

INTERIM REPORT



1 APRIL TO 30 JUNE 2008



TRADITION
INNOVATION
VISION

The first quarter of 2008/2009 at a glance

- Economic momentum continuing
- Incoming orders significantly higher than sales
- 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 QUARTER OF THE FINANCIAL YEAR 2008/2009

01.04. - 30.06.		I. Quarter 2008/2009	I. Quarter 2007/2008	Change
Incoming orders	(€'000)	115,556	90,794	27.3 %
Sales revenues	(€'000)	92,365	80,494	14.7 %
EBITDA	(€'000)	13,922	10,944	27.2 %
EBIT	(€'000)	11,403	8,625	32.2 %
Earnings before tax	(€'000)	10,237	7,703	32.9 %
Group net income after minority interests	(€'000)	6,151	4,292	43.3 %
Earnings per share acc. to IFRS	(€)	2.03	1.42	42.9 %
Employees	(No.)	1,719	1,645	4.5 %

DEAR SHAREHOLDERS,

In the first quarter (1 Apr. to 30 June 2008) of the financial year 2008/2009, the extremely buoyant business development of the previous year 2007/2008 continued seamlessly. A considerable increase in sales of 15 % to € 92 million is clear proof of dynamic business. Incoming orders increased by 27 %, showing considerably stronger growth than sales and reaching € 116 million. The book-to-bill ratio, i.e. the relationship between incoming orders and sales, continues to be greater than 1.

The first quarter of the year is in line with our expectations and is confirming our guidance for the full year, which we issued at our accounts press conference on 26 June 2008.

GROUP SALES AND EARNINGS

The first quarter for GESCO Group was driven by economic momentum. This positive trend applies to both segments and is driven by a host of subsidiaries.

Sales recorded a significant increase of 14.7 % and reached € 92.4 million (€ 80.5 million). Earnings figures increased disproportionately: Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 27.2 % to € 13.9 million (€ 10.9 million) and earnings before interest and taxes (EBIT) saw even higher growth by 32.2 % to € 11.4 million (€ 8.6 million). Strong growth in Group net income after minority interest of 43.3 % to € 6.2 million (€ 4.3 million) was also driven by a considerable decrease in the Group tax rate as a result of the tax reform.

SEGMENT DEVELOPMENT

Sales in our largest segment tool manufacture and mechanical engineering grew by 14.7 % to € 80.7 million (€ 70.3 million). Earnings figures increased disproportionately. Incoming orders reached € 101 million, 28.1 % above the value of the previous year.

The segment plastics technology saw sales increase by 15.3 % to € 11.6 million (€ 10.0 million). Earnings figures in this segment also increased at a considerably higher rate than sales. Incoming orders were up 21.6 % to € 14.1 million.

EMPLOYEES

The Group's workforce increased by 4.5 %, up from 1,645 to 1,719 employees year-on-year, which was due to new jobs being created in GESCO Group companies on the back of buoyant demand. The first quarter also includes a provision for bonus payments of € 250 for each employee of the Group. The amount is being paid with the July payroll and marks the 10 year anniversary of GESCO AG's IPO.

OUTLOOK

The guidance for the current financial year 2008/2009 we issued at our accounts press conference on 26 June 2008 forecasts Group sales of € 370 million and Group net income after minority interest of € 21.5 million as well as earnings per share of € 7.11. Given generally tentative economic expectations, this forecast already implies a slowdown in economic momentum in the second half of the financial year 2008/2009. Based on the figures for the first quarter we are confirming this guidance.

Yours faithfully,

GESCO AG

The Executive Board

Wuppertal, August 2008

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

	I. Quarter 2008/2009 €'000	I. Quarter 2007/2008 €'000
Sales revenues	92,365	80,494
Change in stocks of finished and unfinished products	4,750	3,197
Other company produced additions to assets	419	311
Other operating income	581	586
Total income	98,115	84,588
Material expenditure	-53,571	-47,185
Personnel expenditure	-21,287	-18,877
Other operating expenditure	-9,335	-7,582
Earnings before interest, tax, depreciation and amortisation (EBITDA)	13,922	10,944
Depreciation on tangible and intangible assets	-2,519	-2,319
Earnings before interest and tax (EBIT)	11,403	8,625
Earnings from investments in associated companies	-35	0
Other interest and similar income	281	127
Interest and similar expenditure	-983	-785
Third party profit share in partnerships	-429	-264
Financial result	-1,166	-922
Earnings before tax (EBT)	10,237	7,703
Taxes on income and earnings	-3,480	-3,113
Group net income	6,757	4,590
Third party profit share in incorporated companies	-606	-298
Group net income after minority interests	6,151	4,292
Earnings per share (€) acc. to IFRS	2.03	1.42
Weighted average number of shares	3,021,495	3,022,369

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

Assets	30.06.2008 €'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	8,964	9,316
2. Goodwill	7,244	7,244
3. Prepayments made	29	29
	16,237	16,589
II. Tangible assets		
1. Land and buildings	28,707	29,042
2. Technical plant and machinery	20,234	20,118
3. Other plant, fixtures and fittings	14,998	15,156
4. Prepayments made and plant under construction	1,424	1,273
5. Property held as financial investments	3,546	3,584
	68,909	69,173
III. Financial assets		
1. Shares in affiliated companies	15	15
2. Shares in associated companies	1,234	1,484
3. Investments	38	38
4. Securities held as fixed assets	2,085	2,970
	3,372	4,507
IV. Other assets	621	593
V. Deferred tax assets	1,079	1,062
	90,218	91,924
B. Current assets		
I. Inventories		
1. Raw materials and supplies	18,095	16,078
2. Unfinished products and services	25,058	19,415
3. Finished products and goods	37,104	32,791
4. Prepayments made	208	65
	80,465	68,349
II. Receivables and other assets		
1. Trade receivables	48,677	40,567
2. Amounts owed by affiliated companies	643	505
3. Amounts owed by companies with which a shareholding relationship exists	2,431	1,826
4. Other assets	5,547	2,659
	57,298	45,557
III. Securities	27	27
IV. Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques	32,616	30,078
V. Accounts receivable and payable	806	576
	171,212	144,587
	261,430	236,511

Equity and liabilities	30.06.2008 €'000	31.03.2008 €'000
A. Equity		
I. Subscribed capital	7,860	7,860
II. Capital reserves	36,234	36,214
III. Revenue reserves	47,161	41,010
IV. Own shares	-13	-13
V. Exchange equalisation items	-178	53
VI. Subsequent valuation acc. to IAS39	-788	97
VII. Minority interests (incorporated companies)	4,621	4,624
	94,897	89,845
B. Non-current liabilities		
I. Minority interests (partnerships)	1,792	2,327
II. Provisions for pensions	9,815	9,849
III. Other long-term provisions	1,583	1,558
IV. Liabilities to financial institutions	45,283	43,937
V. Other liabilities	3,967	4,091
VI. Deferred tax liabilities	4,685	4,927
	67,125	66,689
C. Current liabilities		
I. Other provisions	12,469	10,570
II. Liabilities		
1. Liabilities to financial institutions	23,458	18,461
2. Trade creditors	19,818	14,101
3. Prepayments received on orders	12,827	9,503
4. Liabilities on bills	1,921	2,045
5. Liabilities to companies with which a shareholding relationship exists	25	69
6. Other liabilities	28,680	25,042
	86,729	69,221
III. Accounts receivable and payable	210	186
	99,408	79,977
	261,430	236,511

GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares	Exchange equalisation items	Revaluation IAS 39	Total	Minority interests incorporated companies	Equity capital
As at 01.04.2007	7,860	36,167	27,664	-25	28	-133	71,561	3,387	74,948
Revaluation of securities not impacting on income						-156	-156		-156
Other neutral changes					7		7	-80	-73
Results for the period			4,292				4,292	298	4,590
As at 30.06.2007	7,860	36,167	31,956	-25	35	-289	75,704	3,605	79,309
As at 01.04.2008	7,860	36,214	41,010	-13	53	97	85,221	4,624	89,845
Revaluation of securities not impacting on income						-885	-885		-885
Stock option programme		20					20		20
Other neutral changes					-231		-231	-609	-840
Results for the period			6,151				6,151	606	6,757
As at 30.06.2008	7,860	36,234	47,161	-13	-178	-788	90,276	4,621	94,897

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

€'000	Tool manufacture and mechanical engineering		Plastics technology		GESCO AG		Other/consolidation		Group	
	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008
Incoming orders	101,335	79,078	14,090	11,587	0	0	131	129	115,556	90,794
Sales revenues	80,682	70,345	11,552	10,020	0	0	131	129	92,365	80,494
of which with other segments	0	0	0	0	0	0	0	0	0	0
EBIT	11,222	7,905	1,772	1,237	-1,644	-577	53	60	11,403	8,625
EBITDA	13,165	9,677	2,289	1,727	-1,623	-558	91	98	13,922	10,944
Financial result	-616	-471	-154	-113	66	-38	-33	-36	-737	-658
of which income from associated companies	-35	0	0	0	0	0	0	0	-35	0
Depreciation	1,943	1,772	517	490	21	19	38	38	2,519	2,319
of which unscheduled	0	0	0	0	0	0	0	0	0	0
Segment assets	194,775	173,369	30,903	27,208	27,348	23,145	8,404	9,483	261,430	233,205
of which shares in associated companies	1,234	0	0	0	0	0	0	0	1,234	0
Segment liabilities	79,621	71,260	7,981	6,960	7,724	7,878	71,207	67,797	166,533	153,895
Investments	1,740	2,273	150	288	85	4	0	0	1,975	2,565
Employees (No./Reporting date)	1,477	1,406	229	228	13	11	0	0	1,719	1,645

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

	01.04. -30.06.2008 €'000	01.04. -30.06.2007 €'000
Result for the period (including share attributable to minority interests in incorporated companies)	6,757	4,590
Depreciation on fixed assets	2,519	2,319
Result from investments in associated companies	35	0
Share attributable to minority interests in partnerships	429	264
Decrease in long-term provisions	-9	37
Other non-cash result	20	-156
Cash flow for the period	9,751	7,054
Losses from the disposal of tangible/intangible assets	12	0
Gains from the disposal of tangible/intangible assets	-48	0
Increase in stocks, trade receivables and other assets	-24,132	-14,246
Increase in trade creditors and other liabilities	14,068	10,261
Cash flow from ongoing business activity	-349	3,069
Incoming payments from the disposal of tangible assets/intangible assets	61	124
Disbursements for investments in tangible assets	-1,899	-2,136
Disbursements for investments in intangible assets	-45	-156
Disbursements for the acquisition of consolidated companies	0	-2,470
Cash flow from investment activities	-1,883	-4,638
Disbursements to minority shareholders	-1,573	-893
Incoming payments from raising loans	7,184	2,577
Outflow for repayment of (financial) loans	-841	0
Cash flow from funding activities	4,770	1,684
Cash increase in cash and cash equivalents	2,538	115
Financial means on 01.04.	30,105	30,283
Financial means on 30.06.	32,643	30,398

NOTES
ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of GESCO Group for the first quarter (1 Apr. to 30 Jun. 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 on 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.

**CHANGE 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. In the previous year's reporting period the company was included on the Group balance sheet, but was not part of the Group income statement. Employees of VWH were already included in the headcount of previous year's report.

FINANCIAL CALENDAR

21 August 2008

Annual General Meeting at the Stadthalle, Wuppertal

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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