



HALF-YEAR INTERIM REPORT

1 APRIL TO 30 SEPTEMBER 2007

The first six months of the financial year 2007/2008 at a glance

- Incoming orders and sales increase significantly
- Earnings ratios increase disproportionately
- Group net income almost doubled
- Full year guidance increased once again



Tradition
Innovation
Vision

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 2007/2008

01.04.-30.09.		I. Half year 2007/2008	I. Half year 2006/2007	Change
Incoming orders	(EUR'000)	180,325	128,937	39.9%
Sales revenues	(EUR'000)	165,498	123,156	34.4%
EBITDA	(EUR'000)	22,600	13,905	62.5%
EBIT	(EUR'000)	17,880	10,087	77.3%
Earnings before tax	(EUR'000)	16,154	9,041	78.7%
Group net income after minority interests	(EUR'000)	9,519	4,937	92.8%
Earnings per share	(EUR)	3.15	1.80	75.0%
Employees	(No.)	1,675	1,312	27.7%

DEAR SHAREHOLDERS,

GESCO Group is presenting itself in top shape: our companies are continuing to report high capacity utilisation, strong customer demand and full order books. In the first six months (1 Apr. to 30 Sep. 2007) of the financial year 2007/2008, GESCO Group recorded a continuing boom in incoming orders and sales and was once again able to increase its earnings ratios disproportionately. After the beginning of August saw us raise the guidance we had issued in June 2007, it was yet again increased on 6 November.

In April 2007, i.e. at the beginning of the financial year, we expanded our portfolio with the acquisition of VWH Vorrichtung- und Werkzeugbau Herschbach GmbH. This acquisition was covered in our Q1 report.

Effective July 2007 our subsidiary Dörrenberg Edelstahl GmbH acquired a 20% stake in Saglam Metal Sanayi Ticaret A. S., Istanbul/Turkey. Saglam enjoys an excellent reputation in Turkey, especially in the stainless steel market. This strategic interest in an attractive growth market is another vital step in globalisation for Dörrenberg.

In the reporting period, the dividend of EUR 1.50 per share (previous year EUR 1.25 per share) was distributed to shareholders as approved by the Annual General Meeting on 23 August 2007. With a total volume of EUR 4.5 million this was the highest distribution in the company's history.

INTERIM DIRECTORS' REPORT OF THE GROUP

GROUP SALES AND EARNINGS

Frank Walz- und Schmiedetechnik GmbH was acquired effective 1 August 2006. Six months of its business is included in this half-year report, while it was not contained in the previous reporting period. VWH Vorrichtung- und Werkzeugbau Herschbach GmbH was acquired in April 2007 and two months of its accounts are being included in reporting for the first time.

The significant increase in incoming orders by 39.9% to EUR 180.3 million (previous year EUR 128.9 million) confirms the continuingly positive demand situation in GESCO Group. Group sales increased by 34.4%, up from EUR 123.2 million to EUR 165.5 million. Two-thirds of increases in incoming orders and sales can be attributed to internal growth, while one third was generated externally given the changes in the scope of consolidation outlined.

The Group benefited from high capacity utilisation and economies of scale in its earnings in the first six months of the year. Increased material expenditure ratios were offset by disproportionately low rises in personnel expenses and other operating expenses, with the result that EBITDA (earnings before interest, taxes, depreciations and amortisation) saw stronger growth than sales, reaching 62.5% or EUR 22.6 million (EUR 13.9 million). EBIT (earnings before interest and taxes) saw even stronger growth at 77.3% increasing to EUR 17.9 million (EUR 10.1 million).

The financial result changed from EUR -1.0 million to EUR -1.7 million mainly on the back of increased interest rate levels. The financial result also includes minority interest, i.e. the profit shares of managing partners in our partnerships. The decline in our Group tax rate from 42.0 % to 36.4 % is mainly attributable to a one-off gain of EUR 0.5 million, which originated from the revaluation of deferred taxes in Q2 as a result of the corporation tax reform. After deducting taxes and profit shares of the managing partners in our incorporated companies, Group net income after minority interest reached EUR 9.5 million. This amounts to an increase of 92.8 % against previous year levels recorded at EUR 4.9 million. Earnings per share according to IFRS amounted to EUR 3.15 (EUR 1.80).

SEGMENT DEVELOPMENT

In the period under review, the segment tool manufacture and mechanical engineering saw a sharp increase in sales, up by 38.7 % to EUR 144.6 million (EUR 104.3 million), amounting to about 88 % of Group sales. Increases in earnings figures were up considerably higher than in sales. The substantial increase in incoming orders by 41.7 % is an indication of further growth.

Sales in the plastics technology segment were up by 11.0 % to EUR 20.7 million (EUR 18.6 million) and amounted to about 12 % of Group sales. In this segment, earnings figures also outgrew sales. At 29.2 %, incoming orders were also up considerably in this segment.

FINANCIAL SITUATION

Buoyant operating business in GESCO Group as well as the acquisition of VWH Vorrichtung- und Werkzeugbau Herschbach GmbH in April 2007 resulted in an increase of the balance sheet total by 12 % to EUR 237.3 million (as on 31 March 2007: EUR 211.8 million).

On the asset side of the balance sheet, long-term assets increased by 8.8 % in the wake of the acquisition and investments undertaken by existing subsidiaries. Financial assets now include the 20 % stake of Dörrenberg Edelstahl GmbH in Saglam, which is recorded as an associated company. Inventory and receivables in short-term assets have increased considerably, but have grown to a lesser extent than sales. Despite the dividend distribution of EUR 4.5 million in August, liquid funds have remained almost unchanged at around EUR 30 million as on the balance sheet date.

On the liabilities side, shareholder's equity increased from EUR 74.9 million to EUR 80.3 million thanks to positive results. While long-term debt remained almost unchanged, short-term debt increased by 26.0 % on the back of positive operating business.

INVESTMENT

We believe that regular investment into the technical equipment in our subsidiaries is essential to the long-term success of GESCO Group. The positive development we are seeing at the present confirms this approach and would be unimaginable without the considerable investments undertaken in previous years. In the first six months of 2007/2008 companies in GESCO Group invested around EUR 6 million in tangible assets. The focus was on acquiring a precision stamping press at Press- und Stanzwerk Dömer GmbH & Co. KG and a six-spindle automatic lathe at Franz Funke Zerspanungstechnik GmbH & Co. KG.

EMPLOYEES

Against the previous period, the workforce at GESCO Group increased by 27.7 % from 1,312 to 1,675 employees. This includes the addition of staff at Frank Walz- und Schmiedetechnik GmbH and VWH Vorrichtungs- und Werkzeugbau Herschbach GmbH, which were both not part of reporting in the previous period.

RISK REPORT AND RISK MANAGEMENT

There have been no material changes to risks and opportunities since the consolidated financial statements were issued on 31 March 2007. Please read the detailed description provided in the Group Directors' Report in the consolidated financial statements issued for the financial year 2006/2007 on 31 March 2007, which is available online at www.gesco.de. 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 balance sheet date at the end of the financial year. In disclosures on foreign currency payables during the year, the value reported in the annual financial statement is used.

OUTLOOK

On 7 August 2007 we already increased the full year sales guidance issued for 2007/2008 on 28 June 2007 on the back of the exceptionally positive development in the first quarter, up from EUR 310 million to EUR 320 million. We had also raised forecasts for Group net income after minority interest from EUR 12.5 million to EUR 15.4 million. This earnings figure included a EUR 0.5 million one-off book gain from revaluing deferred taxes as a result of the corporation tax reform.

After the second quarter developed exceptionally well we are expecting third quarter results to be at first quarter levels, while the fourth quarter is likely to see a typical seasonal decline in sales and in margins. We increased our guidance for the full financial year 2007/2008 again on 6 November 2007: The figures now expected are 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.

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, November 2007

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

	II. Quarter 2007/2008 EUR'000	II. Quarter 2006/2007 EUR'000
Sales revenues	85,004	62,794
Change in stocks of finished and unfinished products	-1,015	-705
Other company produced additions to assets	68	52
Other operating income	1,027	418
Total income	85,084	62,559
Material expenditure	-45,650	-33,070
Personnel expenditure	-19,848	-16,539
Other operating expenditure	-7,930	-6,166
Earnings before interest, tax, depreciation and amortisation (EBITDA)	11,656	6,784
Depreciation on tangible and intangible assets	-2,401	-1,921
Earnings before interest and tax (EBIT)	9,255	4,863
Earnings from securities	143	143
Earnings from investments in associated companies	0	21
Other interest and similar income	172	106
Interest and similar expenditure	-843	-608
Third party profit share in partnerships	-276	-195
Financial result	-804	-533
Earnings before tax (EBT)	8,451	4,330
Taxes on income and earnings	-2,761	-1,749
Group net income	5,690	2,581
Third party profit share in incorporated companies	-463	-169
Group net income after minority interests	5,227	2,412
Earnings per share (EUR) acc. to IFRS	1.73	0.88
Weighted average number of shares	3,021,702	2,747,803

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

	I. Half year 2007/2008 EUR'000	I. Half year 2006/2007 EUR'000
Sales revenues	165,498	123,156
Change in stocks of finished and unfinished products	2,182	2,895
Other company produced additions to assets	379	337
Other operating income	1,613	631
Total income	169,672	127,019
Material expenditure	-92,835	-67,946
Personnel expenditure	-38,725	-32,544
Other operating expenditure	-15,512	-12,624
Earnings before interest, tax, depreciation and amortisation (EBITDA)	22,600	13,905
Depreciation on tangible and intangible assets	-4,720	-3,818
Earnings before interest and tax (EBIT)	17,880	10,087
Earnings from securities	143	143
Earnings from investments in associated companies	0	94
Other interest and similar income	299	251
Interest and similar expenditure	-1,628	-1,092
Third party profit share in partnerships	-540	-442
Financial result	-1,726	-1,046
Earnings before tax (EBT)	16,154	9,041
Taxes on income and earnings	-5,874	-3,793
Group net income	10,280	5,248
Third party profit share in incorporated companies	-761	-311
Group net income after minority interests	9,519	4,937
Earnings per share (EUR) acc. to IFRS	3.15	1.80
Weighted average number of shares	3,022,036	2,747,887

**GESCO GROUP BALANCE SHEET
AS AT 30 SEPTEMBER 2007 AND 31 MARCH 2007**

	30.09.2007	31.03.2007
	EUR'000	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	9,883	7,342
2. Goodwill	7,642	6,683
3. Prepayments made	14	11
	17,539	14,036
II. Tangible assets		
1. Land and buildings	27,452	27,354
2. Technical plant and machinery	20,358	17,151
3. Other plant, fixtures and fittings	14,195	14,748
4. Prepayments made and plant under construction	1,581	1,404
5. Property held as financial investments	3,655	3,730
	67,241	64,387
III. Financial assets		
1. Shares in affiliated companies	15	15
2. Shares in associated companies	1,400	0
3. Investments	0	17
4. Securities held as fixed assets	2,703	2,740
	4,118	2,772
IV. Other assets	958	964
V. Deferred tax assets	1,151	1,466
	91,007	83,625
B. Current assets		
I. Inventories		
1. Raw materials and supplies	17,164	15,088
2. Unfinished products and services	17,555	15,495
3. Finished products and goods	27,741	25,269
4. Prepayments made	361	227
	62,821	56,079
II. Receivables and other assets		
1. Trade receivables	47,771	35,764
2. Amounts owed by affiliated companies	790	1,833
3. Other assets	4,484	3,788
	53,045	41,385
III. Securities	27	27
IV. Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques	29,711	30,256
V. Accounts receivable and payable	663	390
	146,267	128,137
	237,274	211,762

	30.09.2007	31.03.2007
	EUR'000	EUR'000
Equity and liabilities		
A. Equity		
I. Subscribed capital	7,860	7,860
II. Capital reserves	36,174	36,167
III. Revenue reserves	32,650	27,664
IV. Own shares	-59	-25
V. Exchange equalisation items	36	28
VI. Subsequent valuation acc. to IAS 39	-170	-133
VII. Minority interests (incorporated companies)	3,792	3,387
	80,283	74,948
B. Non-current liabilities		
I. Minority interests (partnerships)	1,853	2,140
II. Provisions for pensions	10,038	9,392
III. Other long-term provisions	2,683	2,683
IV. Liabilities to financial institutions	45,488	43,567
V. Other liabilities	4,714	4,713
VI. Deferred tax liabilities	4,230	4,501
	69,006	66,996
C. Current liabilities		
I. Other provisions	11,151	8,484
II. Liabilities		
1. Liabilities to financial institutions	26,782	18,036
2. Trade creditors	17,696	10,664
3. Prepayments received on orders	7,054	6,479
4. Liabilities on bills	1,855	1,881
5. Liabilities to companies with which a shareholding relationship exists	0	1
6. Other liabilities	23,201	24,063
	76,588	61,124
III. Accounts receivable and payable	246	210
	87,985	69,818
	237,274	211,762

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

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	157,327	111,040	22,793	17,647	0	0	205	250	180,325	128,937
Sales revenues	144,639	104,302	20,654	18,604	0	0	205	250	165,498	123,156
of which with other segments	0	0	0	0	0	0	0	0	0	0
EBIT	16,228	8,825	2,839	2,451	-1,244	-1,211	57	22	17,880	10,087
EBITDA	19,843	11,723	3,831	3,258	-1,206	-1,180	132	104	22,600	13,905
Financial result	-802	-567	-219	-150	-248	-129	83	242	-1,186	-604
of which income from associated companies	0	0	0	0	0	0	0	95	0	95
Depreciation	3,615	2,898	992	807	38	31	75	82	4,720	3,818
of which unscheduled	0	0	0	0	0	0	0	0	0	0
Segment assets	176,157	146,321	28,188	25,598	23,596	11,977	9,333	10,764	237,274	194,660
of which shares in associated companies	0	0	0	0	0	0	0	1,460	0	1,460
Segment liabilities	69,638	55,931	6,940	4,722	8,062	6,805	72,350	69,678	156,990	137,136
Investments	5,373	3,980	803	531	4	42	0	0	6,180	4,553
Employees (No./Reporting date)	1,431	1,075	233	226	11	11	0	0	1,675	1,312

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	0	-97	51,984	2,395	54,379
Revaluation of securities not impacting on income						-291	-291		-291
Acquisition of own shares				-195			-195		-195
Dividends			-3,435				-3,435		-3,435
Other neutral changes								30	30
Results for the period			4,937				4,937	311	5,248
As at 30.09.2006	7,147	27,180	19,286	-225	0	-388	53,000	2,736	55,736
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						-37	-37		-37
Acquisition of own shares				-34			-34		-34
Dividends			-4,533				-4,533		-4,533
Currency conversion					8		8		8
Stock option programme		7					7		7
Other neutral changes								-356	-356
Results for the period			9,519				9,519	761	10,280
As at 30.09.2007	7,860	36,174	32,650	-59	36	-170	76,491	3,792	80,283

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

	01.04. -30.09.2007 EUR'000	01.04. -30.09.2006 EUR'000
Group net income for the period (including share attributable to minority interests in incorporated companies)	10,280	5,248
Depreciation on fixed assets	4,720	3,818
Profit on investments in associated companies	0	-94
Share attributable to minority interests in partnerships	540	442
Increase in long term provisions	19	50
Other non-cash income/expenditure	-140	0
Cash flow for the period	15,419	9,464
Earnings/losses from the disposal of fixed assets	0	-9
Increase in inventories, trade receivables and other assets	-16,240	-8,617
Increase in trade creditors and other liabilities	5,397	517
Cash flow from ongoing business activity	4,576	1,355
Incoming payments from the disposal of tangible assets	220	59
Incoming payments from the disposal of intangible assets	0	0
Disbursements for investments in tangible assets	-5,983	-4,620
Disbursements for investments in intangible assets	-157	-51
Earnings/losses from the disposal of financial assets	15	0
Disbursements for investments in financial assets	-1,400	-31
Disbursements for the acquisition of consolidated companies	-2,470	-4,216
Cash flow from investment activities	-9,775	-8,859
Disbursements to shareholders (dividend)	-4,533	-3,435
Disbursements to minority shareholders	-1,183	-551
Disbursements for the acquisition of own shares	-34	-195
Incoming payments from raising loans	10,368	7,704
Exchange equalisation items	36	0
Cash flow from funding activities	4,654	3,523
Cash increase in financial means	-545	-3,981
Financial means on 01.04.	30,283	17,553
Financial means on 30.09.	29,738	13,572

EXPLANATORY NOTES
ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of GESCO Group for the first six months (1 Apr. to 30 Sep. 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 six 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 half-year interim report, the figures given for the previous year have been adjusted accordingly. In the report for the previous half-year 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**

VWH Vorrichtungs- 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 two 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 is being included in the current Group balance sheet as on 30 September 2007 for the first time. In the income statement of the financial year 2007/2008 Saglam is being included in the item "associated companies" for the first time in Q3.

Given the specific business model of GESCO AG, no details are given on purchase prices or the results of the subsidiaries acquired. Publication of the purchase prices 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.

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

On 23 August 2007 the Annual General Meeting of GESCO AG authorised the company to acquire GESCO AG shares according to section 71, paragraph 1, no. 8, German Stock Corporation Act (AktG) and issue these in a stock option programme. Beneficiaries include the Executive Board as well as a limited circle of GESCO AG executives. The stock option programme is designed in a way which requires beneficiaries to own shares, links executing options to defined performance criteria and caps possible gains. In September 2007, the GESCO AG Supervisory Board installed a stock option programme, in which 24,000 stock options were issued to Executive Board members and GESCO AG executives. One option authorises the purchase of one GESCO share. Instead of granting shares, GESCO AG reserves the right to compensate the full or partial amount from the program financially. The non-cash expense from this programme is calculated using a standard binomial model, recorded with an impact on earnings and disclosed in shareholders' equity. In this model volatility was put at 26 % and the non-risk interest rate at 5 %. The strike price of options issued in September 2007 is EUR 54.15. The lock-down period is two years and nine months after options are granted. After the lock-down period options can be exercised by 15 March two years later. The fair value for each option is EUR 9.16. 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 on 30 September 2007 and the Interim Directors' Report were neither audited according to section 317 German Commercial Code (HGB) nor reviewed by an auditor.

STATEMENT BY DIRECTORS

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, financial position and profit or loss of the Group, and the Interim Directors' Report of the Group 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

- 12 November 2007
Publication of the figures for the first six months (1 Apr. to 30 Sep. 2007) and dispatch of the interim report
- 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 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

Dear Shareholder,

If you would like to receive regular information on GESCO AG, please complete this page and return it to us by post or by fax. You can also register on our home page (www.gesco.de), send us an e-mail (info@gesco.de) or give us a call (+49-2 02-2 48 20 18).

First name/surname: _____

Address: _____

Postcode/town: _____

Phone: _____

Fax: _____

E-mail: _____



**Tradition
Innovation
Vision**

GESCO AG

DÖPPERSBERG 19

D-42103 WUPPERTAL

PHONE: +49 202 2 48 20-0

FAX: +49 202 2 48 20-49

E-MAIL: INFO@GESCO.DE

WEBSITE: WWW.GESCO.DE