HALF-YEAR INTERIM REPORT

Q2

2008 I 2009

1 APRIL TO 30 SEPTEMBER 2008

TRADITION
INNOVATION
VISION

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

- Incoming orders and sales increase significantly
- Earnings figures show strong above-average increase
- 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 SIX MONTHS OF THE FINANCIAL YEAR 2008/2009

01.04.-30.09.		I. Half year 2008/2009	I. Half year 2007/2008	Change
Incoming orders	(€'000)	218,207	180,325	21.0 %
Sales revenues	(€'000)	192,808	165,498	16.5 %
EBITDA	(€'000)	29,156	22,600	29.0 %
EBIT	(€'000)	24,054	17,880	34.5 %
Earnings before tax	(€'000)	22,216	16,154	37.5 %
Group net income after minority interests	(€'000)	13,645	9,519	43.3 %
Earnings per share acc. to IFRS	(€)	4.51	3.15	43.3 %
Employees	(No.)	1,738	1,675	3.8 %

DEAR SHAREHOLDERS,

In the first half of the financial year 2008/2009 (1 Apr. to 30 Sep. 2008), GESCO Group was able to sustain buoyant business development. Taking this into account, we confirm the guidance, which exceeds the previous year level, for the full year which we published at the accounts press conference on 26 June 2008.

In the reporting period, the dividend of € 2.42 per share (consisting of a base dividend of € 2.20 and a bonus of € 0.22) was distributed to shareholders as approved by the Annual General Meeting on 21 August 2008. With a total volume of € 7.3 million this was the highest distribution in the company's history. The previous year saw € 1.50 per share distributed.

GROUP SALES AND EARNINGS

VWH Vorrichtungs- und Werkzeugbau was acquired in April 2007. A full six months of its business is included in this half-year report, while just two months of its accounts were included in the previous reporting period. As VWH is a relatively small company, this change has no material impact on the Group financial statements presented.

The Group's incoming orders rose by 21 % from € 180 million to € 218 million compared to the first half of the previous year, while Group sales increased by 17 %, up from € 165 million to € 193 million. This growth was predominantly organic.

Both the absolute earnings figures and margins significantly improved compared to the already very good values from the previous year, allowing the earnings figures to once again record significantly stronger increases compared to sales. This is due in no small part to the high utilisation of production capacities and the resulting economies of scale. Earnings before interest, taxes, depreciation and amortisation (EBITDA) were up 29 % to € 29 million (previous period € 23 million). Since sales saw stronger growth than amortisation, earnings before interest and taxes (EBIT) with 35 % experienced a stronger increase than EBITDA and was reported at € 24 million (€ 18 million).

The financial result reflects slightly higher interest rate levels and came in at a similar amount to the previous year. The financial result also includes minority interests, i.e. the profit shares of managing partners in our subsidiary partnerships. As a result of the corporation tax reform, the Group tax rate continued to decline from 36.4 % down to 32.7 %. After deducting taxes and profit shares of managing partners in our incorporated companies, Group net income after minority interests totalled € 13.6 million. This represents an increase of 43.3 % against previous year levels recorded at € 9.5 million, which corresponds to earnings per share of € 4.51 (previous year: € 3.15).

SEGMENT DEVELOPMENT

The segment tool manufacture and mechanical engineering remains by far the larger of the two segments. Segment sales were up 17 % to € 170 million (€ 145 million) and earnings figures also recorded above average increases. Incoming orders came in higher than sales.

Sales in the plastics technology segment were up by 11 % to € 23 million (previous year: € 21 million). Earnings figures in this segment also increased at a considerably higher rate than sales, while incoming orders came above the level of sales.

FINANCIAL SITUATION

As a result of buoyant operating business in GESCO Group, total assets increased by 15 % to € 271 million.

On the assets side, current assets experienced the strongest increase, particularly inventories and trade receivables. Liquid assets decreased from € 30 million to € 27 million due to the inflow of liquidity and the dividend distribution from August 2008.

On the liabilities side, equity increased to € 96 million, which corresponds to an equity ratio of 35 %. The financing of operating growth resulted in an increase in current liabilities in particular. Net financial liabilities on the reporting date amounted to nearly 50 % of equity and are approximately equal to the EBITDA forecast for the full year.

Overall, the GESCO balance sheet structure is exceptionally healthy which completely assures GESCO Group’s capacity to act with regards to investments and acquisitions.

INVESTMENT

Regular investment into the technical equipment at our subsidiaries is a matter of course for GESCO AG as a long-term investor. In the first six months of 2008/2009, GESCO Group companies invested around € 5.8 million in tangible assets. Some highlights include constructing and equipping a production facility at Frank Walz- und Schmiedetechnik GmbH as well as constructing a new production facility at MAE Maschinen- und Apparatebau Götzen GmbH.

EMPLOYEES

Compared the previous period, the workforce at GESCO Group increased from 1,675 to 1,738 employees. In the second quarter a bonus payment of € 250 that was granted to each Group employee to mark the 10 year anniversary of GESCO AG's IPO was paid out. The expenditure of this bonus payment was already included in the Q1 financial statements.

OPPORTUNITY AND RISK REPORT AND RISK MANAGEMENT

There have been no material changes to risks and opportunities since the Group financial statements were issued on 31 March 2008. Please read the detailed description provided in the Annual Report 2007/2008 on 31 March 2008, which is available online at www.gesco.de. Due to the international financial crisis, risks related to raising debt and/or equity have generally increased in recent weeks and months. Up to now this has not impacted GESCO Group's capital provision.

As a part of GESCO Group financing is denominated in Swiss francs, there is a degree of uncertainty when it comes to exchange rates on the reporting date at the end of the financial year. In disclosures on foreign currency payables during the year, the value reported in the last annual financial statement is used. As part of the falls on the financial markets, after the reporting date, 30 September 2008, the exchange rate between the Swiss franc and the euro changed to the disadvantage of the euro, which substantially increased the risk of book exchange rate losses at the end of the financial year. GESCO Group has been partly financed in Swiss francs for years, and there are regularly exchange rate gains or losses to report on the balance sheet dates, which are typically unrealised. These respective accounting effects provide substantial liquidity advantages thanks to the significantly lower rate of interest in Switzerland.

OUTLOOK

At our accounts press conference on 26 June 2008 we forecast Group sales of around € 370 million, Group net income after minority interest of about € 21.5 million as well as earnings per share of € 7.11. This forecast implies a slowdown in economic momentum in the second half of the year, which is also starting to materialise. Given the extremely positive economic development in the first half of the year, based on current knowledge we believe that we have an excellent chance of comfortably achieving or exceeding the guidance in business operations. These opportunities stand in contrast to the high level of uncertainty regarding economic development. Considering these opportunities and risks, we are leaving the guidance at the level that we communicated at the accounts press conference.

EVENTS AFTER THE REPORTING DATE

Aside from the major exchange rate fluctuations between the euro and CHF, no significant events occurred after the end of the reporting period.

In October 2008, the Deutsche Prüfstelle für Rechnungslegung (DPR – German Accounting Authority) announced that it would conduct an event-related audit of the Group financial statements from 31 March 2008. The reason for the investigation is the omission of information on company acquisitions, in particular the non-disclosure of purchase prices. These omissions are made intentionally, as in the previous year, in order to ensure our competitive edge in acquiring SMEs. We usually acquire companies from private individuals, who have a legitimate interest in ensuring that the purchase prices they receive are not published. Here we also refer to our detailed explanations in the foreword from the Annual Report 2005/2006. The DPR had already audited the Group financial statements 2005/2006 with regards the omission of information on company acquisitions.

Yours faithfully,

GESCO AG The Executive Board

Wuppertal, November 2008

GESCO GROUP BALANCE SHEET AS AT 30 SEPTEMBER 2008 AND 31 MARCH 2008

Assets		30.09.2008 €'000	31.03.2008 €'000
A.	**Non-current assets**		
I.	**Intangible assets**		
1.	Industrial property rights and similar rights and assets as well as licences to such rights and assets	8,589	9,316
2.	Goodwill	7,479	7,244
3.	Prepayments made	25	29
		16,093	**16,589**
II.	**Tangible assets**		
1.	Land and buildings	28,958	29,042
2.	Technical plant and machinery	20,703	20,118
3.	Other plant, fixtures and fittings	15,086	15,156
4.	Prepayments made and plant under construction	1,959	1,273
5.	Property held as financial investments	3,509	3,584
		70,215	**69,173**
III.	**Financial assets**		
1.	Shares in affiliated companies	15	15
2.	Shares in associated companies	1,381	1,484
3.	Investments	38	38
4.	Securities held as fixed assets	2,016	2,970
5.	Other loans	100	0
		3,550	**4,507**
IV.	**Other assets**	**585**	**593**
V.	**Deferred tax assets**	**1,113**	**1,062**
		91,556	**91,924**
B.	**Current assets**		
I.	**Inventories**		
1.	Raw materials and supplies	19,059	16,078
2.	Unfinished products and services	29,080	19,415
3.	Finished products and goods	40,451	32,791
4.	Prepayments made	635	65
		89,225	**68,349**
II.	**Receivables and other assets**		
1.	Trade receivables	53,846	40,567
2.	Amounts owed by affiliated companies	1,294	505
3.	Amounts owed by companies with which a shareholding relationship exists	2,301	1,826
4.	Other assets	5,693	2,659
		63,134	**45,557**
III.	**Securities**	**27**	**27**
IV.	**Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques**	**26,895**	**30,078**
V.	**Accounts receivable and payable**	**661**	**576**
		179,942	**144,587**
		271,498	**236,511**

Equity and liabilities		30.09.2008 €'000	31.03.2008 €'000
A.	**Equity**		
I.	**Subscribed capital**	**7,860**	**7,860**
II.	**Capital reserves**	**36,260**	**36,214**
III.	**Revenue reserves**	**47,352**	**41,010**
IV.	**Own shares**	**-311**	**-13**
V.	**Exchange equalisation items**	**-27**	**53**
VI.	**Subsequent valuation acc. to IAS39**	**-857**	**97**
VII.	**Minority interests (incorporated companies)**	**5,331**	**4,624**
		95,608	**89,845**
B.	**Non-current liabilities**		
I.	**Minority interests (partnerships)**	**2,072**	**2,327**
II.	**Provisions for pensions**	**9,786**	**9,849**
III.	**Other long-term provisions**	**1,608**	**1,558**
IV.	**Liabilities to financial institutions**	**48,395**	**43,937**
V.	**Other liabilities**	**3,909**	**4,091**
VI.	**Deferred tax liabilities**	**4,695**	**4,927**
		70,465	**66,689**
C.	**Current liabilities**		
I.	**Other provisions**	**12,144**	**10,570**
II.	**Liabilities**		
1.	Liabilities to financial institutions	24,833	18,461
2.	Trade creditors	22,218	14,101
3.	Prepayments received on orders	14,235	9,503
4.	Liabilities on bills	1,903	2,045
3.	Liabilities to companies with which a shareholding relationship exists	0	69
6.	Other liabilities	29,485	25,042
		92,674	**69,221**
III.	**Accounts receivable and payable**	**607**	**186**
		105,425	**79,977**
		271,498	**236,511**

GESCO GROUP INCOME STATEMENT FOR THE SECOND QUARTER (1 JULY TO 30 SEPTEMBER)

	II. Quarter 2008/2009 €'000	II. Quarter 2007/2008 €'000
Sales revenues	**100,443**	**85,004**
Change in stocks of finished and unfinished products	4,488	-1,015
Other company produced additions to assets	0	68
Other operating income	524	1,027
Total income	**105,455**	**85,084**
Material expenditure	-57,582	-45,650
Personnel expenditure	-22,144	-19,848
Other operating expenditure	-10,495	-7,930
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**15,234**	**11,656**
Depreciation on tangible and intangible assets	-2,583	-2,401
Earnings before interest and tax (EBIT)	**12,651**	**9,255**
Earnings from securities	157	143
Earnings from investments in associated companies	53	0
Other interest and similar income	159	172
Interest and similar expenditure	-750	-843
Minority interests in partnerships	-291	-276
Financial result	**-672**	**-804**
Earnings before tax (EBT)	**11,979**	**8,451**
Taxes on income and earnings	-3,794	-2,761
Group net income	**8,185**	**5,690**
Minority interests in incorporated companies	-691	-463
Group net income after minority interests	**7,494**	**5,227**
Earnings per share (€) acc. to IFRS	2.48	1.73
Weighted average number of shares	3,017,413	3,021,702

GESCO GROUP INCOME STATEMENT
FOR THE FIRST HALF YEAR (1 APRIL TO 30 SEPTEMBER)

	I. Half year 2008/2009 €'000	I. Half year 2007/2008 €'000
Sales revenues	**192,808**	**165,498**
Change in stocks of finished and unfinished products	9,238	2,182
Other company produced additions to assets	419	379
Other operating income	1,105	1,613
Total income	**203,570**	**169,672**
Material expenditure	-111,153	-92,835
Personnel expenditure	-43,431	-38,725
Other operating expenditure	-19,830	-15,512
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**29,156**	**22,600**
Depreciation on tangible and intangible assets	-5,102	-4,720
Earnings before interest and tax (EBIT)	**24,054**	**17,880**
Earnings from securities	157	143
Earnings from investments in associated companies	18	0
Other interest and similar income	440	299
Interest and similar expenditure	-1,733	-1,628
Minority interests in partnerships	-720	-540
Financial result	**-1,838**	**-1,726**
Earnings before tax (EBT)	**22,216**	**16,154**
Taxes on income and earnings	-7,274	-5,874
Group net income	**14,942**	**10,280**
Minority interests in incorporated companies	-1,297	-761
Group net income after minority interests	**13,645**	**9,519**
Earnings per share (€) acc. to IFRS	4.51	3.15
Weighted average number of shares	3,020,079	3,022,036

GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves
As at 01.04.2007	**7,860**	**36,167**	**27,664**
Revaluation of securities not impacting on income			
Acquisition of own shares			
Dividends			-4,533
Stock option programme		7	
Other neutral changes			
Results for the period			9,519
As at 30.09.2007	**7,860**	**36,174**	**32,650**
As at 01.04.2008	**7,860**	**36,214**	**41,010**
Revaluation of securities not impacting on income			
Acquisition of own shares			
Dividends			-7,303
Stock option programme		46	
Other neutral changes			
Results for the period			13,645
As at 30.09.2008	**7,860**	**36,260**	**47,352**

Own shares	Exchange equalisation items	Revaluation IAS 39	Total	Minority interests incorporated companies	Equity capital
-25	**28**	**-133**	**71,561**	**3,387**	**74,948**
		-37	-37		-37
-34			-34		-34
			-4,533		-4,533
			7		7
	8		8	-356	-348
			9,519	761	10,280
-59	**36**	**-170**	**76,491**	**3,792**	**80,283**
-13	**53**	**97**	**85,221**	**4,624**	**89,845**
		-954	-954		-954
-298			-298		-298
			-7,303		-7,303
			46		46
	-80		-80	-590	-670
			13,645	1,297	14,942
-311	**-27**	**-857**	**90,227**	**5,331**	**95,608**

GESCO GROUP SEGMENT REPORT FOR THE FIRST HALF YEAR (1 APRIL TO 30 SEPTEMBER 2008)

€'000	Tool manufacture and mechanical engineering		Plastics technology	
	2008/2009	2007/2008	2008/2009	2007/2008
Incoming orders	193,356	157,327	24,588	22,793
Sales revenues	169,627	144,639	22,918	20,654
of which with other segments	0	0	0	0
EBIT	22,878	16,228	3,466	2,839
EBITDA	26,828	19,843	4,502	3,831
Financial result	-791	-802	-285	-219
of which income from associated companies	18	0	0	0
Depreciation	3,950	3,615	1,036	992
of which unscheduled	0	0	0	0
Segment assets	208,715	176,157	32,375	28,188
of which shares in associated companies	1,381	0	0	0
Segment liabilities	85,347	69,638	7,432	6,940
Investments	4,884	5,373	786	803
Employees (No./Reporting date)	1,490	1,431	235	233

GESCO AG		Other/consolidation		Group	
2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008
0	0	263	205	218,208	180,325
0	0	263	205	192,808	165,498
0	0	0	0	0	0
-2,493	-1,244	203	57	24,054	17,880
-2,452	-1,206	278	132	29,156	22,600
-129	-248	87	83	-1,118	-1,186
0	0	0	0	18	0
41	38	75	75	5,102	4,720
0	0	0	0	0	0
21,704	23,596	8,704	9,333	271,498	237,274
0	0	0	0	1,381	0
7,994	8,062	75,117	72,350	175,890	156,990
90	4	0	0	5,760	6,180
13	11	0	0	1,738	1,675

GESCO GROUP CASH FLOW STATEMENT FOR THE FIRST HALF YEAR (1 APRIL TO 30 SEPTEMBER 2008)

	01.04.-30.09.2008 €'000	01.04.-30.09.2007 €'000
Group net income for the period (including share of income attributable to minority interests)	**14,942**	**10,280**
Depreciation on fixed assets	5,102	4,720
Result from investments in associated companies	-18	0
Minority Interests (partnerships)	720	540
Increase in long term provisions	-13	19
Other non-cash result	46	-104
Cash flow for the period	**20,779**	**15,455**
Losses from the disposal of tangible/intangible assets	35	0
Gains from the disposal of tangible/intangible assets	-59	0
Increase in stocks, trade receivables and other assets	-38,581	-16,240
Increase in trade creditors and other liabilities	18,662	5,361
Cash flow from ongoing business activity	**836**	**4,576**
Incoming payments from the disposal of tangible assets	72	220
Disbursements for investments in tangible assets	-5,687	-5,983
Disbursements for investments in intangible assets	-68	-157
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
Cash flow from investment activities	**-5,683**	**-9,775**
Disbursements to shareholders (dividend)	-7,303	-4,497
Disbursements to minority shareholders	-1,565	-1,183
Disbursements for the acquisition of own shares	-298	-34
Incoming payments from raising loans	13,077	10,368
Outflow for repayment of (financial) loans	-2,247	-
Cash flow from funding activities	**1,664**	**4,654**
Cash increase in financial means	**-3,183**	**-545**
Financial means on 01.04.	30,105	30,283
Financial means on 30.09.	**26,922**	**29,738**

NOTES

ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of GESCO Group for the first six months (1 Apr. to 30 Sep. 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 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. 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 Vorrichtungs- und Werkzeugbau Herschbach GmbH, Herschbach, fully acquired on 24 April 2007, was consolidated for the first time on 1 May 2007. Two months of company business was included on the Group income statement from the same period in the previous year, with a period of six months reported in the current financial statements.

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

BUSINESS WITH AFFILIATED COMPANIES AND PEOPLE

The business relationships between fully consolidated Group companies and Group companies which are not fully consolidated are concluded under third party terms and conditions. Claims against affiliated companies mainly relate to Connex SVT Inc., USA, Frank Lemeks TOW, Ukraine as well as MAE.ch GmbH, Switzerland.

STOCK OPTION PROGRAMME

The Annual General Meeting of GESCO AG on 21 August 2008 authorised the company to acquire own shares according to Section 71 (1) (8) of the German Stock Corporation Act (AktG) and to use these shares for the purpose of the stock option programme launched in 2007. Beneficiaries include the Executive Board and a small group of managing employees of GESCO AG. The stock option programme is designed so that the beneficiaries have to contribute shares they have acquired themselves. Certain success criteria have to be met in order to participate and potential gains are limited. In September 2008, the Supervisory Board of GESCO AG initiated the second tranche of the stock option programme. A total of 24,000 options were issued to members of the Executive Board and managing employees of GESCO AG. Each option entitles the holder to acquire one GESCO share. GESCO AG reserves the right to provide partial or full cash compensation for gains under the programme instead of issuing some or all of the shares. Non-cash expenditures related to this programme are determined using a common binomial model, recorded in income and reported under equity. The model assumes volatility of 26.0 % and a risk-free interest rate of 5.0 %; the exercise price of the options issued in September 2008 is € 52.18. The waiting period is two years and nine months after the option is issued; after the end of the waiting period, the options may be exercised at any time up to 15 March of the year after next. The fair value per option on the issue date is € 8.83. In the current report for the first six months, the expense for the stock option programme is being included proportionately for a one month period.

AUDITOR'S REVIEW

The abbreviated six month report as of 30 September 2008 and the interim management report were neither audited according to section 317 German Commercial Code (HGB) nor reviewed by an auditor.

STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities and financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

FINANCIAL CALENDAR

10 November 2008
Publication of the figures for the first six months (1 Apr. to 30 Sep. 2008) and dispatch of the interim report

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

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