automotive sector, which is particularly important to the IWKA Group, is being supported by a barely diminished global demand for cars, particularly in our three most important growth markets of China, India and Russia.

BUSINESS TREND

Rising trend extended.

The positive trend of the first half-year continued seamlessly throughout the third quarter as proven by the orders received in continuing operations. A total order volume of € 1,176.3 million met our expectations for the first three quarters. This represents an increase of 5.4% over the € 1,115.8 million generated during the same period in 2005. Seen separately, orders received for the third quarter fell compared to the same period in 2005. However, this is mainly due to the high number of project orders received by the Plant and Systems Technology (Automotive) division during the third quarter of the prior year. Sales revenues from continuing operations of € 1,042.6 million were 7.2% higher than the € 972.9 million achieved during the same reporting period in 2005. The growth of cumulative sales revenues was mainly the result of the sharp upward trend in the robotics business. The Packaging division's posting of € 98.9 million exceeded the prior year's quarterly results for the first time during the 2006 business year.

Order backlog from continuing operations is € 692.7 million as of September 30, 2006, 13.7% higher than the € 609.1 million at the end of 2005.

EARNINGS, FINANCIAL AND ASSETS SITUATION

Compared to the prior year's third quarter, the IWKA Group's EBIT from continuing operations during the third quarter of 2006 was significantly improved for the first time. During the first nine months of 2006, the Group's EBIT came in at € 14.7 million, compared to € 1.1 million the year prior. The Robotics division was the first to achieve a turnaround in the first half-year, and in the third quarter the Packaging and the Plant and Systems Technology (Automotive) divisions were also able to achieve significantly higher results than in the comparable period a year earlier.

The IWKA Group's total output increased in the first nine months of 2006 to € 1,072.4 million, a year-over-year increase of 2.2% on the € 1,049.2 million generated during the prior year's comparable period. While the share of material costs in the profit and loss statement has stabilized at around 55%, the personnel expense ratio has been declining steadily since 2005. It now stands at 31.0% compared to 32.1% a year earlier. Interest charges increased as a result of a slight rise in short-term interest rates and the interest on IWKA's convertible bond, closing at € 13.2 million compared to € 11.6 million at the same time in 2005. Tax expenses rose to € 6.6 million compared to € 1.9 million last year, primarily because of foreign income taxes. The result from continuing operations during the first nine months of 2006 came in at € -4.9 million; at the same time last year it was € -7.9 million.

The difference of € -2.2 million in result from discontinued operations as of September 30 compared to June 30, 2006 was mainly caused by operating losses, which brought the total to € -54.7 million. This includes € 46.8 million of non-liquidity-related write-downs. Overall, the IWKA Group's net after-tax result was € -59.6 million compared to € -24.5 million a year prior.

The balance sheet on September 30, 2006 was only slightly different than on June 30, 2006. A slight increase in liquidity on the asset side is offset by higher short-term liabilities on the liability side. Total assets are now € 1,246.7 million.

Net debt to September 30 down substantially.

Net debt for continuing operations fell € 90.7 million to € 175.7 million between September 30, 2005 and September 30, 2006, mainly because of a lesser increase in working capital.

EMPLOYEES

As of September 30, 2006, the IWKA Group had 7,541 employees in continuing operations, which compares to 7,883 persons at the close of the prior year. The decline of the workforce of 4.3% is largely the result of personnel restructuring introduced in the Robotics division in 2005. But some companies in the Plant and Systems Technology (Automotive) and Packaging divisions also adjusted their staff levels. The total number of persons on the Group's payroll including discontinued operations was 8,893 as of September 30, 2006.

DIVISIONS

- Orders received and sales revenues in the Plant and Systems technology division were about the same as last year
- The positive business trend in the Robotics division is the result of an increasing number of orders from general industry, as well as new orders from carmakers
- The Packaging division's orders received also improved considerably

ROBOTICS

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.

PLANT AND SYSTEMS TECHNOLOGY (AUTOMOTIVE) DIVISION

Key Figures

in € millions	3rd Quarter 2006	3rd Quarter 2005	9 Months 2006	9 Months 2005	Change
Orders received	145.1	211.8	625.0	629.8	-0.8%
Order backlog*	–	–	(Sep. 30) 461.9	(Dec. 31) 400.6	15.3%
Sales revenues	189.3	211.4	512.9	509.5	0.7%
Total output	189.4	208.1	530.5	550.7	-3.7%
EBIT	6.2	-3.5	1.5	1.0	–
in % of sales revenues	3.3%	-1.7%	0.3%	0.2%	
Employees	–	–	(Sep. 30) 3,305	(Dec. 31) 3,366	-1.8%

* Order backlog calculated on the basis of the PoC method

The change of the name of the division to "Plant and Systems Technology" reflects the refocusing of its activities to plant construction and the associated systems technology, which has evolved as a result of IWKA's new strategic direction. The division continues to be an expert partner to the automotive industry, but increasingly will develop applications knowledge using the core component robot, for example, in the aerospace industry.

Orders received and sales revenues were about the same as a year earlier. In the first nine months, the total value of the division's order bookings was € 625.0 million, compared to the prior year's € 629.8 million. Orders received in the third quarter just ended were lower than in the third quarter of 2005. The previous year's quarterly results had been impacted by several major orders.

Sales revenues growth tracked the increase in orders received. As of September 30, they totaled € 512.9 million, slightly above last year's € 509.5 million at the same time. American plant assembly companies contributed significantly to the division's sales. In the first nine months of the year, their share of total sales was 29%.

The start-up of the pay-on-production contract for the DaimlerChrysler Group's new Jeep® Wrangler has been very successful.

Order backlog was higher than the € 400.6 million at the close of 2005, coming in at € 461.9 million as at September 30.

EBIT grew in the third quarter to € 6.2 million from € -3.5 million in 2005, and led to a positive cumulative EBIT of € 1.5 million as of September 30, 2006 for the first time. Last year the figure was € 1.0 million. This delightful growth was led by the automotive business at the American companies KUKA Flex and B&K.

The start-up of the pay-on-production contract for the DaimlerChrysler Group's new Jeep® Wrangler and Wrangler Unlimited in Toledo has been very successful. Under the framework of this innovative DaimlerChrysler Group production model, several suppliers have taken on responsibility for different parts of the manufacturing process for assembling the vehicles in the Jeep factory. KTPO is responsible for manufacturing the body-in-white. Toledo's Supplier Park is an example of a flexible production concept that is being implemented successfully by DaimlerChrysler.

The plant assembly business unit booked major orders in the third quarter from Peugeot, Ford Otosan, VW and BMW. The assembly technology business unit received orders from VW and Airbus.

The Plant and Systems Technology division expects business operations to be stable for the remainder of the business year.

ROBOTICS DIVISION

Key Figures

in € millions	3rd Quarter 2006	3rd Quarter 2005	9 Months 2006	9 Months 2005	Change
Orders received	83.2	59.6	271.2	236.8	14.5%
Order backlog*	–	–	(Sep. 30) 74.8	(Dec. 31) 73.9	1.2%
Sales revenues	85.3	85.9	273.1	228.4	19.6%
Total output	90.9	84.2	280.3	249.4	12.4%
EBIT	4.0	-0.3	14.2	-2.3	–
in % of sales revenues	4.7%	-0.3%	5.2%	-1.0%	–
Employees	–	–	(Sep. 30) 1,745	(Dec. 31) 1,936	-9.9%

* Order backlog calculated on the basis of the PoC method

The restructuring program introduced in the Robotics division in 2005 and the delightful orders received growth both contributed to the improved business results. The division will continue on its growth track in the coming months.

KUKA Roboter was able to generate a 14.5% increase in orders received as of September 30. The posted orders received were € 271.2 million, which compares to € 236.8 million a year earlier. Orders received also grew substantially in the third quarter, coming in at € 83.2 million versus € 59.6 million in 2005. Sales revenues as of September 30 also rebounded, surpassing last year's value of € 228.4 million by 19.6% and ending at € 273.1 million. During the quarter just ended they reached the same level as last year. The order backlog of € 74.8 million was roughly the same as at the end of 2005.

The positive business trend is the result of an increasing number of orders from general industry, as well as new orders from carmakers.

EBIT in 2006 was significantly better following a negative result last year and reached € 14.2 million on September 30, which compares to the € -2.3 million on September 30, 2005. The third quarter just ended accounted for € 4.0 million of this EBIT. In comparison, the third quarter of 2005 ended with a loss of € -0.3 million.

The personnel adjustments related to restructuring the business introduced at the end of 2005 started to have an impact during the first half of 2006. The number of employees fell from the level of 1,936 at the end of 2005 to the present 1,745 persons. This represents a drop of 191 persons from the 2005 year-end number.

The positive business trend is the result of an increasing number of orders from general industry, as well as new orders from carmakers. The strategy of concentrating more systematically on general industry and focusing more on customers outside the automotive sector has proven to be correct. The general industry share of the Robotics division's business is being systematically expanded by consistently enhancing existing technologies and penetrating new markets. Furthermore, it has also been possible to acquire new customers around the world by increasing the pace of offering new innovative solutions to the automotive industry.

KUKA Roboter and its research partners were awarded the "Invention and Entrepreneurship Award in Robotics and Automation" prize for the new collision avoidance software "CAFIR". It is only the second time that the world's largest engineering association, IEEE (Institute of Electrical and Electronics Engineers) and the "International Federation of Robotics" (IFR) have awarded this prize. Its purpose is to reward special innovations in the field of robotics.

PACKAGING DIVISION

Key figures

in € millions	3rd Quarter 2006	3rd Quarter 2005	9 Months 2006	9 Months 2005	Change
Orders received	107.1	93.1	311.9	287.6	8.4%
Order backlog*	–	–	(Sep. 30) 169.4	(Dec. 31) 142.1	19.2%
Sales revenues	98.9	90.7	280.7	278.9	0.6%
Total output	97.5	93.9	285.5	289.2	-1.3%
EBIT	5.3	2.4	7.1	8.3	-14.5%
in % of sales revenues	5.4%	2.6%	2.5%	3.0%	–
Employees	–	–	(Sep. 30) 2,425	(Dec. 31) 2,476	-2.1%

* Order backlog calculated on the basis of the PoC method

As part of the further focusing of the IWKA Group, the option of selling the Packaging division is presently being discussed and analyzed. These considerations should be seen in light of the strategy to strengthen the focus on core competencies and to reinforce the company's commitment to plant and systems technology and robotics.

Significant growth in the dairy and pharmaceutical / cosmetics areas.

The growth in orders received in the Packaging division continues. They improved 8.4% over the first nine months of 2005, reaching € 311.9 million, which compares to € 287.6 million on September 30, 2005. Orders received also rose significantly in the third quarter just ended.

Sales revenues as of September 30, 2006 came in at € 280.7 million, slightly higher than the prior year's € 278.9 million. The strong sales growth in the third quarter is particularly noteworthy. The Packaging division generated € 98.9 million during the quarter compared to € 90.7 million last year. The positive trend in orders received is reflected in an increase in order backlog to € 169.4 million as of September 30, 2006.

In the third quarter of 2006, the division generated more than twice the EBIT it did a year earlier: € 5.3 million versus € 2.4 million in 2005. As a result of weak earnings in the first half-year, the cumulative EBIT for the first nine months has not quite yet reached the same level as in 2005. As of September 30, EBIT was € 7.1 million, while it was € 8.3 million at the same time a year earlier. This is caused by the major orders in progress, whose sales contributions will only be seen in the next few months. The sales forecast for the fourth quarter will lead to an above-average increase in result.

The Packaging division had 2,425 employees as of September 30, 51 less than at the end of 2005. The drop is primarily the result of personnel restructuring measures in the pharmaceuticals / cosmetics area.

The Packaging division's companies continued to receive important orders from reputable international companies from July to September. This included several orders from the Colgate Group in the pharmaceuticals / cosmetics area, an order from the Kraft Group in the foodstuff sector, as well as orders from the Japanese dairy group Meiji Milk and the Swiss dairy group Emmi in the dairy business segment.

The positive development in the Packaging division will strengthen toward year-end. The expected significantly higher annual revenues will contribute to a higher EBIT for the division compared to the prior year, particularly since last year's restructuring costs will not be repeated.

NON-CORE BUSINESSES / DISCONTINUED OPERATIONS

The IWKA Group has taken on the task of applying its automation technologies to provide new ways to improve the productivity of industrial companies throughout the world and thereby introduce improved cost structures. In doing so, we focus our energy on our core businesses. The ability of the company to master the future is strengthened by cutting out business activities that are unable to interface with these areas of competency and that do not meet their return on investment targets. IWKA sees the comprehensive restructuring of the portfolio as a further important step to transforming itself to a highly profitable technology group.

During the course of 2006, further restructuring of the portfolio took place. Effective June 30, 2006 the business activities of the ARO-Group, GSN Maschinen-Anlagen-Service GmbH and HASSIA-Redatron GmbH were categorized as discontinued operations so that the companies could continue to develop.

At this point in time, discontinued operations include the aforementioned companies and the Boehringer Group. The latter was assigned to discontinued operations on December 31, 2005. The results from the disposal of Bopp & Reuther Sicherheits- und Regelarmaturen-Group and the J.W. Froehlich Group are also included in the earnings numbers.

The loss from discontinued operations of € -54.7 million as of September 30, 2006 is mainly attributable to non-liquidity related value adjustments.

The loss from discontinued operations of € -54.7 million as of September 30, 2006 is mainly attributable to non-liquidity related value adjustments. These value adjustments remained almost constant in the third quarter just ended. The result from discontinued operations also includes operative losses generated by the ARO-Group and the Boehringer Group.

Negotiations to sell the companies grouped under discontinued operations are in full swing. The sales processes for Boehringer and ARO are being handled by an M&A consultant. Offers have been received from several bidders. Selected parties are currently conducting due diligence.

The contracts to sell HASSIA-Redatron GmbH were signed in September 2006. The closing, and therefore the final transition to the purchaser, took place on November 6, 2006.

CAPITAL EXPENDITURE, RESEARCH AND DEVELOPMENT

IWKA's continuing operations invested € 18.1 million in property, plant and equipment and intangible assets in the first nine months of the year, as compared to € 22.3 million at the same time in 2005. A key focus of the capital spending was optimizing business processes.

New developments by KUKA Roboter GmbH are primarily aimed at penetrating additional markets in general industry, particularly in the fields of logistics, plastics, medicine and aerospace. New functional capabilities enable KUKA robotics to be used in additional application areas. New gripper sensor technologies support previously unfeasible robot applications.

The "omniMove" platform acquired by KUKA Roboter in October 2006 paves the way to more innovative enhancements of mobile industrial robots and enables them to be used on a much larger scale. This affects a variety of applications. The omniMove system makes it possible to maneuver vehicles and platforms within accuracies of mere millimeters. This presents entirely new options for developing robots for new applications in various industries.

RISK MANAGEMENT

A comprehensive description of the risks to which the company is exposed and our risk management system are included in 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

We are cautiously optimistic about the general economic conditions for the coming months. At the same time, we do not underestimate the growing global risks, which above all could be impacted by a further increase in energy prices. Despite dampening factors such as the weaker US economy, the global economy will continue to grow. The only slightly diminished boom in the developing countries will continue to stimulate growth in the industrialized nations in 2007. India, an important growth market for IWKA, is continuing to exhibit dynamic growth.

The automotive sector in Germany, which is important to the IWKA Group, has asserted its position. The European automotive market is dominated by strong competitive pressures and, among other things, the fear that rising fuel prices could lead to a slump in sales. The American auto industry has recognized the signs of the times and is focusing increasingly on new fuel-saving, flexibly built car models. IWKA for the first time took a major step toward strengthening its position in the Asian market when it signed an order with the Indian carmaker Tata. The market trend in the packaging technology area is setting the stage for enabling our division to build on its position.

The further concentration of the IWKA Group on its core competencies will continue to be the focus of our activities during the fourth quarter, as well as in the year 2007.

We expect the 2006 business year to close with a positive EBIT.

Net debt will be further reduced.

Because of the growth in orders received and sales revenues, a positive operating result from continuing operations is to be expected for the 2006 business year, as announced. It will be well into positive territory.

On the other hand, as also reported, the charges from discontinued operations will lead to a substantial loss in the after-tax results.

As announced, the Executive Board is analyzing the possibility of selling the Packaging division. The systematic implementation of the announced measures will give the Group the room to maneuver that is necessary to enable the company to adjust to the continuously changing challenges.

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 REALIZATION OF COMPLETE PACKAGING LINES.

IWKA GROUP INCOME STATEMENT

for the period Jan. 1 – September 30, 2006

in € millions	9 Months, 2006	9 Months, 2005
Sales revenues	**1,042.6**	**972.9**
Changes in inventories of finished goods and work in process	25.0	69.1
Own costs capitalized	4.8	7.2
Total output	**1,072.4**	**1,049.2**
Other operating income	21.9	25.3
Cost of materials	-587.4	-569.9
Personnel expense	-332.7	-336.4
Depreciation / amortization on intangible and tangible assets	-25.7	-24.7
Other operating expenses	-133.8	-142.4
Earnings from operating activities (EBIT)	**14.7**	**1.1**
Income from participations	0.2	0.7
Net interest income / expense	-13.2	-11.6
Earnings before tax	**1.7**	**-9.8**
Taxes on income	-6.6	1.9
Result from continuing operations	**-4.9**	**-7.9**
Result from discontinued operations	**-54.7**	**-16.6**
Net after-tax result	**-59.6**	**-24.5**
Minority interests in profits	0.6	0.9
Earnings per share (in € after minority interests)	-2.22	-0.89
Earnings per share continuing operat. (in € after minority interests)	-0.16	-0.27

in € million	3rd Quarter 2006	3rd Quarter 2005
Sales revenues	**364.0**	**362.9**
Changes in inventories of finished goods and work in process	2.5	-4.3
Own costs capitalized	2.0	2.3
Total output	**368.5**	**360.9**
Other operating income	4.9	7.9
Cost of materials	-197.0	-204.0
Personnel expense	-109.5	-112.1
Depreciation / amortization on intangible and tangible assets	-8.8	-7.8
Other operating expenses	-46.3	-47.5
Earnings from operating activities (EBIT)	**11.8**	**-2.6**
Income from participations	-0.5	0.1
Net interest income / expense	-4.6	-4.3
Earnings before tax	**6.7**	**-6.8**
Taxes on income	-1.9	5.3
Result from continuing operations	**4.8**	**-1.5**
Result from discontinued operations	**-2.2**	**-32.0**
Net after-tax result	**2.6**	**-33.5**
Minority interests in profits	0.1	0.4
Earnings per share (in € after minority interests)	0.10	-1.24
Earnings per share continuing operat. (in € after minority interests)	0.18	-0.05

IWKA GROUP BALANCE SHEET

as of September 30, 2006

Assets

in € millions	Sep. 30, 2006	Dec. 31, 2005
Non-current assets		
Intangible assets	135.9	148.0
Tangible assets	155.3	192.2
Participations in associated companies	1.8	3.0
Other financial assets	10.8	11.7
	303.8	**354.9**
Deferred taxes	**49.1**	**54.5**
Current assets		
Inventories	305.0	278.0
Receivables and other assets		
Trade receivables	224.7	292.6
Receivables from long-term contracts	127.7	116.6
Receivables from affiliated companies	17.3	17.5
Other assets. prepaid expenses and deferred charges	41.4	31.2
	411.1	**457.9**
Cash and cash equivalents	44.6	118.4
	760.7	**854.3**
Assets of discontinued operations	**133.1**	**289.6**
	1,246.7	**1,553.3**

Equity and Liabilities

in € millions	Sep. 30, 2006	Dec. 31, 2005
Equity	**135.3**	**189.1**
Non-current liabilities and provisions		
Long-term financial liabilities	90.4	53.0
Other long-term liabilities	1.0	12.2
Pension provisions and similar obligations	132.9	137.8
Deferred taxes	5.9	8.0
	230.2	**211.0**
Current liabilities and provisions		
Short-term financial liabilities	129.9	227.5
Trade payables	172.9	172.0
Advances received	136.5	107.4
Liabilities from long-term contracts	73.5	88.6
Accounts payable to affiliated companies	5.7	3.0
Other short-term liabilities and deferred income	93.0	126.3
Provision for taxes	26.1	26.8
Other provisions	136.8	209.8
	774.4	**961.4**
Liabilities from discontinued operations	**106.8**	**191.8**
	1,246.7	**1,553.3**

IWKA GROUP CASH FLOW STATEMENT

in € millions	9 Months, 2006	9 Months, 2005
Net after-tax result	**-59.6**	**-24.5**
Result from the disposal of discontinued operations	46.8	1.6
Depreciation / amortization on fixed assets	28.7	37.6
Other non-payment-related expenses / income	2.5	-2.3
Cash flow	**18.4**	**12.4**
Result on the disposal of assets	-0.3	-2.1
Changes in provisions	-15.8	-10.1
Changes in inventories	-74.5	-101.9
Changes in receivables and deferred charges	-6.2	-44.6
Changes in liabilities and deferred income	36.9	-27.1
Cash flow from operating activities	**-41.5**	**-173.4**
Payments from disposals of fixed assets	2.9	6.1
Payments for capital expenditure on intangible and tangible assets	-22.1	-36.6
Payments for investments in financial assets	-1.2	-1.7
Payments from the sale of consolidated companies and other business units	26.1	75.5
Cash flow from investing activities	**5.7**	**43.3**
Dividends payed	–	-17.6
Payment from the placement of a convertible bond	67.4	–
Changes in financial liabilities	-105.2	43.4
Cash flow from financing activities	**-37.8**	**25.8**
Payment-related change in cash and cash equivalents	**-73.6**	**-104.3**
Exchange-rate-related and other changes in cash and cash equivalents	-5.2	2.3
Change in cash and cash equivalents	**-78.8**	**-102.0**
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 (Sep. 30)	**47.0**	**34.6**

DEVELOPMENT OF GROUP EQUITY

in € millions	Subscribed capital	Capital-reserve	Revenue reserves: Other revenue reserves	Revenue reserves: Translation gains/losses	Revenue reserves: Market valuation/hedges	Revenue reserves: 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**
IWKA Aktiengesellschaft dividend	–	–	–	–	–	-17.6	–	-17.6
Changes in ownership	–	–	-9.3	–	–	–	-0.2	-9.5
Exchange-rate related differences	–	–	–	5.2	–	–	0.2	5.4
Other changes	–	–	–	–	1.2	–	–	1.2
Group net after-tax result for the period	–	–	-23.6	–	–	–	-0.9	-24.5
Sep. 9, 2005	**69.2**	**133.3**	**107.5**	**1.5**	**-0.7**	**0.0**	**2.3**	**313.1**

in € millions	Subscribed capital	Capital-reserve	Other revenue reserves	Revenue reserves: Translation gains/losses	Revenue reserves: Market valuation/hedges	Revenue reserves: 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 from convertible bond	–	11.4	–	–	–	–	–	11.4
Changes in ownership	–	–	-4.4	–	–	–	-0.2	-4.6
Exchange-rate related differences	–	–	–	-1.7	–	–	–	-1.7
Other changes	–	–	–	–	0.7	–	–	0.7
Group net after-tax result for the period	–	–	–	–	–	-59.0	-0.6	-59.6
Sep. 9, 2006	**69.2**	**110.9**	**15.1**	**-1.2**	**0.5**	**-59.0**	**-0.2**	**135.3**

NOTES

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 contains IWKA Aktiengesellschaft, 24 companies registered inside Germany and 41 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 (BTK 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

J.W. Froehlich-Gruppe, consisting of J.W. Froehlich Maschinenfabrik GmbH, Leinfelden, and J.W. Froehlich (UK) Ltd., Laindon, was sold effective June 30, 2006 and is therefore eliminated from the scope of consolidation.

The contract to sell HASSIA-Redatron GmbH was registered on September 14, 2006. The legal transfer took place on November 6, 2006.

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.

Discontinued operations

For the income statement, the numbers for all companies categorized as discontinued operations as of September 30, 2006 – and for the prior year – were summarized in accordance with IFRS 5 and shown as result from discontinued operations. Assets and liabilities items have been categorized on the balance sheet as assets from discontinued operations and liabilities from discontinued operations and have not been adjusted to align with the prior year's numbers.

As of September 30, 2006, the following consolidated companies are categorized as discontinued operations:

- The Boehringer Group and its member companies (as of Dec. 31, 2005):
  - 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
- The ARO Group (as of June 30, 2006):
  - ARO S.A.S, Chateau-du-Loir/France
  - ARO Controls S.A.S., Chateau-du-Loir/France
  - ARO Schweissmaschinen GmbH, Augsburg
  - ARO Soudometal Resistance Welding S.A.-N.V., Brussels/Belgium
  - Farman Industries S.A.S., Tours/France
  - Farman Produits Standards S.A.S., Tours/France
  - Savair Inc., Chesterfield/USA
  - Societe Tourangelle d'Entreprises Electriques S.A., St.Pierre des Corps/France
- GSN Maschinen-Anlagen-Service GmbH, Rottenburg (as of June 30, 2006)
- HASSIA-Redatron GmbH, Butzbach (as of June 30, 2006)

In addition, the prior year's numbers for discontinued operations still include the companies categorized 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 result from discontinued operations as of September 30, 2006 therefore includes the earnings contributions from the Boehringer Group, the ARO Group, GSN Maschinen-Anlagen-Service GmbH and HASSIA-Redatron GmbH.

The results from the disposal of B&R-Sicherheits- und Regelarmaturen-Group, the J.W. Froehlich Group and HASSIA-Redatron GmbH are also included in the earnings numbers. The long-term assets of the ARO Group and GSN Maschinen-Anlagen-Service GmbH were devalued in accordance with IFRS 5. The total result from the disposal of discontinued operations is € 46.8 million.

Cash flow statement

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

Segment reporting

The major components of segment reporting with regard to the primary segments are included in the reports of the Plant and Systems Technology (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. The earnings per share are diluted because of the conversion right of investors who purchased the convertible bonds placed by IWKA Aktiengesellschaft on April 24, 2006. The number of shares used to determine the diluted nine-month earnings per share was 28,005,418. The diluted earnings per share are therefore -2.07 € per share.

Contingent liabilities and other financial obligations

There has been no material change in other financial obligations and contingent liabilities since December 31, 2005.

Events of major importance after the end of the reporting period

After the end of the reporting period, there were no events of major importance. There is a reference to the closing at HASSIA-Redatron GmbH on pages 12 and 20.

Karlsruhe, November 7, 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

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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MONTFORT WERBUNG

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