

INTERIM REPORT



1 April to 31 December 2003

The first nine months of 2003/2004 at a glance

- Positive trend continues
- Incoming orders up by 6 % in the nine-month period, sales and EBITDA up by around 8 %
- Group expected to exceed forecast results for the year as a whole by more than 10 %



**Tradition
Innovation
Vision**

The GESCO Group at a glance

01.04.-31.12.		1 st nine months 2003/2004	1 st nine months 2002/2003	Change
Incoming orders	(EUR'000)	130,469	123,121	6.0%
Sales revenues	(EUR'000)	123,453	114,206	8.1%
EBITDA	(EUR'000)	11,531	10,690	7.9%
Earnings before tax	(EUR'000)	5,193	779 ¹⁾	-
Group net income	(EUR'000)	2,622	107 ¹⁾	-
Earnings per share	(EUR)	1.05	0.04 ¹⁾	-
Earnings per share according to DVFA/SG	(EUR)	1.05	0.04 ¹⁾	-
Employees	(No.)	1,210	1,198	1.0%

¹⁾ The result for the same period in the previous year was affected by losses in the New Technologies division, in which GESCO no longer operates.

GESCO Group portfolio structure



Dear Shareholders,

The GESCO Group was again able to achieve a clear increase in sales and earnings in the third quarter (1 October to 31 December 2003) of financial year 2003/2004 (1 April 2003 to 31 March 2004) compared to the same period in the previous year. Incoming orders also developed positively. Overall, the nine-month period confirms the positive trend which began to emerge after the first six months of the year.

The GESCO share price performance was also pleasing. Between the start of the financial year and the end of the third quarter it rose by 47 % and in the third quarter alone by 19 %.

There have been no changes to the scope of consolidation since the publication of the report on the first six months of the year.

Group sales and earnings

At EUR 130.5 million, **incoming orders** in the first nine months of the year were 6.0 % up on the same period in the previous year (EUR 123.1 million).

Group sales rose by 8.1 % to EUR 123.5 million (EUR 114.2 million).

EBITDA (earnings before interest, tax, depreciation and amortisation) increased by 7.9 % to EUR 11.5 million (EUR 10.7 million).

In the same period of the previous year, losses in the New Technologies division, in which the Group no longer operates, had a huge impact on the **financial result**. The GESCO group returned to the black with positive pre-tax and post-tax results in the third quarter of the previous year, but results were clearly below their usual level in the nine-month period and so they are atypically low in comparison with the previous year. In the first nine months of the current financial year, pre-tax profit increased to EUR 5.2 million (EUR 0.8 million) and Group net income to EUR 2.6 million (EUR 0.1 million).

Earnings per share and **DVFA/SG earnings per share** both amounted to EUR 1.05 (EUR 0.04).

Segment report

There was a considerable increase in incoming orders and sales of 12.9% and 12.5% respectively in the **tool manufacturing and mechanical engineering segment**. This growth is partly attributable to the expansion of the scope of consolidation. Even after adjustment for these changes, however, the segment significantly increased sales, incoming orders and, in particular, earnings.

The downward trend in sales and earnings in the **plastics technology segment** is due essentially to the fact that Paroll Doppelboden-Systeme GmbH & Co. KG is no longer included in the accounts as a fully consolidated company. The other companies in this segment recorded slight increases in sales, while results remained below the previous year's level due to general market conditions. Incoming orders developed positively.

Financial situation

Despite the increase in total assets from EUR 138.5 million to EUR 148.4 million since the start of the financial year, the Group capital ratio rose slightly from 21.3% to 21.8%.

Investment

Total investment amounting to EUR 3.6 million (EUR 4.3 million) focused on expenditure on plant replacements and extensions. Hubl GmbH has invested in a new plant hall and a new laser processing machine in order to further extend its technological lead.

Employees

With 1,210 employees as at the reporting date, the number of staff was slightly higher compared to the previous year (1,198).

Outlook

Even though the plastics technology segment did not experience any significant recovery in the reporting period and there is hardly any sign of a reversal of this trend particularly in commercial vehicle engineering, the GESCO Group is still optimistic about the current financial year as a whole. With a clear positive trend in sales and incoming orders, the Group has outperformed the sectors, while demand has generally increased.

From its current position, the Group is likely to slightly exceed its sales forecast of EUR 166 million for the year as a whole, and clearly exceed its forecast for Group net income of EUR 3.2 million by more than 10 %.

The annual accounts for the financial year 2003/2004 as well as the forecasts for the new financial year 2004/2005, which starts on 1 April 2004, will be published at the accounts press conference on 24 June 2004.

In the reporting period, the dividend proposed at the GESCO AG Annual General Meeting on 30 July 2003 of EUR 0.50 per share for the financial year 2002/2003 was distributed.

In the third quarter, GESCO AG sold a number of own shares, partly to institutional investors and partly within the framework of the employee share scheme which is offered annually and in which around a third of the Group's staff participated this year. Currently the company owns around 9,000 own shares.

There were no events of particular importance following the end of the reporting period.

GESCO AG

The Executive Board

Wuppertal, February 2004

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

	3rd quarter 2003/2004 EUR	3rd quarter 2002/2003 EUR
Sales revenues	44,236,749	37,490,414
Change in stocks of finished and unfinished products	-1,177,375	-550,028
Other company produced additions to assets	7,500	32,466
Other operating income	325,210	402,271
Total performance	43,392,084	37,375,123
Expenditure on materials	-20,051,554	-15,682,166
Personnel expenditure	-14,566,884	-13,877,353
Other operating expenditure	-4,705,224	-4,510,696
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4,068,422	3,304,908
Depreciation on tangible and intangible assets	-1,790,183	-1,618,250
Earnings before interest and tax (EBIT)	2,278,239	1,686,658
Earnings from investments in associated companies	66,456	117,423
Earnings from lending the Group's financial assets	0	351
Other interest and similar income	134,084	17,868
Write-downs on investments and receivables in New Technologies	0	0
Interest and similar expenditure	-476,422	-556,019
Financial result	-275,882	-420,377
Earnings before tax (EBT)	2,002,357	1,266,281
Taxes on income and earnings	-810,321	-373,345
Earnings after tax	1,192,036	892,936
Share of the profit attributable to minority interests	-219,551	-182,287
Group net income	972,485	710,649
Earnings per Share	0.39	0.28

	1st-3rd quarter 2003/2004 EUR	1st-3rd quarter 2002/2003 EUR
Sales revenues	123,452,811	114,205,867
Change in stocks of finished and unfinished products	2,110,298	1,665,598
Other company produced additions to assets	27,287	147,666
Other operating income	876,657	1,063,023
Total performance	126,467,053	117,082,154
Expenditure on materials	-59,352,409	-54,030,836
Personnel expenditure	-42,167,686	-39,011,122
Other operating expenditure	-13,416,142	-13,349,860
Earnings before interest, tax, depreciation and amortisation (EBITDA)	11,530,816	10,690,336
Depreciation on tangible and intangible assets	-5,431,334	-5,056,584
Earnings before interest and tax (EBIT)	6,099,482	5,633,752
Earnings from investments in associated companies	309,760	237,238
Earnings from lending the Group's financial assets	1,190	73,618
Other interest and similar income	349,026	134,324
Write-downs on investments and receivables in New Technologies	0	-3,626,587
Interest and similar expenditure	-1,566,845	-1,673,371
Financial result	-906,869	-4,854,778
Earnings before tax (EBT)	5,192,613	778,974
Taxes on income and earnings	-2,148,138	-211,627
Earnings after tax	3,044,475	567,347
Share of the profit attributable to minority interests	-422,858	-460,089
Group net income	2,621,617	107,258
Earnings per Share	1.05	0.04

**GESCO Group balance sheet
as at 31 December 2003 and 31 March 2003**

	31.12.2003	31.03.2003
	EUR	EUR
Assets		
A. Fixed Assets		
I. Intangible Assets		
1. Industrial property rights and similar rights and assets as well as licenses to such rights and assets	514,615	693,286
2. Goodwill	11,679,907	12,483,600
3. Prepayments made	48,392	48,392
4. Negative difference	-525,638	-539,728
	<u>11,717,276</u>	<u>12,685,550</u>
II. Tangible Assets		
1. Land and building	23,488,254	24,073,097
2. Technical plant and machinery	11,505,993	11,963,421
3. Other plant, fixtures and fittings	10,484,977	10,804,306
4. Prepayments made and plant under construction	852,757	134,627
5. Property held as financial investments	6,121,767	6,373,203
	<u>52,453,748</u>	<u>53,348,654</u>
III. Financial assets		
1. Shares in affiliated companies	1	1
2. Investments in associated companies	970,080	1,005,063
3. Investments	255,776	238,124
4. Securities held as fixed assets	2,756,171	2,449,240
	<u>3,982,028</u>	<u>3,692,428</u>
	68,153,052	69,726,632
B. Current assets		
I. Stocks		
1. Raw materials and supplies	8,770,415	8,019,211
2. Unfinished goods, unfinished services	11,100,746	7,870,615
3. Finished products and goods	11,378,078	11,570,394
4. Prepayments made	1,080,255	328,799
	<u>32,329,494</u>	<u>27,789,019</u>
II. Receivables and other assets		
1. Trade receivables	22,631,392	21,689,068
2. Claims on affiliated companies	721,785	811,283
3. claims on companies with which a shareholding relationship exists	2,246,805	1,162,734
4. Other assets	4,172,135	6,364,026
	<u>29,772,117</u>	<u>30,027,111</u>
III. Securities	25,170	25,170
IV. Cash in hand, credit balances with the Bundesbank, credit balances with financial institutions and cheques	15,874,173	8,646,593
	<u>78,000,954</u>	<u>66,487,893</u>
C. Prepaid expenses	119,810	116,832
D. Deferred taxes	2,156,462	2,184,018
	148,430,278	138,515,375

	31.12.2003 EUR	31.03.2003 EUR
Liabilities		
A. Shareholders' Capital		
I. Shareholders' Capital	6,500,000	6,500,000
II. Capital reserves	21,142,226	21,142,226
III. Revenue reserves	3,660,309	1,967,851
IV. Own shares	-84,613	-954,999
V. Revaluation IAS 39	-1,152,110	-1,459,041
	30,065,812	27,196,037
VI. Minority interests	2,242,971	2,248,449
	32,308,783	29,444,486
B. Provisions		
1. Provisions for pensions	8,542,927	8,256,215
2. Other provisions	6,985,550	5,452,325
	15,528,477	13,708,540
C. Liabilities		
1. Liabilities to financial institutions	68,037,914	65,346,542
2. Trade creditors	6,484,470	6,359,252
3. Prepayments received on orders	4,907,257	2,849,626
4. Liabilities from accepting bills drawn	2,192,066	960,574
5. Liabilities to companies with which a shareholding relationship exists	238,321	264,334
6. Other liabilities	15,597,106	16,146,651
	97,457,134	91,926,979
D. Prepaid income	0	716
E. Deferred taxes	3,135,884	3,434,654
	148,430,278	138,515,375

Segment reporting by the GESCO Group
for the period 1 April 2003 to 31 December 2003

EUR'000	Tool manufacture and mechanical engineering		Plastics technology		New Techn
	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004
Incoming orders	108,578	96,169	21,592	26,657	-
Sales revenues	103,099	91,616	20,064	22,370	-
of which with other segments	0	0	0	0	-
EBIT	7,331	6,021	1,250	1,944	-
EBITDA	10,872	9,334	2,367	3,076	-
Financial result	-659	-698	-234	-197	-
of which income from associated companies	0	0	145	233	-
Depreciation	3,540	3,314	1,117	1,132	-
of which unscheduled	0	0	0	0	-
of which on goodwill	0	0	0	0	-
Segment assets	90,005	81,116	24,776	23,404	-
of which shares in consolidated companies	0	0	362	449	-
Segment debts	35,812	31,349	6,355	6,329	-
Investment	2,815	1,868	350	2,069	-
Employees (No. at reporting date)	984	978	216	210	-

¹⁾ Operations in the New Technologies segment ceased as at 31 March 2003.

ologies ¹⁾	GESCO AG		Other / Consolidation		Group		
	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003
	0	0	0	299	295	130,469	123,121
	0	0	0	290	220	123,453	114,206
	0	0	0	0	0	0	0
	-164	-2,697	-2,268	215	101	6,099	5,634
	-164	-2,054	-1,837	346	281	11,531	10,690
	-3,631	-97	-421	83	92	-907	-4,855
	-47	0	0	165	51	310	237
	0	643	431	131	180	5,431	5,057
	0	0	0	0	0	0	0
	0	567	320	0	0	567	320
	2,435	19,192	13,848	14,457	20,054	148,430	140,857
	97	0	0	608	949	970	1,495
	117	3,165	2,358	70,790	68,731	116,122	108,884
	260	120	111	285	26	3,570	4,334
	0	10	10	0	0	1,210	1,198

Changes in the shareholders' equity of the GESCO group
for the period 1 April 2003 to 31 December 2003

EUR'000	Subscribed capital	Capital reserves	Revenue reserves
As at 01.04.2002	6,500	21,142	6,973
Revaluation of securities not impacting on income			
Acquisition of own shares			
Disposal of own shares			
Dividends			-1,856
Other neutral changes			
Results for the period			107
As at 31.12.2002	6,500	21,142	5,224
As at 01.04.2003	6,500	21,142	1,968
Revaluation of securities not impacting on income			
Acquisition of own shares			
Disposal of own shares			271
Dividends			-1,200
Other neutral changes			
Results for the period			2,622
As at 31.12.2003	6,500	21,142	3,661

Own shares	Revaluation IAS 39	Total	Minority interests	Shareholders' capital
-324	0	34,291	1,815	36,106
	-2,105	-2,105		-2,105
-759		-759		-759
396		396		396
		-1,856		-1,856
			-376	-376
		107	460	567
-687	-2,105	30,074	1,899	31,973
-955	-1,459	27,196	2,248	29,444
	307	307		307
870		1,141		1,141
		-1,200		-1,200
			-427	-427
		2,622	423	3,045
-85	-1,152	30,066	2,244	32,310

**GESCO Group cash flow statement
for the period 1 April 2003 to 31 December 2003**

	01.04.2003 -31.12.2003 EUR'000	01.04.2002 -31.12.2002 EUR'000
Group net income for the period (including share of income attributable to minority interests)	3,044	567
Depreciation on fixed assets	5,431	8,684
Earnings on investments in associated companies	-310	-164
Increase in long term provisions	287	326
Other non-cash income/expenditure	-14	13
Cash Flow of the period	8,438	9,426
Increase/decrease in stocks, trade receivables and other assets	-3,915	1,618
Increase/decrease in trade creditors and other liabilities	3,966	-3,491
Cash Flow from ongoing business activity	8,489	7,553
Disbursements for investments in tangible assets	-3,520	-4,055
Disbursements for investments in intangible assets	-34	-4,696
Disbursements for investments in financial assets	-18	-279
Incoming payments from the sale of consolidated companies	0	650
Disbursements for the acquisition of consolidated companies	0	-4,950
Cash Flow from investment activities	-3,572	-13,330
Incoming payments from shareholders	0	123
Disbursements to shareholders (dividends)	-1,200	-1,856
Disbursements for the acquisition of own shares	0	-760
Incoming payments from the sale of own shares	1,141	397
Disbursements to minority shareholders	-322	-532
Incoming payments from raising loans	2,692	8,628
Cash flow from funding activity	2,311	6,000
	7,228	223
Real change in financial means	7,228	223
Financial means as on 01.04.	8,672	7,006
Financial means as on 31.12.	15,899	7,229

Accounts, accounting and valuation methods

The GESCO Group's Interim Report for the first three quarters (1 April to 31 December 2003) of financial year 2003/2004 was prepared in accordance with the 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 Standard Interpretation Committee (SIC). The 2002 version of the statements has been applied.

In principle, the accounting and valuation methods correspond to those used for the consolidated financial statements as at 31 March 2003. For liabilities denominated in foreign currencies, the valuation approach of the annual financial statements has been applied.

The presentation of the comparable figures for the previous year has been adjusted in the reporting period to facilitate comparison.

Financial calendar

24 June 2004

Annual Accounts Press Conference and Analysts' Meeting

August 2004

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

9 September 2004

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 interim report

February 2005

Announcement of figures for the first three quarters (01.04.-31.12.2004)



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