

INTERIM REPORT 2011/2012

1 APRIL TO
30 JUNE 2011

GESCO

Q1
2011 | 2012

THE FIRST THREE MONTHS OF FINANCIAL YEAR 2011/2012 AT A GLANCE

- UPTURN CONTINUES
- INCOMING ORDERS STILL EXCEED SALES
- DYNAMIC DEVELOPMENT CARRIES ON IN SECOND QUARTER
- FULL YEAR GUIDANCE CONFIRMED

GESCO GROUP KEY FIGURES FOR THE FIRST QUARTER OF THE 2011/2012 FINANCIAL YEAR

01.04.-30.06.		I. Quarter 2011/2012	I. Quarter 2010/2011	Change
Incoming orders	(€'000)	115,871	87,763	32.0%
Sales revenues	(€'000)	99,700	76,773	29.9%
EBITDA	(€'000)	12,274	7,348	67.0%
EBIT	(€'000)	9,387	4,554	106.1%
Earnings before tax	(€'000)	8,635	3,893	121.8%
Group net income after minority interest	(€'000)	5,437	2,448	122.1%
Earnings per share acc. to IFRS	(€)	1.80	0.81	122.2%
Employees	(No.)	1,807	1,731	4.4%

THE GESCO GROUP AT A GLANCE

GESCO AG

SEGMENT TOOL MANUFACTURE
AND MECHANICAL ENGINEERING

SEGMENT
PLASTICS TECHNOLOGY

DEAR SHAREHOLDERS,

At GESCO Group, business prospered throughout the first quarter (1 April to 30 June 2011) of financial year 2011/2012 (1 April 2011 to 31 March 2012). Incoming orders and sales figures came close to pre-crisis top levels and key earnings figures rose disproportionately. In the second quarter, incoming orders and sales increased once again, reaching the highest values ever achieved by GESCO Group in one single quarter.

DEVELOPMENT OF GROUP SALES AND EARNINGS

The financial year of GESCO AG and GESCO Group runs from 1 April to 31 March the following year, while the financial years of the subsidiaries correspond to the calendar year. The interim report for the first three months of financial year 2011/2012 therefore encompasses the operating months January to March 2011 of the Group's subsidiaries.

Incoming orders soared in the first quarter of the previous year 2010/2011, bringing about a trend reversal after the recession. They grew steadily in the following three quarters and exceeded sales in each quarter. Order backlog accumulated to € 132 million by the beginning of the current financial year 2011/2012.

In the first quarter of the present financial year 2011/2012, incoming orders soared again to € 115.9 million. Compared to € 87.8 million in the first quarter of the previous year, this corresponds to a 32.0% rise.

Group sales also grew considerably, by 29.9% to € 99.7 million (previous year: € 76.8 million).

As in the full financial year 2010/2011, key earnings figures in the first quarter of 2011/2012 profited from economies of scale and significantly outperformed sales. In addition, other operating expenditure in the first quarter of the previous year included a one-off effect of around € 600 thousand. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to € 12.3 million (previous year: € 7.3 million), corresponding to a rise of 67.0%. While depreciation and amortisation went up only marginally, EBIT (earnings before interest and taxes) more than doubled year-on-year to € 9.4 million (previous year: € 4.6 million). The financial result came to € -752 thousand compared to € -661 thousand in the previous year. Group net income after minority interest shot up by 122.1% to € 5.4 million (previous year: € 2.4 million). This corresponds to earnings per share of € 1.80 pursuant to IFRS (previous year: € 0.81).

SEGMENT REPORTING

Both segments continued their prosperous business development.

Tool manufacture and mechanical engineering is still the larger of the two segments. In the first quarter, incoming orders went up 30.3 % to € 103.1 million (€ 79.2 million). Sales rose by 27.0 % to € 88.4 million (€ 69.6 million). EBIT grew by 72.4 %, significantly higher than sales, and came to € 9.4 million (€ 5.5 million).

Incoming orders in the smaller plastics technology segment also went up steeply by 47.3 % to € 12.6 million (€ 8.5 million). Sales increased by 59.0 % to € 11.1 million (€ 7.0 million), while EBIT went up by 56.0 % to € 1.4 million (€ 0.9 million).

ASSETS AND FINANCIAL POSITION

The balance sheet total went up by 11.7 % to € 290.7 million (31 March 2011: € 260.3 million) on account of the prospering operating business.

On the asset side, non-current assets remained practically unchanged, while current assets increased by 18.2 %. Inventories and trade receivables rose in particular. At € 38.3 million, liquidity was still at a very high level (€ 38.5 million).

On the liabilities side, equity went up to € 121.0 million due to the result for the period (€ 114.4 million). The equity ratio dropped slightly to 41.6 % (43.9 %) as a result of the increased balance sheet total. Non-current liabilities barely changed at all, while current liabilities rose by 31.0 %. Current liabilities to financial institutions and trade payables in particular went up on account of the strong-growing operating business.

Overall, GESCO Group continues to have healthy balance sheet structures, sufficient liquid assets and a large amount of equity; the Group has enough funds to act at any time when it comes to investments in existing subsidiaries and also acquisitions.

EMPLOYEES

The Group employed 1,807 staff on the reporting date compared to 1,731 on the previous reporting date. As the GESCO Group companies had kept most of their permanent workforces during the recession, only few new employees had to be hired. As in the past, the Group employed temporary workers as and when required at peak times.

OUTLOOK AND EVENTS AFTER THE REPORTING DATE

Business continued to develop positively in the second quarter of financial year 2011/2012, which encompasses the operating months April to June of the subsidiaries, with sales and incoming orders growing strongly. Incoming orders reached a record € 117.6 million, corresponding to a rise of 28.7 % compared to € 91.4 million in the previous year. With 39.7 %, sales grew even more steeply and reached € 111.5 million (previous year's period: € 79.8 million).

The economic position of GESCO Group is therefore intact. This is in stark contrast to the current serious turbulences in the international financial markets. The consequences of these turbulences on the real economy cannot be foreseen right now. At present, GESCO Group does not show any definite signs of an economic slump. Considering all information available to us, we decided to confirm our guidance published during the accounts press conference on 7 June 2011. It expects Group sales of € 390 million and Group net income after minority interest of € 19 million, corresponding to earnings per share pursuant to IFRS of € 6.29.

On 22 July 2011, after the reporting period, the dividend of € 2.00 per share, which had been approved by the Annual General Meeting on 21 July 2011, was distributed in the total amount of € 6.0 million.

Yours sincerely,

GESCO AG
The Executive Board

Wuppertal, 11 August 2011

GESCO GROUP BALANCE SHEET AS AT 30 JUNE 2011 AND 31 MARCH 2011

€'000	30.06.2011	31.03.2011
Assets		
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Industrial property rights and similar rights and assets as well as licences	8,435	8,843
2. Goodwill	6,817	6,817
3. Prepayments made	120	132
	15,372	15,792
II. Property, plant and equipment		
1. Land and buildings	31,356	30,757
2. Technical plants and machinery	21,996	21,656
3. Other plants, fixtures and fittings	16,304	16,420
4. Prepayments made and plants under construction	2,241	2,029
5. Property held as financial investments	3,083	3,122
	74,980	73,984
III. Financial investments		
1. Shares in affiliated companies	60	60
2. Shares in associated companies	1,170	1,221
3. Investments	38	38
4. Securities held as fixed assets	1,000	1,000
5. Other loans	236	251
	2,504	2,570
IV. Other assets	1,315	1,333
V. Deferred tax assets	2,718	2,729
	96,889	96,408
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	19,691	16,872
2. Unfinished products and services	25,232	19,225
3. Finished products and goods	43,076	37,861
4. Prepayments made	1,490	232
	89,489	74,190
II. Receivables and other assets		
1. Trade receivables	52,979	43,136
2. Amounts owed by affiliated companies	1,676	807
3. Amounts owed by companies with which a shareholding relationship exists	967	821
4. Other assets	9,843	6,148
	65,465	50,912
III. Securities	18	18
IV. Cash in hand and credit balances with financial institutions	38,269	38,494
V. Accounts receivable and payable	570	322
	193,811	163,936
	290,700	260,344

€'000	30.06.2011	31.03.2011
Equity and liabilities		
A. EQUITY		
I. Subscribed capital	7,860	7,860
II. Capital reserves	36,167	36,167
III. Revenue reserves	70,637	64,879
IV. Own shares	-3	-3
V. Exchange equalisation items	-292	-252
VI. Minority interest (incorporated companies)	6,669	5,710
	121,038	114,361
B. NON-CURRENT LIABILITIES		
I. Minority interest (partnerships)	2,810	2,968
II. Provisions for pensions	9,368	9,360
III. Other long-term provisions	1,723	1,685
IV. Liabilities to financial institutions	47,232	47,258
V. Other liabilities	3,708	3,690
VI. Deferred tax liabilities	3,916	3,967
	68,757	68,928
C. CURRENT LIABILITIES		
I. Other provisions	9,750	8,071
II. Liabilities		
1. Liabilities to financial institutions	24,717	20,338
2. Trade creditors	21,737	11,170
3. Prepayments received on orders	14,783	11,618
4. Liabilities on bills	0	62
5. Liabilities to companies with which a shareholding relationship exists	0	15
6. Other liabilities	29,688	25,576
	90,925	68,779
III. Accounts receivable and payable	230	205
	100,905	77,055
	290,700	260,344

GESCO GROUP INCOME STATEMENT FOR THE FIRST QUARTER (1 APRIL TO 30 JUNE)

€'000	I. Quarter 2011/2012	I. Quarter 2010/2011
Sales revenues	99,700	76,773
Change in stocks of finished and unfinished products	5,966	1,953
Other company-produced additions to assets	115	28
Other operating income	896	1,001
Total income	106,677	79,755
Material expenditure	-59,090	-43,061
Personnel expenditure	-23,393	-20,298
Other operating expenditure	-11,920	-9,048
Earnings before interest, tax, depreciation and amortisation (EBITDA)	12,274	7,348
Depreciation on tangible and intangible assets	-2,887	-2,794
Earnings before interest and tax (EBIT)	9,387	4,554
Earnings from investments in associated companies	19	5
Other interest and similar income	93	82
Interest and similar expenditure	-771	-704
Minority interest in partnerships	-93	-44
Financial result	-752	-661
Earnings before tax (EBT)	8,635	3,893
Taxes on income and earnings	-2,741	-1,236
Group net income	5,894	2,657
Minority interest in incorporated companies	-457	-209
Group net income after minority interest	5,437	2,448
Earnings per share (€) acc. to IFRS	1.80	0.81
Weighted average number of shares	3,020,262	3,020,640

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER (1 APRIL TO 30 JUNE)

€'000	I. Quarter 2011/2012	I. Quarter 2010/2011
Group net income	5,894	2,657
Currency translation differences	-40	20
Revaluation of securities not impacting on income	0	-46
Income and expenditure recorded directly in equity	-40	-26
Total result for the period	5,854	2,631
of which shares held by minority interests	457	213
of which shares held by GESCO shareholders	5,397	2,418

GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares
As at 01.04.2010	7,860	36,529	55,130	-77
Dividends				
Stock option programme		47		
Result for the period			2,448	
As at 30.06.2010	7,860	36,576	57,578	-77
As at 01.04.2011	7,860	36,167	64,879	-3
Other neutral changes			339	
Result for the period			5,419	
As at 30.06.2011	7,860	36,167	70,637	-3

GESCO GROUP SEGMENT REPORT FOR THE FIRST QUARTER (1 APRIL TO 30 JUNE)

€'000	Tool manufacture and mechanical engineering		Plastics technology	
	I. Quarter 2011/2012	I. Quarter 2010/2011	I. Quarter 2011/2012	I. Quarter 2010/2011
Order backlog	138,233	93,366	7,764	5,911
Incoming orders	103,144	79,163	12,596	8,549
Sales revenues	88,449	69,649	11,120	6,995
of which with other segments	0	0	0	0
Depreciation	1,992	1,894	430	419
EBIT	9,423	5,465	1,423	912
Investments	2,542	1,469	813	35
Employees (No./reporting date)	1,584	1,524	211	194

Exchange equalisation items	Revaluation IAS 39	Total	Minority interest incorporated companies	Equity capital
-272	-59	99,111	6,062	105,173
			-199	-199
		47	0	47
16	-46	2,418	213	2,631
-256	-105	101,576	6,076	107,652
-252	0	108,651	5,710	114,361
		339	502	841
-40		5,379	457	5,836
-292	0	114,369	6,669	121,038

GESCO AG		Other/Consolidation		Group	
I. Quarter 2011/2012	I. Quarter 2010/2011	I. Quarter 2011/2012	I. Quarter 2010/2011	I. Quarter 2011/2012	I. Quarter 2010/2011
0	0	0	0	145,997	99,277
0	0	131	51	115,871	87,763
0	0	131	129	99,700	76,773
0	0	0	0	0	0
25	24	440	457	2,887	2,794
-2,458	-1,106	999	-717	9,387	4,554
10	0	0	0	3,365	1,504
12	13	0	0	1,807	1,731

GESCO GROUP CASH FLOW STATEMENT FOR THE FIRST QUARTER (1 APRIL TO 30 JUNE)

€'000	I. Quarter 2011/2012	I. Quarter 2010/2011
Group net income for the year (including share attributable to minority interest in incorporated companies)	5,894	2,657
Depreciation on property, plant and equipment	2,887	2,794
Gains from investments in associated companies	-19	-5
Share attributable to minority interest in partnerships	93	44
Increase in long-term provisions	46	72
Other non-cash result	-40	770
Cash flow for the period	8,861	6,332
Losses from the disposal of tangible/intangible assets	34	1
Gains from the disposal of tangible/intangible assets	-24	-11
Increase in stocks, trade receivables and other assets	-29,281	-13,183
Increase in trade creditors and other liabilities	19,438	10,772
Cash flow from ongoing business activity	-972	3,911
Incoming payments from disposals of property, plant and equipment/intangible assets	75	17
Disbursements for investments in property, plant and equipment	-3,463	-1,612
Incoming payments from disposals of financial assets	0	5
Incoming payments from the sale of consolidated companies	50	18
Cash flow from investment activity	-3,338	-1,572
Disbursements to minority interests	-268	-471
Incoming payments from raising (financial) loans	8,353	1,674
Outflow for repayment of (financial) loans	-4,000	-5,476
Cash flow from funding activities	4,085	-4,273
Cash increase in cash and cash equivalents	-225	-1,934
Financial means on 01.04.	38,512	26,960
Financial means on 30.06.	38,287	25,026

EXPLANATORY NOTES

ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of GESCO Group for the first quarter (1 April to 30 June 2011) of the 2011/2012 financial year (1 April 2011 to 31 March 2012) was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). It was drawn up in compliance with IAS 34.

The accounting and valuation principles applied generally correspond with those in the Group financial statements as of 31 March 2011. The financial statements are affected by the accounting and valuation methods as well as assumptions and estimates which affect the level and recognition of assets, liabilities and contingent liabilities on the balance sheet and of the income and expenditure items. Sales-related figures are accrued throughout the year.

FINANCIAL CALENDAR

November 2011

Publication of the figures for the first six months (1 April to 30 September 2011)

February 2012

Publication of the figures for the first nine months (1 April to 31 December 2011)

28 June 2012

Accounts press conference and analysts' meeting

August 2012

Publication of the figures for the first three months (1 April to 30 June 2012)

30 August 2012

Annual General Meeting

November 2012

Publication of the figures for the first six months (1 April to 30 September 2012)

DEAR SHAREHOLDERS,

If you would like to receive regular information on GESCO AG, please add your name to our mailing list. Please print this page, fill it out and return it to us by post or fax. You can also register on our website www.gesco.de, send us an e-mail at info@gesco.de or call us on +49 202 24820-18.

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