Interim Report

as of June 30, 2004

IWKA

Half-year report for the period ending June 30, 2004

Karlsruhe, August 10, 2004

IWKA reports stable growth and improved operating profit

New structure sets the stage for clearer focus

The IWKA Group extended the upward trend of the first three months of the year throughout the second quarter. Order receipts came in at EUR 1,305 million, 4 percent higher than the previous year. Sales revenue, at EUR 1,047 million, was about the same as last year. The order backlog consequently rose to EUR 1,311 million. The IWKA Group's operating profit was again higher during the reporting period. EBIT reached EUR 31.7 million, up 9 percent over the previous year, and net income was 25 percent higher at EUR 6.5 million.

Economic environment

The overall economic climate improved slightly during the first half of the year. The United States economy provided significant impetus. In Asia, the rate of growth rose sharply as a result of the continued strong growth in China, as well as the recovery in Japan. The global economic recovery, the high demand from China and the simultaneous shortage of energy supplies have led to a significant increase in raw material prices over the past few months, particularly for steel. The slight economic recovery in Germany is primarily being driven by exports. Nevertheless, there is room for guarded optimism about the first signs of an overall expansion of the economy. A similar situation exists in the plant and machinery sector. While export order levels increased, domestic demand is comparatively weak. This is especially true for special machine tools.

Order receipts, sales revenue, order backlog, personnel

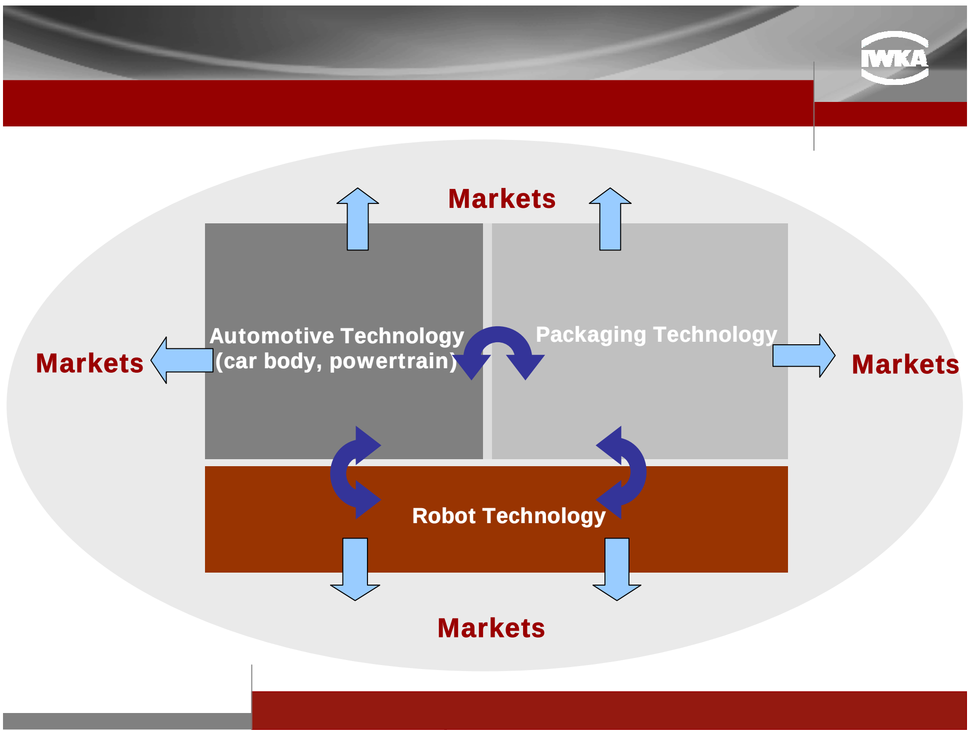
The Group's order receipts at the end of the first half year were EUR 1,305 million. This is EUR 55 million, or 4.4 percent higher than last year's value of EUR 1,250 million and is exactly according to plan. Sales revenue, at EUR 1,046.7 million, was about the same as last year's EUR 1,045.9 million. The order backlog consequently rose to EUR 1,310.9 million, EUR 23.9 million higher than the previous year's EUR 1,287 million.

As of June 30, 2004, the IWKA Group had 13,245 employees compared with 13,231 on December 31, 2003. The buildup since the end of the year is due to the Robot Technology Division's Hungarian company. The company's services are increasingly being used by other divisions of the IWKA Group, such as Packaging Technology, as well as third-party customers. On the other hand, steps to selectively reduce personnel are being taken at other locations.

IWKA focusing on core target markets

The IWKA Group's new strategic position was presented at the IWKA Aktiengesellschaft annual general meeting held on July 9, 2004. The company will focus even more unequivocally than before on its core target markets.

Automotive Technology – Packaging Technology – Robot Technology



Car body assembly systems; i.e., KUKA systems assembly, together with powertrain assembly systems, the most important part of the current Manufacturing Technology Division, will form the **Automotive Technology Division**. Our comprehensive engineering and systems integration know-how will be pooled in this new division, consisting of the car body and powertrain manufacturing systems units, for the benefit of our major customers in the global automotive industry. The division will apply robot technology in a wide range of applications.

IWKA's **Packaging Technology Division** enjoys an excellent market position. We will significantly strengthen the systems expertise in the respective companies. More and more, Packaging Technology's customers want to do business with systems suppliers. The position we already hold today in automotive technology is the one we also plan to achieve for packaging technology. Also the Packaging Technology Division will use robotics more extensively than before to reach this goal.

The **Robot Technology Division** will not work exclusively for the Automotive and Packaging Technology Divisions. Instead, it will be the foundation for a wide range of business activities in other industries and for the development of completely new applications. We have general industry references in the fields of logistics, applications designed for extremely low temperatures and entertainment.

Robotics is IWKA's most important crossover technology. IWKA not only actively pursues new fields of robotics development, but also ensures that these applications reach a professional level of marketability. In return, the Robot Technology Division will receive relevant assignments from the Group's other divisions.

As presented at the annual general meeting, we will even more intensively apply shared technologies throughout the Group in the future:

- Robot technology is a significant component of the Automotive Technology Division's car body and powertrain manufacturing systems and will play an even greater role. On the other hand, the knowledge related to robot applications for assembly systems and a broad customer base are essential to the health of the division.
- We will more extensively apply our experience and expertise in assembling automotive systems to our packaging technology solutions. At the same time, we will

build more and more packaging solutions that integrate robot applications. There is no doubt that car making is very highly automated. IWKA participates in both markets and thus offers customers a unique added-value proposition.

- Additional connections that demand product-related services, up to and including general-contractor models, are being actively pursued by all IWKA divisions.

The "**Non-core businesses**" area comprises companies that are no longer part of the IWKA Group's core business. Specifically, these are the companies of the former Process Technology Division and Boehringer Werkzeugmaschinen GmbH, based in Göppingen, together with its marketing subsidiaries from the former Manufacturing Technology Division. Another company, Inex Vision Systems, Inc., is based in the United States and was part of the Packaging Technology Division.

Companies were grouped into the "non-core businesses" division to increase transparency, both internally and externally. For those companies IWKA will develop short- to medium-term solutions. Programs to divest major portions of the former Process Technology Division are well underway.

We are currently exploring all options for the Boehringer Group.

As announced in our press release dated July 1, 2004, the following former Process Technology Division companies have already been sold:

1. Bopp & Reuther Messtechnik GmbH, based in Speyer
   The company participates in the market for flow measurement devices.

2. WPD Wartungs- und Prüfdienst GmbH, also Speyer-based
   The company is active in the sector for calibration of measuring systems and filling stations.

3. MARCON Ingenieurgesellschaft mbH, located in Hamburg
   The company participates in the market for liquid-loading systems.

We also announced at the annual general meeting that Cologne-based HEINRICHS Messtechnik GmbH will have new owners as of January 1, 2005, as will one product segment of the French company, TUBEST S.A. The above companies together had total sales revenues of EUR 23 million during the 2003 business year and employed 225 persons.

Further divestments are on schedule. We have hired Rothschild and Drueker & Co. as professional M&A consultants to support the Executive Board in managing the divestment processes.

Capital expenditure

IWKA had invested EUR 24.4 million in tangible and intangible fixed assets at the half-year mark of 2004, as compared to EUR 27.4 million during the same period in 2003. The focus of our capital expenditures was on improvement in quality and efficiency in manufacturing, alongside programs to expand our market presence.

The production and assembly processes at our Augsburg location were streamlined to make them more productive. We constructed a completely new and highly efficient robot assembly line.

Research and development

Our Robot Technology Division's booth at the AUTOMATICA 2004 trade show in Munich impressed our customers in the automotive sector and the general industry. The booth featured numerous innovations, such as cooperating robots, new standard robots with drives integrated into the robot arm and "programmable amusement" in the form of our "Robocoaster" ride. One of the highlights of the fair was the KUKA flight simulator, in which visitors were able to "fly" over the Martian surface and view spectacular previously unreleased images of Mars.

The Automation Technology Division's powertrain assembling companies had a booth at the METAV 2004 trade show in Düsseldorf. Response to the innovations presented was outstanding. One of EX-CELLO's twin spindle machining centers was a highlight of the show. This center combines the many advantages of linear motor technology and dry machining for our customers. As a result, the centers can achieve significantly shorter cycle times, are less expensive and have a smaller footprint, all of which enable our customers to significantly improve productivity.

A new combination machining center developed by FMS Drehtechnik Schaffhausen AG is equally impressive. It integrates various machining steps and has thereby established new benchmarks for efficiency and low operating costs.

The Packaging Technology Division's IWK Verpackungstechnik GmbH, based in Stutensee, introduced a new blister machine designed for small and medium-size production lots. The new machine features a high degree of flexibility when it comes to changing formats. Our blister machine program enables us to supply completely integrated tablet line systems. KP Aerofill has developed a new system designed to efficiently fill and close aerosols and other containerized products, enabling us to offer complete solutions in the field of aerosol filling systems.

Operating profit, assets and financial position

The IWKA Group again managed to improve its operating profit during the first half of the business year. EBIT rose to EUR 31.7 million, a 9.3 percent increase over the previous year's EUR 29.0 million. The Group's interest expenses were further reduced. Profit from ordinary activities came in at EUR 21.8 million, compared with EUR 17.5 million a year earlier.

The divestments of the first half year resulted in a net disposal loss of EUR 2.0 million. Our tax quota was lower due to an improved operating profit structure. Consequently, net income grew by 25 percent, to EUR 6.5 million from EUR 5.2 million during the same time last year, despite the disposal losses included as an extraordinary item in the figures. Adjusted for goodwill amortization, profit per share was EUR 0.59, whereas it was EUR 0.54 a year earlier.

Key figures for the IWKA Group - first six months of 2004

in Euro million	*6 Months 2004*	*6 Months 2003*	*Change in %*
Order receipts	1,305.0	1,250.0	4.4%
abroad in %	63.6%	65.0%	--
Order backlog	1,310.9	1,287.0	1.9%
Sales revenue	1,046.7	1,045.9	0.1%
abroad in %	66.2%	60.0%	--
Total output	1,091.7	1,128.4	-3.3%
EBITA	40.9	38.2	7.1%
in % of sales revenue	3.9%	3.7%	--
EBIT	31.7	29.0	9.3%
in % of sales revenue	3.0%	2.8%	--
Earnings from ordinary activities	21.8	17.5	24.6%
Net income	6.5	5.2	25.0%
Profit per share (adjusted for goodwill amortization)	0.59	0.54	9,3%
Capital expenditure	24.4	27.4	-10.9%
Employees	13,245 (6/30)	13,231 (12/31)	0.1%
abroad in %	42.7%	41.7%	--

Key figures for the IWKA Group - second quarter of 2004

in Euro million	*2nd Quarter 2004*	*2nd Quarter 2003*	*Change in %*
Order receipts	552.7	577.8	-4.3%
abroad in %	72.6%	70.8%	--
Sales revenue	585.3	579.8	0.9%
abroad in %	63.5%	61.7%	--
Total output	547.9	593.8	-7.7%
EBITA	27.6	25.7	7.4%
EBIT	23.0	21.1	9.0%
Earnings from ordinary activities	18.2	15.6	16.7%
Net income	5.9	6.8	-13.2%
Profit per share (adjusted for goodwill amortization)	0.40	0.43	-7.0%
Capital expenditure	10.2	13.0	-21.5%

Outlook

The increase in order receipts during the first half-year along with a stable order backlog and growth in operating profit positioned IWKA to achieve its goals also the next quarters. Order receipts and sales revenue go hand-in-hand with continuous improvement in earnings power as well as a higher return on capital employed. The Group's existing technical expertise and strong market position as a systems integrator enables it to generate profitable business growth internationally. We expect that the growth in business of the first half of the current fiscal year will continue in the second half. Risks include further increases in items such as steel and energy costs. Additionally, management has initiated a profit improvement program that will maximize the profit potential of the various companies. Specifically, for the total year's business results, we are forecasting:

- order receipts higher than last year
- sales revenue at the same level as last business year
- continued operating profit improvement.

The IWKA Group continues to grow as a well-positioned systems and robotics enterprise and is focused on sustained improvement in shareholder value.

IWKA equity

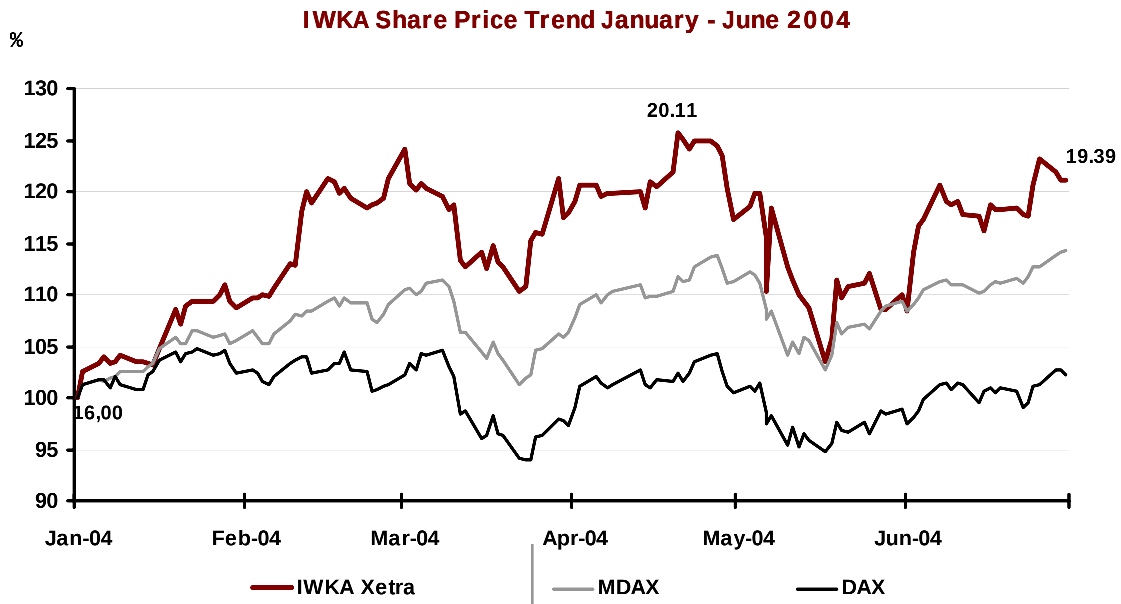
Once again during the second quarter of 2004, IWKA's share price outperformed the MDAX and DAX indices. As the MDAX hit a record high on April 20th, our share price broke through the EUR 20 mark and closed at EUR 20.11, a level last seen at the beginning of 2000.

Increases in the price of oil and inflation fears subsequently gained the upper hand on the stock market and drove prices generally lower. Nevertheless, in its first quarter report on May 11, the IWKA Group was able to report a good start to the current business year and improved profits.

In the time leading up to the annual general meeting on July 9, the focus shifted to media reports regarding the participation of a major shareholder. As a result, IWKA's share price closed the first half year at EUR 19.39.

Overall, IWKA's share price gained 21.2 percent between January 1 and June 30, 2004, while the MDAX rose by 14.4 percent and the DAX a mere 2.2 percent during the same period.

On July 29, 2004, Los Angeles-based Capital Group Inc.'s participation in IWKA Aktiengesellschaft's total share capital was 5.005 percent, thereby surpassing the 5 percent mark.



Developments in the divisions

The following segment report is in accordance with the new structure of the IWKA Group.

Automotive Technology Division

in EUR million	*2nd Quarter 2004*	*2nd Quarter 2003*	*6 Months 2004*	*6 Months 2003*	*Change 6 Months*
Order receipts	233.3	248.9	661.9	611.7	8.2%
Sales revenue	244.8	273.2	451.0	458.9	-1.7%
Total output	251.8	287.1	487.3	533.8	-8.7%
EBITA	9.0	14.0	15.6	21.7	-28.1%
in % of sales revenue	3.7%	5.1%	3.5%	4.7%	--
Employees	--	--	4,912 (6/30)	4,914 (12/31)	0.0%

The Automotive Technology Division is comprised of the car-body manufacturing companies, primarily KUKA Schweissanlagen and ARO, as well as the companies that belonged to the former Manufacturing Technology Division and were mainly involved in manufacturing systems for gearboxes and engines (powertrain).

Automotive Technology's order receipts increased by 8.2 percent, to EUR 661.9 million from the previous year's EUR 611.7 million. Rising order receipts were experienced by both the car body and powertrain business units. Sales revenue, at EUR 451.0 million, was at about the same level as the previous year's value of EUR 458.9 million. On June 30, 2004, the Automotive Technology Division staff count was 4,912 persons, compared to 4,914 persons employed on December 31, 2003. The total number of employees was therefore roughly the same as at the close of the 2003 financial year. The division achieved an EBITA of EUR 15.6 million. This compares to EUR 21.7 million the year before. The decline in profit and total output is due to the nature of the project business and is typical for the mechanical and plant engineering sector, particularly in the powertrain segment. The drop will be compensated during the second half of the business year.

The Powertrain Group benefited from growth in export demand during the first half year. As a result, order receipts were higher than last year. Two major project orders, for Ford 6F gearboxes and General Motors 3.9 l engine cylinder blocks, were received during the second quarter of 2004. Domestic demand continues to be weak in comparison.

Packaging Technology

in EUR million	*2nd Quarter 2004*	*2nd Quarter 2003*	*6 Months 2004*	*6 Months 2003*	*Change 6 Months*
Order receipts	102.0	107.2	208.9	204.6	2.1%
Sales revenue	96.0	109.2	170.8	201.0	-15.0%
Total output	95.9	104.7	185.6	203.8	-8.9%
EBITA	2.3	3.5	-0.1	4.4	--
in % of sales revenue	2.4%	3.2%	-0.1%	2.2%	--
Employees	--	--	2,746 (6/30)	2,818 (12/31)	-2.6%

In comparison to the first quarter of 2004, the Packaging Technology Division was able to establish an upward trend during the second quarter of 2004, even though the market continued to exhibit weakness. We expect it to revive further in the second half of 2004.

Order receipts in the first six months came in at EUR 208.9 million, thereby surpassing the previous year's value of EUR 204.6 million by 2.1 percent. Sales revenue, at EUR 170.8 million, was under the comparable previous year’s value of EUR 201.0 million. This is still the result of customers hesitating to place orders, particularly during the second half of the previous year. The increase in order receipts resulted in an improved order backlog of EUR 170.8 million, up 3.8 percent from the previous year's EUR 164.6 million.

EBITA was minus EUR 0.1 million because of the weak sales during the first half of the year. This compares to plus EUR 4.4 million during the same period of 2003. Nevertheless, operating profit during the second quarter, at EUR 2.3 million, compensated the EUR -2.4 million posted for the first three months. Additional steps were taken to reduce costs due to the continued low factory loading. The staff level was cut by seventy-two persons, bringing the total to 2,746 employees, down from 2,818 on December 31, 2003.

R.A. Jones & Co. Inc. and Autoprod Inc., both located in the United States, together with A+F Automation + Fördertechnik GmbH, received a follow-up order from Gerber for baby food packaging. The order was valued at $US 9.5 million. The total project magnitude is now EUR 16 million when the Hassia Verpackungsmaschinen GmbH's order placed during the first quarter by the same customer is added. This is the largest systems order the Packaging Technology Division has received to date. The project demonstrates that the adopted strategy is correct.

Business is expected to continue to pick up during the rest of the year, along with increasing profit improvement.

Robot Technology

in Euro million	*2nd Quarter 2004*	*2nd Quarter 2003*	*6 Months 2004*	*6 Months 2003*	*Change 6 Months*
Order receipts	90.7	110.8	186.6	208.1	-10.3%
Sales revenue	133.1	85.6	221.3	182.7	21.1%
Total output	90.6	87.9	203.4	176.0	15.6%
EBITA	13.7	7.5	24.5	14.3	71.3%
in % of sales revenue	10.3%	8.8%	11.1%	7.8%	--
Employees	--	--	2,024 (6/30)	1,834 (12/31)	10.4%

The new Robot Technology Division formerly was part of the Automation Technology Division. The Robot Technology Division's mandate is to develop, manufacture and market robots, as well as robot-related services and controls (KUKA Motion Control). Target markets include the automotive industry and general industries such as packaging systems.

The Robot Technology Division's order receipts during the first half year came in as expected at EUR 186.6 million, compared with EUR 208.1 million the year before. Whereas major orders were received from the automotive industry during the first half of 2003, this is not the case in the current business year. This clearly shows that even the robot business is affected by cyclic factors. On the other hand, sales revenue at EUR 221.3 million and total output at EUR 203.4 million were 21.1 and 15.6 percent higher respectively than the previous year, as a result of project orders. Sales revenue will therefore be comparatively weaker in the third quarter. Order backlog was EUR 50.0 million as of June 30, 2004, which compares to EUR 81.5 million the previous year.

Excellent factory loading during the first half of the year resulted in an improved EBITA of EUR 24.5 million compared to the EUR 14.3 million achieved in 2003. Barely twenty percent of these profits come from automotive industry contracts, with over eighty percent stemming from general industry orders. This ratio underlines both the strong competition and price pressure associated with business from major customers, as well as the opportunities arising from new applications.

The number of workers employed by the division rose by 190 persons to 2,024. This compares to 1,834 on December 31, 2003. The increase is the result of hiring at the Hungarian subsidiary, which received manufacturing orders from Packaging Technology and third-party customers.

The division is forecasting that total annual sales revenue and operating profit will be slightly below the previous year's levels.

Non-core businesses

in Euro million	*2nd Quarter 2004*	*2nd Quarter 2003*	*6 Months 2004*	*6 Months 2003*	*Change 6 Months*
Order receipts	125.2	109.3	244.5	222.2	10.0%
Sales revenue	109.7	110.2	200.3	199.8	0.3%
Total output	108.1	112.4	212.2	211.3	0.4%
EBITA	2.2	-1.1	0.1	-6.7	--
in % of sales revenue	2.0%	-1.0%	0.0%	-3.4%	--
Employees	--	--	3,465 (6/30)	3,575 (12/31)	-3.1%

The "Non-core businesses" area comprises companies that are no longer part of the IWKA Group's core business. Specifically, these are the former Process Technology Division companies and Boehringer Werkzeugmaschinen GmbH, based in Göppingen, along with its marketing arms from the former Manufacturing Technology Division, and US-based Inex Vision Systems Inc., former part of the Packaging Technology Division.

Order receipts in this business area rose to EUR 244.5 million during the first half year, up from EUR 222.2 million the year before, in spite of the fact that - as announced - three companies had been separated from the consolidated group retroactively to January 1, 2004. The increase is primarily due to the strong demand for crankshaft machines. A case in point is a significant order from a Mexican customer. The business area's companies achieved sales revenues of EUR 200.3 million. Last year they were EUR 199.8 million. Order backlog rose to EUR 136.5 million, up from the previous year's EUR 125.5 million.

The division achieved break-even at the end of the first half of 2004. The EBITA of +0.1 million was a remarkable EUR 6.8 million improvement over the previous year's figure. Profit is expected to continue to improve over the remainder of the business year. The division had 3,465 employees at the close of June 30, 2004.

IWKA Group income statement

in Euro million	*6 Months 2004*	*6 Months 2003*
Sales revenue	**1,046.7**	**1,045.9**
Changes in inventories of finished goods and work in process	43.6	82.4
Own costs capitalized	1.4	0.1
Total output	**1,091.7**	**1,128.4**
Other operating income	16.7	16.9
Cost of materials	-545.3	-555.0
Personnel expense	-352.2	-356.4
Depreciation/amortization on intangible and tangible fixed assets	-34.7	-35.8
thereof goodwill amortization	*-9.2*	*-9.2*
Other operating expenses	-144.5	-169.1
Earnings from operating activities (EBIT)	**31.7**	**29.0**
Net income from investments	1.1	0.8
Net interest expense	-11.0	-12.3
Earnings from ordinary activities	**21.8**	**17.5**
Extraordinary result	**-2.0**	**0.0**
Taxes on income	-13.3	-12.3
Net income	**6.5**	**5.2**
Minority interests in profits	-0.2	0.0

in Euro million	*2nd Quarter 2004*	*2nd Quarter 2003*
Sales revenue	**585.3**	**579.8**
Changes in inventories of finished goods and work in process	-37.8	13.9
Own costs capitalized	0.4	0.1
Total output	**547.9**	**593.8**
Other operating income	9.2	9.2
Cost of materials	-260.3	-292.4
Personnel expense	-177.5	-179.3
Depreciation/amortization on intangible and tangible fixed assets	-17.3	-18.0
thereof goodwill amortization	*-4.6*	*-4.6*
Other operating expenses	-79.0	-92.2
Earnings from operating activities (EBIT)	**23.0**	**21.1**
Net income from investments	0.6	0.6
Net interest expense	-5.4	-6.1
Earnings from ordinary activities	**18.2**	**15.6**
Extraordinary result	**-2.0**	**0.0**
Taxes on income	-10.3	-8.8
Net income	**5.9**	**6.8**
Minority interests in profits	-0.3	0.0

IWKA Group balance sheet

Assets

in Euro million	*6/30/2004*	*12/31/2003*
Fixed assets		
Intangible assets	177.6	188.1
thereof Goodwill	*161.5*	*170.7*
Tangible assets	279.4	278.3
Financial assets	23.4	22.6
	480.4	**489.0**
Current assets		
Inventories	695.9	634.8
less payments received on account	-308.4	-284.2
	387.5	**350.6**
Trade receivables	459.1	437.0
Other receivables and assets	69.8	68.2
Cash and cash equivalents	69.7	114.4
	986.1	**970.2**
Deferred taxes	**39.1**	**39.0**
Prepaid expenses and deferred charges	**6.0**	**3.7**
	1,511.6	**1,501.9**

Liabilities

in Euro million	*6/30/2004*	*12/31/2003*
Equity	**395.7**	**387.8**
Accruals		
Pension accruals and similar liabilities	96.0	98.7
Tax accruals	58.6	68.5
Other accruals	334.4	334.7
	489.0	**501.9**
Liabilities		
Liabilities due to banks and similar to bonds	347.4	339.7
Trade payables	180.3	180.5
Other liabilities	97.7	91.5
	625.4	**611.7**
Deferred income	**1.5**	**0.5**
	1,511.6	**1,501.9**

IWKA Group cash flow statement

in Euro million	*6 Months 2004*	*6 Months 2003*
Net income	**6.5**	**5.2**
Extraordinary items	2.0	0.0
Depreciation/amortization of fixed assets	34.7	35.8
Other non-payment-related expenses/income	0.5	-3.2
Cashflow	**43.7**	**37.8**
Profit / loss from disposal of assets	-1.6	-0.1
Changes in		
accruals	-2.2	53.2
inventories less payments received on account	-40.3	-150.1
receivables and deferred charges	-33.0	44.7
liabilities and deferred income	5.3	-30.7
Cashflow from operating activities	**-28.1**	**-45.2**
Payments from disposals of fixed assets	3.2	0.6
Payments for capital expenditure on intangible and tangible assets	-24.4	-27.4
Payments for investments in financial assets	-1.3	-0.8
Payments from the sale of consolidated companies and other business units	-0.5	0.0
Payments for the acquisition of consolidated companies and other business units	0.0	-0.7
Cashflow from investing activities	**-23.0**	**-28.3**
Changes in equity	1.8	-4.8
Changes in fixed assets due to exchange rate differences	-3.8	7.7
Changes in financial liabilities	7.7	-29.5
Cashflow from financing activities	**5.7**	**-26.6**
Payment-related change in cash and cash equivalents	**-45.4**	**-100.1**
Exchange-rate-related and other changes in cash and cash equivalents	0.7	-1.7
Change in cash and cash equivalents	**-44.7**	**-101.8**
Cash and cash equivalents at the beginning of the period (01/01)	114.4	138.1
Cash and cash equivalents at the end of the period (06/30)	**69.7**	**36.3**

Development of IWKA Group equity

in Euro million	*Subscribed capital*	*Capital reserve*	*Revenue reserves*	*Group net retained earnings*	*Minority interests*	*Total*
01/01/2003	**69.2**	**133.3**	**162.6**	**17.6**	**3.9**	**386.6**
IWKA AG dividend						0.0
Other changes			-5.9		0.3	-5.6
Group net income for the period			5.2			5.2
06/30/2003	**69.2**	**133.3**	**161.9**	**17.6**	**4.2**	**386.2**

in Euro million	*Subscribed capital*	*Capital reserve*	*Revenue reserves*	*Group net retained earnings*	*Minority interests*	*Total*
01/01/2004	**69.2**	**133.3**	**163.6**	**17.6**	**4.1**	**387.8**
IWKA AG dividend						0.0
Other changes			1.7		-0.3	1.4
Group net income for the period			6.3		0.2	6.5
06/30/2004	**69.2**	**133.3**	**171.6**	**17.6**	**4.0**	**395.7**

Explanatory notes

Accounting standards according to HGB (German Commercial Code)

The financial statements and the interim reports for the IWKA Group's 2004 business year were prepared in accordance with the German Commercial Code and the Stock Corporation Act.

The interim reports were prepared in accordance with the German Accounting Standards Committee's DRS 6 standard.

The Group's interim reports are not subjected to any audits.

Company Group

The consolidated statements contain IWKA Aktiengesellschaft, 43 companies registered inside Germany and 48 firms domiciled outside Germany, on whose behalf IWKA Aktiengesellschaft exercises uniform control. The following major changes have occurred since December 31, 2003:

KUKA Service Solutions GmbH, based in Augsburg, was included in the group of consolidated companies as of January 1, 2004. Three previously consolidated companies were sold retroactive to January 1, 2004 as a result of IWKA's restructuring program. They are: Bopp & Reuther Messtechnik GmbH, based in Speyer, WPD Wartungs- und Prüfungsdienst GmbH, also based in Speyer, Hamburg-based MARCON Ingenieurgesellschaft mbH and three other non-consolidated companies in which we held an interest.

Accounting and valuation policies

The same valuation methodology and financial principles as those used in the consolidated financial statements for the 2003 business year were applied in preparing this interim report and establishing the comparison figures to the previous year. A description of the principles is published in the appendix to our 2003 Annual Report. The report is also available on the Internet at www.iwka.de.

Extraordinary result

The extraordinary results include the net result of the sale of Bopp und Reuther Messtechnik GmbH, WPD Wartungs- und Prüfdienst GmbH and Marcon Ingenieurgesellschaft mbH.

Cash flow statement

The Cash Flow Statement defines the IWKA Groups payment capability. The cash and cash equivalents are made up of bank balances, checks and cash assets.

Earnings per share

Earnings per share were calculated by dividing the Group's net income – adjusted for goodwill amortization - by the Group's 26.6 million outstanding shares.

Significant events

On July 2, 2004, Cologne-based Heinrichs Messtechnik GmbH was sold. The transaction will be completed on January 1, 2005.

Karlsruhe, August 2004

IWKA Aktiengesellschaft

The Executive Board

Financial calendar

Interim Report for the first nine months of 2004	November 9, 2004
Preliminary figures for financial 2004	February 8, 2005
Press conference presenting the annual financial statements, Karlsruhe	April 18, 2005
DVFA analysts conference, Frankfurt/Main	April 18, 2005
Interim Report for the first quarter of 2005	May 10, 2005
Annual General Meeting 2005, Karlsruhe (date brought forward)	June 3, 2005
Interim Report for the first six months of 2005	August 9, 2005
Interim Report for the first nine months of 2005	November 8, 2005

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