ANNUAL REPORT 2003/2004

2003/2004

Tradition
Innovation
Vision

GESCO AG
GESCO GROUP

GESCO – Substance with Vision

- As a holding company, GESCO AG has set itself the objective of acquiring profitable and strategically attractive small and medium-sized companies in the industrial sector, supporting their further development and thereby increasing the value of the individual companies and the Group as a whole. Raising profits has priority over increasing sales.
- GESCO AG invests in industrial base technologies companies. It acquires 100 % holdings in small and medium-sized niche providers in the tool manufacture and mechanical engineering as well as plastics technology industries with a view to holding them for the long term, normally in the context of succession arrangements.
- In all its activities GESCO attaches great importance to a balance between solidity and dynamism, which has resulted in successful growth over a period of many years.
- GESCO is a company of entrepreneurs: subsidiaries are managed by qualified sector experts, who generally also hold stakes in them.
- As the lead company GESCO AG ensures that its subsidiaries are run in accordance with the latest management standards, providing coaching, consulting and (financial) control.
- Their affiliation to the Group gives subsidiaries an excellent standing vis-à-vis banks, customers and suppliers.
- GESCO shares offer investors sound substance and high value.
- GESCO shares provide an attractive dividend yield: the distribution policy is shareholder-friendly.
- At the same time GESCO shares inspire vision as, in the future too, the acquisition of established niche providers and companies with no obvious management successor give the Group first-rate growth opportunities.
- GESCO shares are listed in the Prime Standard segment of the official market.
- GESCO AG is a member of the German Investor Relations Circle (DIRK) and is bound by its principles of an active, open and continuous communications policy.

GESCO AG	
Segment Tool manufacture and mechanical engineering	Segment Plastics technology

Images featured in this year's Annual Report

Tube joints, bulwarks, a spoked wheel, typewriter, paving, musical instruments, cables, a loom – images which epitomise the principles of a group based on close ties, complementary qualities and joint strengths. A whole that represents more than the sum of its parts.

The GESCO Group at a glance

Financial year 01.04. bis 31.03.		HGB 1996/1997	1997/1998	1998/1999	1999/2000	2000/2001*	IFRS 2001/2002
Sales	EUR'000	109,704	128,908	173,521	200,274	146,481	158,627
of which domestic	EUR'000	92,253	104,721	133,911	167,229	118,206	124,411
foreign	EUR'000	17,451	24,187	39,610	33,045	28,275	34,216
EBITDA[1]	EUR'000	8,221	12,555	14,566	17,514	14,710	15,638
EBIT[1]	EUR'000	4,717	8,669	9,643	10,587	9,774	10,088
Earnings before tax	EUR'000	2,504	6,883	8,902	10,098	8,532	4,348
Taxes on income and earnings	EUR'000	-765	-1,331	-2,899	-4,286	-3,567	-548
Taxation rate	%	30.5	26.4	32.6	42.4	41.8	12.6
Group net income for the year	EUR'000	1,602	3,166	5,463	5,149	4,102	2,939
DVFA/SG cash flow	EUR'000	5,120	6,607	10,707	11,617	10,090	11,831
DVFA/SG earnings	EUR'000	1,270	3,133	4,829	4,666	4,012	3,256
DVFA/SG earnings per share[2]	EUR	0.79	1.25	1.93	1.87	1.60	1.32
Group net income per share[2]	EUR	0.64	1.27	2.18	2.06	1.64	1.19
Working capital[3]	EUR'000	29,156	29,594	42,961	28,598	35,998	43,050
Capital employed[4]	EUR'000	37,512	59,908	71,377	70,273	63,443	77,906
ROCE[5]	%	6.7	14.5	13.5	15.1	15.4	13.3
Investment	EUR'000	8,885	5,816	11,374	14,472	14,519	27,258
Depreciation[6]	EUR'000	4,010	3,937	4,948	7,027	5,796	8,304
Shareholders' capital	EUR'000	11,432	32,090	37,079	35,252	38,276	36,107
Total assets	EUR'000	75,107	93,857	122,946	97,781	104,912	134,204
Capital ratio	%	15.2	34.2	30.2	36.1	36.5	26.9
Employees (as at 31.12.)	No.	780	897	1,471	1,816	1,015	1,157
of which trainees	No.	26	32	45	50	52	61
Year-end share prices as at 31.03.	EUR	–	21.47	17.1	14.92	16.00	12.70
Dividend	EUR	0.23	0.38	0.56	0.66	0.72	0.75

* The downturn in the indicators in financial year 2000/2001 compared to the two previous years is due to the disposal of Elba Bürosysteme GmbH on 01.01.2000. Elba was included for the full 12 months in financial year 1999/2000 and in five months of financial year 1998/1999. This was planned from the start as a short term investment.

** The losses in financial year 2002/2003 were attributable to the New Technologies division, which has been discontinued as at 31.03.2003.

1 See the profit and loss account (page 47) for calculation.

2 With a weighted average number of shares in circulation of 2,431,952 (financial year 2003/2004) and 2,455,743 (financial year 2002/2003). Figures for previous years relate to 2,500,000 shares.

3 Working capital: stocks and trade receivables less trade creditors.

4 Capital employed: average tangible assets (under IFRS: excluding property held as financial investments), stocks and trade receivables less average trade creditors.

5 ROCE: EBIT (under IFRS: excluding effects from property held as financial investments) divided by capital employed.

6 Including depreciation on financial assets and securities held as current assets and, under IFRS, including depreciation on investments and receivables in the New Technologies division.

2002/2003	2003/2004	Change
153,835	171,234	11.3 %
124,165	133,220	7.3 %
29,670	38,014	28.1 %
14,580	17,580	20.6 %
8,063	10,129	25.6 %
-1,600**	8,584	–
-758	-4,087	–
–	47.6	–
-3,177**	3,898	–
10,122	12,306	21.6 %
-3,177**	3,898	–
-1.29**	1.60	–
-1.29**	1.60	–
43,119	43,474	0.8 %
86,786	88,961	2.5 %
9.8	11.8	–
20,432	5,558	-72.8 %
14,126	8,417	-40.4 %
29,444	35,147	19.4 %
138,515	136,933	-1.1 %
21.3	25.7	–
1,203	1,208	0.4 %
69	63	-8.7 %
9.10	16.70	83.5 %
0.50	0.70	40.0 %

Contents

This Annual Report is also available in German.


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FOREWORD

Members of the Executive Board –
Dr. Hans-Gert Mayrose and
Robert Spartmann

Dear shareholders,

Financial year 2003/2004 has been a successful one for our Group. While the German economy remained almost static for the third year in a row, the GESCO Group achieved growth in sales and earnings. As a result of this positive development, at the end of the third quarter we revised our forecasts upwards for the year as a whole.

At EUR 171.2 million, Group sales were up 11.3 % on the previous year's figure of EUR 153.8 million. Approx. 5.2 % of this is attributable to organic growth. We had forecast Group sales of EUR 166 million. The Group's operating earnings power is reflected in the over-proportional increase in earnings before interest, tax, depreciation and amortisation (EBITDA), which climbed 20.6 % to EUR 17.6 million from EUR 14.6 million in the previous year. At the beginning of the year, our published forecast for Group net income was EUR 3.2 million. We have clearly exceeded this target figure and the Group net income of EUR 3.9 million equates to earnings per share of EUR 1.60.

In the previous year, the Group posted a deficit for the first time in its history with a Group net loss of EUR -3.2 million. The cause of the deficit was the large financial burden arising from our New Technologies division. At the end of financial year 2002/2003, we decided to sell all our holdings in this division and to process all the associated negative effects in the 2002/2003 accounts, so that there would be no future risks from this division. The results for financial year 2003/2004 validate this decision.

Given the positive economic trend in the year under review, at the Annual General Meeting on 9 September 2004 the Supervisory Board and Executive Board will propose a 40 % increase in the distribution with payment of a dividend of EUR 0.70 per share (previous year: EUR 0.50 per share). This proposal meets the wishes of shareholders for distribution, as well as the needs of the Group to retain company funds to finance future growth.

The movement in the GESCO share price has been particularly pleasing, with the price rising by 84 % over the year.

Willi Back, our long-standing Chairman of the Executive Board, who has played a critical role in shaping the company, retired on 31 March 2004. The fact that today GESCO AG is a financially sound holding company with a good reputation can be attributed to the efforts of our former Chairman. At the same time, Willi Back has always stressed, also when addressing the capital market, that GESCO AG and the Group as a whole are structured in such a way that they are not dependent on any individual. Willi Back takes his leave of the shareholders in a personal letter in this Annual Report. He will be standing for election to the Supervisory Board at the Annual General Meeting on 9 September 2004. We should like to take this opportunity to thank Willi Back for his work in setting up the company and his services to GESCO AG, which he always carried out with great expertise and passion. He has handed on a company that is in excellent shape and we will continue to pursue GESCO's tried and tested business model.

The new financial year 2004/2005 has started well for the Group. The excellent results of the year under review in this Annual Report have set a high standard. Nevertheless, we anticipate a further moderate increase in sales and earnings for 2004/2005.

In April 2004, at the end of the reporting period, we took over 100 % of the shares in the Setter Group in Emmerich. The group produces plastic and paper sticks, which are used in the food and bodycare industries, and achieves sales of over EUR 10 million. Setter is a true niche provider and a superb addition to the GESCO Group. Also in April and as announced at the Annual General Meeting in 2002, we sold our remaining 40 % share in Paroll Doppelboden-Systeme GmbH & Co. KG to the management of the company, as agreed.

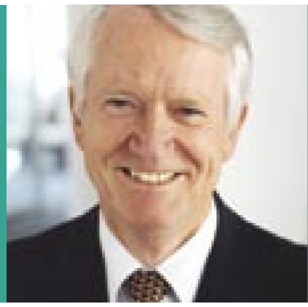
The success of the past financial year has been dominated by the high level of commitment on the part of the managing directors and employees in the GESCO Group, to whom we express our heartfelt thanks. We should also like to thank our customers, suppliers and business associates. Little has been said about these groups by company managers in recent years, but sustainable success is only possible with satisfied employees, customers and business partners. Finally, we should also like to thank you, the shareholders of GESCO AG, for your confidence in the company.

Yours sincerely,

Hans-Gert Mayrose   Robert Spartmann

Dr. Hans-Gert Mayrose   Robert Spartmann

LETTER



Willi Back – Chairman of the Executive Board until 31.03.2004

Dear shareholder,

My long, interesting and happy professional career has included the last thirteen and a half years on the Executive Board of GESCO AG. On 31 March this year, a few weeks after my 65th birthday, I retired and have therefore left the Executive Board.

As GESCO AG is renowned for finding solutions in matters of succession, it is a practice I am also following closely, now that I am directly involved. GESCO is healthy and strong, well-structured and in the best hands. With our Executive Board comprising Robert Spartmann and Dr. Hans-Gert Mayrose, I have been able to hand over the reins to the next generation with the greatest of confidence. At the GESCO AG Annual General Meeting on 9 September 2004, I will stand for election to the Supervisory Board and intend to remain involved with the company in this way.

I would like to thank you for the trust you have placed in the company and in myself to date and hope that my two colleagues and GESCO AG will continue to benefit from your interest.

Yours sincerely

W. Back

SHARES

2003 was a year of recovery for the stock markets. GESCO shares even outperformed the benchmark SDAX.

GESCO Shares/Corporate Governance

GESCO Shares

GESCO's share price climbed 84 % during the year under review, clearly outperforming the SDAX which rose by 70 % during the same period. Increased interest in GESCO shares went hand in hand with a significant upturn in stock exchange trading. Our dividend proposal for financial year 2003/2004 of EUR 0.70 per share corresponds to an increased distribution of 40 % on the previous year.

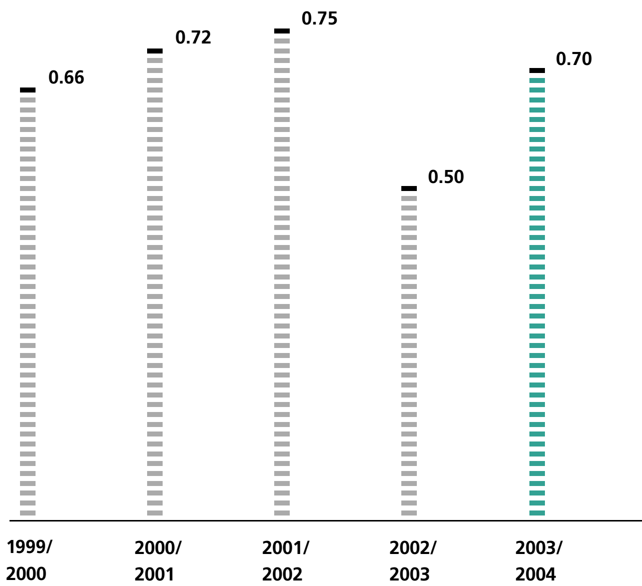
With a free float of 100 %, GESCO's shares are widely spread. No shareholder has currently reported reaching or exceeding the reporting thresholds of 5 %, 10 %, 25 %, 50 % or 75 %. Approximately 80 % of the shares are held by around 5,500 private investors with institutional investors holding the remaining 20 %.

We have continued our dialogue with the capital market during the past financial year, discussing the Group's business model and business development with private investors and the financial community.

At the DVFA Small and Midcap Conference in Frankfurt/Main on 3 September 2003, GESCO gave a company presentation to around 30 analysts and institutional investors.

We had a stand at the Cologne Stock Exchange Day on 15 November 2003, an event for private investors organised by the Cologne Student Stock Exchange Society.

Dividend per share in EUR



On 27 November 2003, we attended the German Equity Forum in Frankfurt/Main which was organised by Deutsche Börse AG and the KfW Bank. We presented our business model at the analysts' conference and took part in a workshop on "Success strategies for industrial SMEs". On the same day, GESCO was also represented at a workshop held at the Düsseldorf Industry Club on "M&A and SMEs", aimed at entrepreneurs.

The Munich Investment Forum on 3 December 2003 offered another opportunity to present the company to investors, analysts and representatives from the media.

After the end of the period under review, on 7 May 2004 GESCO's application to have its shares listed on Stuttgart stock exchange's "Gate-M" was approved. This is a new platform for small and mid caps, which offers investors greater transparency and liquidity.

As a member of the Deutscher Investor Relations Kreis e. V. (DIRK, German Investor Relations Circle), we have adopted an active, open and continuous communication policy. Our reporting is transparent and enables investors to carry out comparisons with other (listed) companies. This includes reporting our earnings per share in line with the standards of the DVFA and the Schmalenbach Gesellschaft. As is customary in the capital market, the Group earnings per share are our key indicator, including for determining the price/earnings ratio.

Corporate Governance

We started to look at the subject of Corporate Governance at a very early stage. In our interim report dated November 2001, we adopted the Coporate Governance Code produced by the Frankfurter Grundsatzkommission (Frankfurt Policy Commission) and explained any deviation from the recommendations on our website, in line with the principle of "Comply or Explain".

In February 2002, the Corporate Governance government commission submitted its proposal for a Code and a revised version of the Code was published in July 2003. The requirement for an annual declaration of compliance with the Code is stated in § 161 AktG (German Stock Corporation Act), which is included as part of the Transparenz- und Publizitätsgesetz (TransPuG, Transparency and Publication Act). The Executive Board and the Supervisory Board of GESCO AG have declared their agreement with the aim of the Code, which is to promote sound management that is governed by the interests of and based on the trust of shareholders, employees and customers. Our corporate policy is aimed at increasing the company value on a sustained basis. The declaration can be viewed by shareholders and any interested parties on our website. The preamble to the Code expressly provides for deviations from its guidelines, which are aimed at "enhancing the flexibility and self-regulation with regard to the corporate legal structure of German companies."

Declaration of compliance in accordance with § 161 AktG

The Executive Board and the Supervisory Board of GESCO AG declare that the company has complied with, and will continue to comply with, the recommendations of the Government Commission German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the online Bundesanzeiger (Federal Gazette) on 4 July 2003 and that GESCO AG's policy differs from those guidelines in the following points only:

- **4.2.1 – Executive Board:** since 1 April 2004, the Executive Board of GESCO AG has comprised two people; no Chairman has been appointed.

- **4.2.3, 4.2.4, 5.4.5 – Remuneration:** the breakdown of remuneration for the Executive Board is disclosed and explained in the Annual Report which is published on the GESCO AG website. A list of the remuneration per individual member of the Executive Board and Supervisory Board will not be published.
  In 2000, GESCO AG carefully reviewed the introduction of a share option scheme or similar incentive programme and decided that such a system is not advisable for a company of our size and structure. This decision was explained in detail at the Annual General Meeting on 31 August 2000.

- **5.1.2, 5.4.1 – Executive Board and Supervisory Board:** no age limit is set for members of the Executive Board or Supervisory Board.

- **7.1.4 – List of shareholdings:** the Code specifies that the results for the previous financial year should also be reported in the annual accounts for any material interest. We deviate from this in that we do not publish the results of subsidiaries. This is due to the fact that the publication of the results of our subsidiaries, which are all SMEs, could adversely affect their positioning vis-à-vis the competition.

- **5.3.1, 5.3.2 – Supervisory Board:** GESCO AG has deliberately chosen to keep the number of Supervisory Board members down to three only, in order to facilitate efficiency and in-depth discussion with regard to matters concerning the overall corporate strategy and specific details. As a result, we believe that there would be little point in forming Supervisory Board committees.

GESCO AG

Wuppertal, April 2004

GESCO share data [1]

International Securities Identification Number ISIN	DE0005875900
Stock market abbreviation	GSC
Share capital	EUR 6,500,000
Number of unit bearer shares	2,500,000
IPO	24 March 1998
Issue price	DM 42 DM/EUR 21.47
Year-end price previous year (31.03.2003)	EUR 9.10
Year-end price reporting year (31.03.2004)	EUR 16.70
High (24.02.2004)	EUR 17.02
Low (02.04.2003)	EUR 8.80
Market capitalisation as at 31.03.2004	EUR 41,750,000
Free float	100 %
Shares held by members of the Supervisory Board (as at 31.03.2004)	0.2 %
Shares held by members of the Executive Board (as at 31.03.2004)	1.3 %

Key indicators per GESCO share for 2003/2004

Dividend	EUR 0.70
Group net income per share	EUR 1.60
DVFA/SG earnings per share	EUR 1.60
DVFA/SG cash flow per share	EUR 5.06

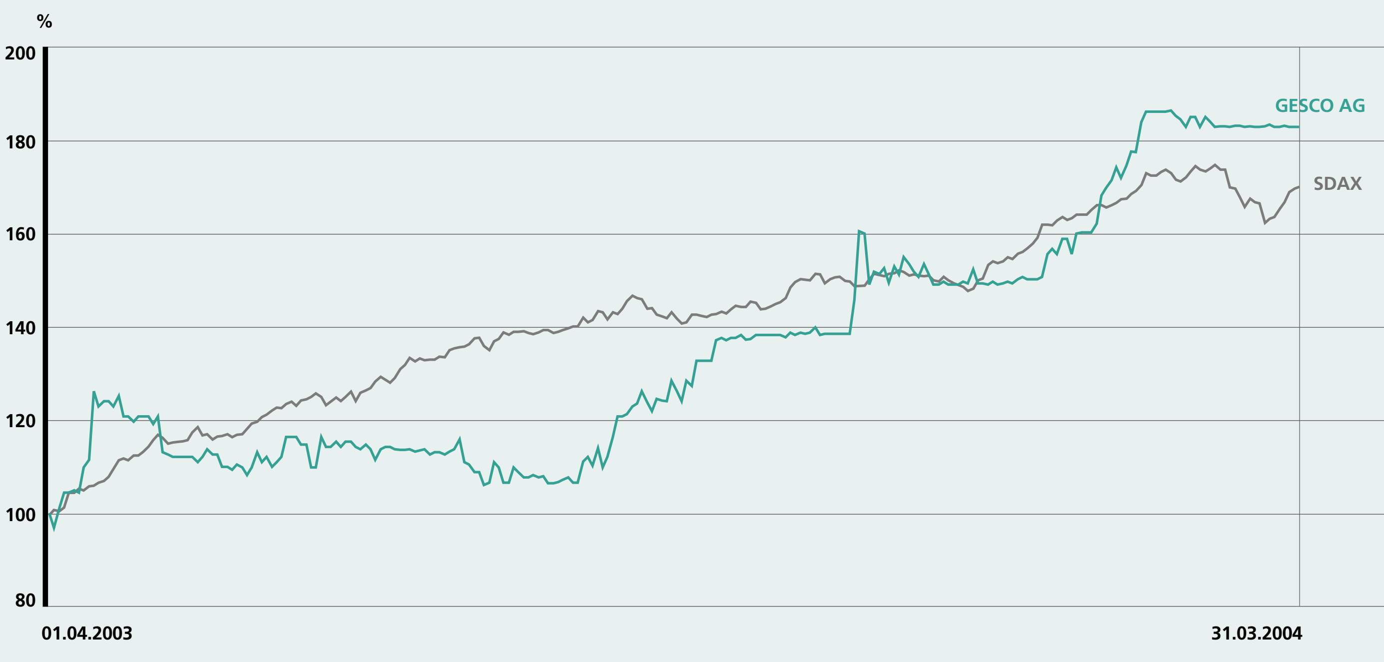
Stock exchanges

Frankfurt (official market)
Düsseldorf (official market)
Berlin (over the counter)
Hamburg (over the counter)
Munich (over the counter)
Stuttgart (over the counter), Gate-M segment (since 07.05.2004)
XETRA

The financial calendar at the end of this Annual Report provides a list of key dates up until the end of 2005.

[1] all price information relates to the closing price of the Frankfurt stock exchange

GESCO AG share price against the SDAX



STRATEGY

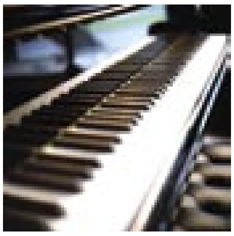
The company is healthy, the staff motivated, the owner/managing director committed and enthusiastic – but there is no natural successor in place to take over when the owner retires. This is a situation faced by many small and medium-sized companies.

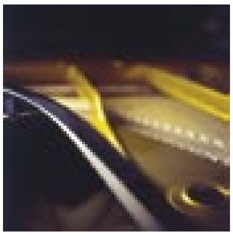
Various types of investors could be suitable buyers for such SMEs. Each has different aims, approaches and attitudes to dealing with subsidiaries. These differences have a material impact on the owners selling the company they built up as well as on the subsidiaries' employees, customers, suppliers and of course on the shareholders of the relevant investor.

At GESCO AG, the business model differs from that of most other holding or private equity companies and combines four conceptual elements.

Element one: long-term approach

The investments are not targeted at a subsequent sale of the holding and are therefore not exit-oriented. As part of the succession plan, GESCO generally takes over the majority of the shares in the company, usually 100 % with the aim of holding those shares long term and developing the company. Existing owners without a natural successor who sell their company to GESCO AG are generally looking to place their life's work in good hands and can be safe in the knowledge that it will not be broken up, merged or sold on only a few years later.





Element two: involving the new management

If a new managing director is appointed as part of the successor arrangements, he will generally acquire a stake of around 20 % in the company he runs after a probationary period of two years. As a result, this model appeals to entrepreneurs who see their partnership with GESCO as a long-term commitment. This sizeable holding in the company also clearly strengthens the managing director's standing with all stakeholder groups. Most importantly, the stake ensures that both managers and shareholders are pursuing the same aim for the long-term and sustainable benefit of the company.

Element three: the stand-alone philosophy

Each company remains an independent organisational unit and profit centre. There are no mergers and no account is taken of synergies when deciding on acquisitions. Topics such as Group offsetting prices, management fees and cash pooling are taboo, as GESCO AG believes that such elements lead to inefficiency and encourage debates about operational responsibility.

Element four: the parent-subsidiary relationship

The relationship between the parent company and its subsidiaries is also important. Reporting standards, regulations and lines of communication can create framework conditions that add value, but can just as easily be a source of inefficiency and frustration. Financial reporting in the GESCO Group is both meaningful and appropriate for SMEs. Once a month, a GESCO consultant visits each subsidiary to discuss and interpret the company's figures and business development. The GESCO Executive Board also regularly visits companies, particularly to discuss matters of strategy with the managing directors.

Acquisition criteria

Since the success of GESCO AG depends on the selection of portfolio companies, potential acquisitions are investigated thoroughly. Decisive acquisition criteria are the long-term earnings power of the companies and an attractive yield on the purchase price paid. The companies targeted are expected to generate sales of at least EUR 10 million and have adequate shareholders' capital. Restructured companies will only be considered in extremely well-founded, exceptional cases.

Strategic commonality

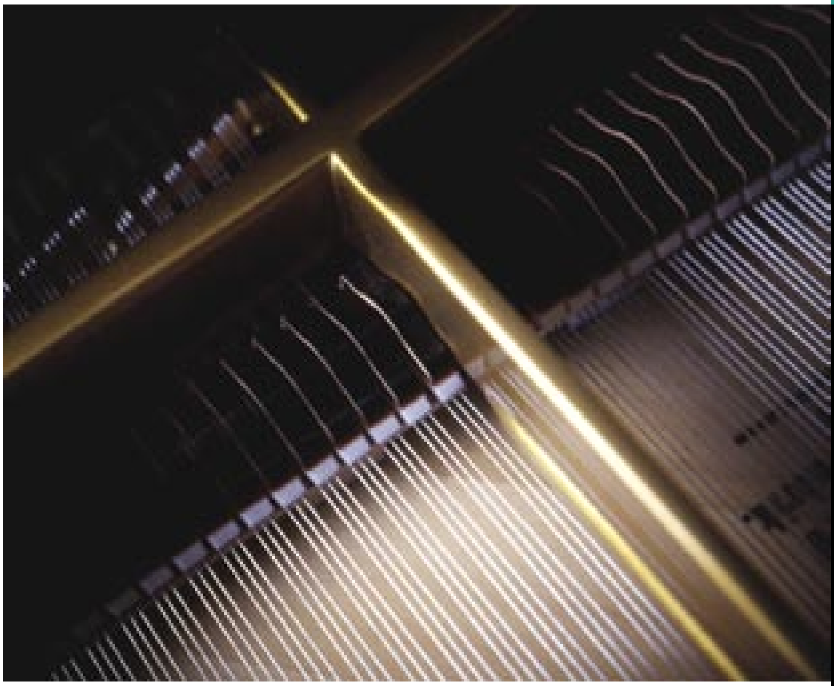
The companies in the GESCO Group share a range of strategic commonalities. Some are market leaders in Germany, Europe and even worldwide. They operate in clearly defined niches and are experts in their field. The technical competence of the companies and their understanding of the needs of their customers are not only reflected in the technical quality of the products but also in the additional services which complete the offering. Due to their level of expertise, the companies are included as a partner as early as the planning and development stage. This enhances customer loyalty and sets these companies apart from the competition.

Developing strengths, avoiding weaknesses

The GESCO management team is convinced that well-managed, well-positioned SMEs with good capitalisation have a decisive advantage and offer considerable earnings potential. SMEs have typical strengths which are developed, such as the ability to make decisions quickly, proximity to the market and the customer, and a high level of staff loyalty.

GESCO subsidiaries also have the advantage when it comes to those areas where SMEs are traditionally weaker; they have greater capacity for dealing with matters of strategy, a meaningful financial reporting system and a sound standing with banks.

To summarise, SMEs are not only maintained but successfully managed and developed within the Group. They are equipped to deal with the ever growing complexity of strategic questions, the increasing pace of the markets and the pressure to change resulting from globalisation. Never before has a successful past been less of a guarantee of a successful future. Companies have to constantly review their positioning and corporate concepts. Where the management of its subsidiaries is concerned, the team at GESCO AG sees itself as a constructive partner who can add value.



GESCO investment philosophy:

- Majority acquisition, generally 100 %
- Usually as part of a successor arrangement
- New Managing Director appointed
- Managing Director investment, usually 20 % (“a company of entrepreneurs”)
- Long-term focus, not exit-oriented

GESCO acquisition criteria:

- Tool manufacture/mechanical engineering and plastics technology segments
- Established, profitable niche providers
- Sales upward of around EUR 10 million
- Sufficient shareholders’ capital

GESCO offers its companies:

- Full operational autonomy for subsidiaries
- Coaching, consulting and (financial) control by GESCO
- Many years’ expertise in managing and developing manufacturing companies
- Top standing with banks, suppliers and customers
- A constructive climate of partnership within the GESCO Group

PROFILE

Each year we include a detailed profile of one of our subsidiaries in our Annual Report. This year, the focus is on Ackermann Fahrzeugbau GmbH, which joined the GESCO Group in 1996.

Previous Annual Reports have featured:

- MAE Maschinen- und Apparatebau Götzen GmbH & Co. KG (Annual Report 1999/2000)
- Dörrenberg Edelstahl GmbH (Annual Report 2000/2001)
- AstroPlast Kunststofftechnik GmbH & Co. KG und Franz Funke Zerspanungstechnik GmbH & Co. KG (Annual Report 2001/2002)
- Haseke GmbH & Co. KG (Annual Report 2002/2003)

Ackermann Fahrzeugbau GmbH

Whether we are talking about fruit or vegetables, fish or meat, flowers or dairy products, one thing is clear: consumers demand fresh produce. We take the availability of fresh produce for granted, but it involves a range of complex processes covering many sectors. Only an efficient logistics chain ensures that perishables arrive on your table fresh and that all other goods are delivered to the recipient intact, unspoilt and on time.

These achievements would be unthinkable without the commercial vehicle industry. It is a sector which moves, literally, and which is itself constantly on the move. Technological innovations, legal requirements, fierce competition and not least significant economic fluctuations all mean that change is taking place all the time. The constants in this changeable environment are the brands of commercial vehicle manufacturers. Ackermann is a renowned brand with a long tradition in HGVs and trailers. The company's history spans more than 150 years and is characterised by a high level of quality, technical innovations and close cooperation with customers and trade partners.

Ackermann was founded in 1850 and has a varied history. For many years, it was part of the American Fruehauf Group and, after several changes of owner, was forced to file for insolvency in 1996. Like the rest of the commercial vehicle industry, Ackermann-Fruehauf built up considerable capacity in the wake of the reunification boom only to face a massive decline in demand in the mid-nineties. In summer 1996, GESCO AG acquired an autonomous part of the Ackermann-Fruehauf Group in Wolfhagen near Kassel, which was economically sound and operated independently of the Group. GESCO AG has an 80 % stake in Ackermann Fahrzeugbau GmbH, with the remaining 20 % of the shares being held by Managing Director Peter Axmann. Today, the Ackermann brand is represented by the Wolfhagen-based company, as well as by Ackermann Fahrzeugbau Oschersleben GmbH near Magdeburg. The two companies are business partners, and Ackermann in Oschersleben is one of the Wolfhagen company's customers. Both fly the Ackermann flag with a joint stand at the IAA International Motor Show.

ACKERMANN FAHRZEUGBAU

Managing Director Peter Axmann

Building kits for a niche market

In Wolfhagen, the company primarily builds kits for closed HGV and trailer superstructures. Its customers are mainly regional bodywork manufacturers, who use the Ackermann building kits to manufacture commercial vehicle superstructures for various transport goods, such as furniture, clothing, pallets, package freight or roll pallets. Ackermann has a particularly wide range of superstructures for transporting temperature-controlled goods, in particular fruit, vegetables, flowers, meat, fish and dairy products. In addition, there are frozen products which require uninterrupted maintenance of the cold chain.

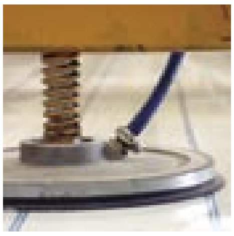
Ackermann has positioned itself as a niche provider which offers its customers tailor-made solutions, an intensive service and close support. When it comes to building the right size superstructures with the necessary equipment, including incorporating special requirements on request, and providing a flexible and reliable service, this is where Ackermann's strengths really come into play. The Ackermann brand has a particularly good reputation in terms of quality. The long life of the products makes them well worth the price, which means low follow-up costs for the user.

"Ackermann stands for quality," says Managing Director Peter Axmann. "Quality for us is not an end in itself, but the epitome of practical suitability and durability. Since a realistic cost assessment also includes useful life, follow-up costs and downtime costs, quality products also have a good chance in competitive markets."

The company was established in 1963 and specialises in the production and sale of building kits made from aluminium, steel, plywood and in particular foamed composite boards for closed HGV and trailer superstructures. A special feature is the production of foamed composite boards. The kits made of this superb insulating special plastic are used for commercial vehicles to transport refrigerated goods and frozen produce at temperatures as low as -30°. Foamed board products account for around three quarters of the company's sales.



Ackermann supplies building kits for HGV and trailer superstructures to bodywork and vehicle manufacturers.

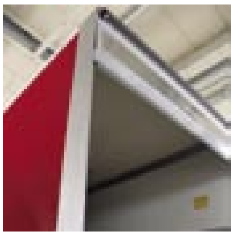

Complete trailers are sometimes assembled in Wolfhagen. The company also forges links with other companies and produces foamed board for other industry manufacturers. The products manufactured in Wolfhagen are also used in certain special applications which require good insulation levels and durability, for example in camper vans and trailers for transporting gliders.

In financial year 2003, around 80 employees produced approx. 1,700 building kits, representing sales of around EUR 11 million.

Smart solutions in detail

Little details can make all the difference when it comes to finding the right solution. End users in sectors that depend on speed and robustness value practical details. Trailer side doors, roof lights, ventilation slats and closeable fresh air vents or pallet-width automatic doors are simple examples of well thought-out solutions to make (working) life easier. High-quality, fragile transport goods are protected by needled felt or foam cushioning, while dust covers protect goods from dust and rainwater when the rear wall of the trailer is opened. Recessed tracks ensure safe storage.

"We are literally a tailor for trailer superstructures," is how Managing Director Peter Axmann explains the company's USP. "Our customers receive building kits in all possible dimensions, with different types of equipment. Everything is customised to fit the requirements of the end user and the purpose for which the product will be used."



A milestone for Ackermann: a new foaming plant that sets the European standard.

Partnerships spanning decades

Products are sold to bodywork manufacturers with whom the company generally has a long-standing relationship, often over decades. Thanks to its product quality and flexibility, Ackermann enables these customers to position themselves as efficient partners vis-à-vis their customers. The end users can be all types of companies, from freight forwarders to textile companies, from retail chains to the fire service.

Another sales channel is provided by the products supplied to Ackermann Fahrzeugbau Oschersleben GmbH. Complete commercial vehicles are manufactured there, also using the building kits produced in Wolfhagen.

Large-scale investment results in technological leadership

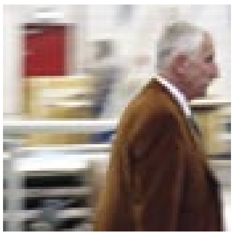
In Wolfhagen, Ackermann is pursuing a niche policy in order to distinguish itself from the large volume providers. However, in production technology terms, the company has set the benchmark for foamed boards. In mid 2002, Ackermann started up a foaming plant which is the European leader, making the company the technological pioneer in this area. Ackermann invested a total of more than EUR 6 million in this new production plant, including the new production hall. The company is therefore able to reinforce side walls, roofs, floors, end walls and doors for trailer superstructures using CFC-free polyurethane. Thanks to its extremely low heat-conduction, PUR high-resistance foam has particularly good insulating properties.

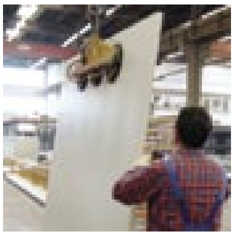
Using the new machine, the company can produce sandwich boards of up to 16 metres long, responding to the growing demand for large formats. As users are encouraged for reasons of efficiency to make full use of the legally-approved dimensions for superstructures, this is a major advantage. PUR high-resistance foam is inserted between two cover layers to form a sandwich construction. Depending on the intended purpose, different panel thicknesses, foam density and cover layers can be selected.

The latest technology alone is not enough – only qualified employees guarantee quality and reliability. A strong sense of identification with the company, low staff turnover, creativity and flexibility are the characteristics which define the workforce. Starting up the new foaming plant involved extensive adjustment and rationalisation of production processes, and the employees were included and comprehensively trained from an early stage.

"This investment represents a milestone achievement for our company," explained Peter Axmann. "GESCO has completely supported us in this process and been actively involved as a long-term investor."

With this large-scale investment, Ackermann has set the course for continued success in a difficult market. The company is also affirming its intention to continue its long tradition and make its mark in the future.





DIRECTORS' REPORT

While the German economy failed to achieve any significant growth for the third year in a row, financial year 2003/2004 was successful for the GESCO Group. The company was able to increase both sales and profit.

General conditions

Economic growth remained flat in Germany in 2003. Down slightly by 0.1 %, the gross domestic product was virtually identical to the previous year and there were no drivers for growth. The trends reported by the industry associations relevant for our subsidiaries varied. The Verband deutscher Maschinen- und Anlagenbauer e. V. (VDMA – German Machinery and Plant Manufacturers Association), which is the relevant body for our tool manufacture and mechanical engineering division, recorded stagnating sales for the year (-0.1 %), with exports unchanged at 68 %. With regard to our plastics technology division, data from the Gesamtverband der kunststoffverarbeitenden Industrie e. V. (GKV – Association of Plastic Goods Producers) indicates growth in sales of 3.6 %. The growth stems from an upturn in demand in Germany (+2.4 %) and increased exports (+6.1 %).

Despite the fact that the economy overall was weak, the GESCO Group was able to achieve pleasing results.

Important changes to the scope of consolidation

GESCO subsidiary AstroPlast Kunststofftechnik GmbH & Co. KG holds a 40 % share of the capital of **Kühlmann Kunststoff-Technik GmbH** (KKT GmbH) but has held 80 % of the voting rights for a limited period of time. Since March 2004, KKT has only held the voting rights which correspond to its 40 % stake. The company will be included in the consolidated financial statements in accordance with the equity method from 1 April 2004.

SVT GmbH, which joined the Group in March 2002, changed its financial year to the calendar year in 2003 and was therefore included with a rump financial year from 1 April to 31 December 2002. SVT GmbH was included for a full twelve month period in the consolidated financial statements for the first time in the year under review.

Hubl GmbH was included in the consolidated financial statements for the previous year with eight months, and has been consolidated for a full year for the first time in the year under review.

As **GESCO Technology AG** was sold as at 31 March 2003 and deconsolidated as at this date, the company was still included in the profit and loss account for the previous year but not on the balance sheet. Operations in the New Technologies division ceased completely with this sale at the end of the previous financial year.

Following the end of the reporting period in April 2004, GESCO AG acquired the **Setter Group** comprising Setter GmbH & Co. and its wholly owned subsidiary Q-Plast GmbH & Co., both of which have their registered offices in Emmerich. With around 70 employees, the Group achieves annual sales in excess of EUR 10 million. The companies produce high quality plastic and paper sticks and are suppliers to well-known companies in the confectionery and hygiene industries. Setter is not included in the present financial statements but will be included in the consolidated financial statements for 2004/2005 with eight months.

In April 2004, GESCO AG also sold its remaining 40 % stake in **Paroll Doppelboden-Systeme GmbH & Co. KG** to the company's management. GESCO AG had already reduced its holding from 74 % to 40 % on 31 March 2002 and had agreed at the time to sell its remaining shareholding. This step has now been implemented.

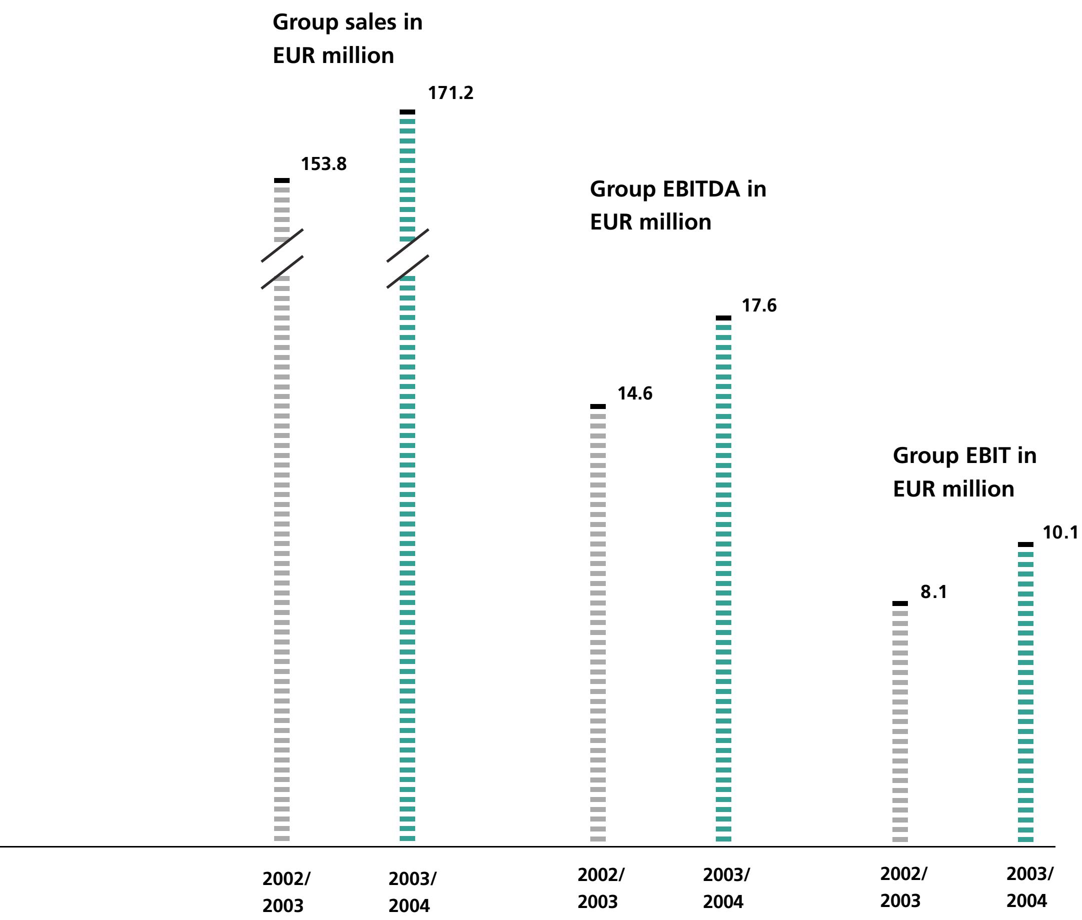
Sales and profits

At EUR 171.2 million, Group sales were up 11.3 % on the previous year's figure of EUR 153.8 million. Around 5.2 % of this increase is attributable to organic growth.

In proportional terms, earnings have risen notably faster than sales. Earnings before interest, tax, depreciation and amortisation (EBITDA) climbed 20.6 % from EUR 14.6 million in the previous financial year to EUR 17.6 million. Earnings before interest and tax (EBIT) rose from EUR 8.1 million to EUR 10.1 million, which represents an increase of 25.6 %.

The financial result amounted to EUR –1.5 million; in the previous year, the financial result was depressed by losses from the New Technologies division which has since ceased to operate.

Earnings before tax, which in the previous year were negative at EUR –1.6 million, rose to EUR 8.6 million in the year under review. After taxes on income and earnings and minority interests, i.e. the managing directors of our companies who have a stake, Group net income for year stands at EUR 3.9 million, equating to earnings per share of EUR 1.60.



The DVFA/SG result amounted to EUR 3.9 million (EUR 1.60 per share), with DVFA/SG cash flow of EUR 12.3 million (or EUR 5.06 per share).

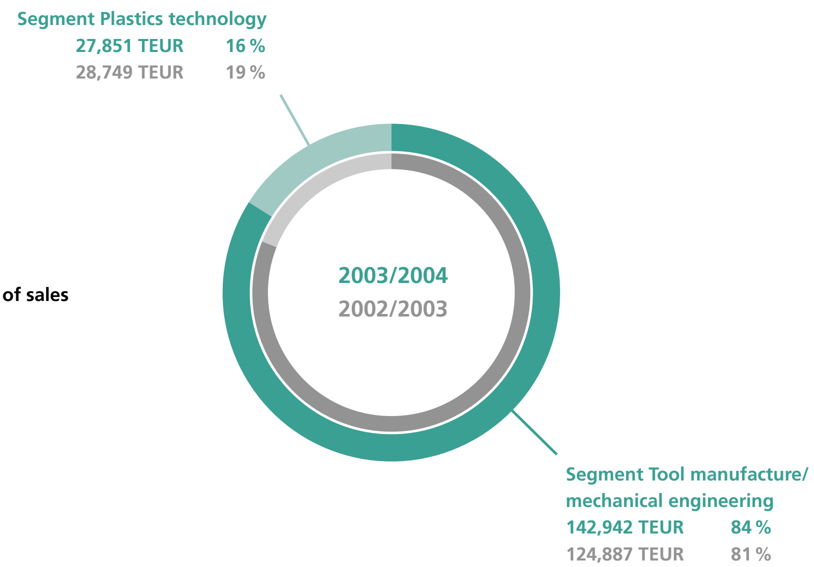
At 11.8 %, the return on capital employed (ROCE) improved on the previous year's value of 9.8 %. Capital employed comprises the average value of tangible assets, inventory assets and trade receivables less the average trade creditors. ROCE measures EBIT in relation to capital employed, whereby the capital employed is net of property held as financial investments and EBIT is net of the income effects of such property.

Sales and profits by segment

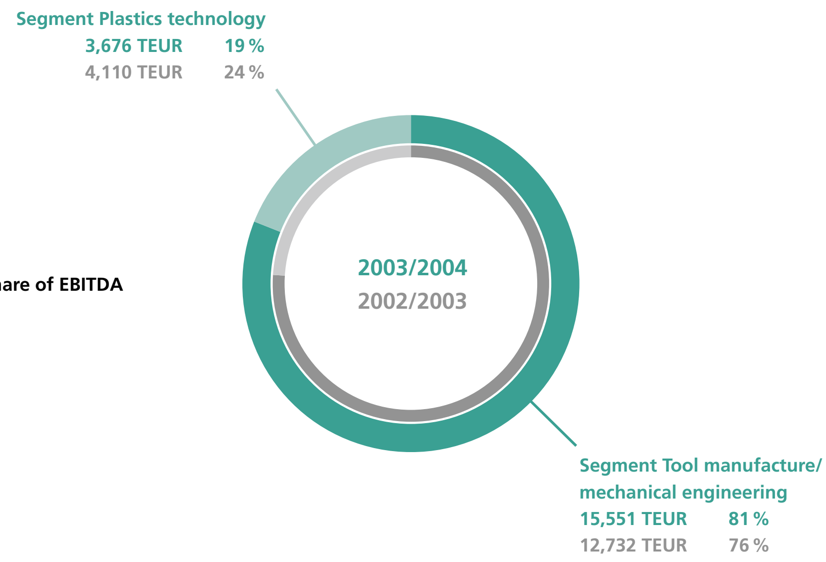
Detailed tables containing the segment reports can be found in the Notes to the consolidated financial statements. They are divided into the segments tool manufacture and mechanical engineering, plastics technology, GESCO AG and other/consolidation. The previous year still shows the New Technologies segment which was sold as at 31 March 2003 and is therefore not included in the reporting year.

The segment report facilitates a comparison of the different segments' operating situations and, in particular, their earnings power. As there are no notable sales or operating income to be reported under GESCO AG or other/consolidation, the comparison is only meaningful for the tool manufacture/mechanical engineering segment and plastics technology. Sales and EBITDA for these two segments are therefore shown together with the proportional contribution to total sales and EBITDA from the two segments.

Share of sales



Share of EBITDA

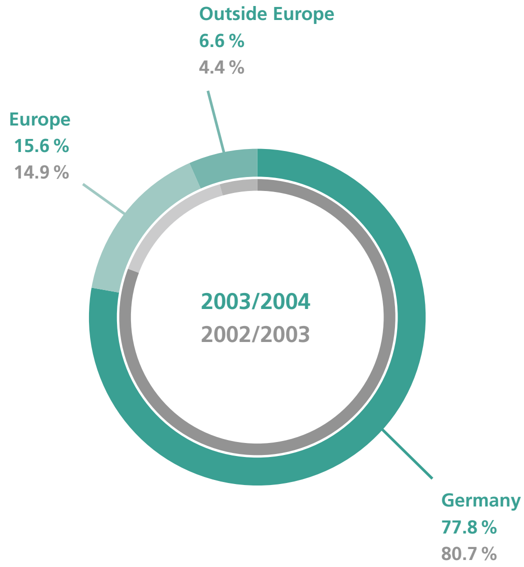


Accounting for 84 % of Group sales and 81 % of EBITDA, tool manufacture and mechanical engineering is still the most important segment. The plastics technology segment has a share of 16 % in sales and 19 % in EBITDA. The weighting of the tool manufacture and mechanical engineering segment has increased in line with changes in the scope of consolidation.

Sales in the tool manufacture and mechanical engineering segment were up 15 %, with an overproportional rise in EBITDA of 22 %. Sales in the plastics technology segment fell slightly by 3 % and EBITDA was down 11 %. The disproportionately high downturn in operating income was due in particular to pressure on income at KKT GmbH.

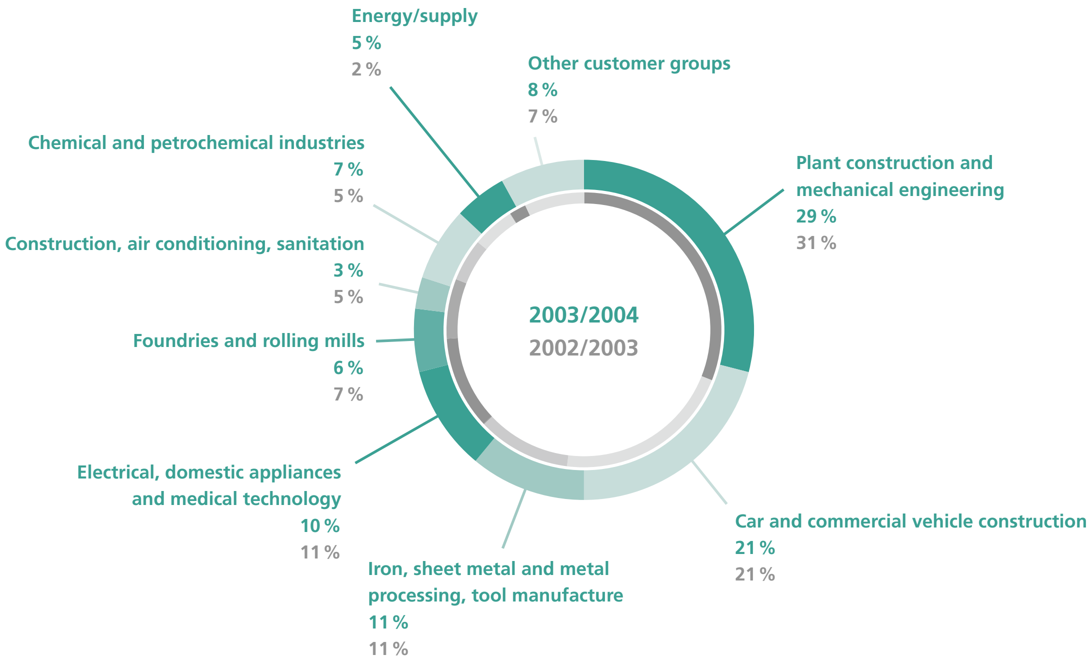
Sales by region

The GESCO Group generates the major portion of its sales in Germany. The clear rise in the export ratio from 19.3 % to 22.2 % is primarily due to the fact that most of the income of SVT GmbH is earned abroad and that the company is being included in the consolidated financial statements with a full year for the first time. Dörrenberg Edelstahl (16.6 %), AstroPlast (33.2 %) and MAE (16.7 %) also achieved a notable portion of their sales through exports. The figures do not include indirect exports by customers of GESCO companies.



Sales by customer sector

The broad range of customer sectors reflects the risk spread aimed at by GESCO AG's acquisition strategy. Although customers in the plant construction and mechanical engineering sector dominate, the GESCO Group has a wide customer base and is therefore less susceptible to economic cycles in a particular sector.



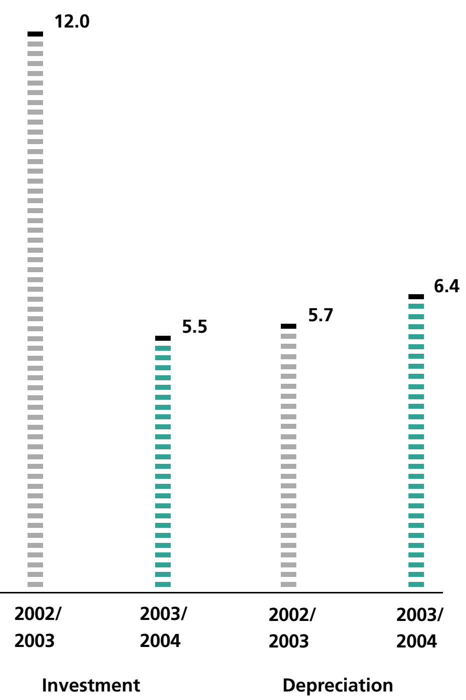
Investment and depreciation

Investment in tangible and intangible assets (excluding investment in goodwill) amounted to EUR 5.5 million in financial year 2003/2004 (EUR 12.0 million). The previous year's figure comprised additions from the expansion of the scope of consolidation totalling EUR 6.3 million. In general, the companies have modern machinery and state-of-the-art equipment. Hubl GmbH invested in the construction of a new hall and a new laser processing machine in order to further extend its leading edge. At Dörrenberg Edelstahl, a total of EUR 2 million was spent on optimising technical processes, improving quality and increasing capacity.

Depreciation on tangible and intangible assets (excluding depreciation on goodwill) in the Group stood at EUR 6.4 million (EUR 5.7 million).

Depreciation on financial assets of EUR 1.0 million referred to securities held as fixed assets; the previous year's figure of EUR 6.6 million resulted primarily from depreciation in the New Technologies division.

Investment and depreciation (excluding goodwill and financial assets) in EUR million



Research and development

Dörrenberg Edelstahl GmbH again took active part in national and international trade conferences in 2003. The company gave a presentation at the hardening symposium in Wiesbaden, which received the renowned Paul Riebensahm prize. Dörrenberg has in-depth expertise in metallurgy and develops new steel materials for a variety of applications on an ongoing basis – the latest being a new tool steel for forming tools.

MAE KG has been developing new machinery and processes on a regular basis over the last few years in order to consolidate and extend its market position. These include levelling machines for complex geometric parts ("3D levelling"). New software developed by the company enables parts to be continually measured in order to identify areas that need levelling. In addition, the company has developed new levelling technology for forged parts with temperatures of up to 1,000° C. An innovative, high-performance hydraulic drive also ensures that levelling forces are positioned with extreme precision and accuracy. This technology is far superior to conventional methods and is also simpler, more energy-efficient and more cost-effective.

SVT GmbH is currently developing a loading system for liquefied natural gas for use offshore. A new coupling product is also in the final stages of development ready for series production.

Based on its design expertise and technical knowhow, during the year under review, Haseke KG developed a high-quality golf caddy which is available with or without electric drive system. In April 2004, the product was awarded the much sought-after Red Dot Award by the Design Centre in North Rhine-Westphalia.

Procurement

The companies in the GESCO Group see procurement as a key management task and pursue active procurement management. There is no dependency on individual suppliers and the companies use a sufficiently wide circle of suppliers, who are included as partners in the process chain. Regular audits are carried out to review suppliers.

The price of some raw materials rose considerably during the past year. However, this did not affect our subsidiaries to any great extent. Some cost hikes were avoided through efficient and forward-looking stock control and others could be passed on to customers. There were no supply bottlenecks.

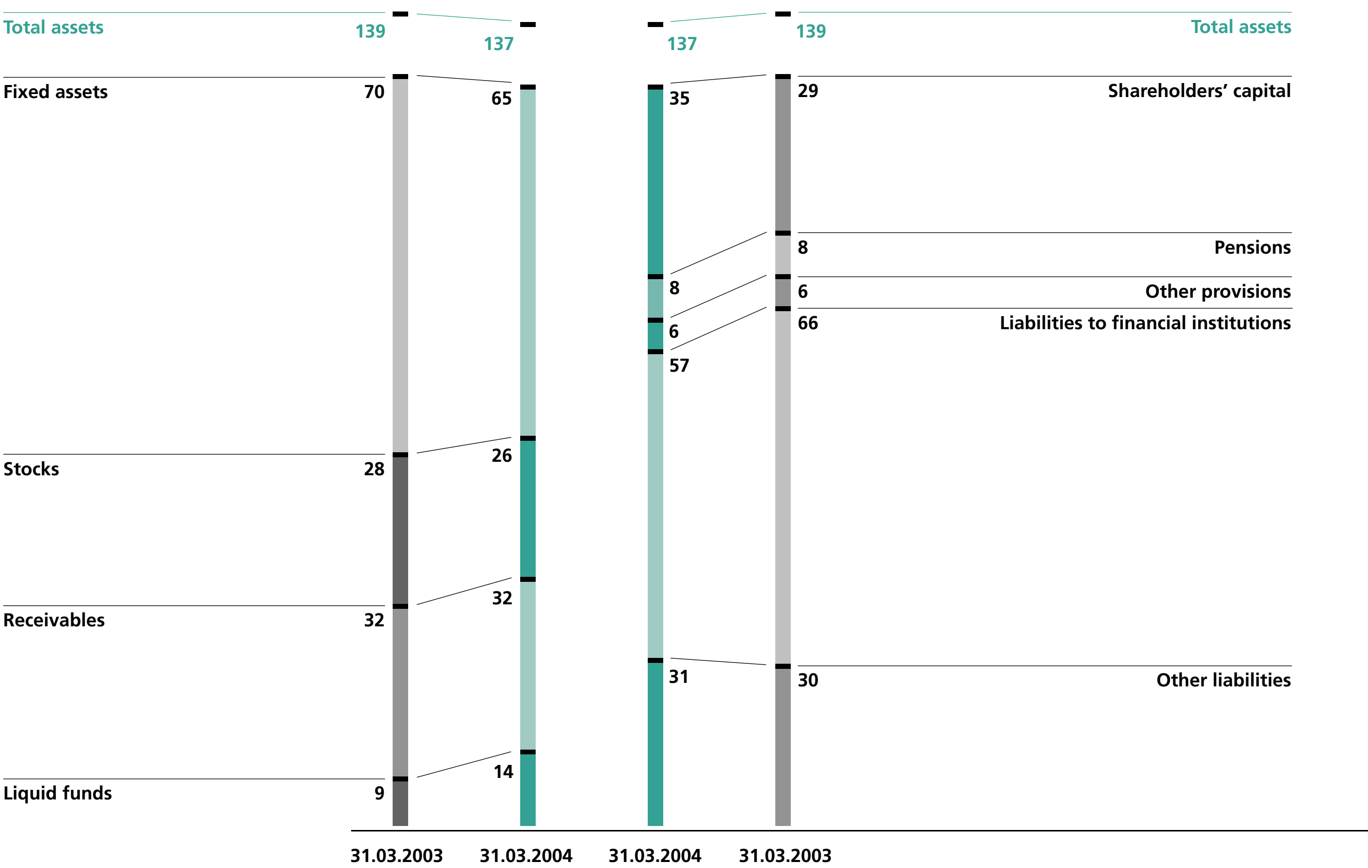
Group balance sheet

At EUR 136.9 million, total assets were 1.1 % down on the previous year (EUR 138.5 million). One of the reasons for this reduction was the deconsolidation of KKT GmbH.

On the assets side of the balance sheet, there was a sharp fall in tangible assets and current assets, while liquid funds rose from EUR 8.6 million to EUR 14.1 million.

On the liabilities side, shareholders' capital increased by around 20 % to EUR 35.1 million (EUR 29.4 million) and the capital ratio improved from 21.3 % to 25.7 %. Liabilities clearly decreased from EUR 91.9 million to EUR 84.0 million.

Group balance sheet structure as at 31.03.2004 and 31.03.2003 in EUR million



Risk report and risk management

Within the GESCO Group, risk management is a top priority. The starting point for reducing risk within the Group is GESCO AG's acquisition policy. The benchmark for company acquisitions is very high, with any potential acquisition being subject to a comprehensive due diligence process. In particular, the company's projected figures are carefully analysed, including using external expertise. At portfolio level, acquisitions are managed in such a way as to prevent crises in certain sectors or the financial difficulties experienced by individual affiliated companies from jeopardising the Group's existence. The balanced portfolio and widely spread range of customer sectors play a key role in the Group's stability, even in difficult economic conditions.

As soon as a company is acquired, it is immediately integrated into the Group's reporting system and risk management system. The relevant data is analysed, interpreted and evaluated at monthly meetings on site.

In their **operating business**, the companies are subject to risks arising from economic development.

At present there are no notable risks or supply bottlenecks in **procurement**.

The GESCO Group is only exposed to **exchange rate risks** to a limited extent. As both GESCO AG and many of its subsidiaries are financed in Swiss francs because of the attractive interest rate, there is a certain level of risk relating to movements in the value of the Swiss franc against the euro. The resultant gains or losses are, however, generally related to the reporting date and are only book entries, as the financing agreements provide for mandatory repayment obligations to only a comparatively limited extent.

Exchange rate risks resulting from sales of subsidiaries outside the euro-zone are nearly all hedged through forward transactions.

For financial year 2004/2005, we expect interest rates to remain largely stable.

As far as the **legal** and **fiscal** conditions are concerned, we are not aware of any developments which could have a significant impact on the Group.

Overall, no risks have been identified that could jeopardise or significantly impede the continued existence of GESCO AG and of the Group.

Environmental protection

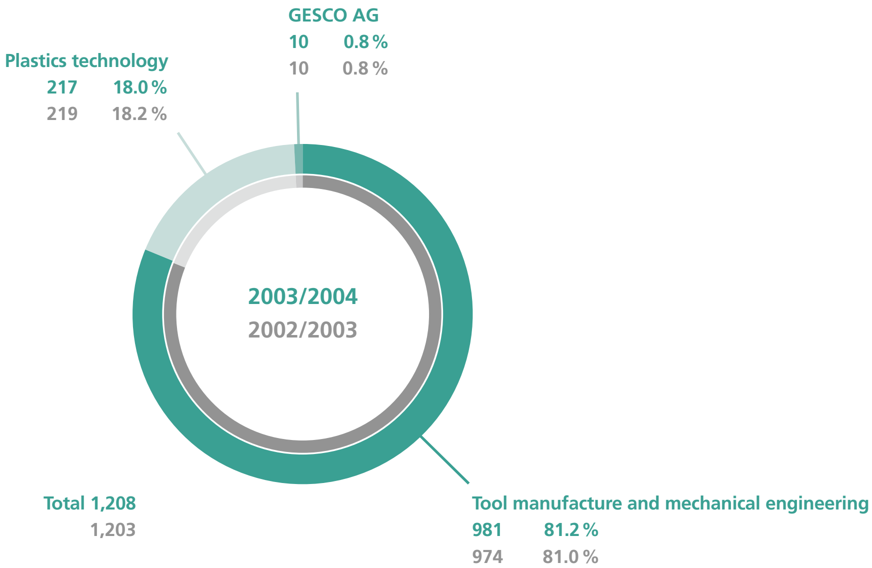
The duty to protect the environment above and beyond compliance with statutory obligations and directives is an integral part of the corporate philosophy of our subsidiaries. This includes using production resources sparingly and economically and encompasses the design of the products themselves.

Our largest subsidiary, Dörrenberg Edelstahl, was the first German manufacturer of stainless steel to have an environmental management system certified by the Technical Inspection Authority (TÜV). A follow-up audit in January 2003 has again validated the system in full.

Employees

The employees are fundamental to the success of our subsidiaries. The GESCO Group enjoys very low staff turnover, a high level of commitment to and identification with the company, specialist expertise and a focus on customers' requirements. Managers are aware of the importance of keeping up-to-date with personnel matters and training and continuous professional development are afforded high priority. Our subsidiaries are generally recognised as important training centres in their respective regions. At 1,208, the number of employees was virtually unchanged on the previous year (1,203).

Employees by segment



In autumn 2003, GESCO AG offered all Group employees the opportunity to buy shares in the company at favourable terms under an employee share scheme for the sixth time in a row. Around one third of all employees took advantage of this offer of private asset accumulation.

At management level, various remuneration and incentive schemes apply. When GESCO AG takes over companies as part of a successor arrangement, the new managing directors are given the opportunity, usually after a probationary period of one to two years, to take a 10 to 20 % stake in the company they run. The managing directors are therefore also shareholders and participate in the profits accordingly. The remuneration of the managing directors comprises a large variable, performance-related component. The remuneration of the Executive Board of GESCO AG also comprises a fixed and a variable, performance-related component; a breakdown is shown in the Notes to the consolidated financial statements. There is no stock option scheme. In 2000, we reviewed the matter in detail and concluded that such a scheme would not offer an acceptable cost/performance ratio for a company of our size and structure. This view was reported to the Annual General Meeting in 2000 and widely accepted by the shareholders.

Outlook

Leading German economics institutes revised their economic forecasts downwards at the end of April 2004 and they are now forecasting growth in GDP of only 1.5 % for 2004 and 2005. While experts see a firm upward trend in the global economy, in Germany the moderate levels of private consumption, in particular, are not enough to generate strong growth.

Despite the fact that this means there will be no economic upturn in Germany in 2004 either, our companies have started the new financial year well and are reporting pleasing trends in incoming orders. For the GESCO Group, we anticipate that both sales and profit will again be slightly up on the already high figures achieved in financial year 2003/2004. The acquisition of the Setter Group at the end of the year under review counterbalances the change in reporting for KKT GmbH from full consolidation to the equity method and the deconsolidation of Paroll KG.

M&A activities in the SME market have picked up a little over the last year. For financial year 2004/2005, we are expecting a slight increase in the number of attractive, high-earning companies for sale. The sluggish economy of recent years has led many entrepreneurs to postpone disposals and wait for a reversal in the trend in order to achieve a higher return. We cannot forecast the number or type of acquisitions we may carry out. We are continually looking into a number of concrete purchasing options, but as before, the criteria we apply to acquisitions are very strict. Our long-term investment approach means that we have to be especially thorough when examining potential acquisitions. One of the reasons for the success of the GESCO Group, despite the difficult economic conditions over the past financial year, has been our rigorous acquisition policy. The GESCO philosophy was shaped to a large extent by the long-standing Chairman of the Executive Board, Willi Back, who retired and left the Executive Board on 31 March 2004. The Executive Board will continue to pursue this tried-and-tested philosophy.

No events of particular significance occurred after the end of the period under review.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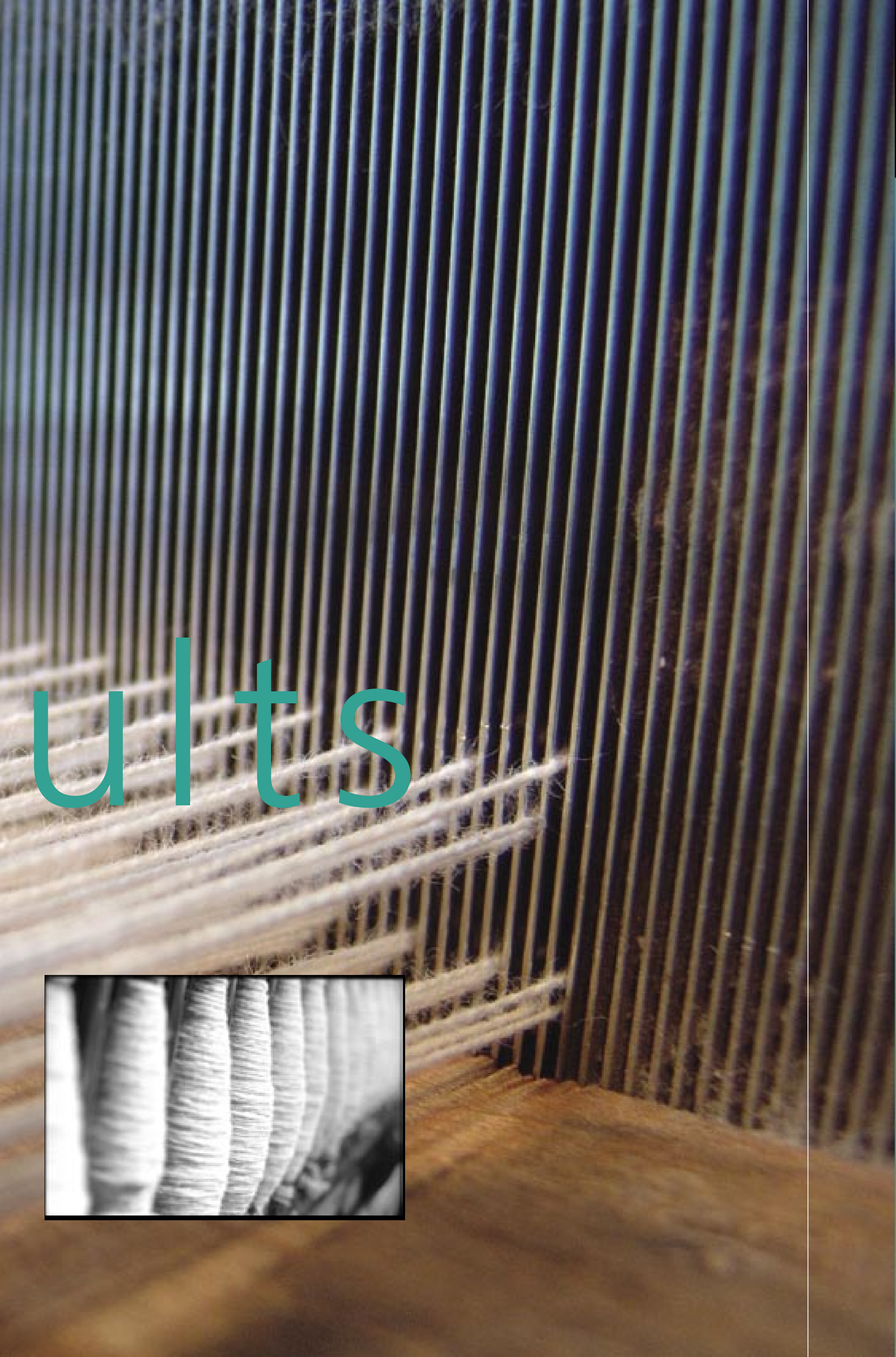

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Summarised Annual Financial Statements of GESCO AG as at 31 March 2004

Balance Sheet

Assets	**31.03.2004** **EUR'000**	**31.03.2003** **EUR'000**
Intangible assets	18	47
Tangible assets	205	145
Financial assets	39,755	39,267
Fixed assets	**39,978**	**39,459**
Receivables and other assets	15,797	18,757
Securities and liquid funds	6,925	5,954
Current assets	**22,722**	**24,711**
Total assets	**62,700**	**64,170**

Liabilities		
Shareholders´ capital	32,393	30,991
Provisions	4,328	2,557
Liabilities	25,979	30,622
Total liabilities	**62,700**	**64,170**

Profit and Loss Account

	01.04.2003 **-31.03.2004** **EUR'000**	**01.04.2002** **-31.03.2003** **EUR'000**
Earnings from investments	8,543	6,307
Other operating income and expenditure	-1,500	-2,353
Personnel expenditure	-1,410	-1,217
Depreciation on fixed assets	-102	-108
Financial result	-921	-924
Expenditure on the assumption of losses	0	-7,586
Earnings from ordinary business activity	**4,610**	**-5,881**
Taxes on income and earnings	-2,008	549
Net income/net loss for the year	**2,602**	**-5,332**
Allocation to/withdrawal from revenue reserves	-852	6,582
Retained profit	**1,750**	**1,250**

GESCO AG – Proposed appropriation of profits

The Executive Board and Supervisory Board of GESCO AG propose that the retained profit for financial year 2003/2004 of EUR 1,750,000.00 be appropriated as follows:

a) Payment of a dividend of EUR 0.70 per unit share on the share capital currently entitled to receive dividends (2,500,000 shares less 8,860 own shares)	EUR	1,743,798.00
b) Allocation to other revenue reserves	EUR	6,202.00
Retained profit	**EUR**	**1,750,000.00**

The full annual financial statements of GESCO AG, which have been drawn up in accordance with the provisions of the German Commercial Code (HGB) and German Joint Stock Corporations Act (AktG) have been given an unqualified auditor's report by Dr. Breidenbach, Dr. Güldenagel & Partner KG, auditors and tax consultants, Wuppertal and will be published in the Bundesanzeiger (Federal Gazette) and deposited at the Wuppertal County Court under number HRB 7847. The annual financial statements can be requested from GESCO AG.

GESCO GROUP

Consolidated Financial Statements as at 31 March 2004

GESCO Group Balance Sheet

Assets		**31.03.2004**	**31.03.2003**
		EUR'000	**EUR'000**
A. Fixed assets			
I. Intangible assets			
1. Industrial property rights and similar rights and		623	693
assets as well as licences to such rights and assets	(1)	11,412	12,484
2. Goodwill	(2)	20	48
3. Prepayments made	(3)	-521	-540
4. Negative difference	(4)	11,534	12,685
II. Tangible assets		22,800	24,073
1. Land and buildings	(5)	11,172	11,963
2. Technical plant and machinery	(6)	10,365	10,804
3. Other plant, fixtures and fittings	(7)	17	135
4. Prepayments made and plant under construction	(8)	5,388	6,373
5. Property held as financial investments	(9)	49,742	53,348
III. Financial assets		1	1
1. Shares in affiliated companies		1,115	1,005
2. Investments in associated companies	(10)	46	238
3. Investments	(11)	2,942	2,449
4. Securities held as fixed assets	(12)	4,104	3,693
		65,380	**69,726**
B. Current assets			
I. Stocks	(13)	7,103	8,019
1. Raw materials and supplies		7,200	7,871
2. Unfinished goods, unfinished services		11,103	11,570
3. Finished products and goods		644	329
4. Prepayments made		**26,050**	**27,789**
II. Receivables and other assets	(14)	23,373	21,689
1. Trade receivables		558	811
2. Claims on affiliated companies			
3. Claims on companies with which		648	1,163
a shareholding relationship exists		5,069	6,364
4. Other assets		29,648	30,027
		26	25
III. Securities	(15)		
IV. Cash in hand, credit balances with the Bundesbank,		14,109	8,647
credit balances with financial institutions and cheques	(16)	**69,833**	**66,488**
		77	**117**
C. Prepaid expenses			
		1,643	**2,184**
D. Deferred taxes	(17)		
		136,933	**138,515**

Liabilities

		31.03.2004 EUR'000	31.03.2003 EUR'000
A. Shareholders´ Capital	(18)		
I. Shareholders´ Capital		6,500	6,500
II. Capital reserves		21,142	21,142
III. Revenue reserves		4,937	1,968
IV. Own shares		-85	-955
V. Revaluation IAS 39		0	-1,459
		32,494	27,196
VI. Minority interests	(19)	2,653	2,248
		35,147	**29,444**
B. Provisions	(20)		
1. Provisions for pensions		8,246	8,256
2. Other provisions		6,082	5,452
		14,328	**13,708**
C. Liabilities	(21)		
1. Liabilities to financial institutions		57,243	65,346
2. Trade creditors		5,949	6,359
3. Prepayments received on orders		4,469	2,850
4. Liabilities from accepting bills drawn		757	961
5. Liabilities to companies with which a shareholding relationship exists		232	264
6. Other liabilities		15,304	16,147
		83,954	**91,927**
D. Prepaid income		**0**	**1**
E. Deferred taxes	(17)	**3,504**	**3,435**
		136,933	**138,515**

GESCO Group – Profit and Loss Account

		01.04.2003 -31.03.2004 EUR'000	01.04.2002 -31.03.2003 EUR'000
1. Sales revenue	(22)	**171,234**	**153,835**
2. Change in stocks of finished and unfinished products		-513	268
3. Other company produced additions to assets	(23)	128	621
4. Other operating income	(24)	4,087	3,571
5. Total performance		174,936	158,295
6. Expenditure on materials	(25)	-79,328	-72,447
7. Personnel expenditure	(26)	-56,917	-52,613
8. Other operating expenditure	(27)	-21,111	-18,656
9. Earnings before interest, tax, depreciation and amortisation (EBITDA)		**17,580**	**14,579**
10. Depreciation on intangible assets held as fixed assets, and tangible assets	(28)	-7,451	-6,516
11. Earnings before interest and tax (EBIT)		**10,129**	**8,063**
12. Earnings from securities		1	74
13. Earnings from investments in associated companies		374	-422
14. Other interest and similar income		640	462
15. Depreciation on securities held as fixed assets	(29)	-966	0
16. Write-downs on investments and receivables in New Technologies	(30)	0	-7,610
17. Interest and similar expenditure		-1,594	-2,167
18. Financial result		-1,545	-9,663
19. Earnings before tax (EBT)		**8,584**	**-1,600**
20. Taxes on income and earnings	(31)	-4,087	-758
21. Earnings after tax		**4,497**	**-2,358**
22. Share of the profit attributable to minority interests		-599	-819
23. Group net income for the year		**3,898**	**-3,177**
Earnings per share (EUR)	(32)	1.60	-1.29

Cash Flow Statement

	2003/2004 EUR´000	2002/2003 EUR´000
Group net income for the year (including share of income attributable to minority interests)	**4,497**	**-2,358**
Depreciation on fixed assets	8,417	13,115
Profit/loss on investments in associated companies	-374	422
Increase in long term provisions	210	173
Other non-cash income	-2,095	-201
Cash flow for the year	**10,655**	**11,151**
Profit/loss from the disposal of fixed assets	90	90
Loss from changes in the scope of consolidation	0	101
Increase/decrease in stocks, trade receivables and other assets	-1,105	4,614
Increase/decrease in trade creditors and other liabilities	2,551	-4,822
Cash flow from ongoing business activity	**12,191**	**11,134**
Incoming payments from the disposal of tangible assets/intangible assets	590	673
Disbursements for investments in tangible assets	-5,258	-10,145
Disbursements for investments in intangible assets	-281	-267
Incoming payments from the disposal of financial assets	175	6
Disbursements for investments in financial assets	-19	-1,609
Incoming payments from the sale of consolidated companies	1,350	647
Disbursements for the acquisition of consolidated companies and other business units	0	-8,091
Cash flow from investment activities	**-3,443**	**-18,786**
Disbursements to shareholders (dividends)	-1,200	-1,856
Incoming payments from the sale of own shares	1,141	467
Disbursements for the acquisition of own shares	0	-1,070
Incoming payments from minority shareholders	366	0
Disbursements to minority shareholders	-438	-387
Incoming payments from raising loans	0	12,164
Disbursements for the repayment of loans	-3,154	0
Cash flow from funding activity	**-3,285**	**9,318**
Cash increase in financial means	**5,463**	**1,666**
Financial means on 01.04.	8,672	7,006
Financial means on 31.03.	14,135	8,672

Movement in Shareholders' Capital

	Subscribed capital EUR'000	Capital reserves EUR'000	Revenue reserves EUR'000	Own shares EUR'000	Revaluation IAS 39 EUR'000	Total EUR'000	Minority interests EUR'000	Shareholders' capital EUR'000
As at 01.04.2002	**6,500**	**21,142**	**6,973**	**-324**	**0**	**34,291**	**1,816**	**36,107**
Revaluation of securities not impacting on income					-1,459	-1,459		-1,459
Acquisition of own shares				-1,070		-1,070		-1,070
Disposal of own shares			28	439		467		467
Dividends			-1,856			-1,856		-1,856
Other neutral changes						0	-387	-387
Results for the year			-3,177			-3,177	819	-2,358
As at 31.03.2003	**6,500**	**21,142**	**1,968**	**-955**	**-1,459**	**27,196**	**2,248**	**29,444**
Revaluation of securities not impacting on income					493	493		493
Revaluation of securities taken to income in the results for the year					966	966		966
Acquisition of own shares								
Disposal of own shares			271	870		1,141		1,141
Dividends			-1,200			-1,200		-1,200
Other neutral changes						0	-194	-194
Results for the year			3,898			3,898	599	4,497
As at 31.03.2004	**6,500**	**21,142**	**4,937**	**-85**	**0**	**32,494**	**2,653**	**35,147**

Segment Report

The following table provides an overview of the key indicators for the segments of the GESCO Group.

	Tool manufacture and mechanical engineering		Plastics technology		New Technologies[1]	
	2003/2004 EUR'000	2002/2003 EUR'000	2003/2004 EUR'000	2002/2003 EUR'000	2003/2004 EUR'000	2002/2003 EUR'000
Sales revenue	142,942	124,877	27,851	28,749	–	0
of which with other segments	0	176	0	0	–	0
EBIT	11,623	9,122	2,254	2,700	–	-226
EBITDA	15,551	12,732	3,676	4,110		-226
Financial result	-622	-780	-654	-203	–	-7,573
of which income from associated companies	0	0	-218	345	–	-144
Depreciation	3,928	3,610	1,422	1,410	–	0
of which unscheduled	0	0	0	0	–	0
of which on goodwill	0	0	0	0	–	0
Segment assets	88,573	82,935	17,355	22,671	–	0
of which shares in associated companies	0	0	80	561	–	0
Segment debts	28,502	29,253	3,309	4,977	–	0
Investments	4,455	9,559	608	2,379	–	0
Employees (No./reporting date)	981	974	217	219	–	0

[1] The New Technologies segment was sold as at 31 March 2003.

	GESCO AG		Other/consolidation		Group	
	2003/2004 EUR'000	2002/2003 EUR'000	2003/2004 EUR'000	2002/2003 EUR'000	2003/2004 EUR'000	2002/2003 EUR'000
Sales revenue	0	0	441	209	171,234	153,835
of which with other segments	0	0	0	-176	0	0
EBIT	-3,520	-3,250	-228	-283	10,129	8,063
EBITDA	-2,346	-2,329	699	292	17,580	14,579
Financial result	48	-631	-317	-476	-1,545	-9,663
of which income from associated companies	0	0	592	-623	374	-422
Depreciation	1,174	921	927	575	7,451	6,516
of which unscheduled	0	0	735	400	735	400
of which on goodwill	1,072	813	0	0	1,072	813
Segment assets	16,676	18,878	14,329	14,031	136,933	138,515
of which shares in associated companies	0	0	1,035	444	1,115	1,005
Segment debts	4,031	4,743	65,944	70,098	101,786	109,071
Investments	133	17	343	6,476	5,539	18,431
Employees (No./reporting date)	10	10	0	0	1,208	1,203

NOTES

General Information

The consolidated financial statements as at 31 March 2004 of GESCO AG have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the statements by the International Accounting Standards Board (IASB). All the relevant International Accounting Standards (IAS) have been applied, taking into account the interpretations of the Standing Interpretations Committee (SIC). The 2003 version of the statements has been applied.

The financial statements comply with the EU directive on accounting for corporate groups (Directive 83/349/EEC). To achieve equality with consolidated financial statements drawn up in accordance with the German Commercial Code (HGB), all information and explanations required under the HGB beyond those required under IASB have been provided. As the preconditions of § 292a HGB have been fulfilled, these consolidated financial statements prepared in accordance with IFRS exempt the company from the obligation to draw up consolidated financial statements in accordance with HGB. The assessment of these preconditions is based on the German Accounting Standard No. 1 (DRS 1) published by the Deutsches Rechnungslegungs Standards Committee DRSC e.V.

Differences compared with HGB

In detail, there are the following material differences compared with the accounting and valuation methods under the German Commercial Code:

Capital consolidation is effected by offsetting the book value of the investment with the shareholders' capital of the subsidiaries valued in accordance with IFRS principles. Unlike the accounting treatment under HGB, first-time consolidation is carried out as at the date of acquisition of the relevant investment.

In consolidated financial statements prepared in accordance with HGB, the goodwill resulting from capital consolidation was offset against reserves. Under IFRS, goodwill is reported under assets and written off over the expected useful life. Negative differences arising from capital consolidation are released in line with the average useful life of the assets acquired. Under IFRS, the obligations resulting from two debtor warrants also have to be taken into account.

Contrary to HGB regulations, a property leasing company is recorded in the consolidated financial statements in line with the principles of full consolidation.

In the HGB consolidated financial statements, the calculation of depreciation for intangible and tangible assets is based on the depreciation periods allowed under tax legislation. In the IFRS accounts, it is the economic useful life that forms the basis for the calculation of depreciation. Special tax depreciation allowances have been eliminated.

The pension provisions and similar obligations accounted for in accordance with the fiscal partial value procedure pursuant to § 6a EstG (Income Tax Act) under HGB are calculated using the projected unit credit method and taking into account future salary and pension increases and current market interest rates.

Provisions for expenditure, in particular provisions for omitted maintenance are not permitted in accordance with IFRS.

Deferred taxes are accounted for using the balance sheet based liabilities method. Deferred taxes on losses carried forward are posted on the assets side, where there is sufficient certainty on the reporting date that it will be possible to achieve tax mitigation potential.

In accordance with IFRS, own shares bought back are offset openly against shareholders' capital.

In addition to the general differences listed above, there are also the following differences between IFRS and HGB accounting regulations for the consolidated financial statements as at 31 March 2004:

- Capitalisation of assets and reporting of liabilities relating to finance leasing agreements under liabilities in accordance with IAS 17.

- Available for sale securities reported at fair value. Gains and losses on revaluation are reported under shareholders' capital with no effect on income until the investment is sold or a permanent reduction in value is to be charged to the profit and loss account.

Taking the above differences compared to HGB into account, the consolidated financial statements prepared in accordance with DRS 1 comply with Directive 83/349/EEC and pursuant to § 292a HGB exempt the company from preparing financial statements in accordance with HGB.

Consolidated Financial Statements – Reporting Date

The reporting date for the consolidated financial statements is the same as that for the parent company (31 March 2004). In principle, the financial years of the subsidiaries included in the consolidated financial statements are the same as the calendar year and they therefore do not differ from the financial year of the parent company by more than three months. It was therefore decided to dispense with compiling intermediate accounts as at 31 March 2004. Where there have been events of particular importance up until the Group reporting date, these have been taken into account in the consolidated financial statements.

Scope of Consolidation

In addition to GESCO AG, all subsidiaries in which GESCO AG directly or indirectly holds the majority of the voting rights are included in the consolidated financial statements. Material associated companies are included at equity. In principle, the first-time consolidation or deconsolidation is carried out at the date of acquisition or disposal of the shareholding. A property leasing company has been included in the scope of consolidation in accordance with SIC 12, as the economic benefit of the property held by the Group is attributable to it.

The capital interest in Kühlmann Kunststofftechnik GmbH, Geseke amounts to 40 %, while the proportion of voting rights amounted to 80 % for a limited period. Since March 2004 only the voting rights corresponding to the capital share of 40 % have been exercised. In the consolidated financial statements for financial year 2003/2004, this company is included with its expenditure and income figures in the consolidated profit and loss account. The company has been included in the Group balance sheet as at 31 March 2004 using the equity method.

The impact of the additions and disposals on the fully consolidated companies is as follows:

	31.03.2004 EUR'000	31.03.2003 EUR'000
Goodwill	0	6,456
Tangible assets	-2,182	5,800
Current assets (excluding liquid funds)	-2,786	2,700
Liquid funds	-10	300
Provisions	-296	100
Liabilities	-4,461	6,200

The Group result was not affected by deconsolidation. First-time consolidation and deconsolidation impacted on the result with +EUR 767 thousand in the previous year.

A total of 20 companies were fully consolidated (IAS 22) and four associated companies were included in the consolidated financial statements using the equity method (IAS 28).

One subsidiary (foreign sales company) whose influence on the assets, financial position and earnings is of minor importance was not consolidated but valued at the cost of acquisition. The influence on sales, results and total assets amounts to less than 0.5 %. Five other companies, which are also of minor importance, were also valued at the cost of acquisition. The effect on the results and total assets was less than 0.5 %.

A full list of shareholdings has been deposited at the Commercial Register of the Wuppertal County Court (HRB 7847). The significant Group companies are listed in a table at the end of these Notes.

Consolidation methods/equity method

The capital was consolidated by carrying out a new full valuation as at the date of acquisition in each case. The costs of acquisition were thereby offset against the new value or, in the case of the equity method, against the pro rata newly valued shareholders' capital of the subsidiaries as at the date of acquisition. Assets and debts are reported at fair value. Any remaining differences on the assets side are capitalised as goodwill and are subject to scheduled depreciation over the anticipated useful life.

A negative difference from capital consolidation, which is not attributable to measurable future losses and expenditure, is capitalised and released to income over the average weighted useful life of the depreciable assets acquired.

Subsequent changes to the shareholders' capital of associated companies and the updating of the difference from first-time consolidation are recorded as a change in the level of holding reported for the relevant associated company.

Income and expenditure and receivables and liabilities between consolidated companies are eliminated.

Where there are temporary differences resulting from consolidation measures which impact on earnings but do not affect goodwill, these are taken into account for income tax purposes and reported under deferred taxes (IAS 12).

Accounting and valuation methods

In principle, the accounts included in the consolidated financial statements as at 31 March 2004 are drawn up in accordance with standardised accounting and valuation methods.

Intangible assets are valued at the cost of acquisition or manufacture less scheduled depreciation. Any negative difference arising from capital consolidation is capitalised and released to income over the weighted average useful life of the depreciable asset acquired.

Tangible assets are valued at the cost of acquisition or manufacture. Public sector subsidies are deducted from the original cost of acquisition when the asset is capitalised. The cost of external capital is recorded directly as expenditure. Tangible assets are depreciated on a straight-line basis over their economic useful life.

Tangible assets rented under finance leases are capitalised at the attributable fair value or the lower present value of the lease instalments. Depreciation is carried out in the same way as for tangible assets owned by the Group (IAS 17). The company is entitled to purchase the leased items for an agreed price at the end of the leasing agreement.

Property held as financial investments is reported at the net book value or fair value if lower.

The affiliated company which is reported under **financial assets** but is not consolidated and the investments reported under financial assets are reported at the cost of acquisition or fair value if lower. Holdings in associated companies are valued at equity.

Securities held as fixed assets are valued at the stock exchange prices on the reporting date. Changes in value are openly deducted from shareholders' capital without any impact on income. Changes in value are recorded in the results for the relevant accounting period if the securities are sold or if there is a permanent reduction in value.

Raw materials and supplies are valued at the average cost of acquisition, **unfinished and finished products** are valued at the cost of manufacture including the necessary portions of the overhead costs of materials and production. The costs of external capital are not capitalised as part of the cost of acquisition or manufacture. Realisation risks are taken into account through depreciation on the net sales price.

In principle, **receivables and other assets** are carried at fair value. Appropriate provisions have been created to take account of any receivables risks. Receivables denominated in foreign currencies were reported at the exchange rate on the reporting date. Exchange gains and losses are taken to the profit and loss account.

Repurchased **own shares** are reported openly as an adjustment to shareholders' capital.

Provisions for pensions and similar obligations are calculated in accordance with actuarial methods pursuant to IAS 19, whereby not only the known pensions and projected benefits, but also expected future increases in salaries and pensions and the trend in interest rates are taken into account. Actuarial gains and losses exceeding 10% of the scope of obligations of the relevant pension plan are spread across the average residual period of service. The service costs are reported under personnel expenditure and the interest portion of the allocation to provisions is reported under the financial result.

Other provisions take into account all discernible liabilities as at the reporting date which are based on past business transactions and whose amount or due date is uncertain. The provisions have been created for the amount which is most likely and have not been netted off against positive income balances. Provisions are only created if there is a legal or actual obligation to third parties. Provisions which have a residual term of more than one year are discounted at the usual market rate for that term for the Group on the reporting date, taking account of future inflation.

In principle, **liabilities** are reported at the relevant present value. Liabilities under finance leasing agreements are reported under liabilities at the present value of the leasing instalments. Liabilities denominated in foreign currencies were reported at the exchange rate prevailing on the balance sheet reporting date. Exchange gains and losses are taken to income in the profit and loss account. Discounts are deducted from liabilities to financial institutions and added back to the relevant loan on a scheduled basis over the life of the loan.

Deferred taxes arising from temporary differences in the value reported in the commercial and tax balance sheets are determined in accordance with the balance sheet based liability method and reported separately. Deferred tax assets comprise claims to tax reductions arising from the utilisation, which can be expected with sufficient certainty, of existing loss carryforwards. Deferred taxes are determined on the basis of current tax legislation. Deferred tax assets are netted off against deferred tax liabilities where the creditor and debtor are the same and the maturities are matching.

Contingent liabilities are possible or existing obligations which refer to past events and for which an outflow of funds is unlikely. Such obligations are therefore not reported in the balance sheet. The level of obligations reported for contingent liabilities corresponds to the extent of the liability as at the reporting date.

Information on the Group Balance Sheet

(1) Industrial property rights and similar rights and assets as well as licences to such rights and assets

The assets summarised under this item are subject to straight-line depreciation over a period of three to five years.

(2) Goodwill

The goodwill is written down on a scheduled basis over the term of the expected useful life of 10 to 15 years.

(3) Prepayments made

The amount reported refers to the acquisition of software.

(4) Negative differences

Negative differences have arisen from the capital consolidation of two subsidiaries, which will be released to income over the weighted average useful life of 33 to 35 years in line with the assets acquired. This income is reported in the profit and loss account under other operating income.

(5) Land and buildings

In principle, buildings are depreciated on a straight-line basis over a period of 40 to 50 years.

Group Statement of Fixed Assets as at 31 March 2004

	Cost of acquisition or manufacture					
	As at 01.04.2003 EUR	Additions EUR	Transfers EUR	Disposals Scope of consolidation EUR	Disposals EUR	As at 31.03.2004 EUR
I. Intangible assets						
1. Industrial property rights and similar rights and assets as well as licences to such rights and assets	2,829,748	260,652	48,392	94,321	111,069	2,933,402
2. Goodwill	18,751,844	0	0		0	18,751,844
3. Prepayments made	48,392	20,390	-48,392	0	0	20,390
4. Negative difference	-644,520	0	0	0	0	-644,520
	20,985,464	**281,042**	**0**	**94,321**	**111,069**	**21,061,116**
II. Tangible assets						
1. Land and buildings	29,928,084	764,089	0	1,307,659	0	29,384,514
2. Technical plant and machinery	29,589,076	1,935,775	0	1,755,577	470,298	29,298,976
3. Other plant, fixtures and fittings	35,150,194	2,198,707	133,820	437,640	1,107,769	35,937,312
4. Prepayments made and plant under construction	134,627	17,000	-133,820	0	807	17,000
5. Property held as financial investments	8,673,055	342,922	0	0	1,018,773	7,997,204
	103,475,036	**5,258,493**	**0**	**3,500,876**	**2,597,647**	**102,635,006**
III. Financial assets						
1. Shares in affiliated companies	1	0	0	0	0	1
2. Investments in associated companies	1,005,063	673,367[1]	0	0	344,744	1,333,686
3. Investments	4,614,706	18,546	0	0	210,652	4,422,600
4. Securities held as fixed assets	9,715,700	0	0	0	0	9,715,700
	15,335,470	**691,913**	**0**	**0**	**555,396**	**15,471,987**
	139,795,970	**6,231,448**	**0**	**3,595,197**	**3,264,112**	**139,168,109**

Including:

[1] Additions Scope of Consolidation 81,078

[2] Unscheduled depreciation in accordance with IAS 36 735,064

[3] Unscheduled depreciation in accordance with IAS 36 81,078

[4] Revaluation in accordance with IAS 39 (no impact on income) -493,280

Depreciation					Net book values	
As at 01.04.2003 EUR	Additions EUR	Disposals Scope of consolidation EUR	Disposals EUR	As at 31.03.2004 EUR	As at 31.03.2004 EUR	As at 31.03.2003 EUR
2,136,462	341,274	56,332	110,513	2,310,891	622,511	693,286
6,268,244	1,071,591	0	0	7,339,835	11,412,009	12,483,600
0	0	0	0	0	20,390	48,392
-104,792	-18,787	0	0	-123,579	-520,941	-539,728
8,299,914	**1,394,078**	**56,332**	**110,513**	**9,527,147**	**11,533,969**	**12,685,550**
5,854,987	849,205	119,135	0	6,585,057	22,799,457	24,073,097
17,625,655	1,794,023	986,073	307,116	18,126,489	11,172,487	11,963,421
24,345,888	2,468,686	213,537	1,028,835	25,572,202	10,365,110	10,804,306
0	0	0	0	0	17,000	134,627
2,299,852	927,026[2]	0	617,632	2,609,246	5,387,958	6,373,203
50,126,382	**6,038,940**	**1,318,745**	**1,953,583**	**52,892,994**	**49,742,012**	**53,348,654**
0	0	0	0	0	1	1
0	218,584[3]	0	0	218,584	1,115,102	1,005,063
4,376,582	0	0	0	4,376,582	46,018	238,124
7,266,460	-493,280[4]	0	0	6,773,180	2,942,520	2,449,240
11,643,042	**-274,696**	**0**	**0**	**11,368,346**	**4,103,641**	**3,692,428**
70,069,338	**7,158,322**	**1,375,077**	**2,064,096**	**73,788,487**	**65,379,622**	**69,726,632**

(6) Technical plant and machinery

In principle, technical plant and machinery are subject to scheduled depreciation on a straight-line basis over a period of 5 to 15 years. This item also included equipment leased under a financing lease with a book value (present value under leasing obligations less scheduled depreciation) as at the Group reporting date of EUR 178 thousand (previous year EUR 362 thousand). Depreciation is carried out over the anticipated useful life of the assets.

(7) Other plant, fixtures and fittings

In principle, other plant, fixtures and fittings are depreciated on a straight-line basis over a period of 3 to 15 years.

(8) Prepayments made and plant under construction

The amount reported refers mainly to fixtures and fittings.

(9) Property held as financial investments

The company still has four buildings and plots of land which are held as investments and which generate rental income. In financial year 2003/2004 two properties were sold. Further disposals are intended.

The properties are valued at the cost of acquisition less the straight-line depreciation calculated on an economic useful life of 40 years as well as extraordinary depreciation. Extraordinary depreciation was carried out to adjust the book value to the lower fair value as at the reporting date. The fair value of the properties held as financial investments amounted to EUR 5,913 thousand (previous year EUR 6,839 thousand). The fair values of individual properties were calculated according to the gross rental method. For one property the lower fair value was assumed. The calculations are based on usual market rates of approx. 8.0 %. Surveys were not obtained on the attributable fair values.

The land and buildings held as financial investments generated rental income of EUR 441 thousand (previous year EUR 388 thousand) compared with directly attributable calculable operating expenditure of EUR 193 thousand (previous year EUR 250 thousand) and depreciation of EUR 928 thousand (previous year EUR 574 thousand). Depreciation includes write-downs to lower fair values of EUR 735 thousand (previous year EUR 400 thousand).

(10) Investments in associated companies

The positive results of those companies valued at equity are reported in the Group statement of fixed assets as an addition. Shares in losses are reported as an addition under depreciation. Distributions and sales of shareholdings are reported under disposals.

Depreciation, losses and the share of income from companies valued at equity are included in the profit and loss account under net income from investments in associated companies.

The investment in one company valued at equity was written down completely.

(11) Investments

No depreciation accrued in financial year 2003/2004. Depreciation in the previous year relates to depreciation for companies in the New Technologies segment. This depreciation is reported in the profit and loss account under depreciation on investments and receivables in the New Technologies segment.

The 24 % investment in Ackermann Fahrzeugbau Oschersleben GmbH was sold.

(12) Securities held as fixed assets

All securities are available-for-sale and are valued at the stock exchange price on the reporting date as the attributable fair value. The book values reported in the Group statement of fixed assets correspond to the relevant fair value as at the reporting date. The historic cost of acquisition is reported in the statement of fixed assets. In the previous year, changes in fair value of EUR -1,459 thousand were carried under shareholders' capital with no effect on income, as they were not deemed to be permanent at the time. The changes in fair value amounting to a negative figure of EUR 966 thousand as at the reporting date of 31 March 2004 have been charged to the profit and loss account. According to the information available when preparing the balance sheet, the reduction in value is now deemed to be permanent. This is due to the fact that the upturn in the share price, which began to emerge last year, was not a sustained trend and the share price still remains below the cost of acquisition.

(13) Stocks

The write-downs carried out refer to the individual items as follows:

in EUR'000	Raw materials and supplies		Unfinished and finished products and services		Finished products and goods		Prepayments made		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Cost of acquisition or manufacture	8,068	8,850	7,899	8,357	12,284	12,804	644	329	28,895	30,340
Write-downs	965	831	699	486	1,181	1,234	–	–	2,845	2,551
As at 31.03.	**7,103**	**8,019**	**7,200**	**7,871**	**11,103**	**11,570**	**644**	**329**	**26,050**	**27,789**

(14) Receivables and other assets

Charges have been made on receivables and other assets to account for the expected level of losses. The book values determined correspond to the fair values. Trade receivables are due within 12 months and do not bear interest. Other assets comprise the following:

	31.03.2004 EUR'000	31.03.2003 EUR'000
Loan receivables	1,810	2,313
Income tax refund claims	1,134	2,003
Tax prepayments	1,080	0
Purchase price receivables	0	900
Other	1,045	1,148
Total	**5,069**	**6,364**

Loan receivables result mainly from the sale of minority holdings to the managing directors of the relevant subsidiaries and are secured by pledging the shares sold. The loans have a term of up to nine years and bear interest at market rates. Of the loans, EUR 1,119 thousand (previous year EUR 1,026 thousand) are not due until financial year 2005/2006 or thereafter.

The item "other" includes long term assets of EUR 0 thousand (previous year EUR 102 thousand).

(15) Securities

The securities held as current assets are highly liquid and are subject to insignificant risk in terms of change in value.

(16) Credit balances with financial institutions

Essentially, this item contains short term fixed deposits and current account credit balances held in Euros at different banks.

(17) Deferred tax assets and liabilities

Deferred taxes are determined and reported on the basis of temporary differences in the values carried for assets and liabilities in the commercial balance sheet under IFRS and the tax balance sheet, as well as on realisable loss carryforwards. The reported deferred taxes result from the following balance sheet items and loss carryforwards:

Deferred Taxes	**31.03.2004 Assets EUR'000**	**31.03.2004 Liabilities EUR'000**	**31.03.2003 Assets EUR'000**	**31.03.2003 Liabilities EUR'000**
Tangible assets	524	3,827	281	3,792
Pension provisions	640	–	614	–
Other provisions	126	215	248	289
Liabilities	128	27	88	11
Tax loss carryforwards	1,104	–	1,775	–
Other	12	326	123	288
	2,534	4,395	3,129	4,380
Net figure[1]	-891	-891	-945	-945
Total	**1,643**	**3,504**	**2,184**	**3,435**

[1] Deferred tax assets and liabilities are netted off, where the creditor and debtor are the same and the maturities match.

Deferred taxes from loss carryforwards are capitalised to the extent that as at the reporting date it can be assumed with sufficient certainty within a planning period of five years that their tax reducing potential can be realised. Deferred tax assets of around EUR 309 thousand from loss carryforwards were not reported, as under § 9 No. 1 Clause 2 ff. GewStG (Trade Tax Act) (exemption option for property companies) the application of trade tax is deemed to be highly unlikely.

(18) Shareholders' capital

The **subscribed capital** of the Group corresponds to the subscribed capital of GESCO AG and amounts to EUR 6,500 thousand, divided into 2,500,000 bearer shares which carry full voting and dividend entitlements.

The ordinary General Meeting on 30 July 2003 authorised the company to acquire its own shares up to 10 per cent of the current share capital, including the shares already held, up until 31 January 2005.

The movement in **shares in circulation** and **own shares** is as follows:

	Shares in circulation	Own shares held	
	No.	No.	Share of the share capital in %
As at 01.04.2002	**2,473,072**	**26,928**	**1.08**
Purchases	-109,002	109,002	4.36
Employee share scheme	15,930	-15,930	0.64
Sales to institutional investors	20,000	-20,000	0.80
As at 31.03.2003	**2,400,000**	**100,000**	**4.00**
Purchases	0	0	0.00
Employee share scheme	16,140	-16,140	0.65
Sales to institutional investors	75,000	-75,000	3.00
As at 31.03.2004	**2,491,140**	**8,860**	**0.35**

In the past, after each General Meeting the company has carried out an employee share scheme in the second half of the calendar year, which is limited in time to around two months, during which employees are given the opportunity to buy shares in GESCO AG at a price which is discounted to the stock exchange price. The shares worth EUR 154 thousand (previous year EUR 199 thousand) sold under the employee share scheme were sold to employees for a total price of EUR 94 thousand (previous year EUR 77 thousand). The reduction granted to employees is recorded under other operating expenditure. Shares were sold to institutional investors for a total price of EUR 987 thousand (previous year EUR 268 thousand). The proceeds from the sale were used to repay liabilities.

There are no stock option plans.

The **capital reserves** result primarily from premiums on the issue of shares and remained unchanged at EUR 21,142 thousand.

During the year under review, the **revenue reserves** were increased by the net profit for the year of EUR 3,898 thousand as well as the sale of own shares to institutional investors amounting to EUR 271 thousand, which was not taken to the profit and loss account. They were reduced by the dividend of EUR 1,200 thousand for the previous year.

As at the time of preparing the consolidated financial statements, the proposed dividend per share stood at EUR 0.70. With 2,491,140 shares currently in circulation, this produces a proposed dividend of EUR 1,744 thousand.

(19) Minority interests

Minority interests refer to the share of capital and results in Ackermann Fahrzeugbau GmbH, AstroPlast Kunststofftechnik GmbH & Co. KG, Franz Funke Zerspanungstechnik GmbH & Co. KG, Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG, SVT GmbH, Haseke GmbH & Co. KG and the property leasing company.

(20) Provisions

In addition to direct commitments relating to the final salaries for senior managers and members of the Executive Board, the **provisions for pensions** are based on fixed amount pension commitments for some of the employees. Increases under some of the pension plans for senior managers are based on the benefit plans of the Essener Verband. Provisions for pensions refer exclusively to the benefits-related pension plans and are calculated according to the projected unit credit method under IAS 19.

The movement in the **projected benefit obligation** was as follows:

	2003/2004 EUR'000	2002/2003 EUR'000
As at 01.04.	**7,985**	**8,075**
Change in the scope of consolidation	-200	–
Service costs	151	217
Interest costs	428	430
Pension annuities paid	-389	-376
Actuarial gains/losses	-60	-361
As at 31.03.	**7,915**	**7,985**

The **provisions for pensions** are calculated as follows:

	2004 EUR'000	2003 EUR'000
Projected benefit obligation	7,915	7,985
Actuarial gains not recorded	331	271
As at 31.03.	**8,246**	**8,256**

Pension costs comprise the following:

	2003/2004 EUR'000	2002/2003 EUR'000
Service costs	151	217
Interest accruing on expected pension benefit obligation	428	430
Service costs to be offset subsequently	–	–
Depreciation on actuarial gains/losses	–	-99 [1]
Total	**579**	**548**

[1] Incl. gains on the winding up of one pension plan due to changes in biometric circumstances.

The calculations are based on the basic biometric values published by Prof. Dr. Klaus Heubeck (RT 98) as well as the following **actuarial assumptions:**

	2003/2004	2002/2003
Interest rate	6 %	6 %
Increase in salaries	2 %	2 %
Increase in pension annuities	2 %	2 %
Fluctuation	1 %	1 %

The movement in and composition of **other provisions** are shown in the following table:

	As at 01.04.2003 EUR'000	Utilisation EUR'000	Addition/ New Creation EUR'000	Release EUR'000	As at 31.03.2004 EUR'000
Recultivation obligation	1,329	0	0	0	1,329
Guarantees and warranties	873	-407	1,449	0	1,915
Purchase price annuity obligation	771	0	0	-19	752
Legal costs	580	0	0	0	580
Costs of annual financial statements	371	-368	387	-1	389
Follow-up costs	144	-118	115	-26	115
Threatened losses	125	-120	51	-5	51
Miscellaneous	1,259	-499	569	-378	951
Total	**5,452**	**-1,512**	**2,571**	**-429**	**6,082**

The recultivation obligation refers to official requirements and conditions which have to be fulfilled regarding the operation of a landfill site of a subsidiary. Provisions have been set up for the expenditure determined as probable by an expert survey.

The purchase price annuity obligation arose in relation to the purchase of shares in a subsidiary and has been posted in the balance sheet at the level of the projected benefit value in accordance with IAS 19. Of the amounts shown on the liabilities side, the following amounts are due as follows:

up to 1 year	EUR 66 thousand
1 to 5 years	EUR 230 thousand
over 5 years	EUR 456 thousand

The legal costs include the best possible estimated expenditure from various claims pursued and defended by individual subsidiaries. Each individual lawsuit is of minor importance in terms of the assessment of the assets, liabilities, financial situation and earnings of the Group.

The threatened losses refer to the likely excess obligation arising from various purchase and sale agreements as at the reporting date.

Miscellaneous provisions refer in particular to possible obligations arising from pledged credit balances with financial institutions (EUR 456 thousand).

(21) Liabilities

	As at 31.03.2004 (31.03.2003) EUR'000	Residual maturity of up to 1 year EUR'000	Residual maturity of up to 5 years EUR'000	Residual maturity of more than 5 years EUR'000
Liabilities to financial institutions	57,243	13,880	23,861	19,502
	(65,347)	(14,196)	(27,305)	(23,846)
Trade creditors	5,949	5,949	0	0
	(6,359)	(6,359)	(0)	(0)
Prepayments received on orders	4,469	4,469	0	0
	(2,850)	(2,850)	(0)	(0)
Liabilities on bills	757	757	0	0
	(961)	(961)	(0)	(0)
Liabilities to companies with which a shareholding relationship exists	232	232	0	0
	(264)	(264)	(0)	(0)
Other liabilities	15,304	12,216	2,820	268
	(16,147)	(12,996)	(2,813)	(338)
Total	**83,954**	**37,503**	**26,681**	**19,771**
	(91,928)	(37,626)	(30,118)	(24,184)

The liabilities to financial institutions are mainly secured by:

	31.03.2004 EUR'000	31.03.2003 EUR'000
Land charges	22,824	26,125
of which on property held as financial investments	4,090	4,857
Book value of property	23,013	27,400
Assignment as security of		
movable fixed assets	8,180	8,826
stocks	5,340	6,603
Assignment of receivables	7,365	4,188

The parent company has also pledged shares in subsidiaries with a total book value of EUR 33,280 thousand (previous year EUR 29,913 thousand).

Of the liabilities to financial institutions, around EUR 38,475 thousand (previous year EUR 44,267 thousand) refer to long term credit facilities in Swiss francs with short term fixed rates (in principle three months). As at the reporting date, the interest rates for these loans ranged from 1.0 % to 1.91 %. These rates correspond to the usual market interest rates for Swiss franc loans. Fixed redemption payments have been agreed for individual loans.

The Swiss franc loans have been granted by German financial institutions and therefore constitute "hybrid financing instruments" in accordance with IAS 39. Given the short term nature of the fixed rates, the book values of the loans correspond to their fair value. Any changes in value as at the reporting date are taken to the profit and loss account.

Of the remaining obligations to financial institutions, EUR 15,522 thousand (previous year EUR 18,206 thousand) refer to long term loans with fixed redemption payments and residual maturities between 1 and 12 years (previous year between 4 and 13 years). The interest rates range from 2.13 % to 6.25 %. These interest rates represent the usual market rates for the relevant loans and companies. The other liabilities to financial institutions relate to current accounts.

Other liabilities comprise the following:

	31.03.2004 EUR'000	31.03.2003 EUR'000
Wages, salaries, social security	7,156	6,685
Other taxes	1,277	1,547
Income taxes	1,683	1,260
Outstanding incoming invoices	712	537
Finance leases	178	232
Miscellaneous liabilities	4,298	5,886
Total	**15,304**	**16,147**

Miscellaneous liabilities refer primarily to subsequent purchase payments as well as short term liabilities to third parties. The subsequent purchase payments and a portion of the other liabilities amounting to a total or EUR 2,418 thousand (previous year EUR 2,557 thousand) are not due for over a year. The liabilities arising from wages, salaries and social security include obligations for age-related part time working of which EUR 669 thousand (previous year EUR 497 thousand) is not due for over a year.

Information on the Group Profit and Loss Account

In the profit and loss account, two subsidiaries were included with figures for the full financial year for the first time, whereas in the previous year they had only been included for eight and nine mounths respectively.

(22) Sales revenue

In principle, sales revenue is recorded when the benefit and liability from the assets sold are transferred. Further explanations are given in the segment report.

(23) Other company produced additions to assets

The item essentially comprises the costs of production equipment built by the Group.

(24) Other operating income

Other operating income comprises the following:

	2003/2004 EUR'000	2002/2003 EUR'000
Income from writing back/utilising provisions	864	1,269
Earnings contribution	0	768
Price gains	2,120	170
Income from the disposal of fixed assets	66	204
Miscellaneous	1,037	1,160
Total	**4,087**	**3,571**

(25) Expenditure on materials

Expenditure on materials includes:

	2003/2004 EUR'000	2002/2003 EUR'000
Expenditure on raw materials and supplies and goods purchased	70,560	65,133
Expenditure on services purchased	8,768	7,314
Total	**79,328**	**72,447**

(26) Personnel expenditure

Personnel expenditure includes:

	2003/2004 EUR'000	2002/2003 EUR'000
Wages and salaries	46,789	43,242
Social security contributions	9,457	8,642
Expenditure on pensions and benefits	671	729
Total	**56,917**	**52,613**

The expenditure on pensions and benefits includes additions to pension provisions excluding accrued interest which is reported under interest and similar expenditure.

(27) Other operating expenditure

Other operating expenditure breaks down as follows:

	2003/2004 EUR'000	2002/2003 EUR'000
Operating expenditure	7,683	7,025
Administrative expenditure	2,578	2,595
Expenditure on distribution	6,907	5,994
Miscellaneous expenditure	3,943	3,042
Total	**21,111**	**18,656**

(28) Depreciation on tangible and intangible assets

Depreciation on tangible and intangible assets is shown in the Group statement of fixed assets. During the financial year, unscheduled depreciation was carried out on property held as financial investments. Further explanations are given in the notes on the corresponding balance sheet items.

(29) Depreciation on securities held as fixed assets

In the financial year, depreciation on securities held as fixed assets included depreciation for permanent diminution in value of available-for-sale securities.

(30) Depreciation on investments and receivables in the New Technologies segment

In the previous year, depreciation on investments and receivables in the New Technologies segment included EUR 6,599 thousand unscheduled depreciation on investments in the New Technologies division as well as EUR 1,011 thousand unscheduled depreciation on short term loans to companies in this segment.

(31) Taxes on income and earnings

The actual taxes on income and earnings and deferred taxes are reported as income tax. Income tax comprises the following:

	2003/2004 EUR'000	2002/2003 EUR'000
Actual taxes	3,409	996
Deferred taxes	678	-238
Total	**4,087**	**758**

The anticipated expenditure on income taxes is reconciled to the tax expenditure reported in the profit and loss account as follows:

	2003/2004 EUR'000	2002/2003 EUR'000
Group result before income tax	8,584	-1,600
Anticipated income tax income/expenditure	-3,262	608
Permanent differences arising on expenditure which is not tax deductible	-181	-1,271
Income tax for different reporting periods	-4	527
Consolidation effects	-291	-381
Temporary differences for losses, for which no deferred taxes have been capitalised	-53	-215
Differences in tax rates	-242	10
Miscellaneous	-54	-36
Total	**-4,087**	**-758**

The anticipated expenditure on tax is based on a Group tax rate of 38 % (previous year 38 %). This comprises corporation tax (25 %) plus the solidarity surcharge (5.5 %) as well as trade tax (based on the average municipal levy rate of 375 %).

(32) Earnings per share

In accordance with IAS 33 (Earnings per Share), earnings per share are derived by dividing the Group net income for the year attributable to shareholders by the weighted average number of shares in circulation:

		2003/2004	2002/2003
Group net income/loss for the year	(EUR'000)	3,898	-3,177
Weighted number of shares	(No.)	2,431,952	2,455,743
Earnings per share in accordance with IAS 33	(EUR)	1.60	-1.29

There are no circumstances which could lead to a dilution effect.

Information on the cash flow statement

In accordance with IAS 7 (Cashflow Statement), the **cash flow statement** shows the movement in the inflows and outflows of funds in the Group during the year under review. The financial means portfolio continues to contain securities held as current assets which are highly liquid and not subject to any significant risk of change in value, as well as the item cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques. The financial means portfolio includes credit balances with banks totalling EUR 456 thousand (previous year EUR 456 thousand), which are pledged as security for liabilities on the part of third parties.

During the financial year, the company made and received the following payments:

	2003/2004 EUR'000	2002/2003 EUR'000
Interest paid	1,290	1,905
Interest received	480	406
Taxes refunded (-)/paid	2,785	-678

The cash flow statement does not include investments in intangible assets of EUR 2,200 thousand which do not yet affect the liquidity.

Information on the Segment Report

The **segment report** has been drawn up in accordance with IAS 14 (Segment Reporting). Segmentation has been structured according to primary business activity.

The companies are allocated to the segments in accordance with their area of activity. The companies in the tool manufacture and mechanical engineering segment are mainly active in the production of tools and machinery and related services. The plastics processing companies are allocated to the plastics technology segment, especially those in injection moulded plastics and foamed sheet manufacture.

The **New Technologies segment** was sold off on 31 March 2003.

The **GESCO AG** segment comprises the activities of GESCO AG as a holding company including all goodwill. Those companies that cannot be allocated to another segment are reported in the **Other/Consolidation** segment as well as the consolidation effects and other assets and liabilities that are not to be allocated to any of the other segments. This item therefore includes land and property held as financial investments as well as the loan debts of the other two segments.

There are no material **business links** between the segments.

Segment investment refers to tangible and intangible assets. Goodwill is recorded centrally under GESCO AG.

Depreciation refers to the assets allocated to the individual segments.

The **operating assets of the segments** contain all the assets of the companies allocated to the segments with the exception of tax refund claims.

Segment liabilities comprise all liabilities and provisions of the companies allocated to the segments with the exception of income tax liabilities and loans.

Group EBIT and EBITDA can be reconciled to the Group net income for the year using the Group profit and loss account.

Sales revenue is attributable to the **regions** as follows:

	2003/2004 EUR'000	2003/2004 %	2002/2003 EUR'000	2002/2003 %
Germany	133,220	77.8	124,165	80.7
Europe (excluding Germany)	26,712	15.6	22,848	14.9
Rest of the world	11,302	6.6	6,822	4.4
Total	**171,234**	**100.0**	**153,835**	**100.0**

The secondary reporting format for segment reporting comprises segmentation by region. As all the Group assets are in Germany, the Group represents the region of Germany overall and the information in the secondary reporting format is identical to that in the Group balance sheet and profit and loss account.

Other Information on the Consolidated Financial Statements

Research and Development Costs

In principle, research and development costs are treated as current expenditure. No capitalisation was necessary. The research and development costs amounted to around 2 % of sales in both financial years.

Information on financial instruments

Due to clear interest-rate advantages, the Group is largely financed in Swiss francs with a short term fixed interest rate.

Due to their short term maturity or fixed interest rates, the market values of receivables, credit balances with financial institutions and currency liabilities to financial institutions reported in the balance sheet correspond to the book values. In the case of longer term claims arising from loan agreements, liabilities to financial institutions in euro and other liabilities, the interest rates correspond to the usual market interest rates so that here too, the market values correspond to the book values.

Contingent liabilities

	2003/2004 EUR'000	2002/2003 EUR'000
Liabilities from the issue and assignment of bills	240	166
Liabilities under guarantees	1,111	1,411
Security for third party liabilities	0	456

There are possible retrospective improvements in the purchase price, resulting from the acquisition of two companies, depending on their future earnings. As at the respective balance sheet reporting dates, these improvements are shown on the balance sheet at their probable value.

GESCO AG has undertaken to maintain certain equity ratios and balance sheet indicators with regard to two affiliated companies.

Investment contributions of EUR 889 thousand were granted to a subsidiary in the previous year. This is with the proviso that the company creates a specific number of permanent jobs by 30 June 2004, which will exist for a fixed time period. The contributions must be repaid on non-fulfilment of this condition. The company does not anticipate that the contributions will have to be repaid.

There are currently no legal disputes which would involve any anticipated impact on results other than the amounts which are being provided for as legal costs. The guarantees received are standard for the industry; in so far as a claim is expected, provisions for the most likely amount have been set up.

Rental and Leasing Agreements

The following payment obligations exist for financing leasing agreements:

	Total EUR'000	2004/05 EUR'000	2005/06 -2008/09 EUR'000	2009/10 and subsequent years EUR'000
Min. leasing payments	192	51	141	–
Discounts	14	6	8	–
Cash values	**178**	**45**	**133**	**–**

The leasing agreements contain purchase options for the acquisition of the leased properties at the end of the leasing period.

For other plant, fixtures and fittings, there are short term leasing agreements (operating leases) in place. The leasing payments due on these amounted to EUR 1,390 thousand in the reporting year (previous year EUR 1,335 thousand).

The minimum leasing payments due on operating leases are as follows:

	2003/2004 EUR'000	2002/2003 EUR'000
Up to one year	962	1,419
One to five years	827	1,825
Total	**1,789**	**3,244**

The leasing agreements contain purchase options for the acquisition of the leased properties at the end of the leasing period.

Information on the Relationships with Affiliated Companies

The business relationships between fully consolidated Group companies and companies which are not fully consolidated are concluded under third party terms and conditions. The claims on affiliated companies mainly apply to Connex Inc. The claims on companies with which a shareholding relationship exists primarily include claims on Paroll Doppelboden-Systeme GmbH & Co. KG. The liabilities to companies with which a shareholding relationship exists include in particular obligations to a company in which the Group holds less than 4 % of the shares.

Employees

On average the following number of employees were employed:

	2003/2004	2002/2003
Factory staff	736	704
Office staff	413	379
Trainees	59	61
Total	**1,208**	**1,144**

Part time positions were aggregated to full time positions.

Exemption Requirements for Group Companies

By being consolidated in the Group financial statements of GESCO AG, under the further requirements of § 264b HGB, the companies AstroPlast Kunststofftechnik GmbH & Co. KG, Franz Funke Zerspanungstechnik GmbH & Co. KG, Haseke GmbH & Co. KG, MAE Maschinen- und Apparatebau Götzen GmbH & Co. KG and Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG are exempt from the obligation of compiling, having audited and publishing annual financial statements and a Directors' Report in accordance with the regulations applying to joint stock companies.

Under the further requirements of § 264 Para. 3 HGB, Dörrenberg Edelstahl GmbH and Hubl GmbH are exempt from the obligation of compiling, having audited and publishing annual financial statements and a Directors' Report in accordance with § 264ff. HGB.

Corporate Governance

In principle, the Executive Board and Supervisory Board of GESCO AG observe the German Corporate Governance Code and have made their declaration of compliance available to shareholders.

In total, the Executive Board holds 1.3 % of the shares in the company, although no single Executive Board member holds more than 1.0 % of the shares. The members of the Supervisory Board hold a total of 0.2 % of the shares in the company.

Executive bodies

Executive Board

- Willi Back, Wuppertal (until 31.03.2004)
  Chairman of the Executive Board

  Member of the Advisory Board:
  - K. A. Schmersal GmbH & Co., Wuppertal

- Robert Spartmann, Gevelsberg
  Member of the Executive Board

- Dr.-Ing. Hans-Gert Mayrose, Mettmann
  Member of the Executive Board

  Chairman of the Supervisory Board:
  - OPS Automation AG, Troisdorf (until 27.05.2003)

  Deputy Chairman of the Supervisory Board:
  - Ehrfeld Mikrotechnik GmbH, Wendelsheim (until 30.06.2003)
  - Silicon Vision AG i.L., Moritzburg

  Member of the Supervisory Board:
  - CSP Camsoft AG, Villingen-Schwenningen (until 15.05.2003)

In the financial year, the total remuneration of the Executive Board amounted to EUR 749 thousand (previous year: EUR 669 thousand). Of the total emoluments, EUR 511 thousand (previous year: EUR 477 thousand) relates to fixed elements, EUR 200 thousand (previous year: EUR 88 thousand) to variable elements and EUR 38 thousand (previous year: 104 thousand) to pension expenses. As at 31 March 2004, pension provisions for members of the Executive Board amounted to EUR 816 thousand (previous year: EUR 694 thousand).

Supervisory Board

- Klaus Möllerfriedrich, Wuppertal
  Chairman,
  Chartered Accountant

  Chairman of the Supervisory Board:
  - Wolk AG, Wuppertal
  - GESCO Technology AG, Wuppertal (until 29.04.2003)
  - MITECH Mittelstand + Technologie AG, Düsseldorf (until 15.10.2003)

  Member of the Supervisory Board:
  - Asys Holdings AG, Oberhausen
  - Regeneratio Pharma AG, Wuppertal

  Member of the Advisory Board:
  - TTB Logistikzentrum GmbH & Co. KG, Ludwigsfelde (until 31.10.2003)

- Rolf-Peter Rosenthal, Wuppertal
  Deputy Chairman
  Bank Director (ret'd)

  Chairman of the Supervisory Board:
  - Etienne Aigner AG, Munich (until 31.07.2003)

  Deputy Chairman of the Supervisory Board:
  - Rheinische Textilfabriken AG, Wuppertal
  - GESCO Technology AG, Wuppertal (until 29.04.2003)

- Dr. Hans Bernhard von Berg, Haan
  Managing Director (ret'd)
  Gebr. Happich GmbH,Wuppertal

  Member of the Supervisory Board:
  - GESCO Technology AG, Wuppertal (until 29.04.2003)

In the financial year, the total remuneration for the members of the Supervisory Board amounted to EUR 33 thousand (previous year: EUR 60 thousand). Of this figure, EUR 3 thousand (previous year: EUR 23 thousand) relates to variable elements.

GESCO AG has taken out a Directors' and Officers' Liability Insurance (D&O) as a group policy for members of the Group's management. The insured persons are the members of the Executive Board and the Supervisory Board of GESCO AG and the Managing Directors of the subsidiaries. Insurance premiums of EUR 48 thousand (previous year: EUR 54 thousand) have been paid in financial year 2003/2004.

Wuppertal, 17 May 2004

The Executive Board

R. Spartmann Dr.-Ing. H.-G. Mayrose

Significant Group shareholdings

Fully consolidated companies	% share of capital held[1]
Ackermann Fahrzeugbau GmbH, Wolfhagen	80
Alro GmbH, Wuppertal	100
AstroPlast Kunststofftechnik GmbH & Co. KG, Sundern	80
AstroPlast Verwaltungs GmbH, Sundern[2]	100
Degedenar Grundstückverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG, Eschborn[3]	100
Dörrenberg Edelstahl GmbH, Engelskirchen-Ründeroth	100
Franz Funke Zerspanungstechnik GmbH & Co. KG, Sundern	80
Franz Funke Verwaltungs GmbH, Sundern[2]	100
Haseke GmbH & Co. KG, Porta Westfalica	80
Haseke Beteiligungs-GmbH, Porta Westfalica[2]	100
Hubl GmbH, Vaihingen/Enz	100
MAE Maschinen- und Apparatebau Götzen GmbH & Co. KG, Erkrath	100
Maschinen- und Apparatebau Götzen GmbH, Erkrath[2]	100
Molineus & Co. GmbH + Co. KG, Wuppertal	100
Grafic Beteiligungs-GmbH, Wuppertal[2]	100
Kühlmann Kunststoff-Technik GmbH, Geseke[4]	40
Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG, Kassel	90
WM Werkzeug- und Maschinenbau Verwaltungs-GmbH, Kassel[2]	100
SVT GmbH, Schwelm	90
Tomfohrde GmbH & Co. Industrieverwaltungen, Wuppertal	100
Tomfohrde GmbH, Wuppertal[2]	100
Companies valued at equity	
Gewerbepark Wilthener Straße GmbH, Bautzen	40
Paroll Doppelboden-Systeme GmbH & Co. KG, Radevormwald	40
Paroll Doppelboden-Systeme Beteiligungsgesellschaft mbH, Radevormwald[2]	40
Significant companies valued at cost of acquisition	
GIS Gewerbe- + Immobilien-Service GmbH, Bautzen	40
Connex SVT Inc., Houston, USA	100

[1] Shares in the capital held directly or via a majority holding

[2] General partner

[3] Special Purpose Entity (SPE) in accordance with SIC 12

[4] Changed to equity accounting as at 31 December 2003

Auditors' Report

We have audited the consolidated financial statements, consisting of balance sheet, profit and loss account, changes in shareholders' capital, cash flow statement and notes to the financial statements for the financial year from 1 April 2003 to 31 March 2004 as compiled by GESCO AG. The company's Executive Board is responsible for the preparation and content of the consolidated financial statements. It is our task to assess whether the consolidated financial statements comply with the International Financial Reporting Standards (IFRS) based on the audit conducted by us.

We have audited the consolidated financial statements in accordance with the German auditing rules and in compliance with the principles of proper and correct auditing laid down by the IDW (German Institute of Auditors). In accordance with these principles, our audit must be planned and carried out in such a way that there is sufficient certainty that the consolidated financial statements are free of material misstatements. Audit activities are planned in accordance with our knowledge of the Group's business activity and economic and legal framework as well as the anticipated margin of error. Our audit has also assessed the evidence for the values and details provided in the consolidated financial statements on the basis of random checks. The audit includes an assessment of the accounting principles used and of the material estimates made by the legal representatives, as well as an assessment of the overall presentation of the consolidated financial statements. We believe that our audit forms a sufficiently reliable basis for our opinion.

We are of the opinion that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, as well as the payment flows in the financial year, in accordance with IFRS.
Our Auditors' Report, which also covers the Group Directors' Report for the financial year from 1 April 2003 to 31 March 2004 compiled by the Executive Board, has led to no objections. We are of the opinion that the Group Directors' Report and other details provided in the consolidated financial statements give a true and fair view of the position of the Group and accurately portrays the risks inherent in future developments. We hereby also confirm that the consolidated financial statements and the Group Directors' Report for the financial year from 1 April 2003 to 31 March 2004 fulfil the conditions for releasing the company from compiling consolidated financial statements and a Group Directors' report under German law.

Wuppertal, 21 May 2004

Dr. Breidenbach, Dr. Güldenagel und Partner KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed:	ppa.
(Dr. Niemeyer) Auditor	(Eisenberg) Auditor

Supervisory Board
Klaus Möllerfriedrich (Chairman),
Rolf-Peter Rosenthal (Deputy Chairman),
Dr. Hans Bernhard von Berg (l. to r.)

Report of the Supervisory Board of GESCO AG for financial year 2003/2004

During financial year 2003/2004, the Supervisory Board concerned itself constantly with the company's position and development, in accordance with the duties and powers imposed upon it by law and under the articles of association.

This was done at a number of face to face meetings between the Chairman of the Supervisory Board with the members of the company's Executive Board and at five Supervisory Board meetings, which were all attended by all Supervisory Board members. In addition, all Supervisory Board members were informed of important events outside meetings. The Executive Board and the Supervisory Board continue to adhere to the Corporate Governance Code and have submitted and published the required declaration of compliance. In accordance with item 5.6 of the Code, the Supervisory Board has been regularly examining the efficiency of its work.

With three members, GESCO AG's Supervisory Board has deliberately remained small to enable efficient work and intensive discussions on strategies and details. It is therefore the opinion of the Supervisory Board that there would be little point in forming Supervisory Board committees. Therefore, no committees were formed in financial year 2003/2004.

At their meetings, the Supervisory and Executive Boards discussed ongoing acquisitions and the economic and financial position of the various affiliated companies in depth. The Supervisory Board also received monthly reports from the affiliated companies.

All business requiring the consent of the Supervisory Board under the articles of association was referred to and approved by it. In financial year 2003/2004, as in previous years, this related primarily to consent for the acquisition, financing and disposal of investments, which the Supervisory Board expressly approved following comprehensive discussions with the Executive Board.

In accordance with legal regulations, Dr. Breidenbach, Dr. Güldenagel und Partner KG, auditors and tax consultants, Wuppertal, the auditors appointed by the General Meeting, were commissioned by the Supervisory Board to audit the annual financial statements and consolidated financial statements. The auditors declared their impartiality in a statement dated 17 June 2003 and provided us with evidence that, through a peer review set by the Chamber of Auditors, they are qualified to audit listed companies.

The auditors audited the annual financial statements to 31 March 2004 and the Directors' Report drawn up by the Executive Board and accepted them without qualification. The auditors have also examined the risk management system and confirmed its functionality.

The Supervisory Board has received the auditors' report and noted the auditors' conclusions.

The Supervisory Board has examined the annual financial statements, the Directors' Report and the proposed application of profits as drawn up by the Executive Board and discussed them in detail at the meeting with the auditors on 24 May 2004. All questions from the Supervisory Board were answered comprehensively by the auditors. In the light of the conclusive examination, the Supervisory Board has no objections to the annual financial statements or Directors' Report. The Supervisory Board approved the annual financial statements on 24 May 2004, which are therefore adopted for the purposes of § 172 AktG. The Supervisory Board supports the Executive Board's proposals for the application of profits.

As at 31 March 2004, as in the previous year, the Executive Board prepared the consolidated financial statements of the GESCO Group, which were also examined and passed unqualified by the auditors. At its meeting on 24 May 2004, the Supervisory Board also discussed the consolidated financial statements with the auditors and approved them.

After around 14 years of activity on the Executive Board of GESCO AG, Chairman Willi Back retired on 31 March 2004. Willi Back shaped the structure and philosophy of the company and was instrumental in the success of the GESCO investment concept. The Supervisory Board would like to offer their sincere thanks to Willi Back for his outstanding work and many years of cooperation and commitment.

For the time following retirement of the Executive Board Chairman Willi Back on 31 March 2004, the Supervisory Board revised the rules of procedure to take account of the changes at Executive Board level. A new Chairman has not been appointed.

As in previous years, emoluments of the Executive Board members were established at Supervisory Board meetings. Where necessary, changes and addenda were finalised in accordance with the regulations of Corporate Governance. Any additional bonuses other than the fixed emoluments were established in accordance with contractual regulations and the development of the company.

The Supervisory Board would like to thank the members of the Executive Board, the Managing Directors of the affiliated companies and all the staff of the GESCO Group for their dedication and commitment in the past financial year, as well as their achievements despite adverse economic conditions.

Wuppertal, 24 May 2004

The Supervisory Board

Klaus Möllerfriedrich
Chairman

Financial calendar/Shareholder contact

Financial calendar

24 June 2004 at 9:30 hrs
Annual Accounts Press Conference to announce the annual financial statements for 2003/2004 at the Steigenberger Parkhotel, Düsseldorf

24 June 2004 at 15:00 hrs
DVFA Analysts' Meeting at the Steigenberger Frankfurter Hof, Frankfurt/Main

August 2004
Announcement of figures for the first quarter (01.04.-30.06.2004)

9 September 2004 at 10:30 hrs
Annual General Meeting in the Stadthalle, Wuppertal

November 2004
Announcement of figures for the first half year (01.04.-30.09.2004) and despatch of the interim report

February 2005
Announcement of figures for the first nine months (01.04.-31.12.2004)

28 June 2005
Annual Accounts Press Conference and Analysts' Meeting

August 2005
Announcement of figures for the first quarter (01.04.-30.06.2005)

1 September 2005
Annual General Meeting in the Stadthalle, Wuppertal

November 2005
Announcement of figures for the first half year (01.04.-30.09.2005) and despatch of the interim report

Shareholder contact

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If you would like to be kept regularly informed, please let us know and ask to be included on our mailing list.

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Innovation
Vision

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