



INTERIM REPORT

1 APRIL TO 30 JUNE 2005

The first quarter of financial year 2005/2006 at a glance

- Strong growth in sales and earnings
- Incoming orders remain above sales
- The GESCO Group is on budget



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 2005/2006

01.04.-30.06.		I. Quarter 2005/2006	I. Quarter 2004/2005	Change
Incoming orders	(EUR'000)	58,252	50,104	16.3 %
Sales revenues	(EUR'000)	53,321	41,765	27.7 %
EBITDA	(EUR'000)	5,917	4,209	40.6 %
EBIT	(EUR'000)	4,084	2,548	60.3 %
Earnings before tax	(EUR'000)	3,793	2,963	28.0 %
Group net income	(EUR'000)	2,004	1,607	24.7 %
Earnings per share	(EUR)	0.80	0.64	25.0 %
Employees	(No.)	1,205	1,127	6.9 %

DEAR SHAREHOLDERS,

The first quarter (01.04. to 30.06.2005) of financial year 2005/2006 has gone well for the GESCO Group. Our Group was able to continue the dynamic growth of the last two quarters of the previous year and maintain growth in sales and earnings. So far, incoming orders exceed sales. Since all key indicators are within expectations, we are confident of achieving our goals for the year as a whole announced at the balance sheet press conference.

GROUP SALES AND EARNINGS

In the first quarter, incoming orders rose 16.3 % compared with the same period in the previous year from EUR 50.1 million to EUR 58.3 million. Sales increased sharply by 27.7 % to EUR 53.3 million (previous year EUR 41.8 million). Approximately 5 % of the growth in sales is attributable to the addition of the Setter Group in Emmerich, which we acquired in April 2004; Setter was not included in the same period in the previous year.

Earnings before interest, tax, depreciation and amortisation, or EBITDA, increased stronger than sales, rising 40.6 % from EUR 4.2 million to EUR 5.9 million. Since depreciation and amortisation only increased slightly, EBIT rose disproportionately from EUR 2.5 million to EUR 4.1 million. In the previous year, financial results included the one-off positive effect of selling an investment, which no longer featured in the year under review. At EUR 2.0 million, Group net income was 24.7 % up on the previous year's figure of EUR 1.6 million. Earnings per share amounted to EUR 0.80 compared with EUR 0.64 in the previous year.

SEGMENT REPORT

Our largest segment, namely tool manufacture and mechanical engineering, recorded an increase in sales of 21.3 % and a disproportionate rise in earnings. Strong growth in the plastics technology segment, where sales grew by 71.0 % and earnings also posted above average growth, is due on the one hand to the inclusion of the Setter Group and on the other hand to expansion in business by the existing companies in the segment.

EMPLOYEES

The staff complement increased from 1,127 to 1,205 compared with the previous reporting date. This increase is mainly due to the addition of the Setter Group.

OUTLOOK

Following the end of the first quarter, all the GESCO Group's key indicators are in line with expectations, so we are confident of achieving the targets for the year as a whole announced at the balance sheet press conference on 28 June 2005. At the same time, the figures for the first quarter cannot be extrapolated on a straight-line basis for the whole year; in our planning, we assume that demand will weaken in the second half. We are expecting sales of EUR 205 million for financial year 2005/2006 as a whole and consolidated net income of EUR 6.6 million or earnings per share of EUR 2.64.

Yours sincerely

GESCO AG

The Executive Board

Wuppertal, August 2005

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

	I. Quarter 2005/2006 EUR'000	I. Quarter 2004/2005 EUR'000
Sales revenues	53,321	41,765
Change in stocks of finished and unfinished products	964	2,443
Other company produced additions to assets	8	8
Other operating income	315	303
Total performance	54,608	44,519
Expenditure on raw materials	-28,915	-22,014
Personnel expenditure	-14,596	-13,846
Other operating expenditure	-5,180	-4,450
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,917	4,209
Depreciation on tangible and intangible assets	-1,833	-1,661
Earnings before interest and tax (EBIT)	4,084	2,548
Earnings from investments in associated companies	111	795
Other interest and similar income	101	97
Interest and similar expenditure	-503	-477
Financial result	-291	415
Earnings before tax (EBT)	3,793	2,963
Taxes on income and earnings	-1,586	-1,203
Earnings after tax	2,207	1,760
Share of profit attributable to minority interests	-203	-153
Group net income	2,004	1,607
Earnings per share (EUR)	0.80	0.64

**GESCO GROUP BALANCE SHEET
AS AT 30 JUNE 2005 AND 31 MARCH 2005**

	30.06.2005	31.03.2005
	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	7,740	8,038
2. Goodwill	4,240	4,240
3. Prepayments made	10	10
	11,990	12,288
II. Tangible assets		
1. Land and buildings	22,188	22,444
2. Technical plant and machinery	13,802	14,095
3. Other plant, fixtures and fittings	9,162	9,523
4. Prepayments made and plant under construction	453	530
5. Property held as financial investments	4,676	4,722
	50,281	51,314
III. Financial assets		
1. Shares in affiliated companies	1	1
2. Shares in associated companies	1,229	1,119
3. Investments	46	46
4. Securities held as fixed assets	3,110	3,342
	4,386	4,508
IV. Other assets	1,029	1,091
V. Deferred tax assets	1,587	1,783
	69,273	70,984
B. Current assets		
I. Inventories		
1. Raw materials and supplies	9,922	9,307
2. Unfinished goods, unfinished services	9,012	8,501
3. Finished products and goods	16,895	14,428
4. Prepayments made	168	205
	35,997	32,441
II. Receivables and other assets		
1. Trade receivables	32,341	27,508
2. Claims on companies with which a shareholding relationship exist	999	867
3. Other assets	3,402	2,674
	36,742	31,049
III. Securities	27	27
IV. Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques	9,865	10,491
V. Prepaid expenses	373	78
	83,004	74,086
	152,277	145,070

	30.06.2005	31.03.2005
	EUR'000	EUR'000
Equity and liabilities		
A. Equity		
I. Share capital	6,500	6,500
II. Capital reserves	21,142	21,142
III. Revenue reserves	12,672	10,668
IV. Own shares	-21	-21
V. Revaluation IAS39	167	400
VI. Minority interests	2,704	3,189
	43,164	41,878
B. Non-current liabilities		
I. Provisions for pensions	8,320	8,310
II. Liabilities to financial institutions	45,054	42,924
III. Other liabilities	2,938	3,017
IV. Deferred tax liabilities	3,616	3,860
	59,928	58,111
C. Current liabilities		
I. Other provisions	6,980	7,293
II. Liabilities		
1. Liabilities to financial institutions	10,541	9,707
2. Trade creditors	9,963	7,778
3. Prepayments received on orders	3,956	4,092
4. Liabilities from accepting bills drawn	977	1,721
5. Liabilities to companies with which a shareholding relationship exists	5	5
6. Other liabilities	16,763	14,485
	42,205	37,788
	49,185	45,081
	152,277	145,070

**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	
	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
Incoming orders	48,587	43,282	9,513	6,688	0	0	152	134	58,252	50,104
Sales revenues	44,283	36,434	8,885	5,197	0	0	153	134	53,321	41,765
of which with other segments	0	0	0	0	0	0	0	0	0	0
EBIT	3,373	2,564	1,132	532	-496	-624	75	76	4,084	2,548
EBITDA	4,669	3,867	1,609	822	-481	-597	120	117	5,917	4,209
Financial result	-225	-257	-55	689	-154	-75	143	58	-291	415
of which income from associated companies	0	0	0	744	0	0	111	51	111	795
Depreciation	1,296	1,303	477	290	15	27	45	41	1,833	1,661
of which unscheduled	0	0	0	0	0	0	0	0	0	0
Segment assets	107,249	104,010	24,834	25,534	7,292	9,050	12,902	13,202	152,277	151,796
of which shares in associated companies	0	0	0	0	0	0	1,119	1,087	1,119	1,087
Segment liabilities	40,138	36,733	4,423	2,789	5,745	5,678	58,807	68,900	109,113	114,100
Investments	401	382	175	823	58	85	0	-285	634	1,005
Employees (No./Reporting date)	969	963	226	155	10	9	0	0	1,205	1,127

**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 01.04.2004	6,500	21,142	6,122	-85	0	33,679	2,653	36,332
Other neutral changes			0			0	-426	-426
Results for the period			1,607			1,607	153	1,760
As at 30.06.2004	6,500	21,142	7,729	-85	0	35,286	2,380	37,666
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					-233	-233		-233
Other neutral changes			0			0	-688	-688
Results for the period			2,004			2,004	203	2,207
As at 30.06.2005	6,500	21,142	12,672	-21	167	40,460	2,704	43,164

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

	01.04. -30.06.2005 EUR'000	01.04. -30.06.2004 EUR'000
Group net income for the period (including share of income attributable to minority interests)	2,207	1,760
Depreciation on fixed assets	1,833	1,661
Profit on investments in associated companies	-111	-795
Increase in long term provisions	10	69
Other non-cash income	0	-51
Cash flow for the period	3,939	2,644
Increase in inventories, trade receivables and other assets	-9,285	-5,637
Increase in trade creditors and other liabilities	2,945	2,811
Cash flow from ongoing business activity	-2,401	-182
Incoming payments from the disposal of tangible assets/intangible assets	24	22
Disbursements for investments in tangible assets	-526	-1,045
Incoming payments from the disposal of financial assets	0	904
Disbursements for the acquisition of consolidated companies	0	-4,077
Cash flow from investment activities	-502	-4,196
Disbursements to minority shareholders	-688	-273
Incoming payments from raising loans	2,965	5,971
Cash flow from funding activities	2,277	5,698
Cash increase in financial means	-626	1,320
Financial means on 01.04.	10,518	14,135
Financial means on 30.06.	9,892	15,455

ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The GESCO Group's Interim Report for the first quarter (01.04.-30.06.2005) of financial year 2005/2006 was prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the statements by the International Accounting Standards Board (IASB). All the relevant International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been applied, taking into account the interpretations of the Standing Interpretations Committee (SIC) and the IFRIC interpretation (IFRIC). The 2004 version of the statements has been applied.

In principle, the accounting and valuation methods correspond to those used for the consolidated financial statements as at 31.03.2005. For liabilities denominated in foreign currencies, the valuation approach of the annual financial statements has been applied.

The presentation of the comparable figures for the previous year has been adjusted so as to facilitate comparison.

FINANCIAL CALENDAR

1 September 2005 at 10.30 a.m.
Annual General Meeting in the Stadthalle, Wuppertal

November 2005
Announcement of the figures for the first half year (01.04.-30.09.2005) and dispatch of the Interim Report

February 2006
Announcement of the figures for the first nine months (01.04.-31.12. 2005)

29 June 2006
Balance sheet press conference and analysts' conference

August 2006
Announcement of figures for the first quarter (01.04.-30.06.2006)

24 August 2006
Annual General Meeting in the Stadthalle, Wuppertal

November 2006
Announcement of the figures for the first six months (01.04.-30.09.2006) and dispatch of the Interim Report



**Tradition
Innovation
Vision**

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