

QUARTERLY REPORT

1 April to 31 December 2004

The first nine months of 2004/2005 at a glance

- positive trend continues
- incoming orders and sales up by around 13%, overproportionate growth in earnings
- full-year targets raised
- GESCO share price up 22 % in the reporting period



Tradition
Innovation
Vision

The GESCO Group at a glance

01.04.-31.12.		1 st -3 rd quarter 2003/2004 as reported	1 st -3 rd quarter 2003/2004 adjusted*	1 st -3 rd quarter 2004/2005	Change**
Incoming orders	(EUR'000)	130,469	130,469	147,163	12.8 %
Sales revenues	(EUR'000)	123,453	123,453	140,022	13.4 %
EBITDA	(EUR'000)	11,531	11,531	13,586	17.8 %
Earnings before tax	(EUR'000)	5,193	5,341	8,161	52.8 %
Group net income	(EUR'000)	2,622	2,867	4,234	47.7 %
Earnings per share	(EUR)	1.05	1.15	1.70	47.8 %
Earnings per share according to DVFA/SG	(EUR)	1.05	1.15	1.69	47.0 %
Employees	(No.)	1,210	1,210	1,229	1.6 %

* From financial year 2004/2005, goodwill is no longer written off on a scheduled basis. The previous year's figures have been adjusted in accordance with this.

** Change in relation to the adjusted figures for the previous year

GESCO Group portfolio structure



Dear Shareholders,

The positive trend of the first half of the year continued in the nine-month period (1 April to 31 December 2004) of financial year 2004/2005 (1 April 2004 to 31 March 2005), as the GESCO Group has continued to enjoy tremendous financial success. A few companies benefited from special economic influences, developing much better than forecast. Therefore, the figures for the year as a whole look set to exceed the targets announced at the Annual Accounts Press Conference on 24 June 2004.

The GESCO share also continues to perform well. In the nine-month period (1 April to 31 December 2004) the share price rose by 22.2 %, while our benchmark, the SDAX recorded growth of 7.4 %. Indeed, in the 2004 calendar year our share posted growth of 50.0 % compared with a rise of 19.3 % in the SDAX.

Scope of consolidation

Compared with the first nine months of the previous year, the following changes to the scope of consolidation are now in place: Kühlmann Kunststoff-Technik GmbH (KKT GmbH), in which AstroPlast Kunststofftechnik GmbH & Co. KG has a 40 % participation, is shown at equity in the consolidated financial statements for the reporting period, whereas it was fully consolidated during the same period the previous year. After the end of the reporting period, the participation in KKT GmbH was sold to a strategic investor at book value. As was announced in the 2003/2004 annual report, the 40 % share in Paroll Doppelboden-Systeme GmbH & Co. KG was sold in April 2004. In the same period of the previous year, Paroll was still shown at equity in the consolidated financial statements. Five months of figures from the Setter Group, acquired at the end of April 2004, are included in the current nine-month figures.

Accounting changes

Standard IFRS 3, which was published last year, introduced changes to the on-balance sheet treatment of company acquisitions and, by extension, goodwill. Under IFRS 3, after a company acquisition the differences on the assets side arising from first-time consolidation should, if possible, be shown in a more detailed breakdown than to date, allocating the amounts to individual asset items. Only the remaining amount that cannot be allocated to any other item is to be posted under goodwill. Where a goodwill item exists, it is no longer written off on a scheduled basis, but subject to an annual impairment test. The other intangible assets are each written off on a scheduled basis according to their useful life.

To keep goodwill to a minimum we endeavour as far as possible to allocate the difference arising on a company acquisition to depreciable assets. Whereas as at the start of the financial year we assumed that we could allocate any differences in full to intangible assets and write them off further, in light of the further comments now made on the Standard we have re-allocated them. This gives residual goodwill that is no longer written off on a scheduled basis, thus the result for the year will be around EUR 0.2 million better than budgeted.

To be able to continue writing off such differences that arose before the current financial year, we have applied IFRS 3 retroactively, which means adjusting the previous year's period according to the dictates of the Standard as if that Standard applied in the past. To enable investors to make a meaningful comparison, for the previous year's values on the profit and loss account and balance sheet both the figures already published and the adjusted figures are given in this quarterly report. The rates of change indicated relate in sequential order to the adjusted previous year's figures.

Group sales and earnings

The GESCO Group recorded growth of 12.8% in incoming orders in the first three quarters, from EUR 130.5 million to EUR 147.2 million. In the same period, sales rose from EUR 123.5 million to EUR 140.0 million, which is a 13.4% increase.

Despite a higher rate of expenditure on materials, the EBITDA (earnings before interest, tax, depreciation and amortisation) trend was clearly overproportional, with growth of 17.8% from EUR 11.5 million to EUR 13.6 million. As depreciation was practically unchanged compared with the same period in the previous year, EBIT rose by 33.4% from EUR 6.2 million to EUR 8.3 million.

The financial result of EUR -176 thousand (previous year EUR -907 thousand) contains a positive one-off effect arising from the sale of an investment that had already been taken into account in the budget. The pre-tax profit climbed from EUR 5.3 million to EUR 8.2 million. After deduction of taxes and the profit shares paid out to our managing directors who have a stake in the respective company, Group net income rose from EUR 2.9 million to EUR 4.2 million. This equates to earnings per share of EUR 1.70 (EUR 1.15) or DVFA/SG earnings per share of EUR 1.69 (EUR 1.15).

Segment report

The tool manufacturing and mechanical engineering segment recorded increases in incoming orders (11.4%) and sales (15.0%) in the nine-month period. In absolute figures, incoming orders are still in excess of sales. EBITDA rose from EUR 10.9 million to EUR 11.8 million and EBIT from EUR 6.9 million to EUR 8.0 million.

In the plastics technology segment, KKT GmbH was still a fully consolidated company in the previous year. Now, the Setter Group, acquired in April 2004, has been included for five months of the current nine-month figures. Nevertheless, sales increased by 4.5% and incoming orders by 19.7%. There was a marked increase in the profit figures for the segment. EBITDA rose from EUR 2.4 million to EUR 3.6 million and EBIT from EUR 1.3 million to EUR 2.4 million.

Financial situation

The increase in total assets from EUR 137.4 million to EUR 151.9 million is attributable to the first-time consolidation of the Setter Group and the expansion of current assets as a result of operating activities. Despite the increased total assets, the Group had a capital ratio of 25.3% on the reporting date. Liquid assets increased by EUR 1 million, to EUR 15 million.

Investment

In the reporting period, investments increased from EUR 3.6 million to EUR 4.5 million, in line with budget. Particularly notable was the expansion of the surface technology division at Dörrenberg Edelstahl GmbH.

Employees

The number of employees had increased to 1,229 on the reporting date, compared with 1,210 the previous year.

Outlook

On the basis of the figures for the first nine months and the positive trend of the fourth quarter to date, the targets announced at the Annual Accounts Press Conference on 24 June 2004 are likely to be exceeded.

We had predicted sales of EUR 176 million; as things currently stand, sales will be in the region of EUR 190 million.

The target for Group net income was EUR 4.8 million, including a one-off effect of EUR 0.5 million. This equates to earnings per share of EUR 1.93. Judging by the current situation, Group net income will probably be in the region of EUR 5.4 million. This includes a profit contribution of around EUR 0.2 million from the aforementioned cessation of amortisation on goodwill due to accounting changes, which was not taken into account when the targets were set. Earnings per share are likely to be around EUR 2.16.

The annual financial statements for financial year 2004/2005, which ends on 31 March 2005, will be presented on 28 June 2005 at the Annual Accounts Press Conference.

GESCO AG

The Executive Board

Wuppertal, February 2005

GESCO-Group Profit and Loss Account
for the periods 1 October to 31 December and 1 April to 31 December

	3 rd quarter 2004/2005 EUR'000	3 rd quarter 2003/2004 adjusted EUR'000	3 rd quarter 2003/2004 as reported EUR'000
Sales revenues	50,862	44,237	44,237
Change in stocks of finished and unfinished products	-601	-1,178	-1,178
Other company produced additions to assets	8	8	8
Other operating income	698	325	325
Total performance	50,967	43,392	43,392
Expenditure on materials	-25,500	-20,052	-20,052
Personnel expenditure	-14,869	-14,567	-14,567
Other operating expenditure	-5,578	-4,705	-4,705
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,020	4,068	4,068
Depreciation on tangible and intangible assets	-1,672	-1,741	-1,790
Earnings before interest and tax (EBIT)	3,348	2,327	2,278
Earnings from investments in associated companies	31	66	66
Earnings from lending the Group's financial assets	0	0	0
Other interest and similar income	72	134	134
Interest and similar expenditure	-571	-476	-476
Financial result	-468	-276	-276
Earnings before tax (EBT)	2,880	2,051	2,002
Taxes on income and earnings	-1,147	-649	-810
Earnings after tax	1,733	1,402	1,192
Share of the profit attributable to minority interests	-168	-220	-220
Group net income	1,565	1,182	972
Earnings per Share (EUR)	0.63	0.47	0.39

	1 st -3 rd quarter 2004/2005 EUR'000	1 st -3 rd quarter 2003/2004 adjusted EUR'000	1 st -3 rd quarter 2003/2004 as reported EUR'000
Sales revenues	140,022	123,453	123,453
Change in stocks of finished and unfinished products	914	2,110	2,110
Other company produced additions to assets	23	27	27
Other operating income	1,345	877	877
Total performance	142,304	126,467	126,467
Expenditure on materials	-70,341	-59,352	-59,352
Personnel expenditure	-43,063	-42,168	-42,168
Other operating expenditure	-15,314	-13,416	-13,416
Earnings before interest, tax, depreciation and amortisation (EBITDA)	13,586	11,531	11,531
Depreciation on tangible and intangible assets	-5,249	-5,284	-5,432
Earnings before interest and tax (EBIT)	8,337	6,247	6,099
Earnings from investments in associated companies	851	310	310
Earnings from lending the Group's financial assets	0	1	1
Other interest and similar income	323	349	349
Interest and similar expenditure	-1,350	-1,566	-1,566
Financial result	-176	-906	-906
Earnings before tax (EBT)	8,161	5,341	5,193
Taxes on income and earnings	-3,352	-2,051	-2,148
Earnings after tax	4,809	3,290	3,045
Share of the profit attributable to minority interests	-575	-423	-423
Group net income	4,234	2,867	2,622
Earnings per Share (EUR)	1.70	1.15	1.05

GESCO Group balance sheet
as at 31 December 2004 and 31 March 2004

	31.12.2004	31.03.2004	31.03.2004
	EUR'000	EUR'000	EUR'000
		adjusted	as reported
Assets			
A. Fixed Assets			
I. Intangible Assets			
1. Industrial property rights and similar rights and assets as well as licenses to such rights and assets	8,568	6,450	623
2. Goodwill	3,649	5,489	11,412
3. Prepayments made	0	20	20
4. Negative difference	0	0	-521
	12,217	11,959	11,534
II. Tangible Assets			
1. Land and building	22,482	22,800	22,800
2. Technical plant and machinery	13,134	11,172	11,172
3. Other plant, fixtures and fittings	9,864	10,365	10,365
4. Prepayments made and plant under construction	742	17	17
5. Property held as financial investments	4,482	5,388	5,388
	50,704	49,742	49,742
III. Financial assets			
1. Shares in affiliated companies	372	1	1
2. Investments in associated companies	1,143	1,115	1,115
3. Investments	46	46	46
4. Securities held as fixed assets	3,027	2,942	2,942
	4,588	4,104	4,104
	67,509	65,805	65,380
B. Current assets			
I. Stocks			
1. Raw materials and supplies	8,209	7,103	7,103
2. Unfinished goods, unfinished services	8,007	7,200	7,200
3. Finished products and goods	14,654	11,103	11,103
4. Prepayments made	319	644	644
	31,189	26,050	26,050
II. Receivables and other assets			
1. Trade receivables	29,470	23,373	23,373
2. Claims on affiliated companies	493	558	558
3. claims on companies with which a shareholding relationship exists	3	648	648
4. Other assets	5,761	5,069	5,069
	35,727	29,648	29,648
III. Securities	26	26	26
IV. Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques	15,100	14,109	14,109
	82,042	69,833	69,833
C. Prepaid expenses	152	77	77
D. Deferred taxes	2,168	1,643	1,643
	151,871	137,358	136,933

	31.12.2004	31.03.2004	31.03.2004
	EUR'000	EUR'000	EUR'000
		adjusted	as reported
Liabilities			
A. Shareholders' Capital			
I. Shareholders' Capital	6,500	6,500	6,500
II. Capital reserves	21,142	21,142	21,142
III. Revenue reserves	7,874	5,384	4,937
IV. Own shares	-24	-85	-85
V. Revaluation IAS 39	85	0	0
	35,577	32,941	32,494
VI. Minority interests	2,785	2,653	2,653
	38,362	35,594	35,147
B. Provisions			
1. Provisions for pensions	8,463	8,246	8,246
2. Other provisions	7,958	6,082	6,082
	16,421	14,328	14,328
C. Liabilities			
1. Liabilities to financial institutions	63,753	57,243	57,243
2. Trade creditors	8,283	5,949	5,949
3. Prepayments received on orders	2,831	4,469	4,469
4. Liabilities from accepting bills drawn	800	757	757
5. Liabilities to companies with which a shareholding relationship exists	5	232	232
6. Other liabilities	17,932	15,304	15,304
	93,604	83,954	83,954
D. Prepaid income	0	0	0
E. Deferred taxes	3,484	3,482	3,504
	151,871	137,358	136,933

Segment reporting by the GESCO Group for the period
1 April 2004 to 31 December 2004*

EUR'000	Tool manufacture and mechanical engineering		Plastics technology		GESCO AG		Other/ Consolidation		Group	
	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004
Incoming orders	120,911	108,578	25,844	21,592	0	0	408	299	147,163	130,469
Sales revenue	118,574	103,099	20,958	20,064	0	0	490	290	140,022	123,453
of which with other segments	0	0	0	0	0	0	0	0	0	0
EBIT	7,955	6,913	2,419	1,254	-2,129	-2,135	92	215	8,337	6,247
EBITDA	11,848	10,872	3,558	2,367	-2,043	-2,054	223	346	13,586	11,531
Financial result	-484	-659	594	-234	-341	-97	55	83	-176	-907
of which income from associated companies	0	0	744	145	0	0	107	165	851	310
Depreciation	3,893	3,959	1,139	1,113	86	81	131	131	5,249	5,284
of which unscheduled	0	0	0	0	0	0	0	0	0	0
of which on goodwill	0	0	0	0	0	0	0	0	0	0
Segment assets	102,679	101,713	27,317	24,839	7,791	7,801	14,084	14,457	151,871	148,810
of which shares in consolidated companies	0	0	0	362	0	0	1,143	608	1,143	970
Segment debts	35,930	35,823	3,895	6,355	6,787	3,164	66,897	70,790	113,509	116,132
Investments	2,832	2,815	1,772	350	128	120	-278	285	4,454	3,570
Employees (No. at reporting date)	984	984	236	216	9	10	0	0	1,229	1,210

* Previous year's figures adjusted, see explanation on page 3

Changes in the shareholders' equity of the GESCO Group
for the periods 1 April 2003 to 31 December 2003 and
1 April 2004 to 31 December 2004*

EUR'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares	Revaluation IAS 39	Total	Minority interests	Shareholders' capital
As at 01.04.2003	6,500	21,142	1,968	-955	-1,459	27,196	2,248	29,444
Revaluation of securitites not impacting on income					307	307		307
Disposal of own shares			271	870		1,141		1,141
Dividends			-1,200			-1,200		-1,200
Other neutral changes			118			118	-427	-309
Results for the period			2,867			2,867	423	3,290
As at 31.12.2003	6,500	21,142	4,024	-85	-1,152	30,429	2,244	32,673
As at 01.04.2004	6,500	21,142	5,384	-85	0	32,941	2,653	35,594
Revaluation of securitites not impacting on income					85	85		85
Disposal of own shares				61		61		61
Dividends			-1,744			-1,744		-1,744
Other neutral changes			0			0	-443	-443
Results for the period			4,234			4,234	575	4,809
As at 31.12.2004	6,500	21,142	7,874	-24	85	35,577	2,785	38,362

* Previous year's figures adjusted, see explanation on page 3

**GESCO Group cash flow statement for the period
1 April 2004 to 31 December 2004***

	01.04.2004- 31.12.2004 EUR'000	01.04.2003- 31.12.2003 EUR'000
Group net income for the year (including share of income attributable to minority interests)	4,809	3,290
Depreciation on fixed assets	5,249	5,284
Profit on investments in associated companies	-851	-310
Increase in long term provisions	217	287
Other non-cash income	431	-14
Cash flow for the period	9,855	8,537
Profit from changes in the scope of consolidation	-30	0
Increase in stocks, trade receivables and other asset	-8,768	-3,915
Increase in trade creditors and other liabilities	3,067	3,868
Cash flow from ongoing business activity	4,124	8,490
Incoming payments from the disposal of tangible assets/intangible assets	63	0
Disbursements for investments in tangible assets	-4,324	-4,176
Disbursements for investments in intangible assets	-183	621
Incoming payments from the disposal of financial assets	847	0
Disbursements for investments in financial assets	-372	-18
Disbursements for the acquisition of consolidated companies	-4,712	0
Cash flow from investment activities	-8,681	-3,573
Disbursements to shareholders (dividends)	-1,744	-1,200
Disbursements to minority shareholders	132	-322
Incoming payments from the sale of own shares	61	1,141
Incoming payments from raising loans	7,100	2,692
Cash flow from funding activity	5,549	2,311
Cash increase in financial means	992	7,228
Financial means on 01.04.	14,135	8,672
Financial means on 31.12.	15,127	15,900

* Previous year's figures adjusted, see explanation on page 3

Accounts, accounting and valuation methods

The GESCO Group's report for the first nine months (01.04.-31.12.2004) of financial year 2004/2005 was prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to the statements made by the International Accounting Standards Board IASB. All the relevant International Accounting Standards (IAS) have been applied, taking into account the interpretations of the Standard Interpretation Committee (SIC). The 2003 version of the statements has been applied where there were no more recent statements to be taken into account. This applies, in particular, to the on-balance sheet treatment of company acquisitions, which is now governed by IFRS 3. In light of the further comments on the new IFRS 3 that have since been published, while undertaking preparatory work on the annual financial statements we have reviewed the differences arising from previous company acquisitions and re-allocating them in application of IFRS 3 according to these strict criteria. As there are still more comments to come on IFRS 3, the valuation of intangible assets in the current annual financial statements is a provisional valuation in accordance with IFRS 3, 61 to 62.

In principle, the other accounting and valuation methods correspond to those used for the consolidated financial statements as at 31.03.2004.

Financial calendar

15 February 2005

Publication of figures for the first three quarters
(01.04.-31.12. 2004)

28 June 2005

Annual Accounts Press Conference and Analysts' Conference

August 2005

Publication of figures for the first quarter (01.04.-30.06.2005)

1 September 2005

Annual General Meeting

November 2005

Publication of half-year figures (01.04.-30.09.2005)
and despatch of the interim report

February 2006

Publication of figures for the first three quarters
(01.04.-31.12. 2005)



**Tradition
Innovation
Vision**

GESCO AG
Döppersberg 19
D-42103 Wuppertal
Phone: +49 2 02 24 82 00
Fax: +49 2 02 45 57 53
website: www.gesco.de
e-mail: gesco@gesco.de