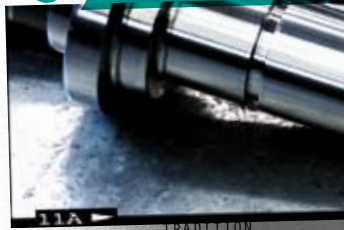


INTERIM REPORT

**Q3**  
2008 | 2009

1 APRIL TO 31 DECEMBER 2008

**CELESCO**



TRADITION  
INNOVATION  
VISION

## The first nine months of the financial year 2008/2009 at a glance

- Significant growth in the nine month period
- Third quarter shows a slowdown in incoming orders as expected
- Full year guidance confirmed

## THE GESCO GROUP AT A GLANCE

## GESCO AG

SEGMENT  
TOOL MANUFACTURE AND  
MECHANICAL ENGINEERING

SEGMENT  
PLASTICS  
TECHNOLOGY

## GESCO GROUP KEY FIGURES FOR THE FIRST NINE MONTHS OF THE FINANCIAL YEAR 2008/2009

01.04. - 31.12.		I.-III. Quarter 2008/2009	I.-III. Quarter 2007/2008	Change
Incoming orders	(€'000)	305,886	285,956	7.0 %
Sales revenues	(€'000)	293,190	251,070	16.8 %
EBITDA	(€'000)	40,338	34,213	17.9 %
EBIT	(€'000)	32,554	26,933	20.9 %
Earnings before tax	(€'000)	29,799	24,082	23.7 %
Group net income after minority interest	(€'000)	18,354	13,814	32.9 %
Earnings per share acc. to IFRS	(€)	6.07	4.57	32.7 %
Employees	(No.)	1,780	1,710	4.1 %

## DEAR SHAREHOLDERS,

GESCO Group can look back at a successful nine month period, in which economic momentum led to an increase in both sales and earnings.

When we presented the forecast for the financial year 2008/2009 (1 Apr. 2008 to 31 Mar. 2009) in June 2008, we assumed a downturn in economic momentum for the second half of the year. This assessment has proven to be correct even if the magnitude of the banking crisis and the imminent recession were still not noticeable back in June. After an extremely strong first six months, the third quarter led to mixed results: while sales remained at record levels, incoming orders started to show signs of a slowdown.

We can confirm the guidance for the current financial year 2008/2009 based on the figures for the nine month period.

## GROUP SALES AND EARNINGS

Group sales in the nine month period rose by 16.8 % to € 293 million compared to the same period in the previous year (previous year's period € 251 million). Incoming orders increased by 7.0 % to € 306 million (€ 286 million).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) experienced slightly stronger growth than sales, increasing by 17.9 % to € 40 million (€ 34 million). Earnings before interest and taxes (EBIT) recorded an even stronger increase of 20.9 % and amounted to € 33 million (€ 27 million). The financial result showed little change coming in at € -2.8 million. Group net income after minority interest went up by 32.9 % and totalled € 18 million (€ 14 million). The reduced Group tax rate also contributed to this strong above average growth. Earnings per share amounted to € 6.07 compared to € 4.57 in the previous year's period.

## SEGMENT DEVELOPMENT

Tool manufacture and mechanical engineering remains by far the larger of the two segments. Segment sales for the nine month period increased by 18.4 % to € 260 million (€ 220 million), while earnings figures recorded a considerably stronger rise. With an increase of 8.6 %, incoming orders did not grow as strongly as sales.

Sales in the plastics technology segment were up by 5.0 % to € 32 million (€ 31 million), while earnings figures dropped compared to the same period in the previous year. Incoming orders fell by 5.7 %.

## FINANCIAL SITUATION

Total assets increased since the beginning of the financial year by 16.7 % from € 237 million to € 276 million.

On the assets side, inventories and trade receivables increased as a result of buoyant operating business. Liquid assets totalled € 33 million on the reporting date.

On the liabilities side, equity increased to € 101 million, which corresponds to an equity ratio of 36.6 %. Current liabilities in particular increased due to operating growth. Net financial liabilities on the reporting date amounted to approximately € 40 million, just under 40 % of equity, and were equal to EBITDA for the nine month period.

Overall, the Group balance sheet structure is in exceptionally good health.

## EMPLOYEES

The Group's workforce increased by 4.1 % year-on-year and amounted to 1,780 employees (1,710).

In the autumn of 2008, GESCO AG offered all GESCO Group employees the opportunity to buy shares in the company at favourable terms under its eleventh employee share scheme. More than a quarter of the Group's workforce took advantage of this offer to make a personal investment.

## OUTLOOK

At our accounts press conference on 26 June 2008 we forecast Group sales of around € 370 million and Group net income after minority interest of about € 21.5 million as well as earnings per share of € 7.11. This forecast already factored in a degree of deterioration in economic momentum in the second half of the year, which did materialise. At the end of the nine month period, we are confident of achieving the forecast.

The financial crisis and the recession have caused investors and analysts to once again increasingly focus on the health of companies' balance sheets. In this regard, GESCO Group has extremely sound structures. Goodwill amounts to just 7% of equity. The debt ratio is low and net financial liabilities correspond to EBITDA for the nine month period. The equity ratio of the Group amounts to 36.6% and is at over 50% for GESCO AG. The subsidiaries also have adequate equity levels. Liquid assets of the Group amount to around € 33 million. All things considered, the Group is facing the recession from a position of financial strength.

The business model of GESCO AG is pursuing growth from two sources: internal growth from the existing portfolio and external growth by acquiring further strategically interesting industrial SME companies. While purchase price expectations of business owners have been at unacceptable levels over the past two years, the opportunities to make acquisitions have improved again in the last few months. The negative economic outlook however makes it more complicated to assess the value of companies, as the in most cases extremely high historic income and cash flows cannot simply be projected into the future. We are currently screening a number of companies for a takeover and we believe there are good chances of us making one or more acquisitions in 2009.

#### EVENTS AFTER THE REPORTING DATE

There were no material events after the end of the reporting date.

Yours faithfully,

GESCO AG

The Executive Board

Wuppertal, February 2009

**GESCO GROUP BALANCE SHEET**  
**AS AT 31 DECEMBER 2008 AND 31 MARCH 2008**

Assets	31.12.2008 €'000	31.03.2008 €'000
<b>A. Non-current assets</b>		
<b>I. Intangible assets</b>		
1. Industrial property rights and similar rights and assets as well as licences to such rights and assets	8,259	9,316
2. Goodwill	7,244	7,244
3. Prepayments made	25	29
	<b>15,528</b>	<b>16,589</b>
<b>II. Tangible assets</b>		
1. Land and buildings	28,590	29,042
2. Technical plant and machinery	20,990	20,118
3. Other plant, fixtures and fittings	15,800	15,156
4. Prepayments made and plant under construction	3,219	1,273
5. Property held as financial investments	3,471	3,584
	<b>72,070</b>	<b>69,173</b>
<b>III. Financial assets</b>		
1. Shares in affiliated companies	15	15
2. Shares in associated companies	1,446	1,484
3. Investments	38	38
4. Securities held as fixed assets	2,150	2,970
5. Other loans	100	0
	<b>3,749</b>	<b>4,507</b>
<b>IV. Other assets</b>	<b>376</b>	<b>593</b>
<b>V. Deferred tax assets</b>	<b>1,160</b>	<b>1,062</b>
	<b>92,883</b>	<b>91,924</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials and supplies	15,955	16,078
2. Unfinished products and services	29,986	19,415
3. Finished products and goods	43,373	32,791
4. Prepayments made	867	65
	<b>90,181</b>	<b>68,349</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables	49,610	40,567
2. Amounts owed by affiliated companies	1,538	505
3. Amounts owed by companies with which a shareholding relationship exists	2,379	1,826
4. Other assets	5,703	2,659
	<b>59,230</b>	<b>45,557</b>
<b>III. Securities</b>	<b>27</b>	<b>27</b>
<b>IV. Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques</b>	<b>32,851</b>	<b>30,078</b>
<b>V. Accounts receivable and payable</b>	<b>729</b>	<b>576</b>
	<b>183,018</b>	<b>144,587</b>
	<b>275,901</b>	<b>236,511</b>



**GESCO GROUP INCOME STATEMENT**  
**FOR THE THIRD QUARTER (1 OCTOBER TO 31 DECEMBER)**

	III. Quarter 2008/2009 €'000	III. Quarter 2007/2008 €'000
<b>Sales revenues</b>	<b>100,382</b>	<b>85,572</b>
Change in stocks of finished and unfinished products	599	2,092
Other company produced additions to assets	20	143
Other operating income	2,351	537
<b>Total income</b>	<b>103,352</b>	<b>88,344</b>
Material expenditure	-57,973	-47,781
Personnel expenditure	-22,539	-20,495
Other operating expenditure	-11,657	-8,455
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>11,183</b>	<b>11,613</b>
Depreciation on tangible and intangible assets	-2,682	-2,560
<b>Earnings before interest and tax (EBIT)</b>	<b>8,501</b>	<b>9,053</b>
Earnings from securities	0	6
Earnings from investments in associated companies	-16	21
Other interest and similar income	482	153
Interest and similar expenditure	-1,228	-1,061
Minority interest in partnerships	-155	-244
<b>Financial result</b>	<b>-917</b>	<b>-1,125</b>
<b>Earnings before tax (EBT)</b>	<b>7,584</b>	<b>7,928</b>
Taxes on income and earnings	-2,438	-3,011
<b>Group net income</b>	<b>5,146</b>	<b>4,917</b>
Minority interest in incorporated companies	-436	-622
<b>Group net income after minority interests</b>	<b>4,710</b>	<b>4,295</b>
Earnings per share (€) acc. to IFRS	1.56	1.42
Weighted average number of shares	3,014,298	3,019,161



**GESCO GROUP INCOME STATEMENT**  
**FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER)**

	I.-III. Quarter 2008/2009 €'000	I.-III. Quarter 2007/2008 €'000
<b>Sales revenues</b>	<b>293,190</b>	<b>251,070</b>
Change in stocks of finished and unfinished products	9,837	4,274
Other company produced additions to assets	439	522
Other operating income	3,456	2,150
<b>Total income</b>	<b>306,922</b>	<b>258,016</b>
Material expenditure	-169,127	-140,616
Personnel expenditure	-65,970	-59,220
Other operating expenditure	-31,487	-23,967
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>40,338</b>	<b>34,213</b>
Depreciation on tangible and intangible assets	-7,784	-7,280
<b>Earnings before interest and tax (EBIT)</b>	<b>32,554</b>	<b>26,933</b>
Earnings from securities	157	149
Earnings from investments in associated companies	2	21
Other interest and similar income	922	452
Interest and similar expenditure	-2,961	-2,689
Minority interest in partnerships	-875	-784
<b>Financial result</b>	<b>-2,755</b>	<b>-2,851</b>
<b>Earnings before tax (EBT)</b>	<b>29,799</b>	<b>24,082</b>
Taxes on income and earnings	-9,712	-8,885
<b>Group net income</b>	<b>20,087</b>	<b>15,197</b>
Minority interest in incorporated companies	-1,733	-1,383
<b>Group net income after minority interests</b>	<b>18,354</b>	<b>13,814</b>
Earnings per share (€) acc. to IFRS	6.07	4.57
Weighted average number of shares	3,018,380	3,021,078

## GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves	
<b>As at 01.04.2007</b>	<b>7,860</b>	<b>36,167</b>	<b>27,664</b>	
Revaluation of securities not impacting on income				
Acquisition of own shares				
Disposal of own shares				
Dividends			-4,533	
Stock option programme		27		
Other neutral changes				
Results for the period			13,814	
<b>As at 31.12.2007</b>	<b>7,860</b>	<b>36,194</b>	<b>36,945</b>	
<b>As at 01.04.2008</b>	<b>7,860</b>	<b>36,214</b>	<b>41,010</b>	
Revaluation of securities not impacting on income				
Acquisition of own shares				
Disposal of own shares				
Dividends			-7,303	
Stock option programme		85		
Other neutral changes				
Results for the period			18,354	
<b>As at 31.12.2008</b>	<b>7,860</b>	<b>36,299</b>	<b>52,061</b>	

Own shares	Exchange equalisation items	Revaluation IAS 39	Total	Minority interest incorporated companies	Equity capital
-25	28	-133	71,561	3,387	74,948
		-12	-12		-12
-242			-242		-242
254			254		254
			-4,533		-4,533
			27		27
	-1		-1	-515	-516
			13,814	1,383	15,197
-13	27	-145	80,868	4,255	85,123
-13	53	97	85,221	4,624	89,845
		-820	-820		-820
-521			-521		-521
202			202		202
			-7,303		-7,303
			85		85
	-8		-8	-596	-604
			18,354	1,733	20,087
-332	45	-723	95,210	5,761	100,971

**GESCO GROUP SEGMENT REPORT**  
**FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER 2008)**

€'000	Tool manufacture and mechanical engineering		Plastics technology	
	2008/2009	2007/2008	2008/2009	2007/2008
Incoming orders	273,960	252,181	31,535	33,451
Sales revenues	260,414	219,903	32,385	30,843
of which with other segments	0	0	0	0
EBIT	31,822	24,658	3,977	4,321
EBITDA	37,827	30,240	5,581	5,849
Financial result	-1,755	-1,397	-429	-326
of which income from associated companies	2	21	0	0
Depreciation	6,005	5,582	1,604	1,528
of which unscheduled	0	0	0	0
Segment assets	213,220	177,455	30,590	29,865
of which shares in associated companies	1,446	1,421	0	0
Segment liabilities	84,145	68,854	6,878	7,508
Investments	7,935	5,717	1,719	1,341
Employees (No./Reporting date)	1,530	1,468	237	230

	GESCO AG		Other/consolidation		Group	
	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008
	0	0	391	324	305,886	285,956
	0	0	391	324	293,190	251,070
	0	0	0	0	0	0
	-3,416	-2,073	171	27	32,554	26,933
	-3,354	-2,016	284	140	40,338	34,213
	242	-424	62	80	-1,880	-2,067
	0	0	0	0	2	21
	62	57	113	113	7,784	7,280
	0	0	0	0	0	0
	22,337	23,868	9,754	8,938	275,901	240,126
	0	0	0	0	1,446	1,421
	7,613	8,491	76,294	70,150	174,930	155,003
	95	40	0	0	9,749	7,098
	13	12	0	0	1,780	1,710

**GESCO GROUP CASH FLOW STATEMENT  
FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER 2008)**

	01.04.- 31.12.2008 €'000	01.04.- 31.12.2007 €'000
<b>Group net income for the period (including share of income attributable to minority interest)</b>	<b>20,087</b>	<b>15,197</b>
Depreciation on fixed assets	7,784	7,280
Result from investments in associated companies	-2	-21
Minority interest (partnerships)	875	784
Increase in long term provisions	6	18
Other non-cash result	1,720	-103
<b>Cash flow for the period</b>	<b>30,470</b>	<b>23,155</b>
Losses from the disposal of tangible/intangible assets	34	0
Gains from the disposal of tangible/intangible assets	-76	0
Increase in stocks, trade receivables and other assets	-35,539	-19,215
Increase in trade creditors and other liabilities	18,727	7,464
<b>Cash flow from ongoing business activity</b>	<b>13,616</b>	<b>11,404</b>
Incoming payments from the disposal of tangible assets	89	260
Disbursements for investments in tangible assets	-9,637	-7,266
Disbursements for investments in intangible assets	-98	-46
Incoming payments from the disposal of financial assets	0	15
Disbursements for investment in financial assets	0	-1,400
Disbursements for the acquisition of consolidated companies	0	-2,470
<b>Cash flow from investment activities</b>	<b>-9,646</b>	<b>-10,907</b>
Disbursements to shareholders (dividend)	-7,303	-4,533
Disbursements to minority shareholders	-1,580	-1,350
Disbursements for the acquisition of own shares	-521	-242
Incoming payments from disposal of own shares	202	254
Incoming payments from raising loans	10,618	6,113
Outflow for repayment of (financial) loans	-2,613	-
<b>Cash flow from funding activities</b>	<b>-1,197</b>	<b>242</b>
<b>Cash increase in financial means</b>	<b>2,773</b>	<b>739</b>
Financial means on 01.04.	30,105	30,283
<b>Financial means on 31.12.</b>	<b>32,878</b>	<b>31,022</b>

## EXPLANATORY NOTES

### ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of GESCO Group for the first nine months (1 Apr. to 31 Dec. 2008) of the financial year 2008/2009 was prepared on the basis of International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). It was drawn up in compliance with IAS 34.

The reporting date for the consolidated financial statements is the reporting date of the parent company (31 March). The financial years of the subsidiaries match the calendar year. The accounting and valuation principles applied generally correspond with those in the Group financial statements as of 31 March 2008. In the case of foreign currency payables, the valuations were taken from the annual financial statements with the exception of foreign currency payables of the subsidiaries. If any material events took place at subsidiaries up to the Group reporting date, these have been accounted for in the Group financial statements.

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.

### CHANGES TO THE SCOPE OF CONSOLIDATION/COMPANY MERGERS ACCORDING TO IFRS 3

VWH Vorrichtung- und Werkzeugbau Herschbach GmbH, Herschbach, fully acquired on 24 April 2007, was consolidated for the first time on 1 May 2007. Five months of company business was included on the Group income statement from the same period in the previous year, with a period of nine months reported in the current financial statements.

Due to GESCO AG's specific investment model, no information on purchase prices or the results of the acquired subsidiaries is provided. Publishing this information would impact GESCO AG's position in the investment holding business, as we generally acquire owner-operated SMEs, whose owners attach great importance to the non-disclosure of purchase prices.

In the half-year interim report for the financial year 2008/2009, we referred to the ongoing audit conducted by the Deutsche Prüfstelle für Rechnungslegung (DPR – German Accounting Authority) of the Group financial statements from 31 March 2008. This audit has not yet been completed.

## FINANCIAL CALENDAR

### 12 February 2009

Publication of the figures for the first nine months  
(1 Apr. to 31 Dec. 2008)

### 25 June 2009

Accounts press conference and analysts' meeting

### August 2009

Publication of the figures for the first three months  
(1 Apr. to 30 June 2009)

### 27 August 2009

Annual General Meeting at the Stadthalle, Wuppertal

### November 2009

Publication of the figures for the first six months  
(1 Apr. to 30 Sep. 2009) and dispatch of the interim report

### February 2010

Publication of the figures for the first nine months  
(1 Apr. to 31 Dec. 2009)



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