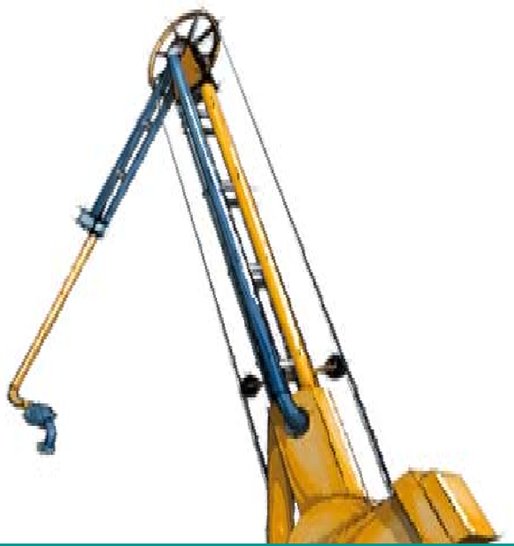

INTERIM REPORT
1 APRIL TO 31 DECEMBER 2006

The first nine months of financial year 2006/2007 at a glance

- Continuing growth in the GESCO Group
- Incoming orders still higher than sales
- Increased one-off earnings from the sale of a minority shareholding
- Target earnings for the full year raised to EUR 12.6 million

GESCO

Tradition
Innovation
Vision

THE GESCO GROUP AT A GLANCE

GESCO AG	
SEGMENT TOOL MANUFACTURE AND MECHANICAL ENGINEERING	SEGMENT PLASTICS TECHNOLOGY

KEY FIGURES FROM THE GESCO GROUP FOR THE FIRST NINE MONTHS OF FINANCIAL YEAR 2006/2007

01.04.-31.12.		I.-III. Quarter 2006/2007	I.-III. Quarter 2005/2006	Change
Incoming orders	(EUR'000)	206,135	184,961	11.4 %
Sales revenues	(EUR'000)	193,047	171,896	12.3 %
EBITDA	(EUR'000)	20,989	18,970	10.6 %
EBIT	(EUR'000)	15,053	13,567	11.0 %
Earnings before tax	(EUR'000)	16,534	12,471	32.6 %
Group net income	(EUR'000)	9,582	6,695	43.1 %
Earnings per share	(EUR)	3.49	2.58	35.2 %
Employees	(No.)	1,542	1,326	16.3 %

DEAR SHAREHOLDERS,

Growth continued during the third quarter of financial year 2006/2007. The figures for the entire nine-month period confirm that the decision in November 2006 to increase our full-year operational planning was right.

As stated in the first half-year report, we sold our 40 % interest in Gewerbepark Wilthener Straße GmbH, Bautzen, as of 31 October 2006. This was a minority participation outside our industrial focus and not typical of GESCO AG and we had entered into it in consideration of German reunification. While we had initially budgeted for exceptional income of approximately EUR 2 million, this figure rose to approximately EUR 2.6 million as the result of a variable purchase price component. We are therefore increasing our estimate of Group net income for the full year by EUR 0.6 million. As already explained, the inflow of funds stemming from this sale is to be used to reduce net indebtedness and further improve the balance sheet ratios.

In July 2006, we took over Frank Walz- und Schmiedetechnik GmbH in Hatzfeld, North Hesse; we have already reported on this. This nine-month report already includes two months' figures for Frank in the profit and loss statement.

GROUP SALES AND EARNINGS

Over the nine-month period, the companies of GESCO Group recorded the continuation of vigorous business. Incoming orders rose compared with that period of the previous year by 11.4 % to a total EUR 206 million with sales increasing by 12.3 % to EUR 193 million. As before, incoming orders remain higher than sales, signalling further growth. Frank Walz- und Schmiedetechnik GmbH which was acquired in July 2006 is included in both figures for two months; sales growth stems almost equally from organic growth and corporate acquisitions.

The EBITDA (earnings before interest, tax, depreciation and amortisation) rose by 10.6 % to EUR 21 million and the EBIT (earnings before interest and tax) rose by 11.0 % to EUR 15 million. The financial result of EUR 1.5 million (previous year: EUR -1.1 million) contains one-off income from the sale of our Gewerbepark investment. The pre-tax result therefore rose more than proportionally by 32.6 % to EUR 16.5 million. After deduction of tax and the profit share for our shareholding directors, there was a 43.1 % higher Group net income of EUR 9.6 million, corresponding to earnings per share of EUR 3.49.

SEGMENT REPORT

Tool manufacture and mechanical engineering accounted for approximately 86 % of Group sales and still represent the bigger of our two segments. Incoming orders and sales both rose by around 14 %, whilst the key earnings figures rose disproportionately. The smaller segment of plastics technology represented around 14 % of Group sales. Incoming orders in this segment largely remained steady, whilst sales increased by over 5 %. Here, too, the key earnings figures rose more than sales.

FINANCIAL SITUATION

The increase in total assets from EUR 174 million to EUR 203 million is largely due to the acquisition of Frank Walz- und Schmiedetechnik GmbH and the growth of operating business among our subsidiaries.

On the assets side of the balance sheet, the new assets of Frank contributed to a rise in the fixed assets and current assets. The reason for the strong rise in cash resources lies in the sale of the Gewerbepark investment. Goodwill as of the balance sheet reporting date came to EUR 7 million, equivalent to just 11 % of shareholders' capital, which for a holding company of our structure represents a very low figure.

On the liabilities side, the liabilities to banks increased through the initial consolidation of debt positions of Frank and through the outside capital component from financing this acquisition. The rise in current liabilities to banks stems in particular from the high rate of operating business among the subsidiaries. Shareholders' capital rose to around EUR 63 million and despite a clear rise in total assets the capital ratio was 31 %, remaining again at a comfortable level. With a ratio of net financial liabilities to EBITDA of around 2, the gearing ratio is also healthy, leaving scope for further internal and external growth.

EMPLOYEES

The 16.3 % rise in the workforce to a total of 1,542 employees is chiefly due to the addition of the workforce of Frank Walz- und Schmiedetechnik GmbH, which has been included for the first time in the current figures.

OUTLOOK

In November 2006 we had raised our sales planning from EUR 245 million to EUR 263 million and the estimate of Group net income from EUR 9.8 million to EUR 12.0 million. These plans should be safely achieved in terms of sales, and owing to the higher than expected one-off earnings arising from the sale of the Gewerbepark investment the result will probably be exceeded by around EUR 0.6 million. The new planned result of EUR 12.6 million corresponds to earnings per share of EUR 4.58 (previous year: EUR 3.39). We do not expect any negative surprises stemming from extraordinary amortisation of goodwill (impairment test); this is a reflection of our conservative balance sheet policy which is averse to risk. In view of today's situation, we continue to see positive prospects overall for the operational development of the GESCO Group.

The annual financial statements of the GESCO Group and the company accounts of GESCO AG for the financial year 2005/2006 were awarded a qualified audit certificate. We have provided an extensive explanation of the qualification in the preface to the annual report 2005/2006. It relates essentially to the non-disclosure of the results of our subsidiaries and the non-disclosure of the purchase prices paid for the subsidiaries acquired during the respective financial year (please also refer to the Explanatory Notes to the quarterly report). The omission of this information serves to protect the operating business of our companies and the GESCO AG business model. In view of the missing information regarding company acquisitions, the Deutsche Prüfstelle für Rechnungslegung (DPR) has instigated an audit procedure against GESCO AG. GESCO AG is cooperating fully with the auditors.

As well as internal growth, we continue to aim for external growth through the acquisition of strategically attractive industrial SMEs in the metal and plastics processing sectors. We are constantly looking at concrete takeover projects. We are unable to provide accurate predictions of the nature and date of the next acquisition in our area of activity in the mid-sized sector, yet we see realistic prospects of extending our portfolio by external investments once again during calendar year 2007.

Finally we should like to let you know about two new facts concerning the GESCO share. We removed our share from listing on Gate-M, the segment of the Stuttgart Stock Exchange for small and mid caps, on 31 December 2006 since this listing had not fulfilled our expectations. As of 7 February 2007 we have commissioned HSBC Trinkaus & Burkhardt as the second Designated Sponsor in addition to Equinet to look after our share on XETRA; this will pay account of the growing market capitalisation of our company and the rise in interest on the part of investors and broaden the marketing network for our shares. HSBC Trinkaus und Burkhardt commenced research in the GESCO share on 9 February 2007.

Yours sincerely,

GESCO AG The Executive Board

Wuppertal, February 2007

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

	III. Quarter 2006/2007 EUR'000	III. Quarter 2005/2006 EUR'000
Sales revenues	**69,891**	**58,881**
Change in stocks of finished and unfinished products	1,834	-269
Other company produced additions to assets	31	8
Other operating income	243	502
Total performance	**71,999**	**59,122**
Expenditure on raw materials	-38,341	-29,674
Personnel expenditure	-18,425	-15,687
Other operating expenditure	-8,149	-6,764
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**7,084**	**6,997**
Depreciation on tangible and intangible assets	-2,118	-1,875
Earnings before interest and tax (EBIT)	**4,966**	**5,122**
Earnings from securities	0	0
Earnings from investments in associated companies	2,665	-9
Other interest and similar income	118	85
Interest and similar expenditure	-698	-533
Financial result	**2,085**	**-457**
Earnings before tax (EBT)	**7,051**	**4,665**
Taxes on income and earnings	-1,949	-1,999
Earnings after tax	**5,102**	**2,666**
Share of profit attributable to minority interests	-457	-211
Group net income	**4,645**	**2,455**
Earnings per share (EUR) according to IFRS	1.69	0.89
Weighted average number of shares	2,743,570	2,744,528

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

	I.-III. Quarter 2006/2007 EUR'000	I.-III. Quarter 2005/2006 EUR'000
Sales revenues	**193,047**	**171,896**
Change in stocks of finished and unfinished products	4,729	668
Other company produced additions to assets	368	23
Other operating income	874	1,247
Total performance	**199,018**	**173,834**
Expenditure on raw materials	-106,287	-90,641
Personnel expenditure	-50,969	-45,335
Other operating expenditure	-20,773	-18,888
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**20,989**	**18,970**
Depreciation on tangible and intangible assets	-5,936	-5,403
Earnings before interest and tax (EBIT)	**15,053**	**13,567**
Earnings from securities	143	124
Earnings from investments in associated companies	2,760	121
Other interest and similar income	369	297
Interest and similar expenditure	-1,791	-1,638
Financial result	**1,481**	**-1,096**
Earnings before tax (EBT)	**16,534**	**12,471**
Taxes on income and earnings	-5,742	-5,178
Earnings after tax	**10,792**	**7,293**
Share of profit attributable to minority interests	-1,210	-598
Group net income	**9,582**	**6,695**
Earnings per share (EUR) according to IFRS	3.49	2.58
Weighted average number of shares	2,746,448	2,593,569

GESCO GROUP BALANCE SHEET AS AT 31 DECEMBER 2006 AND 31 MARCH 2006

Assets	31.12.2006 EUR'000	31.03.2006 EUR'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	6,295	6,957
2. Goodwill	7,080	5,510
3. Prepayments made	10	51
	13,385	**12,518**
II. Tangible assets		
1. Land and buildings	27,686	25,972
2. Technical plant and machinery	17,147	16,232
3. Other plant, fixtures and fittings	11,231	10,022
4. Prepayments made and plant under construction	2,924	1,020
5. Property held as financial investments	3,843	3,962
	62,831	**57,208**
III. Financial assets		
1. Shares in affiliated companies	16	1
2. Shares in associated companies	0	1,365
3. Investments	29	27
4. Securities held as fixed assets	2,483	2,775
	2,528	**4,168**
IV. Other assets	1,576	1,524
V. Deferred tax assets	1,024	1,338
	81,344	**76,756**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	14,139	9,738
2. Unfinished goods, unfinished services	15,866	9,697
3. Finished products and goods	25,739	22,383
4. Prepayments made	665	409
	56,409	**42,227**
II. Receivables and other assets		
1. Trade receivables	38,809	32,980
2. Claims on companies with which a shareholding relationship exist	1,289	1,181
3. Other assets	3,008	3,504
	43,106	**37,665**
III. Securities	27	27
IV. Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques	21,304	17,526
V. Prepaid expenses	337	229
	121,183	**97,674**
	202,527	**174,430**

Equity and liabilities	31.12.2006 EUR'000	31.03.2006 EUR'000
A. Equity		
I. Share capital	7,147	7,147
II. Capital reserves	27,180	27,180
III. Revenue reserves	23,931	17,784
IV. Own shares	-25	-30
V. Revaluation IAS39	-390	-97
VI. Minority interests	4,971	4,322
	62,814	**56,306**
B. Non-current liabilities		
I. Provisions for pensions	10,330	8,917
II. Other long-term provisions	2,164	2,164
III. Liabilities to financial institutions	48,310	43,911
IV. Other liabilities	3,398	3,393
V. Deferred tax liabilities	3,810	4,139
	68,012	**62,524**
C. Current liabilities		
I. Other provisions	11,348	8,283
II. Liabilities		
1. Liabilities to financial institutions	17,829	12,511
2. Trade creditors	12,153	10,334
3. Prepayments reveiced on orders	8,660	5,314
4. Liabilities from accepting bills drawn	1,391	1,108
5. Liabilities to companies with which a shareholding relationship exists	5	5
6. Other liabilities	19,677	18,045
	59,715	**47,317**
III. Prepaid income	638	0
	71,701	**55,600**
	202,527	**174,430**

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	
	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006
Incoming orders	179,378	157,957	26,379	26,571	0	0	378	433	206,135	184,961
Sales revenues	165,806	145,940	26,863	25,523	0	0	378	433	193,047	171,896
of which with other segments	0	0	0	0	0	0	0	0	0	0
EBIT	14,661	12,854	3,026	2,673	1,071	-2,193	-3,705	233	15,053	13,567
EBITDA	19,250	16,760	4,204	3,986	1,117	-2,144	-3,582	368	20,989	18,970
Financial result	-928	-684	-219	-166	-285	-475	2,913	229	1,481	-1,096
of which income from associated companies	0	0	0	0	0	0	2,760	121	2,760	121
Depreciation	4,589	3,906	1,178	1,313	46	49	123	135	5,936	5,403
of which unscheduled	0	0	0	0	0	0	0	0	0	0
Segment assets	151,118	122,688	26,045	25,134	16,657	9,767	8,707	13,520	202,527	171,109
of which shares in associated companies	0	0	0	0	0	0	0	1,240	0	1,240
Segment liabilities	58,578	43,369	5,138	4,545	7,934	5,486	68,064	64,936	139,714	118,336
Investments	5,613	5,595	795	538	90	59	0	-2	6,498	6,190
Employees (No./Reporting date)	1,301	1,078	230	238	11	10	0	0	1,542	1,326

CHANGES IN THE SHAREHOLDERS' EQUITY OF THE GESCO GROUP

EUR'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares	Revaluation IAS 39	Total	Minority interests	Shareholders' equity
As at 01.04.2005	**6,500**	**21,142**	**10,668**	**-21**	**400**	**38,689**	**3,189**	**41,878**
Revaluation of securities not impacting on income					-314	-314		-314
Acquisition of own shares				-85		-85		-85
Disposal of own shares				75		75		75
Dividends			-2,249			-2,249		-2,249
Capital increase	647	6,038				6,685		6,685
Other neutral changes						0	-510	-510
Results for the period			6,695			6,695	598	7,293
As at 31.12.2005	**7,147**	**27,180**	**15,114**	**-31**	**86**	**49,496**	**3,277**	**52,773**
As at 01.04.2006	**7,147**	**27,180**	**17,784**	**-30**	**-97**	**51,984**	**4,322**	**56,306**
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
Currency conversion			-4			-4	-1	-5
Other neutral changes			4			4	-560	-556
Results for the period			9,582			9,582	1,210	10,792
As at 31.12.2006	**7,147**	**27,180**	**23,931**	**-25**	**-390**	**57,843**	**4,971**	**62,814**

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

	01.04. -31.12.2006 EUR'000	01.04. -31.12.2005 EUR'000
Group net income for the period (including share of income attributable to minority interests)	**10,792**	**7,293**
Depreciation on fixed assets	5,936	5,403
Profit on investments in associated companies	-121	-121
Increase in long term provisions	214	249
Other non-cash income/expenditure	0	-91
Cash flow for the period	**16,821**	**12,733**
Losses from the disposal of tangible/intangible assets	13	79
Earnings form the disposal of tangible/intangible assets	-10	0
Earnings form the disposal of financial assets	-2,639	0
Increase in inventories, trade receivables and other assets	-10,626	-16,676
Increase in trade creditors and other liabilities	5,374	5,696
Cash flow from ongoing business activity	**8,933**	**1,832**
Incoming payments from the disposal of tangible assets/intangible assets	84	118
Disbursements for investments in tangible assets	-6,185	-6,009
Earnings/losses from the disposal of financial assets	3,975	328
Disbursements for investment in financial assets	-31	0
Disbursements for the acquisition of consolidated companies	-4,267	-4,510
Cash flow from investment activities	**-6,424**	**-10,073**
Net capital increase	0	6,685
Disbursements to shareholders (dividend)	-3,435	-2,248
Disbursements for the acquisition of own shares	-195	-85
Incoming payments from the sale of own shares	200	75
Disbursements to minority shareholders	-562	-510
Incoming payments from raising loans	5,261	7,374
Cash flow from funding activities	**1,269**	**11,291**
Cash increase in financial means	**3,778**	**3,050**
Financial means on 01.04.	17,553	10,518
Financial means on 31.12.	**21,331**	**13,568**

EXPLANATORY NOTES

ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of the GESCO Group for the nine-month period (01.04.-31.12.2006) of the financial year 2006/2007 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 31.03.2006. 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.

As in the Group financial statements for the financial year 2005/2006, the present half-yearly report deviates from IAS 32 in respect of the shares of third parties in our partnerships which are still shown as a separate item in shareholders' capital. These shares relate to the participating interests of the directors in the companies managed by them and the portion of the result to which they are entitled. The rules in IAS 32, which in the case of partnerships specify that these shares should be stated as outside capital, are not appropriate in view of the long-term nature of our participating interests and would result in a misleading picture. The principles of IFRS accounting, which require a reliable picture of the assets, net worth and earnings of the company, mitigate against the application of IAS 32 in the present case. The standard is currently being revised to tailor it to German SMEs.

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

Frank Walz- und Schmiedetechnik GmbH now wholly owned by GESCO AG as of 23 July 2006, and Frank Hungária Kft, in which Frank Walz- und Schmiedetechnik GmbH has a 73.86 % holding, were consolidated for the first time as of 1 August 2006. Both companies with their assets and liabilities are included in the present balance sheet. The assets and liabilities of Frank Hungária Kft were converted from the Hungarian forint to the euro as of the closing date of 31.07.2006. The purchase price allocation in the present balance sheet is provisional as defined in IFRS 3.61 ff. In the present profit and loss statement, two months' figures were included for both the aforementioned companies. With Frank Lemeks TOW, Frank Walz- und Schmiedetechnik GmbH maintains a sales company in Ukraine; this company has been included on the balance sheet at cost.

The sale of the 40 % holding in Gewerbepark Wilthener Straße GmbH took place during the third quarter. As in the same period of the previous year, this investment is the only interest included in the Group financial statements at equity.

In deference to the GESCO AG investment model, no information is provided on purchase prices or on the results of acquired subsidiaries. Disclosure of the purchase prices would obviously affect GESCO AG's position in the equity investment business adversely, because as a rule we acquire mid-sized companies managed by their proprietors who make non-disclosure of the purchase price a condition of sale. Disclosing the results of our subsidiaries could jeopardise their competitiveness. The non-disclosure of this information therefore serves to protect the shareholders' assets. Regarding this, we refer to the content of the annual report for the financial year 2005/2006.

FINANCIAL CALENDAR

28 June 2007
Accounts press conference and analysts' conference

August 2007
Publication of the figures for the first quarter (01.04.-30.06.2007)

23 August 2007
Annual General Meeting in the Stadthalle, 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 three quarters (01.04.-31.12.2007)

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 website (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