



INTERIM REPORT

1 APRIL TO 31 DECEMBER 2007

The first nine months 2007/2008 at a glance

- GESCO Group business continues to be buoyant
- Sales increase by 30.1 %
- EBITDA and EBIT increase at disproportionately high levels
- Increase in incoming orders by 38.7 %, significantly higher than sales
- Full year guidance confirmed



Tradition
Innovation
Vision

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 2007/2008

01.04.-31.12.		I.-III. Quarter 2007/2008	I.-III. Quarter 2006/2007	Change
Incoming orders	(EUR'000)	285,956	206,135	38.7 %
Sales revenues	(EUR'000)	251,070	193,047	30.1 %
EBITDA	(EUR'000)	34,213	20,989	63.0 %
EBIT	(EUR'000)	26,933	15,053	78.9 %
Earnings before tax	(EUR'000)	24,082	15,929	51.2 %
Group net income after minority interests	(EUR'000)	13,814	9,582	44.2 %
Earnings per share	(EUR)	4.57	3.49	31.1 %
Employees	(No.)	1,710	1,542	10.9 %

DEAR SHAREHOLDERS,

We have essentially been writing the same thing here for four and a half years: GESCO Group is beating a success track. Sales and incoming orders have increased steadily in the past few years and earnings ratios generally increased disproportionately. The figures in our annual and quarterly reports reflect a dynamic and robust economic upward trend. As this trend also continued in Q3 of the current financial year 2007/2008, we can deliver as positive results for the nine month period (1 Apr. 2007 to 31 Dec. 2007) as we already delivered for the first half year: GESCO Group's operating business continues to be buoyant with most customers of our partnerships being upbeat and reporting keen demand on their side. Incoming orders again increased significantly at GESCO Group and remain considerably higher than sales.

It is therefore fair to say that fundamentals are developing very dynamically. However, in line with other shares, the GESCO share price has declined drastically since the beginning of 2008, even if it has been able to recover. Investors are mainly quoting a general sense of uncertainty about the future (global) economic development in the wake of the subprime crisis as the reason. This uncertainty on the one hand results in some investors getting out of small caps in general and in a blanket "uncertainty discount" on the other hand. As far as we are concerned, we cannot see any immediate negative impacts from the subprime crisis on companies in GESCO Group. We can neither see funding for additional company acquisitions by GESCO AG at risk, nor are we expecting any shortfalls in funding our subsidiaries. At the present nobody knows for certain to which extent the subprime crisis is going to have long-term negative impacts on the real economy. For our part we can say that we cannot see any signs of a considerable downturn in business at our subsidiaries.

GESCO Group is well prepared for both optimistic and pessimistic scenarios: we stand to continue to benefit from sustained positive economic development. If a more negative scenario were to become a reality we are also braced for that: our subsidiaries are mostly specialised niche operators, our customer base within the Group is broadly based, our balance sheet is very healthy, debt levels are low and we have a comfortable cushion of liquid assets to fall back on.

CHANGES TO THE SCOPE OF CONSOLIDATION

In April 2007 we acquired 100% of VWH Vorrichtungen- und Werkzeugbau Herschbach GmbH, Herschbach, in a succession arrangement. VWH is being included in the current financial year 2007/2008 with eight months. Effective July 2007 our subsidiary Dörrenberg Edelstahl GmbH acquired a 20% stake in its long-term Turkish business partner Saglam Metal A. S., Istanbul/Turkey. In the year under review, the 2006 acquisition Frank Walz- und Schmiedetechnik GmbH and its subsidiaries are being included in the report in full for the first time. In the financial year 2006/2007, Frank Group was included in disclosures for a five month period. These changes were already reported in the Q1 and half year report.

GROUP SALES AND EARNINGS

Incoming orders increased by 38.7 % to EUR 286 million (EUR 206 million) in the nine month period. Sales also grew considerably by 30.1 % to EUR 251 million (EUR 193 million). More than two thirds of growth in incoming orders and sales was generated internally with almost one third being attributable to changes in the scope of consolidation.

As already disclosed in the Q1 and half year reports, earnings figures continued to benefit from economies of scale and increased disproportionately. Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 63.0 % to EUR 34 million (EUR 21 million) and earnings before interest and taxes (EBIT) saw even higher growth by 78.9 % to EUR 27 million (EUR 15 million). The financial result of the previous year included a one-off gain of around EUR 2.6 million from the sale of the minority holding in the non-core business activity Gewerbepark Wilthener Straße GmbH. The pre-tax profit increased by 51.2 % and reached EUR 24 million (EUR 16 million). Group net income after minority interest reached EUR 13.8 million (EUR 9.6 million) and earnings per share amounted to EUR 4.57 (EUR 3.49).

SEGMENT DEVELOPMENT

The segment tool manufacture and mechanical engineering accounted for 88 % of Group sales, while the remaining 12 % were contributed by the plastics technology segment. Incoming order and sales in tool manufacture and mechanical engineering increased by 41 % and 33 % respectively. The plastics technology segment also saw incoming orders increase more than sales, up by 27 % against the 15 % rise in sales. Earnings figures in both segments increased at a disproportionately higher rate than sales.

FINANCIAL SITUATION

The balance sheet total as of the reporting date for the nine month period was up by 13.4 % from EUR 212 million to EUR 240 million against the beginning of the financial year. This can be mainly attributed to investments into tangible assets and increasing working capital as a result of buoyant operating business at our subsidiaries as well as the acquisition of VWH Vorrichtungs- und Werkzeugbau Herschbach in April 2007.

On the asset side of the balance sheet, long-term assets increased by 7.4 %. This increase can be attributed to the first-time consolidation of VWH, investments made by subsidiaries in the period under review as well as the Saglam stake acquired by our subsidiary Dörrenberg Edelstahl GmbH, which is reported in the item investment in associated companies. As a result of buoyant operating business short-term assets increased by 17.3 %. Subsidiaries increased stock levels to ensure reliable delivery in the current economic boom phase. Liquid funds remain almost unchanged at around EUR 31 million.

On the liabilities side, shareholders' equity increased from EUR 75 million to EUR 85 million. The equity ratio remained unchanged at 35.4 %. Liabilities to financial institutions increased by around 10 %. With net financial liabilities at levels around the EBITDA result for the nine month period, the debt ratio is extremely healthy.

EMPLOYEES

The workforce at GESCO Group increased by 10.9 % from 1,542 to 1,710 employees year-on-year. This increase includes the addition of around 95 members of staff from VWH.

OUTLOOK

Our initial guidance for the current financial year 2007/2008 was published in June 2007. We increased our guidance in August 2007 and then again in November 2007. Our last guidance issued forecasted Group sales of EUR 327 million, Group net income after minority interest of EUR 17.5 million and earnings per share of EUR 5.79. We continue to be positive about these figures and are confident that we will be able to reach these targets.

GESCO AG's business model has always fuelled its growth from two sources: internal growth from within the existing Group and external growth by acquiring further strategically interesting industrial SME companies. We are well equipped for both growth paths thanks to our healthy balance sheet structure and sufficient liquid funds. As always we are now also screening a number of companies for a possible takeover, even if we are going to wait for the financial statements for 2007 of the respective companies to be completed before we come to a final decision. In these reviews we carefully weigh risks and rewards while sticking to our acquisition philosophy's long-term approach.

EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after the end of the balance sheet date.

Yours faithfully,

GESCO AG

The Executive Board

Wuppertal, February 2008

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

	III. Quarter 2007/2008 EUR'000	III. Quarter 2006/2007 EUR'000
Sales revenues	85,572	69,891
Change in stocks of finished and unfinished products	2,092	1,834
Other company produced additions to assets	143	31
Other operating income	537	243
Total income	88,344	71,999
Material expenditure	-47,781	-38,341
Personnel expenditure	-20,495	-18,425
Other operating expenditure	-8,455	-8,149
Earnings before interest, tax, depreciation and amortisation (EBITDA)	11,613	7,084
Depreciation on tangible and intangible assets	-2,560	-2,118
Earnings before interest and tax (EBIT)	9,053	4,966
Earnings from securities	6	0
Earnings from investments in associated companies	21	2,665
Other interest and similar income	153	118
Interest and similar expenditure	-1,061	-698
Third party profit share in partnerships	-244	-163
Financial result	-1,125	1,922
Earnings before tax (EBT)	7,928	6,888
Taxes on income and earnings	-3,011	-1,949
Group net income	4,917	4,939
Third party profit share in incorporated companies	-622	-294
Group net income after minority interests	4,295	4,645
Earnings per share (EUR) acc. to IFRS	1.42	1.69
Weighted average number of shares	3,019,161	2,743,570

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

	I.-III. Quarter 2007/2008 EUR'000	I.-III. Quarter 2006/2007 EUR'000
Sales revenues	251,070	193,047
Change in stocks of finished and unfinished products	4,274	4,729
Other company produced additions to assets	522	368
Other operating income	2,150	874
Total income	258,016	199,018
Material expenditure	-140,616	-106,287
Personnel expenditure	-59,220	-50,969
Other operating expenditure	-23,967	-20,773
Earnings before interest, tax, depreciation and amortisation (EBITDA)	34,213	20,989
Depreciation on tangible and intangible assets	-7,280	-5,936
Earnings before interest and tax (EBIT)	26,933	15,053
Earnings from securities	149	143
Earnings from investments in associated companies	21	2,760
Other interest and similar income	452	369
Interest and similar expenditure	-2,689	-1,791
Third party profit share in partnerships	-784	-605
Financial result	-2,851	876
Earnings before tax (EBT)	24,082	15,929
Taxes on income and earnings	-8,885	-5,742
Group net income	15,197	10,187
Third party profit share in incorporated companies	-1,383	-605
Group net income after minority interests	13,814	9,582
Earnings per share (EUR) acc. to IFRS	4.57	3.49
Weighted average number of shares	3,021,078	2,746,448

**GESCO GROUP BALANCE SHEET
AS AT 31 DECEMBER 2007 AND 31 MARCH 2007**

	31.12.2007 EUR'000	31.03.2007 EUR'000
Assets		
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	9,590	7,342
2. Goodwill	7,642	6,683
3. Prepayments made	23	11
	17,255	14,036
II. Tangible assets		
1. Land and buildings	27,048	27,354
2. Technical plant and machinery	20,735	17,151
3. Other plant, fixtures and fittings	13,676	14,748
4. Prepayments made and plant under construction	996	1,404
5. Property held as financial investments	3,617	3,730
	66,072	64,387
III. Financial assets		
1. Shares in affiliated companies	15	15
2. Shares in associated companies	1,421	0
3. Investments	0	17
4. Securities held as fixed assets	2,728	2,740
	4,164	2,772
IV. Other assets	948	964
V. Deferred tax assets	1,377	1,466
	89,816	83,625
B. Current assets		
I. Inventories		
1. Raw materials and supplies	16,540	15,088
2. Unfinished products and services	19,492	15,495
3. Finished products and goods	32,053	25,269
4. Prepayments made	152	227
	68,237	56,079
II. Receivables and other assets		
1. Trade receivables	45,626	35,764
2. Amounts owed by affiliated companies	922	1,833
3. Other assets	3,831	3,788
	50,379	41,385
III. Securities	27	27
IV. Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques	30,995	30,256
V. Accounts receivable and payable	672	390
	150,310	128,137
	240,126	211,762

	31.12.2007 EUR'000	31.03.2007 EUR'000
Equity and liabilities		
A. Equity		
I. Subscribed capital	7,860	7,860
II. Capital reserves	36,194	36,167
III. Revenue reserves	36,945	27,664
IV. Own shares	-13	-25
V. Exchange equalisation items	27	28
VI. Subsequent valuation acc. to IAS 39	-145	-133
VII. Minority interests (incorporated companies)	4,255	3,387
	85,123	74,948
B. Non-current liabilities		
I. Minority interests (partnerships)	2,089	2,140
II. Provisions for pensions	10,037	9,392
III. Other long-term provisions	2,683	2,683
IV. Liabilities to financial institutions	45,257	43,567
V. Other liabilities	4,714	4,713
VI. Deferred tax liabilities	4,626	4,501
	69,406	66,996
C. Current liabilities		
I. Other provisions	10,978	8,484
II. Liabilities		
1. Liabilities to financial institutions	22,723	18,036
2. Trade creditors	16,470	10,664
3. Prepayments received on orders	7,889	6,479
4. Liabilities on bills	2,359	1,881
5. Liabilities to companies with which a shareholding relationship exists	0	1
6. Other liabilities	24,776	24,063
	74,217	61,124
III. Accounts receivable and payable	402	210
	85,597	69,818
	240,126	211,762

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

EUR'000	Tool manufacture and mechanical engineering		Plastics technology		GESCO AG		Other/ consolidation		Group	
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
Incoming orders	252,181	179,378	33,451	26,379	0	0	324	378	285,956	206,135
Sales revenues	219,903	165,806	30,843	26,863	0	0	324	378	251,070	193,047
of which with other segments	0	0	0	0	0	0	0	0	0	0
EBIT	24,658	14,661	4,321	3,026	-2,073	1,071	27	-3,705	26,933	15,053
EBITDA	30,240	19,250	5,849	4,204	-2,016	1,117	140	-3,582	34,213	20,989
Financial result	-1,397	-928	-326	-219	-424	-285	80	2,913	-2,067	1,481
of which income from associated companies	21	0	0	0	0	0	0	2,760	21	2,760
Depreciation	5,582	4,589	1,528	1,178	57	46	113	123	7,280	5,936
of which unscheduled	0	0	0	0	0	0	0	0	0	0
Segment assets	177,455	151,118	29,865	26,045	23,868	16,657	8,938	8,707	240,126	202,527
of which shares in associated companies	1,421	0	0	0	0	0	0	0	1,421	0
Segment liabilities	68,854	58,578	7,508	5,138	8,491	7,934	70,150	68,064	155,003	139,714
Investments	5,717	5,613	1,341	795	40	90	0	0	7,098	6,498
Employees (No./Reporting date)	1,468	1,301	230	230	12	11	0	0	1,710	1,542

GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

EUR'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares	Exchange equalisation items	Revaluation IAS 39	Total	Minority interests incorporated companies	Equity capital
As at 01.04.2006	7,147	27,180	17,784	-30		-97	51,984	2,395	54,379
Revaluation of securities not impacting on income						-293	-293		-293
Acquisition of own shares				-195			-195		-195
Disposal of own shares				200			200		200
Dividends			-3,435				-3,435		-3,435
Other neutral changes								29	29
Results for the period			9,582				9,582	605	10,187
As at 31.12.2006	7,147	27,180	23,931	-25		-390	57,843	3,029	60,872
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						-12	-12		-12
Acquisition of own shares				-242			-242		-242
Disposal of own shares				254			254		254
Dividends			-4,533				-4,533		-4,533
Stock option programme		27					27		27
Other neutral changes					-1		-1	-515	-516
Results for the period			13,814				13,814	1,383	15,197
As at 31.12.2007	7,860	36,194	36,945	-13	27	-145	80,868	4,255	85,123

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

	01.04. -31.12.2007 EUR'000	01.04. -31.12.2006 EUR'000
Group net income for the period (including share attributable to minority interests in incorporated companies)	15,197	10,187
Depreciation on fixed assets	7,280	5,936
Profit on investments in associated companies	-21	-121
Share attributable to minority interests in partnerships	784	605
Increase in long term provisions	18	214
Other non-cash income/expenditure	-130	0
Cash flow for the period	23,128	16,821
Losses from the disposal of fixed tangible/intangible assets	0	13
Earnings from the disposal of fixed tangible/intangible assets	0	-10
Earnings from the disposal of financial assets	0	-2,639
Increase in inventories, trade receivables and other assets	-19,215	-10,626
Increase in trade creditors and other liabilities	7,464	5,374
Cash flow from ongoing business activity	11,377	8,933
Incoming payments from the disposal of tangible assets	260	84
Disbursements for investments in tangible assets	-7,267	-6,115
Disbursements for investments in intangible assets	-45	-70
Earnings/losses from the disposal of financial assets	15	3,975
Disbursements for investments in financial assets	-1,400	-31
Disbursements for the acquisition of consolidated companies	-2,470	-4,267
Cash flow from investment activities	-10,907	-6,424
Disbursements to shareholders (dividend)	-4,533	-3,435
Disbursements to minority shareholders	-1,350	-562
Disbursements for the acquisition of own shares	-242	-195
Incoming payments from the sale of own shares	254	200
Incoming payments from raising loans	6,113	5,261
Exchange equalisation items	27	0
Cash flow from funding activities	269	1,269
Cash increase in financial means	739	3,778
Financial means on 01.04.	30,283	17,553
Financial means 31.12.	31,022	21,331

EXPLANATORY NOTES

ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of GESCO Group for the first nine months (1 Apr. to 31 Dec. 2007) of the financial year 2007/2008 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 generally correspond with those applied in the Group financial statements as on 31 March 2007. 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.

In the report for the first nine months of the previous year and contrary to IAS 32, shares held by third parties in our partnerships were included in the item "minority interest" under equity. In the consolidated financial statements for 2006/2007, these shares were recategorised and reported under debt as long-term liabilities. In the present nine month interim report, the figures given for the previous year have been adjusted accordingly. In the report for the previous nine month period, profit shares of third parties in our partnerships were stated in the income statement in the item "minority interest", while they are now stated in the financial result. Figures from the previous reporting period have also been adjusted. More detailed information about recategorising these items can be found in the consolidated financial statement for the financial year 2006/2007.

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

WVH Vorrichtung- und Werkzeugbau Herschbach GmbH, Herschbach, fully acquired on 24 April 2007, was consolidated for the first time on 1 May 2007. The present balance sheet includes the company with its asset and liability items. The purchase price allocation in the present balance sheet is provisional as defined in IFRS 3.61 ff. The accounts of the company are included in the current income statement for a five month period.

Effective 11 July 2007 Dörrenberg Edelstahl GmbH, in which GESCO AG holds a 90 % stake, acquired a 20 % share in Saglam Metal Sanayi Ticaret A.S., Istanbul/Turkey. Saglam is recorded in the consolidated financial statements at equity and was included in the Group balance sheet for the first time effective 30 September 2007. In the present income statement Saglam is included in the item "associated companies" for a period of two months.

Given the specific business model of GESCO AG, no details are given on purchase prices or the results of the subsidiaries acquired. Publication of these details would considerably affect the position of GESCO AG as a holding company, as we usually acquire owner-managed medium-sized companies, whose owners make non-disclosure of the purchase price paid a condition of sale. For further information on this policy, please refer to the Annual Report for financial year 2006/2007.

FINANCIAL CALENDAR

14 February 2008

Publication of the figures for the first nine months (1 Apr. to 31 Dec. 2007)

26 June 2008

Accounts press conference and analysts' meeting

August 2008

Publication of the figures for the first three months (1 Apr. to 30 Jun. 2008)

21 August 2008

Annual General Meeting at the Stadthalle, Wuppertal

November 2008

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



**Tradition
Innovation
Vision**

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