



INTERIM REPORT

1 APRIL TO 30 JUNE 2007

The first quarter of 2007/2008 at a glance

- Further dynamic growth in the GESCO Group
- Incoming orders increase by 43 %, sales by 33 % and earnings by 70 %
- Group expansion through acquisition of VWH Vorrichtungen- und Werkzeugbau Herschbach GmbH
- Projections for the full year raised significantly



Tradition
Innovation
Vision

THE GESCO GROUP AT A GLANCE

GESCO AG	
SEGMENT TOOL MANUFACTURE AND MECHANICAL ENGINEERING	SEGMENT PLASTICS TECHNOLOGY

IMPORTANT KEY INDICATORS FROM THE GESCO GROUP
FOR THE FIRST QUARTER OF FINANCIAL YEAR 2007/2008

01.04.-30.06.		I. Quarter 2007/2008	I. Quarter 2006/2007	Change
Incoming orders	(EUR'000)	90,794	63,418	43.2 %
Sales revenues	(EUR'000)	80,494	60,362	33.4 %
EBITDA	(EUR'000)	10,944	7,121	53.7 %
EBIT	(EUR'000)	8,625	5,224	65.1 %
Earnings before tax	(EUR'000)	7,703	4,711	63.5 %
Group net income after minority interests	(EUR'000)	4,292	2,525	70.0 %
Earnings per share	(EUR)	1.42	0.92	54.5 %
Employees	(No.)	1,645	1,315	25.1 %

DEAR SHAREHOLDERS,

In the first quarter (01.04.-30.06.2007) of financial year 2007/2008, the GESCO Group seamlessly continued its successful path seen in the previous year. The business dynamic continues, and the Group's companies have full order books and are reporting strong capacity utilisation. Since the earnings situation overall has developed better than expected, we have raised our projections for the full year significantly.

At the end of April 2007, we acquired full ownership of VWH Vorrichtung- und Werkzeugbau Herschbach GmbH in Herschbach as part of a succession agreement. VWH specialises in automation and sensor technology and, with its staff of around 100, generates sales in the region of EUR 9 million. The present balance sheet includes the first-time consolidation of VWH but the company will not appear in the income statement until the second quarter.

GROUP SALES AND EARNINGS TREND

The business development dynamic within the GESCO Group is reflected in the sharp increase in incoming orders compared with the first quarter of the previous year, rising by 43.2 % to EUR 90.8 million (previous year: EUR 63.4 million). At 30.0 %, the majority of this growth was generated internally. 13.2 % of the growth is attributable to the acquisition of Frank Walz- und Schmiedetechnik GmbH, for which this is the first year of full-year consolidation in the Group financial statements.

At 33.4 %, sales also rose significantly from EUR 60.4 million to EUR 80.5 million. 23.1 % of this growth was internal and 10.3 % was due to the acquisition of Frank.

Despite a further increase in material expenditure ratios, the earnings figures rose disproportionately, as many of the Group companies benefited from higher capacity utilisation and fixed costs degression. Past investments also had a positive effect on efficiency and operational performance. EBITDA (earnings before interest, tax, depreciation and amortisation) rose by 53.7 % to EUR 10.9 million (EUR 7.1 million). Since depreciation increased at a lower rate than sales, EBIT (earnings before interest and tax) rose even more sharply, 65.1 %, to reach EUR 8.6 million (EUR 5.2 million). Group net income after minority interests recorded a 70.0 % growth, amounting to EUR 4.3 million (EUR 2.5 million).

SEGMENT DEVELOPMENT

Our largest segment, tool manufacture and mechanical engineering, increased sales from the previous year's first quarter by 38.4 % to EUR 70.3 million (EUR 50.8 million). The earnings figures grew at a significantly higher rate. The sharp rise of 46.0 % in incoming orders supports the prospects of further growth.

Sales in the plastics technology segment increased by 6.6 % to EUR 10.0 million (EUR 9.4 million), while EBITDA rose at a lower rate and EBIT fell slightly. This restrained development in earnings is temporary and should be balanced out in the next coming quarters. This segment also saw a strong rise in incoming orders, with the value going up 27.0 % from the previous first quarter to reach EUR 11.6 million (previous first quarter: EUR 9.1 million). Plastics technology has therefore also paved the way for further growth.

EMPLOYEES

The increase in headcount at the GESCO Group from 1,315 to 1,645 is mainly attributable to the addition of Frank Walz- und Schmiedetechnik GmbH (207 employees) and VWH Vorrichtung- und Werkzeugbau Herschbach GmbH (94 employees), both of which were not included in the previous first quarter.

OUTLOOK

In June, we expected that business would remain lively for the GESCO Group, but that earnings growth would be limited due to the already high utilisation of operating capacity. The surprising earnings dynamic of the first months of financial year 2007/2008 stems from several subsidiaries and has a number of causes. This meant that some large orders were more beneficial to the balance sheet than expected; start-up costs were lower than originally estimated and past investment generated increases in efficiency more quickly than expected. This development is a tribute not least to the high motivation and performance of GESCO Group employees.

As some of these effects were concentrated in the first quarter, earnings for this quarter were above average. We expect this to be the case again in the second quarter. For the second half of the year, we anticipate a downturn in sales due to the holiday periods and bank holidays at the end of the year, and lower utilisation resulting in lower margins.

Because of the recent corporate tax reform, the second quarter balance sheet will show a non-recurring effect worth approx. EUR 0.5 million resulting from the revaluation of deferred taxes. Naturally, this could not be taken into account in the projections published on 28 June 2007.

Given this extremely positive development, on 7 August we upgraded the full-year projections we published in June. The forecast for Group sales rose from EUR 310 million to EUR 320 million and the forecast for Group net income for the year after minority interests rose from EUR 12.5 million (EUR 4.13 per share) to EUR 15.4 million (EUR 5.09 per share). The above-mentioned non-recurring deferred tax earnings of EUR 0.5 million are included in these projected figures for annual Group net income.

Having acquired VWH right at the beginning of financial year 2007/2008, we believe there is a realistic chance of carrying out at least one further acquisition in the current financial year, thus further expanding the Group externally.

Yours sincerely,

GESCO AG

Executive Board

Wuppertal, August 2007

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

	I. Quarter 2007/2008 EUR'000	I. Quarter 2006/2007 EUR'000
Sales revenues	80,494	60,362
Change in stocks of finished and unfinished products	3,197	3,600
Other company produced additions to assets	311	285
Other operating income	586	213
Total income	84,588	64,460
Material expenditure	-47,185	-34,876
Personnel expenditure	-18,877	-16,005
Other operating expenditure	-7,582	-6,458
Earnings before interest, tax, depreciation and amortisation (EBITDA)	10,944	7,121
Depreciation on tangible and intangible assets	-2,319	-1,897
Earnings before interest and tax (EBIT)	8,625	5,224
Earnings from investments in associated companies	0	73
Other interest and similar income	127	145
Interest and similar expenditure	-785	-484
Third party profit share in partnerships	-264	-247
Financial result	-922	-513
Earnings before tax (EBT)	7,703	4,711
Taxes on income and earnings	-3,113	-2,044
Group net income	4,590	2,667
Third party profit share in incorporated companies	-298	-142
Group net income after minority interests	4,292	2,525
Earnings per share (EUR) acc. to IFRS	1.42	0.92
Weighted average number of shares	3,022,369	2,747,970

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

	30.06.2007 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	10,145	7,342
2. Goodwill	7,642	6,683
3. Prepayments made	11	11
	17,798	14,036
II. Tangible assets		
1. Land and buildings	27,803	27,354
2. Technical plant and machinery	18,652	17,151
3. Other plant, fixtures and fittings	14,613	14,748
4. Prepayments made and plant under construction	988	1,404
5. Property held as financial investments	3,692	3,730
	65,748	64,387
III. Financial assets		
1. Shares in affiliated companies	15	15
2. Investments	17	17
3. Securities held as fixed assets	2,584	2,740
	2,616	2,772
IV. Other assets	986	964
V. Deferred tax assets	1,534	1,466
	88,682	83,625
B. Current assets		
I. Inventories		
1. Raw materials and supplies	15,686	15,088
2. Unfinished products and services	19,583	15,495
3. Finished products and goods	26,371	25,269
4. Prepayments made	420	227
	62,060	56,079
II. Receivables and other assets		
1. Trade receivables	46,225	35,764
2. Amounts owed by affiliated companies	746	1,833
3. Other assets	4,419	3,788
	51,390	41,385
III. Securities	27	27
IV. Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques	30,371	30,256
V. Accounts receivable and payable	674	390
	144,522	128,137
	233,204	211,762

	30.06.2007 EUR'000	31.03.2007 EUR'000
Equity and liabilities		
A. Equity		
I. Subscribed capital	7,860	7,860
II. Capital reserves	36,167	36,167
III. Revenue reserves	31,956	27,664
IV. Own shares	-25	-25
V. Exchange equalisation items	35	28
VI. Subsequent valuation acc. to IAS39	-289	-133
VII. Minority interests (incorporated companies)	3,605	3,387
	79,309	74,948
B. Non-current liabilities		
I. Minority interests (partnerships)	1,592	2,140
II. Provisions for pensions	10,056	9,392
III. Other long-term provisions	2,683	2,683
IV. Liabilities to financial institutions	44,244	43,567
V. Other liabilities	4,714	4,713
VI. Deferred tax liabilities	4,973	4,501
	68,262	66,996
C. Current liabilities		
I. Other provisions	10,441	8,484
II. Liabilities		
1. Liabilities to financial institutions	20,309	18,036
2. Trade creditors	15,780	10,664
3. Prepayments received on orders	10,950	6,479
4. Liabilities on bills	1,902	1,881
5. Liabilities to companies with which a shareholding relationship exists	0	1
6. Other liabilities	26,066	24,063
	75,007	61,124
III. Accounts receivable and payable	185	210
	85,633	69,818
	233,204	211,762

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

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	79,078	54,167	11,587	9,126	0	0	129	125	90,794	63,418
Sales revenues	70,345	50,833	10,020	9,404	0	0	129	125	80,494	60,362
of which with other segments	0	0	0	0	0	0	0	0	0	0
EBIT	7,905	4,555	1,237	1,255	-577	-613	60	27	8,625	5,224
EBITDA	9,677	5,992	1,727	1,659	-558	-598	98	68	10,944	7,121
Financial result	-471	-266	-113	-79	-38	4	-36	76	-658	-265
of which income from associated companies	0	0	0	0	0	0	0	73	0	73
Depreciation	1,772	1,437	490	404	19	15	38	41	2,319	1,897
of which unscheduled	0	0	0	0	0	0	0	0	0	0
Segment assets	173,369	129,311	27,208	25,219	23,145	14,849	9,482	11,640	233,204	181,019
of which shares in associated companies	0	0	0	0	0	0	0	1,437	0	1,437
Segment liabilities	71,260	47,668	6,960	4,939	7,878	6,905	67,797	62,953	153,895	122,465
Investments	2,273	1,969	288	103	4	40	0	-3	2,565	2,109
Employees (No./Reporting date)	1,406	1,068	228	237	11	10	0	0	1,645	1,315

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						-20	-20		-20
Other neutral changes							0	-74	-74
Results for the period			2,525				2,525	142	2,667
As at 30.06.2006	7,147	27,180	20,309	-30	0	-117	54,489	2,463	56,952
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
Currency conversion					7		7	0	7
Other neutral changes								-80	-80
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

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

	01.04. -30.06.2007 EUR'000	01.04. -30.06.2006 EUR'000
Result for the period (including share attributable to minority interests in incorporated companies)	4,590	2,667
Depreciation on fixed assets	2,319	1,897
Profit on investments in associated companies	0	-73
Share attributable to minority interests in partnerships	264	247
Increase in long term provisions	37	266
Other non-cash income	-191	0
Cash flow for the period	7,019	5,004
Increase in inventories, trade receivables and other assets	-14,246	-6,950
Increase in trade creditors and other liabilities	10,261	2,094
Cash flow from ongoing business activity	3,034	148
Incoming payments from the disposal of tangible assets/intangible assets	124	2
Disbursements for investments in tangible assets	-2,136	-1,999
Disbursements for investments in intangible assets	-156	-37
Disbursements for investments in financial assets	0	-12
Disbursements for the acquisition of consolidated companies	-2,470	0
Cash flow from investment activities	-4,638	-2,046
Disbursements to minority shareholders	-893	-647
Incoming payments from raising loans	2,577	2,229
Exchange equalisation items	35	0
Cash flow from funding activities	1,719	1,582
Cash increase in financial means	115	-316
Financial means on 01.04.	30,283	17,553
Financial means on 30.06.	30,398	17,237

EXPLANATORY NOTES

ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of the GESCO Group for the first quarter (01.04.-30.06.2007) of the financial year 2007/2008 was prepared on the basis of the 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 at 31.03.2007. 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 amortised throughout the year.

In the report for the first quarter of the previous year and contrary to IAS 32, shares held by third parties in our partnerships were included in the item, "minority interests" under equity. In the consolidated financial statements for 2006/2007, these shares were re-categorised and reported under debt as long-term liabilities. In the present quarterly report, the figures given for the previous year have been adjusted accordingly.

**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 share-price allocation in the present balance sheet is provisional within the meaning of IFRS 3.61 ff. The company is not included in the present income statement.

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 to them a condition of sale. For further information on this policy, please refer to the Annual Report for financial year 2006/2007.

FINANCIAL CALENDAR

23 August 2007 / 10.30 a.m.

Annual General Meeting in the Stadthalle in Wuppertal

November 2007

Publication of the figures for the first six months (01.04.-30.09.2007)
and dispatch of the interim report

February 2008

Publication of the figures for the first nine months (01.04.-31.12.2007)

26 June 2008

Accounts press conference and analysts' meeting

August 2008

Publication of the figures for the first three months (01.04.-30.06.2008)

21 August 2008

Annual General Meeting in the Stadthalle in Wuppertal

November 2008

Publication of the figures for the first six months (01.04.-30.09.2008)
and dispatch of the interim report



**Tradition
Innovation
Vision**

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