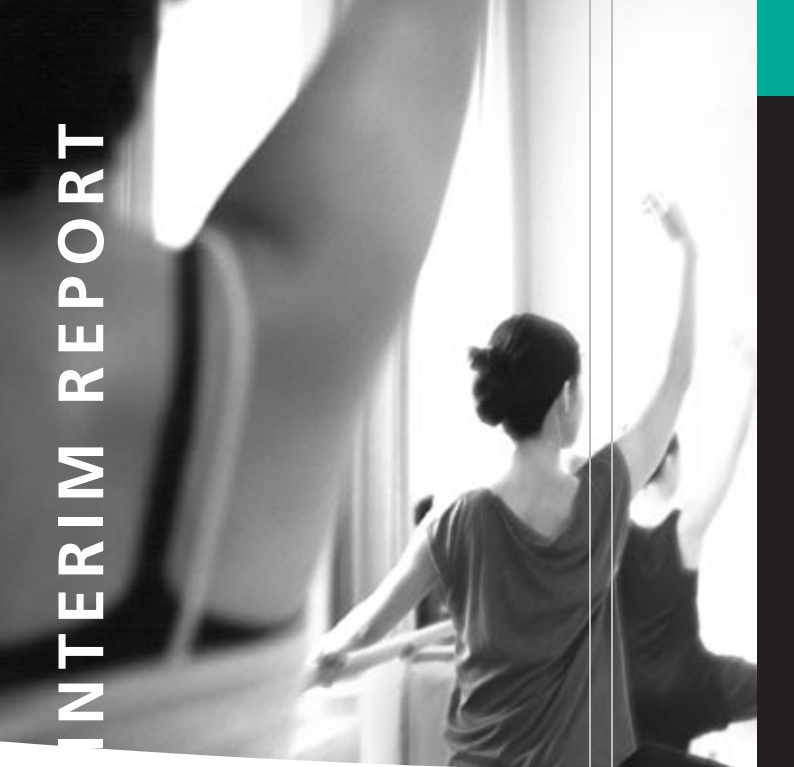


INTERIM REPORT



1 April to 30 September 2003

The first six months of 2003/2004 at a glance

- Positive trend continues
- Incoming orders up by around 11%
- GESCO Group is developing as planned, confirming targets for the year as a whole



Tradition
Innovation
Vision

The GESCO Group at a glance

01.04.-30.09.		1 st six months 2003/2004	1 st six months 2002/2003	Change
Incoming orders	(EUR'000)	86,135	77,664	10.9 %
Sales revenues	(EUR'000)	79,216	76,715	3.3 %
EBITDA	(EUR'000)	7,462	7,385	1.0 %
Earnings before tax	(EUR'000)	3,190	-487 ¹⁾	-
Group net income	(EUR'000)	1,649	-603 ¹⁾	-
Earnings per share	(EUR)	0.66	-0.24 ¹⁾	-
Earnings per share according to DVFA/SG	(EUR)	0.66	-0.24 ¹⁾	-
Employees	(No.)	1,187	1,188	-0.1 %

¹⁾ The loss in the previous year resulted from the New Technologies division, in which the company no longer operates.

GESCO Group portfolio structure



Dear Shareholders,

The GESCO Group has continued its positive development in the second quarter of financial year 2003/2004 (1 April 2003 to 31 March 2004). Following the end of the first half year (1 April to 30 September 2003), the Group is performing as planned, confirming its targets for the year as a whole.

While the German economy continues to experience flat growth in 2003, the GESCO Group enjoyed an upturn in demand in the reporting period. Most Group companies were able to increase their sales compared with the same period in the previous year and there was a positive trend in incoming orders.

The GESCO share price also proved pleasing, rising by around 30 % in September and October against the backdrop of increased stock market activity.

Scope of consolidation

Compared with the first six months of the previous year, there were some changes to the scope of consolidation. The results for the same period in the previous year only included SVT GmbH for three months and Hubl GmbH for two. In the first quarter of financial year 2002/2003, Paroll Doppelboden-Systeme GmbH & Co. KG was still fully consolidated but since the second quarter of the previous year has been consolidated at equity in the Group accounts.

Group sales and earnings

At EUR 86.1 million, incoming orders in the first half year were 10.9 % up on the same period in the previous year (EUR 77.7 million).

Group sales rose by 3.3 % to EUR 79.2 million (EUR 76.7 million). Some of the revival in demand evident in the first six months will not be reflected in sales until the third or fourth quarter.

Earnings before interest, tax, depreciation and amortisation, or EBITDA, increased to EUR 7.5 million (EUR 7.4 million).

In the last financial year, losses in the New Technologies division, in which the Group no longer operates, had a huge impact on the financial result. Consequently, the pre-tax and post-tax results for the previous year were in the red. In financial year 2003/2004, however, the GESCO Group has regained its previous earning power. Pre-tax profit amounted to EUR 3.2 million in the reporting period (EUR –0.5 million), and Group net income stood at EUR 1.6 million (EUR –0.6 million).

Earnings per share and DVFA/SG earnings per share both amounted to EUR 0.66 (EUR –0.24).

Segment report

The strong sales increase of 10.1 % in the tool manufacturing and mechanical engineering segment is primarily attributable to changes in the scope of consolidation. In the same period in the previous year, Hubl GmbH and SVT GmbH were not yet fully consolidated. With growth of 16 %, the incoming orders trend was particularly positive.

In the plastics technology segment, Paroll Doppelboden-Systeme GmbH & Co. KG was still included in the accounts for the first quarter of the previous year as a fully consolidated company. The sales decline of 21.6 % and decrease in incoming orders in this segment is essentially due to deconsolidation. Sales and earnings in this segment have been affected by the continued adverse conditions in the commercial vehicle sector, where there are not yet any signs of a reversal in the trend. Incoming orders, however, were positive at all companies during the reporting period.

Financial situation

The increase in total assets to EUR 148.2 million (EUR 138.5 million) is largely attributable to building up inventories as part of current projects. There was a clear rise in liquid funds from EUR 8.7 million to EUR 13.2 million. The Group capital ratio continues to stand at over 20 %.

Investment

Total investment amounting to EUR 1,916 thousand was within the usual range and comprised expenditure on plant replacements and extensions. Following the end of the reporting period, Hubl GmbH had further extended its technological lead with a new laser processing machine (EUR 550 thousand) and expanded its production capacity with a new plant hall (EUR 750 thousand).

Employees

With 1,187 employees as at the reporting date, the staff complement was virtually unchanged compared to the previous year (1,188).

Outlook

While the signs of a slight recovery in the economy in 2004 are increasing, research institutes are forecasting flat macro-economic growth for 2003.

By contrast, most GESCO Group companies view developments after the first half year with cautious, yet tangible optimism. We are confident of achieving our targets for financial year 2003/2004 as a whole. The forecast submitted to the accounts press conference on 26 June 2003 provides for Group sales of EUR 166 million and Group net income of EUR 3.2 million.

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

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

GESCO AG

The Executive Board

Wuppertal, November 2003

GESCO Group - Profit and Loss Account
for the periods 1 July to 30 September and 1 April to 30 September

	2nd quarter 2003/2004 EUR	2nd quarter 2002/2003 EUR
Sales revenues	39,345,280	40,034,485
Change in stocks of finished and unfinished products	480,530	-103,751
Other company produced additions to assets	7,500	57,600
Other operating income	235,489	228,119
Total performance	40,068,799	40,216,453
Expenditure on materials	-18,714,040	-18,273,332
Personnel expenditure	-13,550,059	-13,508,126
Other operating expenditure	-4,049,848	-4,657,052
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,754,852	3,777,943
Depreciation on tangible and intangible assets	-1,795,726	-1,887,130
Earnings before interest and tax (EBIT)	1,959,126	1,890,813
Earnings from investments in associated companies	95,960	157,043
Earnings from lending the Group's financial assets	1,190	63,267
Other interest and similar income	86,901	36,311
Write-downs on investments and receivables in New Technologies	0	-3,626,587
Interest and similar expenditure	-550,631	-561,482
Financial result	-366,580	-3,931,448
Earnings before tax (EBT)	1,592,546	-2,040,635
Taxes on income and earnings	-663,631	765,604
Earnings after tax	928,915	-1,275,031
Share of the profit attributable to minority interests	-66,159	-30,066
Group net income	862,756	-1,305,097
Earnings per Share (EUR)	0.35	-0.52

	1 st half year 2003/2004 EUR	1 st half year 2002/2003 EUR
Sales revenues	79,216,062	76,715,453
Change in stocks of finished and unfinished products	3,287,673	2,215,626
Other company produced additions to assets	19,787	115,200
Other operating income	551,447	660,752
Total performance	83,074,969	79,707,031
Expenditure on materials	-39,300,855	-38,348,670
Personnel expenditure	-27,600,802	-25,133,769
Other operating expenditure	-8,710,918	-8,839,164
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,462,394	7,385,428
Depreciation on tangible and intangible assets	-3,641,151	-3,438,334
Earnings before interest and tax (EBIT)	3,821,243	3,947,094
Earnings from investments in associated companies	243,304	119,815
Earnings from lending the Group's financial assets	1,190	73,267
Other interest and similar income	214,942	116,456
Write-downs on investments and receivables in New Technologies	0	-3,626,587
Interest and similar expenditure	-1,090,423	-1,117,352
Financial result	-630,987	-4,434,401
Earnings before tax (EBT)	3,190,256	-487,307
Taxes on income and earnings	-1,337,817	161,718
Earnings after tax	1,852,439	-325,589
Share of the profit attributable to minority interests	-203,307	-277,802
Group net income	1,649,132	-603,391
Earnings per Share (EUR)	0.66	-0.24

**GESCO Group balance sheet
as at 30 September 2003 and 31 March 2003**

	30.09.2003 EUR	31.03.2003 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	585,938	693,286
2. Goodwill	11,947,804	12,483,600
3. Prepayments made	48,392	48,392
4. Negative difference	-530,334	-539,728
	<u>12,051,800</u>	<u>12,685,550</u>
II. Tangible Assets		
1. Land and building	23,675,322	24,073,097
2. Technical plant and machinery	11,179,700	11,963,421
3. Other plant, fixtures and fittings	10,810,933	10,804,306
4. Prepayments made and plant under construction	384,080	134,627
5. Property held as financial investments	6,200,801	6,373,203
	<u>52,250,836</u>	<u>53,348,654</u>
III. Financial assets		
1. Shares in affiliated companies	1	1
2. Investments in associated companies	903,623	1,005,063
3. Investments	255,776	238,124
4. Securities held as fixed assets	2,704,686	2,449,240
	<u>3,864,086</u>	<u>3,692,428</u>
	<u>68,166,722</u>	<u>69,726,632</u>
B. Current assets		
I. Stocks		
1. Raw materials and supplies	8,488,129	8,019,211
2. Unfinished goods, unfinished services	12,035,418	7,870,615
3. Finished products and goods	12,335,167	11,570,394
4. Prepayments made	794,574	328,799
	<u>33,653,288</u>	<u>27,789,019</u>
II. Receivables and other assets		
1. Trade receivables	23,750,102	21,689,068
2. Claims on affiliated companies	679,899	811,283
3. claims on companies with which a shareholding relationship exists	1,295,846	1,162,734
4. Other assets	5,094,748	6,364,026
	<u>30,820,595</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	13,190,354	8,646,593
	<u>77,689,407</u>	<u>66,487,893</u>
C. Prepaid expenses	238,201	116,832
D. Deferred taxes	2,174,337	2,184,018
	<u>148,268,667</u>	<u>138,515,375</u>

	30.09.2003	31.03.2003
	EUR	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	2,416,923	1,967,851
IV. Own shares	-954,999	-954,999
V. Revaluation IAS 39	-1,203,595	-1,459,041
	27,900,555	27,196,037
VI. Minority interests	2,031,260	2,248,449
	29,931,815	29,444,486
B. Provisions		
1. Provisions for pensions	8,440,749	8,256,215
2. Other provisions	6,289,644	5,452,325
	14,730,393	13,708,540
C. Liabilities		
1. Liabilities to financial institutions	68,557,756	65,346,542
2. Trade creditors	8,045,888	6,359,252
3. Prepayments received on orders	5,301,334	2,849,626
4. Liabilities from accepting bills drawn	2,561,845	960,574
5. Liabilities to companies with which a shareholding relationship exists	231,039	264,334
6. Other liabilities	15,453,731	16,146,651
	100,151,593	91,926,979
D. Prepaid income	716	716
E. Deferred taxes	3,454,150	3,434,654
	148,268,667	138,515,375

**Segment reporting by the GESCO Group
for the period 1 April 2003 to 30 September 2003**

EUR'000	Tool manufacture and mechanical engineering		Plastics technology		New Techn
	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004
Incoming orders	70,772	61,029	15,188	16,436	-
Sales revenues of which with other segments	66,120 0	60,028 0	12,921 0	16,488 0	- -
EBIT	4,817	4,214	659	1,278	-
EBITDA	7,043	6,439	1,397	2,122	-
Financial result of which income from associated companies	-486 0	-452 -10	-121 130	-165 117	- -
Depreciation of which unscheduled of which on goodwill	2,226 0 0	2,225 0 0	738 0 0	844 0 0	- - -
Segment assets of which shares in consolidated companies	91,581 0	84,601 0	23,790 347	23,036 333	- -
Segment debts	37,722	35,791	5,658	6,670	-
Investment	1,360	1,125	247	1,341	-
Employees (No. at reporting date)	956	972	220	206	-

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

Technologies ¹⁾	GESCO AG		Other / Consolidation		Group		
	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003
	0	0	0	175	199	86,135	77,664
	0	0	0	175	199	79,216	76,715
	0	0	0	0	0	0	0
	-110	-1,851	-1,402	196	-33	3,821	3,947
	-110	-1,261	-1,174	283	108	7,462	7,385
	-3,568	-76	-326	52	77	-631	-4,434
	-33	0	0	113	46	243	120
	0	590	228	87	141	3,641	3,438
	0	0	0	0	0	0	0
	0	536	175	0	0	536	175
	1,988	18,193	15,454	14,704	22,578	148,268	147,657
	110	0	0	556	934	903	1,377
	133	3,063	4,470	71,894	68,315	118,337	115,379
	180	113	0	196	54	1,916	2,700
	0	11	10	0	0	1,187	1,188

**Changes in the shareholders' equity of the GESCO group
for the period 1 April 2003 to 30 September 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			-603
As at 30.09.2002	6,500	21,142	4,514
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			
Dividends			-1,200
Other neutral changes			
Results for the period			1,649
As at 30.09.2003	6,500	21,142	2,417

Own shares	Revaluation IAS 39	Total	Minority interests	Shareholders' capital
-324	0	34,291	1,815	36,106
	-1,887	-1,887		-1,887
-410		-410		-410
267		267		267
		-1,856		-1,856
			-367	-367
		-603	278	-325
-467	-1,887	29,802	1,726	31,528
-955	-1,459	27,196	2,248	29,444
	255	255		255
		-1,200		-1,200
			-420	-420
		1,649	203	1,852
-955	-1,204	27,900	2,031	29,931

**GESCO Group cash flow statement
for the period 1 April 2003 to 30 September 2003**

	01.04.2003 -30.09.2003 EUR'000	01.04.2002 -30.09.2002 EUR'000
Group net income for the period (including share of income attributable to minority interests)	1,852	-325
Depreciation on fixed assets	3,641	7,065
Earnings on investments in associated companies	-243	-46
Increase in long term provisions	185	220
Other non-cash income/expenditure	-9	26
Cash Flow of the period	5,426	6,940
Increase in stocks, trade receivables and other assets	-6,425	-6,862
Increase in trade creditors and other liabilities	5,716	4,602
Cash Flow from ongoing business activity	4,717	4,680
Disbursements for investments in tangible assets	-1,871	-2,501
Disbursements for investments in intangible assets	-30	0
Disbursements for investments in financial assets	-18	-199
Incoming payments from the sale of consolidated companies	0	650
Disbursements for the acquisition of consolidated companies	0	-4,929
Cash Flow from investment activities	-1,919	-6,979
Incoming payments from shareholders	0	123
Disbursements to shareholders (dividends)	-1,200	-1,856
Disbursements for the acquisition of own shares	0	-410
Incoming payments from the sale of own shares	0	267
Disbursements to minority shareholders	-267	-530
Incoming payments from raising loans	3,213	4,573
Cash flow from funding activity	1,746	2,167
	4,544	-132
Real change in financial means	4,544	-132
Financial means as on 01.04.	8,672	7,006
Financial means as on 30.09.	13,216	6,874

Accounts, accounting and valuation methods

The GESCO Group's Interim Report for the first half (01.04.-30.09.2003) 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 31.03.2003. 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 to facilitate comparison.

Financial calendar

February 2004

Announcement of figures for the first nine months (01.04.-31.12.2003)

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



**Tradition
Innovation
Vision**

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