

ANNUAL REPORT



# UP DOWN TURN

Business is always about ups and downs. But the economy shifting gears so rapidly and abruptly from “full steam ahead” to reverse is almost unprecedented. We shouldn’t let the crisis paralyse us because the economy is fuelled by entrepreneurship. And that’s what we need. Especially in times like these.

# THE ANNUAL REPORT IN THE RECESSION

Dear Shareholders,

Dear Readers,

The annual report is very important to us. We consider it to be a vital calling card of the company. It offers you the information you require as an investor to make an investment decision, while its design reflects value and creativity. As a result, we put a lot of care and resources into drafting and producing this report.

The 2008/2009 financial year, which is covered in this report, was the best year in GESCO AG's history. However, the economic situation has changed and is also having an impact on our company. Savings are being made throughout the Group and costs are being put under the microscope. In this situation, we would be giving out the wrong signal by producing an extensive and costly financial report. That's why this year we have decided to put together a "recession version" of the annual report. This of course only affects the appearance, not the content – it goes without saying that we are still providing you with the usual level of comprehensive, open information.

GESCO AG

Executive Board

# GESCO GROUP AT A GLANCE

Financial year 01.04.-31.03.		1999/2000 HGB	2000/2001 <sup>1)</sup>	2001/2002 IFRS	2002/2003
Sales	€'000	200,274	146,481	158,627	153,835
of which domestic	€'000	167,229	118,206	124,411	124,165
foreign	€'000	33,045	28,275	34,216	29,670
EBITDA	€'000	17,514	14,710	15,638	14,580
EBIT	€'000	10,587	9,774	10,088	8,063
Earnings before tax	€'000	10,098	8,532	4,348	-1,600 <sup>**)</sup>
Taxes on income and earnings	€'000	-4,286	-3,567	-548	-758
Taxation rate	%	42.4	41.8	12.6	---
Group net income after minority interest	€'000	5,149	4,102	2,939	-3,177 <sup>**)</sup>
Earnings per share <sup>3)</sup>	€	2.06	1.64	1.19	-1.29 <sup>**)</sup>
Investment in tangible assets <sup>3)</sup>	€'000	11,368	8,360	10,348	5,292
Depreciation on tangible assets	€'000	6,699	4,686	4,754	5,330
Equity	€'000	35,252	38,276	36,107	29,444
Total assets	€'000	97,781	104,912	134,204	138,515
Equity ratio	%	36.1	36.5	26.9	21.3
Employees (as at 31.12.)	No.	1,816	1,015	1,157	1,203
of which trainees	No.	50	52	61	69
Year-end share prices as at 31.03.	€	14.92	16.00	12.70	9.10
Dividend	€	0.66	0.72	0.75	0.50

## THE BUSINESS MODEL...

- GESCO AG acquires industrial SMEs on a long-term basis, i.e. without intending to exit, and develops them further.
- We seek out the “hidden champions” of the SME sector: proven success record, strategically attractive market and technological leaders.
- We focus on companies in the tool manufacture and mechanical engineering and plastics technology segments based in Germany and with sales of around € 10 million and above.
- We specialise in succession issues and always acquire majority holdings, mostly 100%.
- When companies are acquired, the new management generally have a 10-20% share in their company.
- The subsidiaries are operationally independent and receive active support from GESCO AG in the form of coaching, consulting and financial controlling.
- Regular investment is made in the subsidiaries to ensure that the high standard of their technological equipment is maintained.
- Our aim is to increase the operating earnings of the subsidiaries and as a result sustainably enhance the value of the individual companies and the Group as a whole.
- The model optimises opportunities and limits risks.

## ...WITH SUBSTANCE...

- The operating subsidiaries have technical expertise gained over many years and a sound market position.
- All operating subsidiaries have adequate equity at their disposal.
- The GESCO Group provides a healthy balance sheet structure and growing earnings power.
- We operate under a low risk policy and the Group balance sheet demonstrates low risks.

## ...AND VISION

- We generate internal growth based on a healthy portfolio.
- The abundance of unresolved succession issues in the German SME sector also provides scope for external growth through further acquisitions.
- We stay true to the spirit of a family company while shaping companies to cope with globalisation.

2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	Change
171,234	192,264	234,327	268,146	333,155	378,388	13.6%
133,220	140,768	172,464	199,470	248,534	276,602	11.3%
38,014	51,496	61,863	68,676	84,621	101,786	20.3%
17,947	20,114	26,792	31,800	44,281	49,689	12.2%
10,711	12,512	18,792	23,728	34,158	38,931	14.0%
8,782	11,850	16,562	23,570	30,783	34,585	12.4%
-3,985	-4,868	-7,100	-9,311	-11,227	-10,897	-2.9%
45.4	41.1	42.9	39.5	36.5	31.5	-13.7%
4,198	6,228	9,325	13,313	17,883	21,618	20.9%
1.73	2.50	3.54	4.83	5.92	7.16	20.9%
5,258	6,404	9,014	8,332	12,030	12,354	2.7%
6,039	6,318	6,718	6,745	8,252	8,191	-0.7%
36,333	41,878	54,379	74,948	89,845	103,285	15.0%
138,370	145,070	174,430	211,762	236,511	259,598	9.8%
26.3	28.9	31.2	35.4	38.0	39.8	4.7%
1,192	1,215	1,329	1,543	1,713	1,795	4.8%
63	60	75	81	105	109	3.8%
16.70	23.61	38.90	38.20	48.17	32.50	-32.5%
0.70	0.90	1.25	1.50	2.42 <sup>3)</sup>	2.50	3.3%

\*) 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 five months of financial year 1998/1999. This participation was always intended to be a short term investment.

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

- 1) From FY 2001/2002 earnings per share according to IFRS.
- 2) Without additions from changes to the scope of consolidation.
- 3) Including dividend bonus of € 0.22 due to 10-year anniversary of IPO.

## GESCO SHARES

- Listed on the regulated market, Prime Standard, SDAX.
- The key to ambitious SMEs.
- Attractive dividend returns.
- Potential for further price gains through internal and external growth.
- Active investor relations, highly transparent reporting.

# CONTENTS

FOREWORD BY THE EXECUTIVE BOARD	04
GESCO SHARES/CORPORATE GOVERNANCE	08
A WORD ABOUT THE CRISIS	13
GESCO AG'S STRATEGY	22
STRATEGIES OF THE SUBSIDIARIES	30
GROUP MANAGEMENT REPORT	38
BALANCE SHEET AND INCOME STATEMENT OF GESCO AG/ PROPOSED PROFIT APPROPRIATION	56
GESCO GROUP – CONSOLIDATED FINANCIAL STATEMENTS	
BALANCE SHEET	58
INCOME STATEMENT	60
CASH FLOW STATEMENT	61
STATEMENT OF CHANGES IN EQUITY CAPITAL	62
SEGMENT REPORT	64
NOTES	66
AUDITOR'S REPORT	104
REPORT FROM THE SUPERVISORY BOARD	106
CORPORATE PROFILE	110
FINANCIAL CALENDAR/SHAREHOLDER CONTACT	127

## Dear Shareholders,

2008 was a spectacular economic rollercoaster ride. Rarely has there been such a rapid and severe switch from “full speed ahead” into reverse: Many German industrial companies reported record results until autumn 2008 and then a few weeks later were facing major problems. The financial crisis turned into a global recession, which gripped many industries and is still continuing today.

GESCO Group has also experienced highs and lows. We can look back at excellent development and six financial years in which we always reported new records in sales and even stronger growth in earnings. Many of our companies have performed well thanks to the spreading of fixed costs benefiting margins and the boom enabling sufficient prices. The 2008/2009 financial year, which this report covers, also delivered record values and therefore reflected the buoyant development of the economy up until autumn 2008. We comfortably achieved our budget released in June 2008 and generated an increase in Group sales of 14 % to € 378 million. Group net income after minority interest rose even further by 21 % to € 21.6 million. GESCO Group therefore achieved an exceptionally high standard.

Towards the end of 2008, demand started to drop for a few companies in the Group, with other companies only impacted in specific divisions. The companies affected counteracted this development, launched cost cutting programmes and introduced short-time work. Sales development was fairly satisfactory at the start of 2009 as a result of the high order backlog, but in the following months incoming orders dropped considerably for many companies. General economic forecasts became significantly worse, as did the VDMA's expectations for the industries it covers.

Executive Board –  
Dr.-Ing. Hans-Gert Mayrose and  
Robert Spartmann



It is clear that GESCO, as an industrial Group focusing on the investment goods market, is not able to avoid such a huge downturn. Several companies in our Group will have to overcome setbacks in the new 2009/2010 financial year and make some tough adjustments. In the chapter “A Word on the Crisis”, we inform you about how GESCO Group has been affected by the recession and how it is coming to terms with it.

While our focus is firmly on getting through the recession together with the management of the subsidiaries, we are also keeping an eye out for opportunities resulting from the crisis. The companies have state-of-the-art equipment and we have avoided making inflated investments in the boom years, which means we have a healthy balance sheet. We therefore feel that there is a good chance of our subsidiaries emerging from the recession as winners. They should benefit from the market consolidation and, when the crisis comes to an end, should have enhanced their competitive position.

At the same time, there are once again opportunities for achieving external growth by making acquisitions. After the end of the reporting year, we bought another company for the first time in two years in Georg Kesel GmbH & Co. KG, a niche provider for milling machines and clamping technology. In the boom period, business owners expected a bright future and were not prepared to be flexible when determining purchase prices. In times of recession, they are again more open-minded about this. Given the huge economic uncertainty, including an earn-out agreement, which means sharing future risks and opportunities, is almost essential to be able to design transactions appropriately. Aside from Kesel, we see realistic opportunities in the current 2009/2010 financial year to be able to acquire one or two more companies at reasonable prices. By buying strategically attractive companies with potential, we are laying the foundations for growth in the upcoming recovery period in the midst of the crisis. It goes without saying that risk prevention is currently a particularly high priority.

It is GESCO's twentieth birthday in 2009: In May 1989, the company was entered into the commercial register for the first time as GESCO Industrie Holding GmbH. Please read the strategy chapter of this financial report to find out how the Group has developed since then. At its core, the concept focusing on entrepreneurship and sustainability remains unchanged, but has of course been modified and improved over the years. We are convinced of the concept's validity and consider it to be a reliable guide even in times of crisis.

In the currently difficult environment, it is fitting that we discuss the proposed dividend. The payout is appropriate for an excellent financial year, but it is being made in significantly harder times. With a proposal of € 2.50 per share for the 2008/2009 financial year, this is above the previous year's value of € 2.42, which consisted of a base dividend amounting to € 2.20 and a bonus of € 0.22 to mark the 10-year anniversary of the stock market listing. The proposed dividend maintains the balance between shareholders' desire for a return on their investment and the Group's need to have sufficient liquid assets in difficult times and to strengthen internal financing.



“WE CAN LOOK BACK AT EXCELLENT DEVELOPMENT AND SIX FINANCIAL YEARS IN WHICH WE ALWAYS REPORTED NEW RECORDS IN SALES AND EVEN STRONGER GROWTH IN EARNINGS.”

We are extremely dissatisfied with the price trend of the GESCO share: It recorded a minus figure of 19.8 % in the calendar year 2008 and of 32.5 % in the reporting year. The share may have performed significantly better than our benchmark, the SDAX, but viewed as a whole, the development is nevertheless disappointing.

Management and employees of GESCO Group had to deal with tremendous challenges in the previous boom years and they are facing difficult tasks in the current recession. We would like to sincerely thank them for their extraordinary commitment in both market phases.

We would also like to thank you, the shareholders, for your confidence in the business model and in the GESCO Group team

Yours sincerely,



Dr.-Ing. Hans-Gert Mayrose



Robert Spartmann

## DEVELOPMENT OF THE GESCO SHARE

The GESCO share recorded a decline of 32.5 % in the 2008/2009 financial year, while the SDAX fell by 47.1 % in the same period. During the 2008 calendar year, the GESCO share decreased by 19.8 % while the SDAX dropped by 46.3 %. Even if the absolute share price development was anything but satisfactory, our share still performed better than the benchmark.

On 22 August 2008, a dividend for the 2007/2008 financial year amounting to € 2.42 per share was paid out. This consisted of a base dividend of € 2.20 and a bonus of € 0.22 to celebrate the 10-year anniversary of GESCO AG's stock market listing on 24 March 2008.

The Executive Board and Supervisory Board are proposing a dividend of € 2.50 per share for the 2008/2009 financial year at the Annual General Meeting to be held on 27 August 2009. This represents an increase of about 14% compared to the base dividend for the previous year. At the time this resolution was passed, there was a dividend return of about 6.6%.

The trading liquidity of the GESCO share in the reporting year of course reflected the declining interest in all shares and in small caps in particular. Trading volumes declined in the fourth quarter of the 2008/2009 financial year in particular. Average daily trading volumes for the reporting year amounted to 12,250 shares or € 530,000.

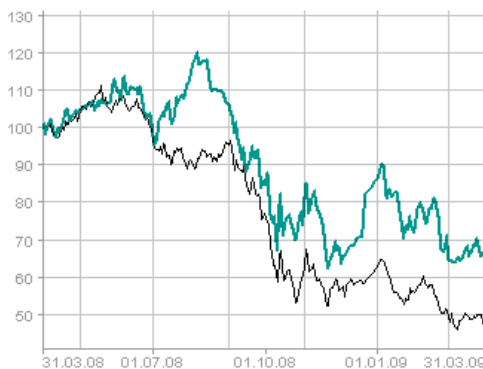
Effective from 23 June 2008, the GESCO share was admitted into the SDAX, the German stock market index for small cap companies from traditional industries. At the end of the financial year, the GESCO share was stably positioned towards the middle of the index, ranked at number 72 for market capitalisation and at number 79 for trading volumes.

Research into the GESCO share is currently being compiled by Equinet, HSBC Trinkaus & Burkhardt, Bankhaus Lampe, GSC Research and Performaxx. On the reporting date, four analysts rated the share as "buy" and one as "overweight".

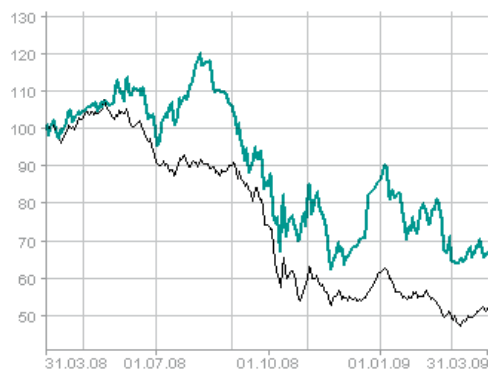
**GESCO SHARE VS. DAX IN %**



**GESCO SHARE VS. MDAX IN %**



**GESCO SHARE VS. SDAX IN %**



**KEY INDICATORS GESCO SHARE IN 2008/2009**

(Previous year values in brackets)

Dividend per share	€ 2.50 (€ 2.42 consisting of base dividend of € 2.20 plus a bonus of € 0.22)
Earnings per share according to IFRS	€ 7.16 (€ 5.92)

**INFORMATION ABOUT THE GESCO SHARE<sup>1)</sup>**

International Securities Identification Number ISIN	DE0005875900
Securities identification number	587 590
Stock market abbreviation	GSC
Share capital	€ 7,859,800
Number of unit bearer shares	3,023,000
IPO	24 March 1998
Issue price	DM 42 / € 21.47
Year-end price, previous year (31 March 2008)	€ 48.00
Year-end price, reporting year (31 March 2009)	€ 32.50
High reporting year (6 August 2008)	€ 58.40
Low reporting year (21 November 2008)	€ 30.30
Market capitalisation on 31 March 2009	€ 98.2 million
Free Float	100%
Shares held by members of the Supervisory Board (31 March 2009)	0.8%
Shares held by members of the Executive Board (31 March 2009)	0.5%
Transparency standard	Prime Standard
Indices	SDAX CDAX overall index Prime All Share Prime Industrial Classic All Share Prime Industrial Diversified

1) All share prices reflect the XETRA closing price

**STOCK EXCHANGES**

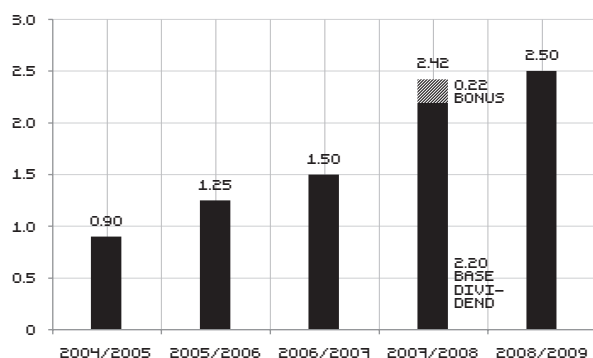
XETRA
Frankfurt (regulated market)
Berlin-Bremen (open market)
Düsseldorf (open market)
Hamburg (open market)
München (open market)
Stuttgart (open market)

In the financial calendar at the end of this Annual Report, you will find an overview of important dates up to the end of 2010.

## INVESTOR RELATIONS

In recent years, GESCO AG's investor relations strategy has been aimed at broadening the shareholder base, increasing the proportion of institutional investors and raising trading volumes. Above-average positive share price development in the wake of growth in operating earnings as well as a "small" capital increase in both 2005 and 2007 led to higher market capitalisation. Supported by IR activities in Germany and abroad, trading volumes also increased on the stock market. This allowed the GESCO share to steadily move up in the Deutsche Börse AG's index ranking, and in June 2008 it was finally admitted into the SDAX.

DIVIDEND PER SHARE IN €



The free float of the share remains at 100%. The shares are still widely dispersed, with to our knowledge approximately 70% being held in the portfolios of private investors and approximately 30% with institutional investors. On the reporting date, no investor had reached or exceeded a share ownership threshold subject to compulsory reporting. During the course of the 2008/2009 financial year, Cominvest and JP Morgan Chase each reported initially exceeding and then falling below the 3% mark.

In autumn 2008, the annual report for the 2007/2008 financial year was recognised with the red dot award by the Design Zentrum Nordrhein-Westfalen, a renowned award for successful design.

As a member of the Deutscher Investor Relations Verband e. V. (DIRK, German Investor Relations Association), we engage in a continuous and open communication policy. We maintain transparent reporting which provides investors with informative material which allows them to make investment decisions. We also maintained active investor relations and general public relations activities during the 2008/2009 financial year. These activities mainly consisted of answering shareholder questions, holding one-on-one meetings with domestic and foreign investors and analysts, and presenting our business model during capital market events. The following events deserve special mention:

## GOOD REASONS TO BUY THE GESCO SHARE

- + THE GESCO SHARE PROVIDES ACCESS TO THE AMBITIOUS SME SECTOR
- + STABLE BUSINESS MODEL PROVEN OVER MANY YEARS
- + SOUND, HEALTHY ASSETS WITH LOW BALANCE SHEET RISKS
- + ATTRACTIVE DIVIDEND YIELD
- + HIGH LEVEL OF MANAGEMENT EXPERTISE WITH INDUSTRY EXPERIENCE
- + OPPORTUNITIES THROUGH NUMEROUS UNSOLVED SUCCESSION ISSUES
- + ACTIVE INVESTOR RELATIONS AND HIGHLY TRANSPARENT REPORTING

- 10 April 2008: Press conference on the 10-year anniversary of our stock market listing, Frankfurt/Main
- 26 June 2008: Annual Accounts Press Conference and Analysts' Meeting, Engelskirchen-Ründeroth
- 14 August 2008: Investment Forum Frankfurt, Frankfurt/Main
- 26 August 2008: DVFA Small Cap Conference, Frankfurt/Main
- 30 September 2008: Scherrer Small Cap Conference, Zurich
- 10 November 2008: Deutsches Eigenkapitalforum (German Equity Forum), hosted by Deutsche Börse AG and KfW Bank, Frankfurt/Main
- 27 November 2008: Vienna Investment Forum, Vienna
- 3 December 2008: GSC Small and Micro Cap Conference, Düsseldorf
- 9 December 2008: ESN Conference, London
- 10 December 2008: Münchner Kapitalmarkt-Konferenz (Munich Capital Market Conference), Munich
- 14 February 2009: Nebenwerte-Insider Lesertreffen (Readers' meeting for "Nebenwerte Insider" newsletter), Munich

## CORPORATE GOVERNANCE REPORT

We dealt with the issue of corporate governance at a very early stage, recognising the precursors to the Code published by the Government Commission on the Corporate Governance Code in February 2002. The version dated 6 June 2008 applies at this time. § 161 added to the German Stock Corporation Act (AktG) under the Transparency and Publicity Act (TransPuG) requires an annual declaration of compliance with this Code. The current declaration of compliance and previous declarations are available to our shareholders and other interested parties on our homepage.

The Executive Board and Supervisory Board of GESCO AG agree with the aims of the Code to promote good, trustworthy company management for the benefit of shareholders, employees and customers. Our business policies aim to continuously increase company value.

The Code requires a corporate governance report and, in particular, explanations regarding deviations from its recommendations. The preamble to the Code expressly provides for deviations from its recommendations which are aimed at enhancing the “flexibility and self-regulation with regard to the corporate legal structure of German companies”. This means that deviations are not negative per se, but are actually beneficial for smaller companies in particular. For example, forming committees from a Supervisory Board consisting of three members is obviously not practical. We also do not see any compelling reasons to appoint a chairman or spokesman for the Executive Board; the Executive Board of GESCO AG consists of two members that have equal rights and clearly defined responsibilities. The definition of an absolute age limit for the Executive Board and Supervisory Board does not appear purposeful to us, since the benefit to the company – and not age – should be the decisive factor when filling a position. We do not disclose the remuneration of Supervisory Board members because we believe that the need to protect the Board members’ privacy outweighs the information requirement of the capital market. On the other hand, we believe that the Code recommendation to disclose remuneration and benefits in kind for members of the Supervisory Board for consulting or agency services that were personally provided is reasonable. No such remuneration was provided to the Supervisory Board of GESCO AG during the reporting year or the previous year.

In regards to the purchase or sale of company shares or related financial instruments by members of its executive bodies or other persons subject to reporting requirements (directors’ dealings), the acquisition of 1,000 shares was reported to the company in October 2008 by Dr. Hans-Gert Mayrose, member of the Executive Board. In the previous year, Executive Board member Dr. Mayrose also acquired 1,000 shares. The investment ratio of the Executive Board was 0.5% on the reporting date while the ratio for the Supervisory Board was 0.8%.

The remuneration report prescribed for the corporate governance report by the Corporate Governance Code is part of the Group management report and is therefore included in this Annual Report; no duplicate copy in addition to this Annual Report was printed.

## GESCO AG, WUPPERTAL DECLARATION OF COMPLIANCE ACCORDING TO § 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Executive Board and Supervisory Board of GESCO AG declare that the recommendations of the "Government Commission German Corporate Governance Codex" published by the Federal Ministry of Justice in the official section of the online Bundesanzeiger (Federal Gazette) were being followed according to the version of the codex dated 14 June 2007 since the last declaration of compliance was issued in December 2007 and until 8 August 2008, and were and are being followed since 8 August 2008 according to the version of the codex dated 6 June 2008.

- **4.2.1. - Executive Board:** The Executive Board of GESCO AG consists of two members; no chairman or spokesman has been appointed.
- **5.1.2., 5.4.1. - Executive Board and Supervisory Board:** No age limit has been established for members of the Executive Board and Supervisory Board.
- **5.3. - Supervisory Board committees:** The Supervisory Board of GESCO AG was intentionally kept small, with only three members, in order to facilitate efficient processes and intensive discussion of both strategic issues and detailed matters. This is why forming Supervisory Board committees is not purposeful in our view.
- **5.4.7. - Supervisory Board remuneration:** There is no disclosure of Supervisory Board remuneration broken down by member.

GESCO AG  
Supervisory Board and Executive Board

Wuppertal, August 2008

# A WORD\* ON THE CRISIS



The global economy currently finds itself in a difficult recession of historic proportions, whose magnitude and duration cannot be reliably forecast by anyone. This kind of crisis is no time for “business as usual” or “reporting as usual”. In this chapter we are therefore providing you with information about GESCO Group’s situation in the crisis and about our status quo, strategies and expectations.

A WORD

23.04.09

ECONOMISTS  
FEARING LOSS  
OF ONE  
MILLION  
JOBS.

25.05.09

OECD ECONOMIES  
SHRINKING AT  
RECORD PACE.

25.05.09

IIFO INDEX:

BUSINESS

OWNERS VIEW THEIR

SITUATION MORE

OPTIMISTICALLY.

28.05.09

SPRING UPTURN:

UNEMPLOYMENT LEVELS

DROP SIGNIFICANTLY.

28.05.09  
MACHINE

CONSTRUCTION ORDERS  
RECORD A MASSIVE SLUMP.



# 21.04.09 ZEW INDEX RAISES HOPE OF A TREND REVERSAL.

20.04.09  
NEW FORECAST:  
GOVERNMENT  
RADICALLY REDUCES  
ECONOMIC FORECASTS.

## \*VUCA

An American English acronym for "volatile, uncertain, complex, ambiguous". It was originally a military term but is now also used as a useful abbreviated designation or description in strategic management for situations in which it is extremely difficult to make forecasts.

# 22.04.09 GERMANY FALLS INTO A DEEP RECESSION.

20.04.09  
TREND REVERSAL  
POSSIBLE AS  
EARLY AS 2010.  
21.04.09  
TREND REVERSAL  
NOT PROBABLE  
UNTIL 2012.

## THE STATUS QUO

How is GESCO Group confronting the recession and how are we positioned as far as the balance sheet, finances and operations are concerned?

Especially in times of crisis, the following applies: Equity is strength. Companies with a sufficient equity cushion and a manageable debt ratio are better prepared in times of crisis than those with low equity and huge debts. GESCO AG's equity ratio amounts to 70%, while the Group equity ratio totals 40%. Each individual operating subsidiary also has equity of around 30%. Net financial liabilities as of 31 March 2009 were lower than EBITDA for the year, which means that the debt ratio is at a low level.

Debt financing is carried out decentrally. We do not use cash pooling and we avoid guarantees and other commitments. This is because if difficulties arise in certain companies, these issues should not threaten the entire Group.

We generally maintain a rather conservative method of accounting and attempt to limit risks in future periods, like in the valuation of inventories or receivables. Goodwill items are a risk for future unscheduled depreciation. When assessing a balance sheet, banks often deduct goodwill from equity, as they do not consider it to be a valuable, realisable asset. Our Group balance sheet includes equity which is contrasted by low levels of goodwill.

This goodwill amounted to just 6% of equity on the reporting date, which is a very low amount for an investment holding company. We consciously strive to keep goodwill as low as possible within our financial scope. With this balance sheet policy, we are forgoing short-term improvements in earnings in favour of risk reductions in the medium and long-term. Overall, GESCO Group is facing the crisis in a position of financial strength.

In addition to this, there are the operating strengths of the different business models of our subsidiaries. The companies have established a good position in their respective markets and are technological leaders to a certain extent. As a long-term investor, we support regular investments in equipment and have modernised the machine parks at many sites in the previous boom years, installed IT systems for production planning and control, and expanded the production capacities with properties and relevant equipment wherever necessary. All these measures have helped increase productivity, which has benefited the companies in the crisis. However, it is worth mentioning that these investments also partly increased fixed costs. There is currently a significant competitive advantage in being able to invest when necessary, in other words as far as concrete customer orders are concerned. Last but not least, the companies have motivated, qualified employees, who identify with their employers.

This approach does not guarantee successful results in operations and does not provide protection against collapsing markets. However, strength in competition is always relative strength; companies whose finances are more solid in weaker market phases and who are able to stay afloat the longest, can benefit in operating business.



ESPECIALLY IN TIMES OF CRISIS,  
THE FOLLOWING APPLIES:  
EQUITY IS STRENGTH.

## A WORD ON THE CRISIS

COMPANIES AFFILIATED IN  
GESCO GROUP OPERATE  
INDEPENDENTLY OF EACH OTHER AND  
SUPPLY DIFFERENT INDUSTRIES.

## THE MEASURES

While the general situation within GESCO Group was still satisfactory at the end of 2008, some subsidiaries already recorded significant falls in incoming orders and also partly in sales as the worldwide recession began to take hold. At the beginning of 2009, further companies experienced a somewhat more serious decline in requests and orders. This immediately resulted in capacity problems for companies with short run times.

### How do we deal with this situation both strategically and operationally?

A number of companies already started to adjust their capacities at the end of 2008. Outsourced activities have since been reintroduced into the company. Flexible working hours have been utilised, temporary employment contracts terminated and some fixed-term employment contracts have been allowed to expire. Some companies introduced short-time work. Although it is essential to cut costs, the subsidiaries also pursue the strategic objective of retaining their permanent staff - to the extent that it is economically viable - in an effort to avoid losing know-how and damaging the company's attractiveness as an employer. In several companies, the company management and colleagues not affected by short-time work have agreed to make a supportive contribution. The Executive Board, Supervisory Board and the employees of GESCO AG are also dedicated to making their contribution.

Concessions were reached in coordination with suppliers of raw materials and preliminary products, as well as with energy

providers, lessors and other partners. Investments were put under review, but were not cancelled completely - this is because the ability to make an order-related investment, like in a new machine, can ultimately result in a clear competitive advantage during a tough market



phase. The current environment offers very attractive conditions for those looking to invest.

Working capital has been and will continue to be adapted to the weaker economic activity, in other words reduced. Receivables management has also been intensified. Commercial credit insurance attracted particular attention, after some commercial credit insurers promptly withdrew from entire industries. Detailed discussions about supply volumes and payment history were held with customers who no longer received insurance coverage from commercial credit insurers. In coordination with GESCO AG, the individual subsidiaries define their own approaches as well as the maximum risk they take for each customer which is no longer insured. And it goes without saying that strict liquidity management is an instrument used in times of crisis.

Although it is essential to keep costs and risks under control, we should not miss out on opportunities, in other words increasing sales. That's why the companies have developed additional activities in sales and have analysed and added industries which had not previously belonged to their customer base. Some product innovations were accelerated in an effort to provide buying incentives. Issues such as savings potential and energy efficiency were the focus of customer contacts. Technical expertise is not the only competitive advantage in economically difficult times, but also the health of balance sheets and financially sound, long-term shareholders. Many customers question the financial sustainability of their suppliers.

## THE CRISIS AS AN INDUSTRY TEST

The recession is a test for all operating companies, but it is also an industry test for the investment holding and private equity industry. After putting them to the test, it will become clear which business models have proven to be stable at the end of the crisis. **The fate of an investment holding company is dictated by the fate of its portfolio.** Which strategies will make it easier for the operating subsidiaries to overcome the crisis and which ones will be more of a hindrance? How dependent are the individual models on external factors that are difficult to influence, such as the availability of low-cost borrowing capital or the environment for IPOs?

GESCO AG takes an entrepreneurial and long-term approach. The inevitable result is that we avoid doing anything which extracts funds from subsidiaries. High debt levels resulting from attributing acquisition prices to subsidiaries, excessive dividends or management fees: We oppose all of the above.

Incidentally: The recession causes major problems for many good companies depending on the industry and the customer structure. Even the "most honourable" investment concept cannot guarantee success in operations and the survival of subsidiaries. However if an investment model substantially contributes to the demise of a particular company and ends up sounding the death knell for usually sound companies, then the public rightly poses questions about the responsibility of the owner.

## AND AFTER THE CRISIS?

Even if the concept of the "crisis being an opportunity" is somewhat overused at the moment, we believe it is likely that the operating subsidiaries and GESCO Group will have strengthened their position in the competition by the end of the recession. We can also broaden our foundations for the next recovery period by acquiring strategically attractive industrial companies. Every crisis comes to an end, and when the economy picks up again, we want to be at the head of the pack again.

THE  
ECONOMIC  
DEVELOPMENT

IS A  
CHALLENGE  
FOR MANY.

COMPANIES WITH  
SUCH HEALTHY STRUCTURES  
AS GESCO GROUP  
ARE VERY  
FORTUNATE.

# 20 YEARS OF INVESTING IN SMES: GESCO AG'S STRATEGY

22



Twenty years ago, a small group of people associated with the SME sector in Bergisches Land, a region of North Rhine-Westphalia, Germany, had a vision: They wanted to establish a financial holding as a parent company for a group of healthy, above-average industrial SMEs. The holding company was to identify, examine and acquire companies, integrate them into the Group and then oversee them. The individual investments were to operate independently, but receive support from the parent company in financial and strategic issues.









The holding company was to have a streamline structure with the Group being managed decentrally, allowing responsibility for operations to be assumed by the individual companies. Long-term investments were made, reselling was never the aim. Turnarounds were not part of the company's focus.

The many unresolved succession issues in SMEs were viewed as investment opportunities. The founders were aware of the SME sector's strengths and intended to maintain and develop these strengths after the acquisition. They also knew the weaknesses of many SMEs however and planned to offset them.

GESCO Industrie Holding GmbH was founded in May 1989 and became a public limited company in December of that year. Private capital was introduced, the organisational preconditions were created and

the company simply took shape. Since then, the conceptual core of the company has essentially remained the same. The model was of course refined and honed. Mistakes were also made along the way but these were learnt from and the model was adjusted accordingly. The successes achieved have also provided a learning experience.

In an effort to maximise the company's growth opportunities, carrying out an IPO was set as an objective from the outset. On 24 March 1998, GESCO AG saw the light of the capital market: The GESCO share was introduced into official trading at the Frankfurt and Düsseldorf stock markets. In 2008, the year of the 10th anniversary for the company's stock market listing, the GESCO share was admitted into the SDAX, the German stock market index for small cap companies from traditional industries.

## GESCO AG AS AN INVESTMENT HOLDING COMPANY

GESCO AG is now established as an investment holding company and enjoys a great reputation with business owners, banks, M&A consultants and other market participants. The once unknown entity from the Bergisches Land has become an established player.

In the diverse investment holding sector, whose public perception is strongly influenced by the private equity industry, GESCO AG's business model stands out from the crowd. GESCO differs from the small number of additional long-term investors by specialising in succession issues, the new management investment approach and its focused industry portfolio.





#### THE SOLUTION TO THE SUCCESSION PROBLEM – FOR OWNERS AND MANAGERS

GESCO AG has concentrated on acquiring SMEs that do not have a successor. It goes without saying that most company owners want to keep their business within the family but this happens in less than half of all cases. Sometimes there is no successor available, sometimes their qualifications profile does not match the company and, often, would-be successors have different future plans. If a family solution does not materialise, many business owners want to hand over their life's work, which in some cases might have been in the family for generations, into the proverbial "good hands". The GESCO model is ideal for these types of sellers. After all, they are looking for a solution for their business that aims to maintain and

develop the company. The sense of responsibility towards employees is an argument that cannot be overestimated. Ties to the company's location also often play a major role. The business owners' personal lives are frequently centred in the region where the company is located and they do not want to lose their reputation after they retire. For these reasons, many business owners do not want to sell their companies to competitors or to exit-oriented investors.

GESCO AG always acquires a majority holding in companies, usually 100% and as a result solves the succession problem at shareholder level. If the retiring owner was also the manager of the company, then this position has to be re-filled - either by somebody from within the company or by an external candidate. The seller is to lend support for the transition period until the successor has been trained.

After a probationary period, the new manager invests in the company he is managing - usually between 10% and 20%. In this way, the retiring owner is replaced by a new business owner who may only have a minority investment in the company, but who can take charge of operations while at the same time benefiting from the support of a strong group. This enables

## AFTER ACQUISITION, THE COMPANIES KEEP THEIR DEEPLY ROOTED IDENTITY AND THEIR OPERATING INDEPENDENCE.

us to preserve the spirit of the owner-managed company in the subsidiaries while at the same time liberating them from the isolation that many SMEs experience.

### INDEPENDENT OPERATIONS WITH INTENSIVE SUPPORT

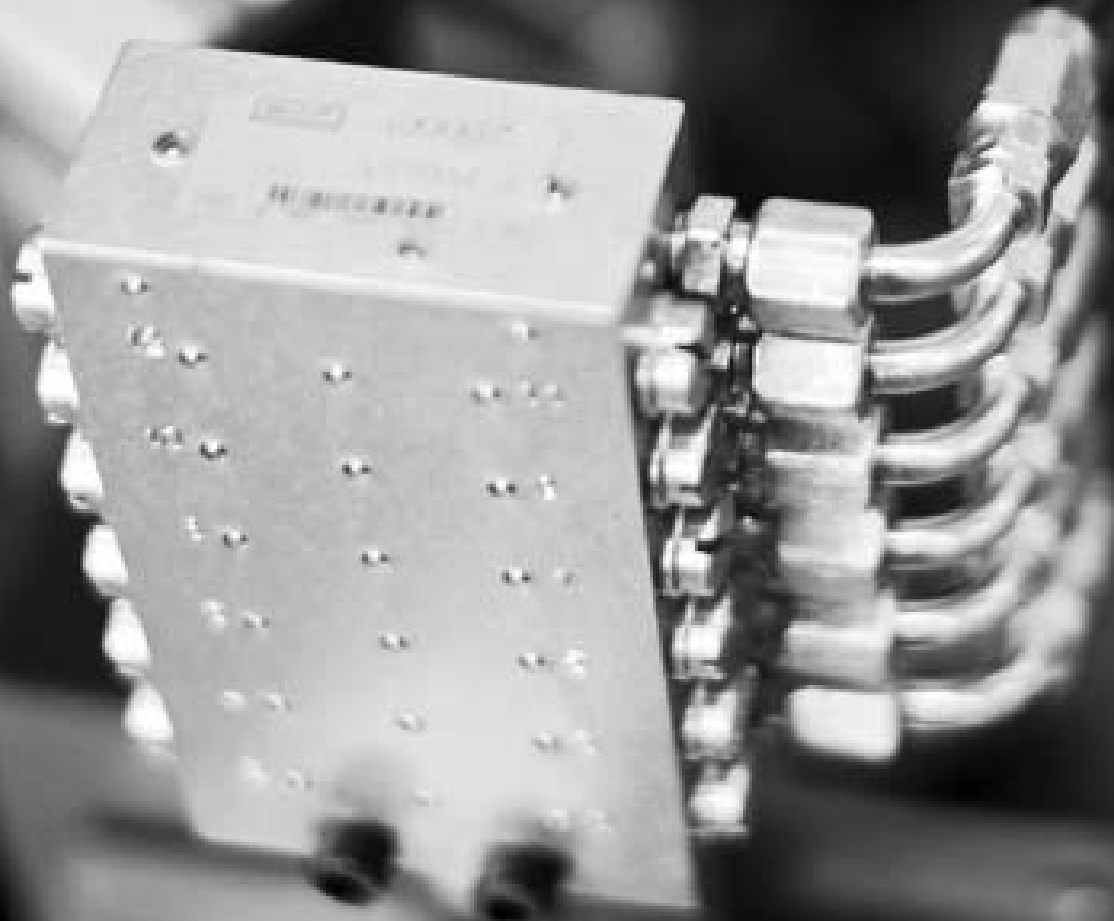
GESCO acquires individual companies due to their unique strengths. Synergies play no part in the buying decision and they certainly do not impact the process of determining a purchase price. After acquisition, the companies keep their deeply rooted identity and their operating independence. It is only through decentral leadership and self-sufficient management that the SME can maintain its strengths: Speed, flexibility, direct customer contacts, proximity to the market and a strong sense of identification between employees and their employer.

There is sometimes room for improvement within industrial SMEs however, especially when it comes to finance and accounting. Given the demands of day-to-day business, there is also the danger that companies might lose sight of strategic issues. It is GESCO AG's aim to offset these deficits without limiting operating freedom. By introducing regular coaching, consulting and controlling sessions, the

GESCO AG team provides the companies with support especially in terms of finance, strategic issues and special topics. Monthly discussions at the respective subsidiaries serve as a platform for addressing target achievement rates for the mutually-agreed strategy and analysing current developments. In addition, a member of GESCO AG's Executive Board visits each subsidiary once a quarter to work on strategic issues with that company's management. A strategy meeting is also held in each subsidiary once a year with the management, management staff and representatives of GESCO AG.

Annual management meetings provide an opportunity to get to know each other, for tours of the company, technical lectures and exchanging experiences.







## OPPORTUNITIES AND RISKS

Entrepreneurship is at the core of the GESCO concept and the entrepreneur's primary motivation is to seize opportunities. Nobody goes into business because they want to avoid risks. Those aiming to succeed in business in the long-term however have to learn to handle risks in the right way.

Due to legal requirements, but above all in the company's interests, GESCO AG is forced to maintain an effective risk management system. Each subsidiary is integrated into this system after acquisition. Risks have to be detected, evaluated and reported every month. Major risks are communicated on an ad hoc basis to the holding company and proposed solutions are developed together.

However, we also offer the subsidiaries concrete support in identifying and seizing opportunities. The companies in our Group are often more capable of taking action than some owner-managed businesses, not least when it comes to investment behaviour; if there are concrete customer requests we are also willing and able to approve larger investments that a private business owner might avoid.

Risks have to be limited to the level of the individual companies but they also have to be controlled with the Group's interests in mind. That's why the structure is designed in such a way that problems in the individual companies do not affect the entire Group. We therefore largely avoid cash pooling, guarantees and other commitments even if this means that the ultimate financial reward is not realised. Being prepared for all eventualities also has its price. In addition, procedures like cash pooling would curtail the autonomy of the individual companies, which goes against our philosophy.

## SUSTAINABLE MANAGEMENT

Long-term investors live from the long-term success of their subsidiaries. We therefore promote everything that strengthens the long-term competitive position of those companies. Investments into the company's technical equipment is a matter of course for us as is having an appropriate working relationship with the employees, something we regard as being a typical feature of the SME. Even 20 years ago, long before "sustainability" became a buzz word, this long-term attitude was anchored in the GESCO plan. This remains the case to this day.

# TECHNOLOGY + SERVICE: STRATEGIES OF THE OPERATING SUBSIDIARIES

30



Acquiring a company with the intention of maintaining it is equivalent to buying that company's future. That's why it is vital to gain an impression of the company's future potential before every acquisition.

As far as a company's future prospects are concerned, technology leadership is generally more attractive to us than price leadership, and niche markets are of more interest than mass markets. The more pronounced the unique selling points are and the higher the market entry barriers, the less the risk posed by competitors both at home and abroad.





# STRATEGIES OF THE OPERATING SUBSIDIARIES



In spite of all their differences when it comes to products and markets, the subsidiaries of GESCO AG do have strategic similarities. Given that we only acquire industrial companies, the core of the business model is usually made up of strong technological expertise. This expertise can be expressed with a product range, knowledge about materials and processes or by being able to adapt products and services to international requirements.

Very much in contrast to the cliché of the German industry's obsession with technology, our subsidiaries are highly market and customer driven. Innovations and developments are usually pushed in close cooperation with customers. Some subsidiaries position themselves specifically as development partners, while others increasingly interlink their operations with the value added chains of their customers. Companies that supply components, machines or equipment are well advised to study their customers' proc-

esses extensively because the more acute the understanding of these processes is, the greater the chance of generating additional services and strengthening ties with customers. Most of our subsidiaries consciously define a range of services they provide, centred on the actual product, as part of their service range. Thanks to their comprehensive know-how and their typical SME attributes such as speed and flexibility, our companies are valued, long-term business partners for their customers.

Take Dörrenberg Edelstahl GmbH for example. It has extensive expertise in the field of metallurgy, which enables the company to offer its customers excellent consulting services on stainless steel across all divisions. By cooperating not only with customers but also with universities and technical institutes, innovative solutions are constantly being developed, including patented alloys produced in-house.



# RAISE, LOWER, SWIVEL

Haseke GmbH & Co. KG paraphrases its core expertise as “raise, lower, swivel”. The company operates as a supplier for the field of medical technology, among others, and is already being integrated into an early project phase by its customers.

# STRATEGIES OF THE OPERATING SUBSIDIARIES

AstroPlast Kunststofftechnik GmbH & Co. KG manufactures high-precision injection-moulded parts. Thanks to a high level of technical expertise, flexibility and creativity, the company is often a valuable partner for its customers as early as the design phase for determining the basic workmanship and technical specifications for parts.

## TECHNOLOGY LEADERSHIP: BECOMING MARKET LEADER BY DEMONSTRATING MASTERY IN YOUR FIELD

The SME sector is perhaps occasionally underestimated, but sometimes expectations can also be too high. When evaluating technological performance, it has to be clear that not every manufacturing SME can be a world market leader. That said however, there are some companies in GESCO AG's portfolio that are market or technology leaders in their respective fields.

SVT GmbH is for example a technology leader in the field of loading systems for liquids and gases, especially for liquefied natural gas (LNG). Compared to its competitors' products, SVT's equipment is structurally superior, requires little maintenance and has set new standards, especially in safety engineering.

MAE Maschinen- und Apparatebau Götzen GmbH is a global market leader in automatic levelling machines. In recent years, the company has extended its technological lead by developing a new machine concept which, for the first time, allows the automatic levelling of large parts such as bar steel or shafts up to 20 metres in length. This has resulted in MAE being able to access completely new target groups such as steel manufacturers.

Frank Walz- und Schmiedetechnik GmbH is Europe's leading forge for agricultural engineering and produces a wide range of wear parts, especially for soil cultivation, landscaping and harvesting technology. Its decades of know-how and reliable quality provide customers with impressive benefits.

Setter Group produces plastic and paper sticks, which are used in products such as cotton buds and lollipops. Setter has positioned itself as a quality leader in this highly specialist market. Since these products are processed industrially they have to meet the highest specifications in parameters like dimensional accuracy, lubrication and bending strength.





# STRATEGIES OF THE OPERATING SUBSIDIARIES



## IDENTIFYING AND TRAINING: EMPLOYEES AS THE DRIVING FORCE

Companies that claim to have an advantage as a result of their expertise and superior quality are reliant on a qualified workforce. Qualified employees who sometimes have decades of experience are the key to success. A balanced age structure in the workforce, ongoing training and further education as well as the targeted exchange of know-how between employees are therefore of utmost importance for companies. The more involved the operating companies are in their customers' processes, the more the employees have to have project management know-how and communicative skills in addition to technical expertise.

As far as our relationship with the workforce is concerned, we at GESCO Group try to keep the positive aspects of the family company spirit alive as much as possible. Loyalty, a strong sense of identification with the employer, low staff turnover, a pronounced sense of community and the major importance placed on training and further education are typical features of this spirit. The companies make a point of supporting young talent from within the company and offer their employees intensive training in an effort to meet this goal. They are companies certified for their training with a good reputation in their respective regions.

GESCO Group offers employees and management alike long-term employment prospects. The challenging SME sector is an ideal environment for those who value a straightforward, familiar environment and who want to see quick, concrete results for their efforts.

## REGULAR INVESTMENT: "STATE OF THE ART" TECHNOLOGY AS A COMPETITIVE EDGE

In addition to the workforce, the companies' technical equipment is the second significant component of their success. GESCO AG made a point of enhancing the future potential of its subsidiaries from the very beginning by making investments on a regular basis. For many of the companies in the Group, a machine park equipped to an above-average level serves as a feature that distinguishes them from the competition. The equipment is "state of the art" and most companies also have cutting edge, integrated software systems for production planning and control.

# FOR MANY OF THE COMPANIES IN THE GROUP, A MACHINE PARK EQUIPPED TO AN ABOVE-AVERAGE LEVEL SERVES AS A FEATURE THAT DISTINGUISHES THEM FROM THE COMPETITION.

## MAINTAIN AND REGENERATE

We buy healthy companies with successful histories. One glance at these histories shows that the right decisions were made and the foundations have been created in technology, expertise, customer relationships and company culture. We are dedicated to maintaining these foundations and developing them. A long-term business conduct policy also involves treating customers and suppliers fairly. Which of these groups has the upper hand depends on the market situation. It goes without saying that every market player takes advantage of the situation they find themselves in. However, companies that treat their business partners fairly instead of taking excessive advantage of temporary market power can usually expect fair play in return when the market turns against them. Ultimately, long-term relationships are completely more efficient for all concerned because processes and communication channels are well-established and there is less room for misunderstandings.

That said however, no company can be successful over decades if it does not realign itself, redefine its workflows and processes, push innovations and tap new markets. As shareholders, we too, along

with the management team, are constantly confronted with the task of scrutinising what has been achieved and preparing tomorrow's successes today. Legal conditions change, technology is constantly on the move, markets change and globalisation opens up sales and procurement markets, offering opportunities as well as posing potential threats. Complexity and speed have considerably increased in recent decades. We support the management of the subsidiaries in examining all these issues. This enables the individual subsidiaries to benefit from the added value of the holding company and from belonging to the Group, therefore enhancing their future potential while still retaining their operational independence.

04 FOREWORD BY THE EXECUTIVE BOARD  
08 GESCO SHARES/CORPORATE GOVERNANCE  
13 A WORD ABOUT THE CRISIS  
22 GESCO AG'S STRATEGY  
30 STRATEGIES OF THE SUBSIDIARIES  
**38 GROUP MANAGEMENT REPORT**  
56 GESCO AG - ANNUAL FINANCIAL STATEMENTS  
58 GESCO GROUP - CONSOLIDATED FINANCIAL STATEMENTS  
66 NOTES  
104 AUDITOR'S REPORT  
106 REPORT FROM THE SUPERVISORY BOARD  
110 CORPORATE PROFILE  
127 FINANCIAL CALENDAR/SHAREHOLDER CONTACT

# GROUP MANAGEMENT REPORT



GENERAL CONDITIONS	40
CHANGES TO THE SCOPE OF CONSOLIDATION	41
DPR AUDIT	41
SALES AND EARNINGS	41
SALES AND EARNINGS BY SEGMENT	42
SALES BY REGION	43
SALES BY CUSTOMER SECTOR	43
INVESTMENT AND DEPRECIATION	44
RESEARCH AND DEVELOPMENT	45
PROCUREMENT	45
GROUP BALANCE SHEET	45
DISCLOSURES UNDER § 315 PARA. 4 OF THE GERMAN COMMERCIAL CODE (HGB)	46
OPPORTUNITY AND RISK REPORT	47
ENVIRONMENTAL PROTECTION	50
EMPLOYEES	50
REMUNERATION REPORT	50
OUTLOOK	52

## GENERAL CONDITIONS

The German national economy was initially characterised by economic momentum in 2008, but from September onwards it was influenced by the financial crisis and the escalating recession in the real economy. This development resulted in a major downturn in the economy, which has continued until now.

The German gross domestic product increased by 1.3% in real terms compared to the previous year. While the first half of the year was characterised by significant gains, growth in the third quarter started to decrease and in the fourth quarter a decline of 1.6% was reported against the previous year's quarter.

The Verband Deutscher Maschinen- und Anlagenbau e. V. (VDMA - German Machinery and Plant Manufacturers Association) which is relevant for our largest segment of tool manufacture and mechanical engineering, calculated a 5.4% increase in sales in real terms in the industry for 2008. A considerable rise was recorded in exports to Brazil, India, Russia and China in particular. From September 2008, industries represented by the VDMA were affected by huge declines in incoming orders. In December 2008, the number of incoming orders was 40% below the value recorded in the same month of the previous year in real terms. In a three month comparison from October to December 2008, a fall of 29% was reported compared to the previous year's quarter.

The Gesamtverband Kunststoffverarbeitende Industrie e.V. (GKV - Association of Plastic Goods Producers), which is the association relevant for our second, significantly smaller segment - plastics technology - reported sales growth of 2.0% in 2008.

When viewing the information from both associations, it is important to consider that the respective industries are very broad-based and industry data represent a wide variety of heterogeneous companies. Since the companies in GESCO Group are mostly specialised SME niche suppliers, this industry data does serve as a rough guide but its ability to indicate the development of GESCO Group is limited.

In the segment of industrial niche suppliers with sales in the range of approximately € 10 million to € 50 million, which is the segment relevant for us, the M&A market was impacted by the comparably high price expectations of sellers up to summer 2008. Business owners were very optimistic about the future development of their companies and were virtually unprepared to commit to establishing a purchase price with an earn-out agreement and thereby share future opportunities and risks. With the escalating recession, the willingness to opt for such solutions has again significantly increased. The number of companies available for acquisition remains high, however the amount of potential buyers is declining to the best of our knowledge. The market environment for company acquisitions may therefore have improved considerably, but the major uncertainty about the further development of the economy and of individual companies makes valuing companies more difficult. In addition, the willingness of many business owners to sell their company decreases in a longer lasting recession, as they are unable to attain acceptable purchase prices given the decline in profits.

### CHANGES TO THE SCOPE OF CONSOLIDATION

In the 2008/2009 financial year, GESCO AG did not acquire any companies. VWH Vorrichtung- und Werkzeugbau Herschbach GmbH, Herschbach, acquired in April 2007, was included for a full financial year in the reporting year for the first time, while in the previous year the company was only included in the consolidated financial statements for eight months.

In March 2009, GESCO AG reacquired the minority share of 20% in Haseke GmbH & Co. KG, Porta Westfalica held by the manager. The manager left the company on 1 April 2009 for reasons relating to his future plans.

In April 2009, after the end of the reporting period, GESCO AG acquired a 90% share in Georg Kesel GmbH & Co. KG, Kempten, as part of a succession plan, while the manager took over 10% of the shares. Kesel is a niche supplier in milling machine construction and clamping technology; the company generates sales of approximately € 11 million with around 45 employees.

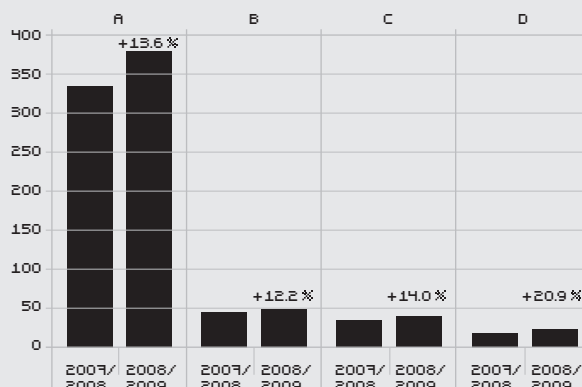
### DPR AUDIT

In 2008, the Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung) in Berlin initiated an event-related audit against GESCO AG. The reason behind this was the limited certification of GESCO AG's consolidated financial statements for the 2007/2008 financial year. This limitation primarily relates to the non-disclosure of purchase prices, which we paid for the acquired subsidiaries in the financial year concerned, as well as non-disclosure of results for these subsidiaries. The DPR audit has now been completed and GESCO AG agreed with the DPR's assessment. The proceedings by the Federal Financial Supervisory Authority (BaFin) to order publication have not yet been completed.

### SALES AND EARNINGS

Most GESCO Group companies reported buoyant business activity up until the fourth quarter, with some companies working at their capacity limits. The related spreading of fixed costs resulted in a further improvement in margins. As a result of the commencing global recession, some subsidiaries recorded considerable declines in incoming orders and partially also in sales in the fourth quarter. The companies affected immediately took measures to cut costs and adjust capacities, allowed fixed-term

A GROUP SALES IN € MILLION	2007/2008	333.2	
	2008/2009	378.4	+13.6%
B GROUP EBITDA IN € MILLION	2007/2008	44.3	
	2008/2009	49.7	+12.2%
C GROUP EBIT IN € MILLION	2007/2008	34.2	
	2008/2009	38.9	+14.0%
D GROUP NET INCOME AFTER MINORITY INTERESTS IN € MILLION	2007/2008	17.9	
	2008/2009	21.6	+20.9%



employment contracts to expire, terminated temporary employment contracts, partly introduced short-time work, reintroduced outsourced activities into their operations and started to reduce working capital. Nevertheless, the companies intensified their sales activities and pushed innovations.

In spite of the downturn in the last few months, 2008/2009 was another record year as far as sales and earnings are concerned. Group sales increased by 13.6% to € 378.4 million compared to the previous year's period (previous year: € 333.2 million). This growth was generated almost exclusively organically. This means that growth was not recorded by expanding the scope of consolidation, but rather based on the existing portfolio. Material prices increased right into the autumn period and then dropped as a result of the negative development in the economy. Personnel costs went up due to increases made to tariffs. Over the financial year, the material expenditure ratio and the personnel expenditure ratio were around the same level of the previous year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 12.2% to € 49.7 million (€ 44.3 million). Given that depreciation recorded weaker growth than sales, in spite of major investments from previous years, earnings before interest and tax (EBIT) increased disproportionately by 14.0% to € 38.9 million (€ 34.2 million). The financial result of € -4.3 million (€ -3.4 million) included unscheduled depreciation on securities acquired in previous years, which were not accrued in the previous year's period.

The Group tax rate dropped considerably from 36.5% to 31.5%. The effects of the tax reform passed in 2007 have therefore fully permeated throughout the Group. This comes after there were positive impacts from deferred taxes and from the tax burden of GESCO AG last year.

Deducting the interest earned due to participating managers of our subsidiary corporations results in Group net income after minority interest of € 21.6 million compared to € 17.9 million in the previous year. This represents an increase of 20.9%. In line with Group net income after minority interest, earnings per share according to IFRS increased from € 5.92 to € 7.16.

With these figures, the consolidated financial statements were almost exactly at the level of the forecast, which we made at the annual accounts press conference on 26 June 2008. At the time, our targets were to generate Group sales amounting to € 370 million, Group net income after minority interest totalling € 21.5 million and earnings per share according to IFRS of € 7.11.

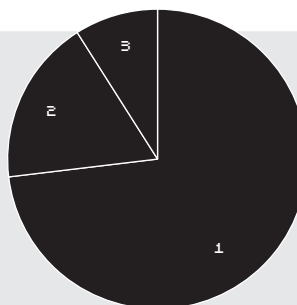
## SALES AND EARNINGS BY SEGMENT

Detailed segment reporting included in the consolidated financial statements is divided into the following segments: Tool manufacture and mechanical engineering, plastics technology, GESCO AG and other/consolidation. Since neither the other/consolidation segment nor the GESCO AG segment generates material sales or earnings from operating activities, they are not included in this analysis.

Tool manufacture and mechanical engineering is still the significantly larger of the two operating segments; it generates 89% (88%) of sales and 88% (83%) of EBITDA before the effects of the two non-operating segments. At 15.7%, sales in this segment grew much faster than the industry as a whole; the growth in EBITDA was even higher at 21.7%. The plastics technology segment recorded a decline in sales of 1.6% and a considerable decrease in EBITDA of 16.5%.

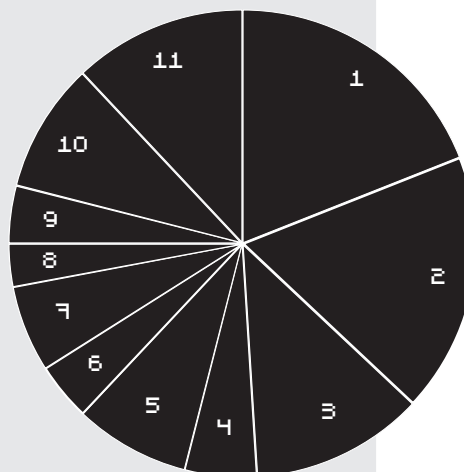
**SALES BY REGION**

1 GERMANY	73.1%	(74.6%)
2 EUROPE	17.9%	(15.6%)
3 OUTSIDE EUROPE	9.0%	(9.8%)



**SALES BY CUSTOMER SECTOR**

1 MACHINE AND PLANT CONSTRUCTION	19%	(22%)
2 PASSENGER AND COMMERCIAL VEHICLE MANUFACTURING	18%	(17%)
3 IRON, PLATE AND METAL PROCESSING, TOOL CONSTRUCTION	12%	(13%)
4 ELECTRICAL, HOUSEHOLD GOODS, MEDICAL TECHNOLOGY	5%	(6%)
5 FOUNDRIES AND ROLLER MILLS	8%	(9%)
6 CONSTRUCTION, AIR CONDITIONING, SANITARY INDUSTRY	4%	(4%)
7 CHEMICAL AND PETROCHEMICAL INDUSTRY	6%	(5%)
8 CONSUMER GOODS INDUSTRY	3%	(3%)
9 ENERGY/SUPPLY	4%	(4%)
10 AGRICULTURAL ENGINEERING	9%	(8%)
11 OTHER CUSTOMER GROUPS	12%	(9%)



**SALES BY REGION**

The export ratio for the Group was 26.9% for the reporting year and was therefore above the previous year's value of 25.4%. Since many customers of our subsidiaries are export-driven, GESCO Group likely also has a significant amount of indirect exports which, of course, cannot be precisely quantified. Setter (reporting year: 80%), SVT (73%), MAE (48%), Frank (35%) and AstroPlast (26%) have especially high direct export ratios.

**SALES BY CUSTOMER SECTOR**

GESCO AG considers the diversification of customer sectors as a key element of its risk management process. As a result, GESCO Group supplies a large variety of industries which makes it less dependent on economic developments in specific sectors. There were only slight changes in the distribution compared to the previous year; the most significant decline was recorded in the proportion of Group sales generated from machine and plant construction. The increase in industries concentrated under "others" proves that the company has become more diverse.



## INVESTMENT AND DEPRECIATION

GESCO AG as a long-term investor sees a key success factor in future-proof technical equipment for its companies. By regularly investing in tangible assets and intangible assets for our subsidiaries, we are ensuring their competitive position. € 12.7 million was invested in the 2008/2009 financial year compared to € 12.3 million in the previous year.

Given the emerging recession, we are also strictly reviewing all investments and questioning the profitability of expansion investments in particular. Some projects were brought to an end, but we continued to invest in subsidiaries with concrete growth prospects.

A new production hall was constructed at MAE Maschinen- und Apparatebau Götzen GmbH in 2008 in an effort to satisfy the high demand particularly for large-scale machines.

Frank Walz- und Schmiedetechnik GmbH put a new production hall into operation in 2008 with a hardening centre with roller hearth and the corresponding presses as well as a laser cutting machine to adapt capacities to the drastically increasing demand.

At Dörrenberg Edelstahl GmbH, investments were made with a particular emphasis on the foundry and steel works.

Depreciation on tangible and intangible assets amounted to € 10.8 million (€ 10.1 million). This depreciation includes unscheduled depreciation totalling € 0.9 million on goodwill.

## RESEARCH AND DEVELOPMENT

Most of our subsidiaries are SMEs with research and development activities that are largely market and customer-driven. Technical innovations as well as new products and applications are usually developed in projects as part of customer orders.

Our largest subsidiary, Dörrenberg Edelstahl GmbH, constitutes an exception since it also conducts some fundamental research. The company has metallurgy know-how accumulated over decades and is always working on the development of new, usually high-alloy steels with continuously improving characteristics. In 2008, Dörrenberg focused on the economical use of energy and raw materials as well as enhancing the coating process in the surface technology division.

In 2008, MAE Maschinen- und Apparatebau Götzen GmbH took out a patent relating to a new technical concept for wheel presses and undertook the first stages of developing non-contact measuring method for circular pitch concentricity errors through laser technology.

At the IAA (International Motor Show) for commercial vehicles in September 2008, Ackermann Fahrzeugbau GmbH presented "Cool One Light" - a light case body for transporting temperature-controlled goods for vehicles in the weight class of 3.5 to 7.5 tons.

SVT is currently designing a new hydraulic coupling, which should be brought to market at some time during 2009.

## PROCUREMENT

GESCO Group companies consider procurement a strategic task; they strive to avoid dependencies and usually maintain long-term, constructive partnerships with their suppliers.

Raw material, steel and energy costs were volatile in 2008. The start of the financial and economic crisis resulted in a considerable decline in oil prices and energy costs. The prices for significant raw materials also dropped, which was reflected in the valuation of inventory assets on the reporting date. There were no serious supply bottlenecks in the reporting year.

## GROUP BALANCE SHEET

As a result of buoyant operating business, total assets of GESCO Group increased by 9.8% to € 259.6 million compared to the previous year's reporting date (previous year: € 236.5 million).

On the assets side, intangible assets fell by 13.4% partly due to depreciation on goodwill following the impairment test amounting to € 0.9 million. Goodwill totalled € 6.4 million on the reporting date and therefore amounts to just 6.2% of equity. Investments made in buildings and technical equipment of subsidiaries increased tangible assets by 5.8%. Financial investments also increased. This was because GESCO

AG subscribed for loans and bearer bonds with medium terms in an effort to generate higher interest rates for existing liquid assets. The securities are secured via the guarantee funds of savings banks and Federal state banks. The increase in inventories of 28.0% is reflected in the dynamic business. In contrast, trade receivables were 7.2% lower than on the reporting date of the previous year. This also shows that the consistent receivables management has been sustained and is working well. Liquid assets amounted to € 30.3 million and were almost at the exact same level of the previous year (€ 30.1 million). Approximately € 2 million worth of available assets were invested in fixed interest bearer bonds and loans with terms of two and five years, which are reported under the item securities held as fixed assets. During the reporting period, a dividend for the 2007/2008 financial year amounting to € 7.3 million was paid out.

On the liabilities side, equity increased by 15.0% to € 103.3 million (€ 89.8 million) as a result of net earnings. The equity ratio therefore amounted to 39.8% (38.0%) on the reporting date.

Non-current liabilities remained practically unchanged, while current liabilities increased by 11.4% as a result of the dynamic operating business.

Current and non-current liabilities to financial institutions increased from € 62.4 million to € 72.8 million. Net financial liabilities on the reporting date totalled € 42.5 million and were therefore below EBITDA for the financial year meaning that GESCO Group has a low debt ratio.

Overall, the balance sheet ratios of GESCO Group have once again improved compared to the already excellent previous year. They account for the financial health of the Group and the health of the company's balance sheets, which offer existing subsidiaries positive preconditions for overcoming the recession and at the same time creates room to manoeuvre for achieving external growth by acquiring additional industrial SMEs.

## DISCLOSURES UNDER § 315 PARA. 4 OF THE GERMAN COMMERCIAL CODE (HGB)

The share capital of GESCO AG is € 7,859,800 and is divided into 3,023,000 bearer shares. Each bearer share is granted one vote in the Annual General Meeting.

According to §§ 76 and 84 of the Stock Corporation Act (AktG) and § 6 para. 1 of the GESCO AG Articles of Association, the Executive Board consists of one or more persons. According to § 6 para. 2 of the Articles of Association and in accordance with legal regulations, the Supervisory Board appoints and dismisses the Executive Board and establishes the term of service and the number of members. The Supervisory Board may also appoint replacement members. According to § 17 para. 1 of the Articles of Association, resolutions are passed by the Annual General Meeting with a simple majority of the votes cast, unless binding legal regulations state otherwise; where the law requires a capital majority in addition to a majority of votes cast, resolutions are passed with a simple majority of the share capital represented when the resolution is voted on. According to § 17 para. 2 of the Articles of Association, the Supervisory Board has the right to make amendments to the Articles of Association which only concern the adoption.



The Annual General Meeting of 23 August 2007 authorised the Executive Board to increase the company's share capital once or several times by a total of € 3,929,900 until 22 August 2012 with the consent of the Supervisory Board by issuing new bearer shares in exchange for cash or contributions in kind. Subscription rights may be excluded in certain cases. The Executive Board has not made use of this authorisation to date.

The Annual General Meeting on 21 August 2008 authorised the company to acquire up to ten out of every hundred shares of the current share capital until 20 February 2010 under consideration of own shares already held. Subject to the approval of the Supervisory Board and under certain conditions, the Executive Board is also authorised to dispose of the acquired shares in a manner other than via the stock exchange or by offering them to all shareholders, to use them for the purpose of acquiring companies or investments, or to retract some or all of them. The Executive Board has not made use of this authorisation to date.

## OPPORTUNITY AND RISK REPORT

The concept of GESCO Group is designed to identify, evaluate and seize opportunities on the one hand while identifying, quantifying and limiting risks on the other. Both aspects affect the Group structure on the conceptual level and the implementation of risk and opportunity monitoring on the operational level. Managing risks and opportunities is ultimately an ongoing entrepreneurial process.

The architecture of GESCO Group is generally designed in a way that ensures negative developments for specific companies do not place the entire Group at risk. This is why we largely forgo the use of instruments such as cash pooling or guarantees and other commitments.

The analysis of opportunities and risks is especially important when acquiring companies. GESCO AG generally acquires companies in the tool manufacture/mechanical engineering and plastics technology segments. In order to reduce its dependency on the cycles of individual segments and markets, GESCO AG's emphasis is on the diversification of its customer base. Accordingly, new companies that help diversify the customer base are of particular interest. The addition of new companies within our chosen segments with business models that differ from our current investments is positive from a risk diversification point of view.

Since information asymmetry between the buyer and seller is unavoidable in the course of company acquisitions, every purchase involves inherent risks. The retirement of the existing owner-manager and the appointment of a new manager are critical succession planning aspects. Finding a suitable new manager that meets expectations is subject to risk. On the other hand, there is an opportunity to revitalise the company by replacing and rejuvenating the management.



Prior to a purchase, companies are subjected to a due diligence assessment in order to identify the risks associated with any company acquisition to the extent they are recognisable. In particular, income figures used to establish a purchase price and the respective company budgets should be critically evaluated. When the expectations of the buyer and seller regarding the future income potential of the acquisition target diverge, an earn-out agreement is a proven way to share the risks and opportunities of future developments.

## RISK MANAGEMENT SYSTEM

After acquisition, the companies are quickly integrated into the GESCO Group reporting, controlling and risk management system; this also includes the systematic assessment of information technology risks. A jointly developed annual budget establishes the framework for business developments, personnel measures and investments. GESCO AG receives monthly figures from the subsidiaries as part of regular reporting. In monthly on-site meetings at each company, the GESCO AG business administration executive and the financial officer of the subsidiary analyse, interpret and evaluate these figures to determine the degree to which the objectives have been met. A member of the GESCO AG Executive Board visits each subsidiary at least once every quarter, particularly with a view to discussing strategic issues.

The annual meeting, monthly meetings and strategy sessions ultimately examine the company's situation as a whole. Risks are evaluated on a quantitative and qualitative basis, but there is also a comprehensive analysis of entrepreneurial opportunities and courses of action for enhancing the business volume.

In their operating business, all GESCO AG subsidiaries are of course subject to the opportunities and risks typical for their respective industries as well as general economic risks.

## PROCUREMENT RISKS

After the significantly volatile price developments in previous years, which have caused our subsidiary problems in procurement and in passing on raw material price increases to customers, we anticipate comparably stable energy and raw material prices for 2009. If there is a significant recovery in the economy, the price level may increase again. There were no serious supply bottlenecks during the reporting year and we don't anticipate any in the coming financial year.

**Trade receivables are largely covered by credit insurance.** Many commercial credit insurers however reacted vehemently to the financial and economic crisis. Companies from the automotive and automotive supply industry in particular were excluded from commercial credit insurance. Against this backdrop, subsidiaries analyse the situation of relevant uninsured customers with the support of GESCO AG and define further action to be taken usually in direct discussions with customers. A maximum risk amount is defined for every customer which has to be complied with strictly. This is of course always a balancing act between attempting to limit risks and the need to take advantage of entrepreneurial opportunities and not lose customers.

Overall **insurance coverage** for GESCO Group is continuously evaluated in order to ensure sufficient protection under adequate terms and conditions.



**Currency risks** from the operating business are hedged for significant orders. Currency risks from financing are the result of our financing in Swiss francs. GESCO AG and some of its subsidiaries have been partly financed in Swiss francs for many years, allowing them to benefit from the lower interest rate in Switzerland. This financing normally consists of three, six or twelve-month loans under long-term master financing agreements. As a result, it is possible to switch from financing in Swiss francs to financing in Euros at short notice if required. The exchange rate between the Swiss franc and the Euro is monitored each business day and examined to determine if there is a need for action. Repayment amounts are secured by exchange rate hedges on a case-by-case basis. Overall financing is actively managed. As a consequence of the financial crisis, the Swiss franc increased considerably against the Euro, which resulted in accounting price losses on the reporting date. The system of financing in Swiss francs results in regular price gains or losses referring to the reporting date, which are predominantly not liquidity-related.

The general risks related to raising **debt and/or equity** have increased since September 2008 as a result of the financial crisis. Based on current knowledge, we are not aware of any bottlenecks for our Group in raising debt at conditions in line with the market. We are expecting interest rates to remain low in the 2009/2010 financial year. There is currently no need for a capital increase on the equity side. This could change depending on acquisitions.

There was relief in the **tax situation** in the 2008/2009 financial year resulting from the tax reform passed in 2007. We do not expect any material changes in the coming financial year. We are also not aware of any developments related to **legal conditions** that would have a significant impact on the Group. The Accounting Law Reform Act (Bilanzrechtsmodernisierungsgesetz) passed in March 2009 has an impact on the accounting of subsidiaries and GESCO AG. The conversion to the new accounting standards represents a one-time financial and personal burden in the 2009/2010 financial year. In addition, ongoing costs for accounting have increased due to the Accounting Law Reform Act.

It is also important to note that the number of taxation and legal changes results in significant administrative costs for GESCO AG and our subsidiaries. At a minimum, all taxation and legal changes ultimately need to be examined for relevance.

We currently see the biggest risks in the operating business. How the sales and earnings of GESCO Group develop will also depend on how long the recession lasts or how quickly and forcefully an economic recovery sets in.

We are not currently aware of any risks that could endanger or significantly affect the survival of GESCO AG and the Group.

## ENVIRONMENTAL PROTECTION

The obligation to protect the environment, even beyond legal regulations and requirements, is firmly anchored in the mentality of GESCO Group. This applies to production as well as the life cycle of each product up to the point of recycling.

Our largest subsidiary Dörrenberg Edelstahl GmbH was the first German stainless steel producer with a TÜV-certified environmental management system. This system successfully passed an interim audit in 2008.

## EMPLOYEES

The slight staff increase from 1,713 to 1,795 is due to appointments made in particular subsidiaries on account of the general buoyant operating business up until autumn 2008. After some subsidiaries recorded declining incoming orders from autumn 2008, the companies released a number of temporary workers and refrained from extending temporary contracts. Short-time work was introduced at some companies in the fourth quarter. This was partly carried out company-wide and partly limited to particular departments.

In an effort to bolster its long-term positioning as an attractive employer, Dörrenberg Edelstahl GmbH announced a competition at the beginning of 2009 for students studying engineering-related subjects with an emphasis on materials technology. An expert committee selected five prize winners from the scientific work submitted.

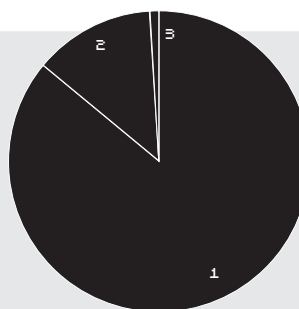
We are convinced that technically knowledgeable, motivated and loyal employees that identify with their employer represent a key strength of SMEs. That is why training and continuing education is very important within the Group.

In the autumn of 2008, GESCO AG offered all Group employees the opportunity to buy shares in the company at favourable terms under its eleventh employee share scheme. In 2008, approximately a quarter of the Group's workforce took advantage of this opportunity to make a personal investment. In previous years, almost a third of employees took part in the scheme. The decline reflects the significantly worsening stock market environment.

To celebrate the 10-year anniversary of the GESCO AG stock market listing, all GESCO Group employees were paid a one-time bonus of € 250 in the 2008/2009 financial year. This amount was taxed at a flat rate by GESCO AG. In addition, GESCO AG paid the employer's share of social insurance so that the employees only have to cover the employee's share of social insurance. With this bonus, the parent company is expressly recognising the qualifications and motivation of Group employees, without whom the success of the Group would have been unthinkable.

## EMPLOYEES BY SEGMENT

1	TOOL MANUFACTURE AND MECHANICAL ENGINEERING	1,549	(1,466)
		86 %	(85 %)
2	PLASTICS TECHNOLOGY	233	(235)
		15 %	(14 %)
3	GESCO AG	13	(12)
		1 %	(1 %)



Various remuneration and incentive systems are used at management level. In conventional succession planning cases, GESCO AG acquires 100% of a company and hires a new manager who invests in the company he or she manages after a probationary period of approximately two years. The investment level is typically around 10% to 20%. For larger subsidiaries with several managers, the level per person is correspondingly lower. Thanks to these investments, the managers directly participate in the results of the respective subsidiary as shareholders. Management remuneration also includes a variable component linked to the success of the managed company.

## REMUNERATION REPORT

Remuneration for the Executive Board consists of a fixed (base salary, private use of company vehicle, direct insurance) and a variable component. The variable component is calculated as a fixed percentage of Group net income after minority interest. Members of the Executive Board also benefit from a pension commitment (including widow and orphan benefits of 60% and 30%). After a waiting period of five years, the pension consists of a fixed percentage totalling 10% and a time-of-service-dependent percentage of 0.5% for each additional year of service. The basis of assessment is the most recent fixed salary.

If a member of the Executive Board retires from the company early and the insured event has not occurred, the respective member of the Executive Board receives compensation in the amount of the pension at the time of retirement for a period of no more than 18 months. Compensation for other activities is deducted from these payments.

The Annual General Meeting of GESCO AG on 21 August 2008 authorised the company to acquire own shares according to § 71 para. 1 (8) of the German Stock Corporation Act (AktG) and to use these shares for a second tranche of the stock option programme launched in September 2007. Beneficiaries include the Executive Board and a small group of management employees of GESCO AG. The stock option programme is designed so that the beneficiaries have to contribute shares they have acquired themselves. Certain success criteria have to be met in order to participate and the potential gain is limited to 50%. The Supervisory Board of GESCO AG initiated this second tranche in September 2008. A total of 24,000 options were issued to members of the Executive Board and management employees of GESCO AG. Each option entitles the holder to

acquire one GESCO share. GESCO AG reserves the right to provide partial or full cash compensation for gains under the programme instead of issuing some or all of the shares. Non-cash expenditures related to this programme are determined using a common binominal model, recorded in earnings and reported under other provisions. The model assumes volatility of 26.0% and a risk-free interest rate of 5.0%; the exercise price of the options issued in September 2008 is € 52.18. The waiting period is two years and nine months after the option is issued; after the end of the waiting period, the options may be exercised at any time up to 15 March of the year after next. The fair value per option on the issue date is € 8.83.

Further information on remuneration for the Executive Board can be found in the notes to the consolidated financial statements.

**Remuneration for the Supervisory Board** consists of a fixed salary plus a fixed payment for each Supervisory Board meeting. In addition, each member of the Supervisory Board receives performance-based remuneration calculated as a fixed percentage of Group net income. The chairman of the Supervisory Board receives twice the amount and the deputy chairman of the Supervisory Board receives one and a half times the amount of fixed remuneration.

For a breakdown of remuneration for the Executive Board and Supervisory Board, please consult the notes to the consolidated financial statements.

## OUTLOOK

Economic research institutes and the Federal Government are expecting a significant drop in the gross domestic product by 6% in 2009. The VDMA is projecting a decline of between 10% and 20% for companies in its industry in 2008. The GKV also expects decreases for 2009, but it has not submitted a precise outlook.

As an industrial Group which mainly focuses on the capital goods industry and which bases its business to a considerable extent on exporting, both directly and indirectly, we are unable to withdraw from this challenging environment. It is extremely difficult to make concrete forecasts, as general economic forecasts and the expectations of relevant industry associations are dominated by increased uncertainty and are partly adjusted within short spaces of time.

Three companies in GESCO Group are forecasting growth for the coming 2009/2010 financial year, but the majority of our subsidiaries are expecting stagnant or declining sales. Overall, we anticipate a fall in sales and an above-average drop in earnings for GESCO Group in the 2009/2010 financial year. It is currently impossible to set a reliable outlook for the subsequent 2010/2011 financial year, given the huge uncertainty in planning.

The level of sales and earnings in the next two years will also depend on external growth. After the acquisition of Georg Kesel GmbH & Co. KG at the beginning of the 2009/2010 financial year, we are continuing to strive for external growth by acquiring

further strategically attractive SMEs. Concrete forecasts about company acquisitions cannot be made in view of the sometimes emotional nature of such transactions. The increased uncertainty in planning due to the economy also makes valuing target companies more difficult.

Nobody can predict how long the recession is going to last and how serious it will become. We are however convinced that GESCO Group will emerge from this crisis stronger. Our balance sheet is healthy, the equity base and liquid assets offer us sufficient room to manoeuvre and the debt ratio is low, which means that we are facing the recession in a position of financial strength. It goes without saying that our subsidiaries are acting carefully in this period and are reviewing their investments. However they are ready to take advantage of concrete opportunities that may arise and are able to invest. When it comes to operating competition and relations with financing banks, being part of a strong group is a plus, as is belonging to an investor focussed on the long-term, which neither leaves a company out to dry financially nor overloads it with debt. In times of crisis, solidarity pays off in many ways.

No significant events occurred after the end of the reporting year except for the acquisition of Georg Kesel GmbH & Co. KG as already mentioned.

Wuppertal, 26 May 2009

The Executive Board

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

# FINANCIAL STATEMENTS

## 2008/2009

BALANCE SHEET AND INCOME STATEMENT OF GESCO AG/ PROPOSED PROFIT APPROPRIATION	56
--	----

### GESCO GROUP – CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET	58
INCOME STATEMENT	60
CASH FLOW STATEMENT	61
STATEMENT OF CHANGES IN EQUITY CAPITAL	62
SEGMENT REPORT	64
NOTES	66

AUDITOR'S REPORT	104
REPORT FROM THE SUPERVISORY BOARD	106



GESCO AG –  
SUMMARY OF THE ANNUAL FINANCIAL STATEMENTS  
DATED 31 MARCH 2009

# GESCO AG – SUMMARY OF THE ANNUAL FINANCIAL STATEMENTS 31 MARCH 2009

## GESCO AG BALANCE SHEET

Assets	31.03.2009	31.03.2008
	€'000	€'000
Intangible assets	69	34
Tangible assets	170	175
Financial assets	56,764	53,679
<b>Non-current assets</b>	<b>57,003</b>	<b>53,888</b>
Receivables and other assets	30,937	27,837
Securities and liquid funds	24,061	28,119
<b>Current assets</b>	<b>54,998</b>	<b>55,956</b>
<b>Total assets</b>	<b>112,001</b>	<b>109,844</b>
<b>Equity and liabilities</b>		
Equity	78,525	75,826
Provisions	5,303	5,360
Liabilities	28,173	28,658
<b>Total equity and liabilities</b>	<b>112,001</b>	<b>109,844</b>

## GESCO AG INCOME STATEMENT

	01.04.2008	01.04.2007
	-31.03.2009	-31.03.2008
	€'000	€'000
Earnings from investments	15,667	13,955
Other operating income and expenditure	-2,528	-883
Personnel expenditure	-2,301	-1,961
Depreciation on tangible and intangible assets	-97	-80
Financial result	258	-132
Earnings from ordinary business activity	10,999	10,899
Taxes on income and earnings	-997	-920
<b>Net income</b>	<b>10,002</b>	<b>9,979</b>
Transfer to revenue reserves	-2,465	-2,664
<b>Retained profit</b>	<b>7,537</b>	<b>7,315</b>

## PROPOSED APPROPRIATION OF NET INCOME:

For the 2008/2009 financial year, the Executive Board and Supervisory Board of GESCO AG are proposing the following appropriation of net profit in the amount of € 7,536,850.00 (net profit for the year in the amount of € 10,002,058.46 less revenue reserves of EUR 2,465,208.46):

Payment of a dividend in the amount of € 2.50 per share on the current share capital entitled to dividends (3,023,000 shares less 8,260 treasury shares)	€ 7,536,850.00
--	----------------

The complete financial statements of GESCO AG prepared by Dr. Breidenbach und Partner GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Wuppertal in accordance with the regulations of the German Commercial Code (HGB) and the Stock Corporation Act (AktG), which were issued with an unqualified audit opinion, are published in the electronic version of the German Federal Gazette and submitted to the commercial registry under HRB (German Commercial Registry) number 7847. The financial statements are available from GESCO AG.

GESCO GROUP –  
CONSOLIDATED FINANCIAL STATEMENTS  
DATED 31 MARCH 2009

# CONSOLIDATED FINANCIAL STATEMENTS

## 31 MARCH 2009

### GESCO GROUP BALANCE SHEET

Assets		31.03.2009	31.03.2008
		€'000	€'000
<b>A. Non-current assets</b>			
<b>I. Intangible assets</b>			
1. Industrial property rights and similar rights and assets as well as licences to such rights and assets	(1)	7,905	9,316
2. Goodwill	(2)	6,378	7,244
3. Prepayments made	(3)	87	29
		<b>14,370</b>	<b>16,589</b>
<b>II. Tangible assets</b>			
1. Land and buildings	(4)	29,925	29,042
2. Technical plant and machinery	(5)	21,883	20,118
3. Other plant, fixtures and fittings	(6)	17,226	15,156
4. Prepayments made and plant under construction	(7)	723	1,273
5. Property held as financial investments	(8)	3,430	3,584
		<b>73,187</b>	<b>69,173</b>
<b>III. Financial investments</b>			
1. Shares in affiliated companies	(9)	15	15
2. Shares in associated companies	(10)	1,142	1,484
3. Investments	(11)	38	38
4. Securities held as fixed assets	(12)	4,100	2,970
5. Other loans		100	0
		<b>5,395</b>	<b>4,507</b>
<b>IV. Other assets</b>	<b>(13)</b>	<b>857</b>	<b>593</b>
<b>V. Deferred tax assets</b>	<b>(14)</b>	<b>2,576</b>	<b>1,062</b>
		<b>96,385</b>	<b>91,924</b>
<b>B. Current assets</b>			
<b>I. Inventories</b>	<b>(15)</b>		
1. Raw materials and supplies		17,840	16,078
2. Unfinished products and services		24,387	19,415
3. Finished products and goods		44,131	32,791
4. Prepayments made		1,121	65
		<b>87,479</b>	<b>68,349</b>
<b>II. Receivables and other assets</b>	<b>(13)</b>		
1. Trade receivables		37,643	40,567
2. Amounts owed by affiliated companies		1,015	505
3. Amounts owed by companies with which a shareholding relationship exists		2,261	1,826
4. Other assets		4,042	2,659
		<b>44,961</b>	<b>45,557</b>
<b>III. Securities</b>	<b>(16)</b>	<b>18</b>	<b>27</b>
<b>IV. Cash, Bundesbank credit, credit with financial institutions and cheques</b>	<b>(17)</b>	<b>30,347</b>	<b>30,078</b>
<b>V. Accounts receivable and payable</b>		<b>408</b>	<b>576</b>
		<b>163,213</b>	<b>144,587</b>
		<b>259,598</b>	<b>236,511</b>



# CONSOLIDATED FINANCIAL STATEMENTS

## 31 MARCH 2009

### GESCO GROUP INCOME STATEMENT

		01.04.2008-31.03.2009	01.04.2007-31.03.2008
		€'000	€'000
<b>Sales revenues</b>	(22)	<b>378,388</b>	<b>333,155</b>
Change in stocks of finished and unfinished products		5,883	5,487
Other company-produced additions to assets	(23)	940	650
Other operating income	(24)	4,658	3,976
<b>Total income</b>		<b>389,869</b>	<b>343,268</b>
Material expenditure	(25)	-209,704	-184,434
Personnel expenditure	(26)	-87,387	-80,913
Other operating expenditure	(27)	-43,089	-33,640
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>49,689</b>	<b>44,281</b>
Depreciation on tangible and intangible assets	(28)	-10,758	-10,123
<b>Earnings before interest and tax (EBIT)</b>		<b>38,931</b>	<b>34,158</b>
Earnings from securities		164	155
Earnings from investments in associated companies		-49	51
Other interest and similar income		1,425	1,408
Depreciation on securities held as fixed assets		-776	0
Interest and similar expenditure		-4,094	-3,952
Minority interests in partnerships		-1,016	-1,037
<b>Financial result</b>		<b>-4,346</b>	<b>-3,375</b>
<b>Earnings before tax (EBT)</b>		<b>34,585</b>	<b>30,783</b>
Taxes on income and earnings	(29)	-10,897	-11,227
<b>Group net income for the year after tax</b>		<b>23,688</b>	<b>19,556</b>
Minority interest in incorporated companies		-2,070	-1,673
<b>Group net income for the year after minority interests</b>		<b>21,618</b>	<b>17,883</b>
Earnings per share (€) acc. to IFRS	(30)	7.16	5.92

## GESCO GROUP CASH FLOW STATEMENT

	01.04.2008 - 31.03.2009	01.04.2007 - 31.03.2008
	€'000	€'000
<b>Group net income for the year (including share attributable to minority interest in incorporated companies)</b>	<b>23,688</b>	<b>19,556</b>
Depreciation on fixed assets	11,534	10,123
Losses/Profits from investments in associated companies	49	-51
Share attributable to minority interest in partnerships	1,016	1,037
Decrease in long-term provisions	-308	-189
Other non-cash expenditure/income	2,877	-573
<b>Cash flow for the year</b>	<b>38,856</b>	<b>29,903</b>
Losses from the disposal of tangible/intangible assets	159	44
Gains from the disposal of tangible/intangible assets	-98	-367
Increase in stocks, trade receivables and other assets	-19,682	-14,269
Decrease/Increase in trade creditors and other liabilities	-1,579	4,746
<b>Cash flow from ongoing business activity</b>	<b>17,656</b>	<b>20,057</b>
Incoming payments from disposals of tangible assets/intangible assets	291	491
Disbursements for investments in tangible assets	-12,354	-12,030
Disbursements for investments in intangible assets	-373	-291
Incoming payments from disposals of financial assets	0	15
Disbursements for investments in financial assets	-100	-1,438
Disbursements for investments in securities held as fix assets	-2,003	0
Incoming payments from the sale of consolidated companies	305	329
Disbursements for the acquisition of consolidated companies and other business units	-1,181	-2,452
<b>Cash flow from investment activity</b>	<b>-15,415</b>	<b>-15,376</b>
Disbursements to shareholders (dividend)	-7,303	-4,532
Disbursement for the purchase of own shares	-522	-242
Incoming payment from the sale of own shares	171	249
Disbursements to minority interests	-1,798	-1,286
Incoming payments from raising (financial) loans	17,607	9,645
Outflow for repayment of (financial) loans	-10,136	-8,693
<b>Cash flow from funding activities</b>	<b>-1,981</b>	<b>-4,859</b>
<b>Cash increase in cash and cash equivalents</b>	<b>260</b>	<b>-178</b>
Financial means on 01.04.	30,105	30,283
<b>Financial means on 31.03.</b>	<b>30,365</b>	<b>30,105</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## 31 MARCH 2009

### GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

	Subscribed capital	Capital reserves	Revenue reserves	
	€'000	€'000	€'000	
<b>As at 01.04.2007</b>	<b>7,860</b>	<b>36,167</b>	<b>27,664</b>	
Revaluation of securities not impacting on income				
Acquisition of own shares				
Disposal of own shares				-5
Dividends				-4,532
Stock option programme		47		
Other neutral changes				
Result for the period				17,883
<b>As at 31.03.2008</b>	<b>7,860</b>	<b>36,214</b>	<b>41,010</b>	
Revaluation of securities with no impact on income				
Revaluation of securities with impact on income				
Acquisition of own shares				
Disposal of own shares				-32
Debasement of own shares				-62
Dividends				-7,303
Stock option programme		124		
Other neutral changes				-1,500
Result for the period				21,618
<b>As at 31.03.2009</b>	<b>7,860</b>	<b>36,338</b>	<b>53,731</b>	



Own shares €'000	Exchange equalisation items €'000	Revaluation IAS 39 €'000	Total €'000	Minority interest incorporated companies €'000	Equity capital €'000
-25	28	-133	71,561	3,387	74,948
		230	230		230
-242			-242		-242
254			249		249
			-4,532		-4,532
			47		47
	25		25	-436	-411
			17,883	1,673	19,556
-13	53	97	85,221	4,624	89,845
		-873	-873		-873
		776	776		776
-522			-522		-522
203			171		171
62			0		0
			-7,303		-7,303
			124		124
	-308		-1,808	-813	-2,621
			21,618	2,070	23,688
-270	-255	0	97,404	5,881	103,285

# CONSOLIDATED FINANCIAL STATEMENTS

## 31 MARCH 2009

### GESCO GROUP SEGMENT REPORT

	Tool manufacture and mechanical engineering		Plastics technology		
	2008/2009	2007/2008	2008/2009	2007/2008	
€'000					
Sales revenues	337,190	291,374	40,679	41,329	
of which with other segments	0	0	0	0	
EBIT	39,287	31,263	4,682	6,149	
EBITDA	47,694	39,183	6,781	8,118	
Financial result (without profit share from other shareholders)	-2,413	-1,911	-573	-537	
of which result from associated companies	-49	51	0	0	
Depreciation	8,407	7,920	2,099	1,969	
of which unscheduled	866	325	0	0	
of which on goodwill	866	0	0	0	
Segment assets	197,912	174,377	27,931	30,020	
of which shares in associated companies	1,142	1,484	0	0	
Segment liabilities	71,221	64,382	7,120	7,193	
Investments	10,565	10,561	2,024	1,687	
Employees (No./reporting date)	1,549	1,466	233	235	

	GESCO AG		Other/Consolidation		Group	
	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008
	0	0	519	452	378,388	333,155
	0	0	0	0	0	0
	-5,074	-3,397	36	143	38,931	34,158
	-4,977	-3,317	191	297	49,689	44,281
	441	110	-785	0	-3,330	-2,338
	0	0	0	0	-49	51
	97	80	155	154	10,758	10,123
	0	0	0	0	866	325
	0	0	0	0	866	0
	24,078	24,327	9,677	7,787	259,598	236,511
	0	0	0	0	1,142	1,484
	8,387	7,717	69,585	67,374	156,313	146,666
	138	66	0	7	12,727	12,321
	13	12	0	0	1,795	1,713

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

## GENERAL INFORMATION

GESCO AG is a private limited company with headquarters in Wuppertal, Germany. The company is managed under the commercial register number HRB 7847 at Wuppertal district court. The company is dedicated to acquiring investments in SMEs and to provide consulting and other services. The consolidated financial statements of GESCO AG, Wuppertal dated 31 March 2009 were prepared based on the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as they apply in the EU and under consideration of § 315a para. 1 of the German Commercial Code (HGB).

### APPLICATION AND IMPACT OF NEW OR AMENDED STANDARDS

These consolidated financial statements of GESCO AG were prepared under consideration of all standards applicable to annual reporting years commencing prior to 31 March 2008. Standards that only become effective after the start of the 2008/2009 financial year were not applied in advance.

The following new or amended standards had to be considered for the 2008/2009 financial year:

- IFRIC 12 “Service Concession Arrangements”
- IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”

The application of the above-mentioned interpretations did not have any effects on the consolidated financial statements of GESCO AG.

The following standards and interpretations have been published and endorsed by the EU, but they are only mandatory for financial years beginning after 1 April 2008.

- Various amendments to “Annual Improvement Project 2006 – 2008”
- Amendments to IFRS 1, IAS 27 “Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”
- Amendments to IFRS 2 “Share-Based Payments (Vesting Conditions and Cancellation)”
- IFRS 8 “Operating Segments”
- Amendments to IAS 1 “Presentation of Financial Statements”
- Amendments to IAS 23 “Borrowing Costs”
- Amendments to IAS 32 “Financial Instruments: Presentation (Puttable Instruments)”
- Amendments to IAS 39/IFRS 7 “Reclassification of Financial Assets”
- IFRIC 13 “Customer Loyalty Programmes”

The following standards and interpretations have been published, but have not yet been endorsed by the EU:

- Amendments to IFRS 1 “Restructuring of the Standard”
- Amendments to IFRS 3 “Business Combinations”
- IFRS 7 “Financial Instruments: Disclosures”
- Amendments to IAS 27 “Consolidated and Separate Financials Statements According to IFRS”
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement (Eligible Hedged Items)”
- Amendments to IAS 39/IFRS 7 “Reclassification of Financial Assets – effective date and transition
- Amendments to IAS 39/IFRIC 9 “Embedded Derivatives”
- IFRIC 15 “Agreements for the Construction of Real Estate”
- IFRIC 16 „Hedges of a Net Investment in a Foreign Operation”
- IFRIC 17 “Distributions of Non-Cash Assets to Owners (Dividend in kind)”
- IFRIC 18 “Transfers of Assets from Customers”

Based on current information, standards and interpretations that will become mandatory in future periods have no material impact on the consolidated financial statements of GESCO AG.

#### DEVIATIONS FROM THE GERMAN COMMERCIAL CODE (HGB)

Material deviations from accounting and valuation methods under German commercial law are as follows:

Capital is consolidated by offsetting the book value of the investments against the equity of the subsidiaries valued according to IFRS principles. Deviating from the treatment according to the German Commercial Code (HGB), first-time consolidation takes place based on the acquisition date of the respective investments.

In the consolidated financial statements under commercial law, the goodwill resulting from capital consolidation was offset against the reserves. In the IFRS financial statements, differences resulting from capital consolidation are allocated to the asset positions as far as possible; any residual goodwill is reported as an asset and subject to a regular impairment test. Negative differences from capital consolidation flow to the income statement. According to IFRS, obligations from debtor warrants also have to be considered for capital consolidation.

Contrary to the regulations under commercial law, a property leasing company is included in the consolidated financial statements according to the principle of full consolidation.

In the consolidated financial statements under commercial law, depreciation of intangible and tangible assets is calculated based on the recovery period for tax purposes. In the IFRS financial statements, amortisation is calculated based on the expected economic life. Special tax depreciation allowances are eliminated.

Under IFRS, pension provisions and similar obligations recorded under the German Commercial Code (HGB) according to the fiscal partial value procedure under § 6a of the Income Tax Act (EStG) are valued using the projected unit credit method under consideration of future salary and pension increases and current market interest rates.

Provisions for expenditure, especially provisions for omitted maintenance, are not permitted under IFRS.

Deferred taxes are reported according to the balance sheet based liabilities method. Deferred taxes on loss carry-forwards are capitalised if the future realisation of these potential tax reductions is reasonably certain on the reporting date.

According to IFRS, own shares bought back are offset openly against equity.

In addition to the general deviations identified above, the following deviations between IFRS and the regulations for consolidated financial reporting under commercial law apply to the consolidated financial statements dated 31 March 2009:

- Capitalisation of assets and reporting of liabilities relating to finance leasing agreements according to IAS 17.
- Available for sale securities reported at fair value. Revaluation gains and losses are reported in equity without affecting income until the investment is sold or a permanent reduction in value is to be included in income.

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

## CONSOLIDATED FINANCIAL STATEMENTS – REPORTING DATE

The reporting date for the consolidated financial statements is the reporting date of the parent company (31 March 2009). The financial years of the subsidiaries and associated companies included in the consolidated financial statements generally match the calendar year, and therefore do not deviate from the parent company's financial year by more than three months. As a result, interim financial statements were not prepared for 31 March 2009 in accordance with IAS 27.36. There are only a few buying and selling relationships between the operating subsidiaries. Their products and services differ. Some loan relationships exist between the parent company and certain subsidiaries. Any significant events affecting included companies that occurred by the consolidated reporting date were considered in the preparation of the consolidated financial statements. Preparing and auditing additional interim financial statements would mean a disproportionately high expenditure of time and cost, with no corresponding gain of information.

## SCOPE OF CONSOLIDATION

In addition to GESCO AG, the consolidated financial statements include all subsidiaries for which GESCO AG directly or indirectly holds the majority of voting rights. Significant associated companies were included according to the equity method. In principle, first-time consolidation and deconsolidation takes place on the investment acquisition or disposal date. A property leasing company was included in the scope of consolidation according to SIC 12 since the Group is entitled to the economic benefits from the assets held by said company.

GESCO AG did not acquire any companies in the 2008/2009 financial year. VWH Vorrichtung- und Werkzeugbau Herschbach GmbH, Herschbach, acquired in April 2007, has been included in the consolidated financial statements for the first time for a full financial year, after being included for eight months in the previous year. VWH operates as a niche supplier for automation and sensor technology.

Effects from the addition of the fully consolidated company in the previous year, including the purchase price adjustment of the first-time consolidation that took place one year before, are summarised as follows:

	31.03.2009 €'000	31.03.2008 €'000
Intangible assets	0	3,570
Tangible assets	0	1,129
Current assets (excluding liquid assets)	0	1,912
Liquid assets	0	2,211
Provisions	0	754
Liabilities	0	3,682

These additions affected Group earnings by € -587 thousand and Group sales by € 5,572 thousand last year.

On 25 March 2009, GESCO AG reacquired the minority share of 20% in Haseke GmbH & Co. KG, Porta Westfalica held by the manager. The purchase price for the minority share amounted to € 1,181 thousand. Disclosures on accounting treatment of transactions can be found in the notes to the corresponding balance sheet items.

After the end of the reporting period, GESCO AG acquired a 90% share in Georg Kesel GmbH & Co. KG, Kempten, in April 2009, while 10% was acquired by the manager. Kesel is a niche supplier in milling machine construction and clamping technology, and generates sales of approximately € 11 million with 45 employees. The company is going to be consolidated for the first time on 1 May 2009 and is therefore not included in the

present financial statements. A fixed purchase price of € 7,425 thousand and additional variable purchase price increases or decreases, which are dependent on future earnings, were agreed on acquisition. Additional disclosures according to IAS 3.67 are not possible, as the purchase price allocation has not yet been carried out.

A total of 32 companies are included in the consolidated financial statements according to the principle of full consolidation, and one other company is included under the equity method.

Three subsidiaries (foreign distribution companies) with an immaterial effect on the assets, financial position and earnings were not consolidated but instead valued at their respective cost of acquisition. The effect on sales, earnings and total assets is less than 2.0%. Another company, which is also not of material significance, was valued at cost of acquisition. This affected earnings and total assets by less than 0.5% overall.

MAE Maschinen- und Apparatebau Götzen GmbH & Co. KG, Erkrath, become MAE Maschinen- und Apparatebau Götzen GmbH (MAE GmbH) in July 2008 as part of a change in legal form. With authorisation from the Annual General Meeting on 21 August 2008, GESCO AG finalised a profit transfer agreement with MAE GmbH on the same date. In line with the profit transfer agreement, MAE GmbH has to transfer its entire profits to GESCO AG. In return, GESCO AG has to settle all losses of MAE GmbH according to § 293 AktG (German Stock Corporation Act).

A list of investments is included at the end of these notes.

#### CONSOLIDATION METHODS/EQUITY METHOD

Capital consolidation is based on a full revaluation on the respective acquisition date. The cost of acquisition is offset against the revalued or, in the case of the equity method, proportionately revalued equity of the subsidiary on the acquisition date. Assets and liabilities are recorded at fair value.

Subsequent changes in the equity of associated companies are recorded as changes in the level of investment of the respective associated company.

Income and expenditure as well as receivables and liabilities between fully consolidated companies are eliminated.

To the extent that temporary differences arise from consolidation processes that affect earnings but are not related to goodwill, income tax effects are considered and deferred taxes (IAS 12) are recorded.

#### ACCOUNTING AND VALUATION METHODS

The financial statements on which the consolidated financial statements dated 31 March 2009 are based, are consistently prepared according to uniform accounting and valuation methods.

In the individual financial statements, **foreign currency transactions** are converted using the exchange rate in effect at the time of the respective transaction. On the reporting date, monetary items are adjusted to their fair value using the relevant conversion rate; differences are included in earnings.

The company prepares financial statements outside the Euro region in the respective national currency according to the functional currency concept. Assets and liabilities on these financial statements are converted to Euros using the exchange rate in effect on the reporting date. Equity is reported at the historical exchange rate, with the exception of items recorded directly in equity. Income statement items are

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

converted at average exchange rates; the resulting exchange rate differences are not included in earnings but in equity. The following table lists the exchange rates that were used:

		Reporting date rate		Historical rate	Average rate		
		1 €=	31.12.2008		31.12.2007	2008	2007
Hungary	HUF		266.70	253.73	272.23	251.5121	251.3523
Singapore	SGD		2.004	2.1163	1.9323	2.0763	2.0634
Turkey	TRY		2.1488	1.7170	1.7548	1.9121	1.7798

In the list of changes to tangible assets, provisions and equity, the opening and closing balances are converted using the exchange rates on the respective reporting dates while changes during the year are converted using the average rate. Exchange rate differences are reported separately and excluded from income.

**Intangible assets** acquired in exchange for payment are reported at their cost of acquisition less regular depreciation.

**Tangible assets** are valued at the cost of acquisition or production. Public sector subsidies are deducted from the original acquisition cost when the asset is recorded. Borrowing costs are recorded as expenditure in the period in which it is incurred. Straight-line depreciation over the expected useful life is applied to tangible assets.

Tangible assets leased under financing lease contracts are recorded at the lower of fair value or the cash value of the lease payments. Depreciation follows the principles of depreciation for tangible assets owned by the Group (IAS 17).

**Property held as financial investments** is valued at the lower of fair value and the historical production or acquisition cost.

**Investments** included under financial investments are reported at the lower of fair value or the cost of acquisition. Investments in associated companies are valued according to the equity method.

**Securities** held as fixed assets are valued at market prices on the reporting date. Changes in value are included in equity with no effect on income. When securities are sold or in case of a permanent impairment, changes in value are included in results for the period.

**Raw materials and supplies** are valued at the average cost of acquisition, while **unfinished and finished products** are valued at the cost of manufacture including the overhead costs of all essential materials and production. Borrowing costs are not capitalised as part of the cost of acquisition or production. Realisation risks are taken into account through depreciation on the lower net sales price.



In principle, **receivables and other assets** are reported at fair value. Potential bad debts are covered by a commensurate allowance for doubtful accounts. Foreign currency receivables are converted at the exchange rates in effect on the reporting date. Gains and losses from exchange rate fluctuations are included in earnings.

In accordance with IAS 32, **third-party shares** in our partnerships are reported as separate items in debt capital. These shares represent management investments in the companies they manage as well as the proportion of earnings to which management is entitled. Third-party shares in our incorporated companies are reported as separate equity positions.

Reacquired **own shares** are openly reported as an adjustment to equity.

**Provisions for pensions** and similar obligations are calculated using the actuarial method according to IAS 19. In addition to pensions and entitlements known on the reporting date, expected future salary and pension increases as well as interest rate changes are also considered. Service expenditure is reported under personnel expenditure, and the interest portion of the provision allocation is reported in the financial result.

To the extent they exceed 10% of the total liability, actuarial gains and losses are immediately included in earnings using the corridor method.

**Other provisions** include all liabilities identified on the reporting date that are based on past business transactions and where the amount or due date is uncertain. Provisions are established according to the best estimate of the actual liability and are not offset against positive profit contributions. A legal or factual obligation to a third party is required in order to establish a provision. Provisions with a residual term of more than one year are discounted to the reporting date at a market interest rate suitable for the Group and term, and under consideration of future price developments.

**Liabilities** are reported at their respective cash value. Foreign currency liabilities are converted using the exchange rates in effect on the reporting date. Gains and losses from exchange rate fluctuations are included in earnings. Discounts are deducted from liabilities to financial institutions and credited to the respective loan over its term.

**Deferred taxes** arising from timing differences between the commercial and tax balance sheet are calculated according to the balance sheet based liability method and reported separately. Deferred taxes are calculated based on current tax laws. Deferred tax assets are offset against deferred tax liabilities when the creditor, debtor and term are the same.

**Contingent liabilities** represent possible or existing obligations based on past events where resources are not expected to be expended. Therefore they are not included on the balance sheet. The reported contingent liabilities correspond to the scope of liability on the reporting date.

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

## INFORMATION ON THE GROUP BALANCE SHEET

The breakdown of fixed assets as well as changes for the reporting year and the previous year are shown in the following tables:

Group Statement of fixed Assets as at 31.03.2009							
€'000	Cost of acquisition or manufacture						As at 31.03.2009
	As at 01.04.2008	Additions	Transfers	Disposals	Revaluation	Change Ex-change rate difference	
<b>I. Intangible assets</b>							
1. Industrial property rights and similar rights and assets as well as licences to such rights and assets							
a. Building cost subsidies	20	0	0	0	0	0	20
b. Computer software	3,562	286	25	19	102	-3	3,953
c. Technology	14,216	0	0	0	0	0	14,216
d. Customer base	2,126	0	0	0	0	0	2,126
	<b>19,924</b>	<b>286</b>	<b>25</b>	<b>19</b>	<b>102</b>	<b>-3</b>	<b>20,315</b>
2. Goodwill	7,244	0	0	0	0	0	7,244
3. Prepayments made	29	87	-25	4	0	0	87
	<b>27,197</b>	<b>373</b>	<b>0</b>	<b>23</b>	<b>102</b>	<b>-3</b>	<b>27,646</b>
<b>II. Tangible assets</b>							
1. Land and buildings	39,888	1,855	26	14	0	-52	41,703
2. Technical plant and machinery	54,186	4,316	920	323	70	-14	59,155
3. Other plant, fixtures and fittings	47,285	5,463	204	1,500	0	-16	51,436
4. Prepayments made and plant under construction	1,273	720	-1,150	120	0	0	723
5. Property held as a financial investment	6,941	0	0	0	0	0	6,941
	<b>149,573</b>	<b>12,354</b>	<b>0</b>	<b>1,957</b>	<b>70</b>	<b>-82</b>	<b>159,958</b>
<b>III. Financial assets</b>							
1. Shares in affiliated companies	15	0	0	0	0	0	15
2. Investment in associated companies	1,484	0	0	49	0	-293	1,142
3. Investments	38	0	0	0	0	0	38
4. Securities held as fixed assets	9,617	2,003	0	0	0	0	11,620
5. Other loans	0	100	0	0	0	0	100
	<b>11,154</b>	<b>2,103</b>	<b>0</b>	<b>49</b>	<b>0</b>	<b>-293</b>	<b>12,915</b>
	<b>187,924</b>	<b>14,830</b>	<b>0</b>	<b>2,029</b>	<b>172</b>	<b>-378</b>	<b>200,519</b>

Including:

1) Unscheduled depreciation: 886

2) Unscheduled depreciation: 776

3) Revaluation acc. to IAS 39 (no impact on income): 97

Depreciation						Book values		
As at 01.04.2008	Additions	Disposals	Revaluation	Change Exchange rate difference	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008	
14	1	0	0	0	15	5	6	
3,001	311	20	122	-1	3,413	540	561	
7,320	1,087	0	0	0	8,407	5,809	6,896	
273	302	0	0	0	575	1,551	1,853	
<b>10,608</b>	<b>1,701</b>	<b>20</b>	<b>122</b>	<b>-1</b>	<b>12,410</b>	<b>7,905</b>	<b>9,316</b>	
0	866 <sup>3)</sup>	0	0	0	866	6,378	7,244	
0	0	0	0	0	0	87	29	
<b>10,608</b>	<b>2,567</b>	<b>20</b>	<b>122</b>	<b>-1</b>	<b>13,276</b>	<b>14,370</b>	<b>16,589</b>	
10,846	1,158	14	-210	-2	11,778	29,925	29,042	
34,068	3,519	323	21	-13	37,272	21,883	20,118	
32,129	3,360	1,271	0	-8	34,210	17,226	15,156	
0	0	0	0	0	0	723	1,273	
3,357	154	0	0	0	3,511	3,430	3,584	
<b>80,400</b>	<b>8,191</b>	<b>1,608</b>	<b>-189</b>	<b>-23</b>	<b>86,771</b>	<b>73,187</b>	<b>69,173</b>	
0	0	0	0	0	0	15	15	
0	0	0	0	0	0	1,142	1,484	
0	0	0	0	0	0	38	38	
6,647	776 <sup>3)</sup>	0	97 <sup>3)</sup>	0	7,520	4,100	2,970	
0	0	0	0	0	0	100	0	
<b>6,647</b>	<b>776</b>	<b>0</b>	<b>97</b>	<b>0</b>	<b>7,520</b>	<b>5,395</b>	<b>4,507</b>	
<b>97,655</b>	<b>11,534</b>	<b>1,628</b>	<b>30</b>	<b>-24</b>	<b>107,567</b>	<b>92,952</b>	<b>90,269</b>	

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

Group Statement of fixed Assets as at 31.03.2008							
€'000	Cost of acquisition or manufacture						As at 31.03.2008
	As at 01.04.2007	Changes Scope of consolidation	Additions	Transfers	Disposals	Change Exchange rate difference	
<b>I. Intangible assets</b>							
1. Industrial property rights and similar rights and assets as well as licences to such rights and assets							
a. Building cost subsidies	20	0	0	0	0	0	20
b. Computer software	3,429	17	273	0	157	0	3,562
c. Technology	11,391	2,825	0	0	0	0	14,216
d. Customer base	1,398	728	0	0	0	0	2,126
	<b>16,238</b>	<b>3,570</b>	<b>273</b>	<b>0</b>	<b>157</b>	<b>0</b>	<b>19,924</b>
2. Goodwill	6,683	693	38	0	170	0	7,244
3. Prepayments made	11	0	18	0	0	0	29
	<b>22,932</b>	<b>4,263</b>	<b>329</b>	<b>0</b>	<b>327</b>	<b>0</b>	<b>27,197</b>
<b>II. Tangible assets</b>							
1. Land and buildings	37,307	761	1,989	0	163	-6	39,888
2. Technical plant and machinery	49,019	251	5,179	1,249	1,510	-2	54,186
3. Other plant, fixtures and fittings	45,792	117	3,587	108	2,317	-2	47,285
4. Prepayments made and plant under construction	1,404	0	1,267	-1,357	41	0	1,273
5. Property held as a financial investment	6,933	0	8	0	0	0	6,941
	<b>140,455</b>	<b>1,129</b>	<b>12,030</b>	<b>0</b>	<b>4,031</b>	<b>-10</b>	<b>149,573</b>
<b>III. Financial assets</b>							
1. Shares in affiliated companies	16	0	0	0	0	-1	15
2. Investment in associated companies	0	1,400	51	0	0	33	1,484
3. Investments	3,644	0	38	0	3,644	0	38
4. Securities held as fixed assets	9,617	0	0	0	0	0	9,617
	<b>13,277</b>	<b>1,400</b>	<b>89</b>	<b>0</b>	<b>3,644</b>	<b>32</b>	<b>11,154</b>
	<b>176,664</b>	<b>6,792</b>	<b>12,448</b>	<b>0</b>	<b>8,002</b>	<b>22</b>	<b>187,924</b>

Including:

1) Unscheduled depreciation: 325

2) Revaluation acc. to IAS 39 (no impact on income): -230

Depreciation							Book values		
As at 01.04.2007	Additions	Disposals	Revaluation	Transfers	Change Exchange rate difference	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007	
13	1	0	0	0	0	14	6	7	
2,906	252	157	0	0	0	3,001	561	523	
5,932	1,388 <sup>1)</sup>	0	0	0	0	7,320	6,896	5,459	
45	228	0	0	0	0	273	1,853	1,353	
<b>8,896</b>	<b>1,869</b>	<b>157</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,608</b>	<b>9,316</b>	<b>7,342</b>	
0	0	0	0	0	0	0	7,244	6,683	
0	0	0	0	0	0	0	29	11	
<b>8,896</b>	<b>1,869</b>	<b>157</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,608</b>	<b>16,589</b>	<b>14,036</b>	
9,953	1,089	144	-51	0	-1	10,846	29,042	27,354	
31,868	3,595	1,404	0	10	-1	34,068	20,118	17,151	
31,044	3,416	2,315	-5	-10	-1	32,129	15,156	14,748	
0	0	0	0	0	0	0	1,273	1,404	
3,203	154	0	0	0	0	3,357	3,584	3,730	
<b>76,068</b>	<b>8,254</b>	<b>3,863</b>	<b>-56</b>	<b>0</b>	<b>-3</b>	<b>80,400</b>	<b>69,173</b>	<b>64,387</b>	
0	0	0	0	0	0	0	16	16	
0	0	0	0	0	0	0	1,483	0	
3,627	0	3,627	0	0	0	0	38	17	
6,877	0	0	-230 <sup>2)</sup>	0	0	6,647	2,970	2,740	
<b>10,504</b>	<b>0</b>	<b>3,627</b>	<b>-230</b>	<b>0</b>	<b>0</b>	<b>6,647</b>	<b>4,507</b>	<b>2,773</b>	
<b>95,468</b>	<b>10,123</b>	<b>7,647</b>	<b>-286</b>	<b>0</b>	<b>-3</b>	<b>97,655</b>	<b>90,269</b>	<b>81,196</b>	

## (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 depreciated using the straight-line method over the following periods:

Building cost subsidies:	19 - 20 years
Computer software:	3 - 7 years
Technology:	10 - 13 years
Customer base:	6 - 10 years

The development of the individual items is shown in the asset history sheets (reporting year and previous year). The technology and customer base items are the result of hidden reserves uncovered as part of first-time consolidations.

## (2) GOODWILL

In accordance with IFRS 3, goodwill is not subject to regular amortisation but is instead subjected to an annual impairment test. This process uses the cash flows from the current company budget for the next three years; a continuous growth rate of 1% is assumed for subsequent periods. The resulting values are discounted using a weighted average cost of capital of 10%. This results in a present value (value in use) that is compared to the reported goodwill. According to the results of the impairment test, a write-down totalling € 866 thousand was required on the reporting date, as the value in use was below the asset value.

This method of determining the cash value follows the relevant IFRS standards; it does not correspond to the method we use to determine company values for the purpose of acquisitions.

## (3) PREPAYMENTS MADE

The reported amount is related to the acquisition of software.

## (4) LAND AND BUILDINGS

Buildings are always depreciated over a 40 or 50 year period using the straight-line method.

## (5) TECHNICAL PLANTS AND MACHINERY

Technical plants and machinery is always depreciated over a 5 to 15 year period using the straight-line method. These balance sheet items also include equipment under financing leases with a book value (cash value of the lease payments less planned depreciation) of € 81 thousand on the reporting date (previous year € 102 thousand). The company is not free to dispose of the assets held under financing lease contracts. These assets are depreciated over their expected useful life.

#### (6) OTHER PLANTS, FIXTURES AND FITTINGS

Other plants, fixtures and fittings are always depreciated over a period of 3 to 15 years using the straight-line method.

#### (7) PREPAYMENTS MADE AND PLANTS UNDER CONSTRUCTION

The amount reported primarily relates to technical plants and machinery.

#### (8) PROPERTY HELD AS FINANCIAL INVESTMENTS

Fixed assets include three properties that are held as financial investments and generate rental income.

These properties are valued at the cost of acquisition less straight-line depreciation over the estimated useful life of 40 years. The fair value of property held as financial investments was € 3,620 thousand (previous year € 3,606 thousand). The fair values for each property were calculated using the gross rental method. This calculation was based on market interest rates of approximately 8.0% (previous year 8.0%). No expert opinions regarding the attributable present values were obtained.

Property held as financial investments generated rental income in the amount of € 522 thousand (previous year € 454 thousand) and resulted in directly attributable operating expenditure in the amount of € 185 thousand (previous year € 230 thousand) and depreciation of € 154 thousand (previous year € 154 thousand).

#### (9) SHARES IN AFFILIATED COMPANIES

Shares are held in three distribution companies in the USA, Switzerland and the Ukraine.

#### (10) INVESTMENTS IN ASSOCIATED COMPANIES

Positive results of companies, valued at equity, are reported as additions on the Group statement of fixed assets. A share of a loss, dividend distributions and the sale of shares are reported under dispositions.

Currency translation differences are included in equity without affecting income.

Depreciation and the share of earnings for companies valued at equity are reported on the income statement under earnings from investments in associated companies.

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

The following table depicts significant financial information for associated companies:

	31.03.2009 €'000	31.03.2008 €'000
<b>Assets</b>	10,061	12,150
<b>Liabilities</b>	4,349	4,731
<b>Sales</b>	10,520	8,006
<b>Net loss / income</b>	-243	255

## (11) INVESTMENTS

Companies of minor significance are reported under investments.

## (12) SECURITIES HELD AS FIXED ASSETS

All securities are available for sale. They are reported at their fair value according to market prices on the reporting date. The book values reported in the Group statement of fixed assets correspond to the respective fair value on the reporting date. Historical acquisition costs are reported in the statement of fixed assets.

The increase relates to the acquisition of fixed-interest bearing loans with a term lasting until March 2014 as well as bearer bonds with a term lasting until March 2011, which were issued by the Landesbank Baden-Württemberg.

In the reporting year, an impairment of € 776 thousand was made on securities held as fixed assets acquired in previous years.

No securities were sold during the reporting year or in the previous year.

The disposition of a purchase option resulted in the obligation to sell 198,000 securities within a certain period of time if requested by the owner of the option. The related premium is reported as a liability.

## (13) RECEIVABLES AND OTHER ASSETS

Receivables and other assets were adjusted for expected level of losses. The resulting book values corresponded to the fair values. Other assets consist of the following:

	31.03.2009 €'000	31.03.2008 €'000
<b>Non-current</b>		
<b>Loan receivables</b>	729	479
<b>Miscellaneous</b>	128	114
<b>Total</b>	<b>857</b>	<b>593</b>



Most of the loan receivables resulted from the sale of minority shares to the managers of the respective subsidiaries and are secured by pledging the shares that were sold. The loans have a term of up to ten years and are subject to interest at market rates.

	31.03.2009 €'000	31.03.2008 €'000
<b>Current</b>		
Loan receivables	500	602
Income tax refund claims	1,932	729
Tax prepayments	385	433
Miscellaneous	1,225	894
<b>Total</b>	<b>4,042</b>	<b>2,658</b>

The decrease in value of other financial assets is as follows:

	2008/2009 €'000	2007/2008 €'000
<b>As of 01.04.</b>	<b>376</b>	<b>476</b>
Claims	-35	-100
<b>As of 31.03.</b>	<b>341</b>	<b>376</b>
(specific adjustments out of this amount)	(341)	(376)

## TRADE RECEIVABLES

Trade receivables are non-interest-bearing and due within 12 months.

The decrease in value of trade receivables developed as follows:

	2008/2009 €'000	2007/2008 €'000
<b>As of 01.04.</b>	<b>1,138</b>	<b>1,195</b>
Claims	-74	-63
Reversals	-201	-173
Additions	588	179
<b>As of 31.03.</b>	<b>1,451</b>	<b>1,138</b>
(specific adjustments out of this amount)	(957)	(603)

Allowances were recorded in specific cases under consideration of the credit rating, economic situation and economic environment of the respective business partners.

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

The maturity structure of receivables that were not written down is as follows:

	Book value €'000	Not written down on the reporting date					
		Not overdue €'000	overdue up to ... days				
			30 €'000	60 €'000	90 €'000	180 €'000	over 180 €'000
31.03.2009	38,137	26,167	6,598	2,626	1,255	1,332	159
31.03.2008	41,102	31,563	6,171	1,809	855	535	169

## (14) DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes are determined and reported at 30.5% (previous year: 30.5%) of the timing differences between the valuation of assets and liabilities in the IFRS financial statements and financial statements for tax purposes as well as realisable loss carry-forwards. The deferred taxes reported on the balance sheet result from the following balance sheet items and loss carry-forwards:

	31.03.2009		31.03.2008	
	Deferred taxes		Deferred taxes	
	Assets €'000	Liabilities €'000	Assets €'000	Liabilities €'000
Intangible assets	1,804	1,261	1,090	1,475
Tangible assets	212	4,013	222	3,880
Inventories	29	291	0	176
Pension provisions	542	0	751	65
Other provisions	184	0	88	191
Liabilities	314	28	212	370
Tax loss carry forwards	627	0	14	0
Other	61	116	0	85
	<b>3,773</b>	<b>5,709</b>	<b>2,377</b>	<b>6,242</b>
Net figure <sup>1)</sup>	-1,197	-1,197	-1,315	-1,315
<b>Total</b>	<b>2,576</b>	<b>4,512</b>	<b>1,062</b>	<b>4,927</b>

1) Deferred tax assets and liabilities are offset when the creditor, debtor and term are the same.

Deferred taxes on loss carry-forwards are capitalised if the future realisation of these potential tax reductions within a five-year planning horizon is reasonably certain on the reporting date. Deferred tax assets in the amount of approximately € 559 thousand (previous year € 1,220 thousand) from loss carry-forwards for tax purposes were not reported since it is not considered highly likely that a trade tax will be applied.

## (15) INVENTORIES

Write-downs are distributed among the individual items as follows:

in €'000	Raw materials and supplies		Unfinished and finished products and services		Finished products and goods		Prepayments made		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Cost of acquisition or manufacture	19,379	17,376	24,861	20,202	48,655	35,937	1,121	65	94,016	73,580
Write-downs	1,539	1,298	474	787	4,524	3,146	0	0	6,537	5,231
<b>As of 31.03.</b>	<b>17,840</b>	<b>16,078</b>	<b>24,387</b>	<b>19,415</b>	<b>44,131</b>	<b>32,791</b>	<b>1,121</b>	<b>65</b>	<b>87,479</b>	<b>68,349</b>

## (16) SECURITIES

Securities reported under current assets are highly liquid and not subject to material fluctuations in value.

## (17) DEPOSITS WITH FINANCIAL INSTITUTIONS

This item mainly consists of short-term fixed deposits and current account credit balances denominated in Euros and held by various banks.

## (18) EQUITY

The **subscribed capital** of the Group equals the subscribed capital of GESCO AG and totals € 7,860 thousand divided into 3,023,000 bearer shares with full voting and dividend rights.

The Annual General Meeting on 23 August 2007 authorised the Executive Board to increase the company's share capital once or several times by a total of € 3,929,900 until 22 August 2012 with the consent of the Supervisory Board by issuing new shares in exchange for cash or contributions in kind. Subscription rights may be excluded in certain cases. The Executive Board has not made use of this authorisation to date.

The ordinary General Meeting on 21 August 2008 authorised the company to acquire up to ten out of every hundred shares of the current share capital until 20 February 2010 under consideration of own shares already held. The Executive Board has not made use of this authorisation to date. On the back of acquiring own shares according to § 71 para. 1 no. 2 of the Stock Corporation Act (AktG), own shares were acquired as part of an employee share scheme.

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

Shares in circulation and own shares developed as follows:

	Shares in circulation	Own shares held	
		No.	Share of the share capital in %
<b>As of 01.04.2007</b>	<b>3,022,369</b>	<b>631</b>	<b>0.02</b>
Purchases	-5,000	5,000	0.17
Employee share scheme	5,377	-5,377	0.18
<b>As of 31.03.2008</b>	<b>3,022,746</b>	<b>254</b>	<b>0.01</b>
Purchases	-12,000	12,000	0.40
Employee share scheme	3,994	-3,994	0.13
<b>As of 31.03.2009</b>	<b>3,014,740</b>	<b>8,260</b>	<b>0.27</b>

In the past, the company has offered an employee share scheme limited to approximately two months in the second half of the calendar year after the respective Annual General Meeting. The purpose of this scheme was to provide employees of GESCO Group with the opportunity to acquire GESCO AG shares at a discount from the market price. Shares with a total value of € 203 thousand (previous year € 254 thousand) disposed of under the employee share scheme were issued to employees at a total selling price of € 118 thousand (previous year € 182 thousand). The discount granted to employees was included in other operating expenditure. The proceeds from the sale were used to pay off liabilities.

Most of the **capital reserves** of € 36,338 thousand (previous year € 36,214 thousand) is the result of shares issued at a premium.

The Annual General Meeting of GESCO AG on 21 August 2008 authorised the company to acquire own shares according to § 71 para. 1 no. 8 of the German Stock Corporation Act (AktG) and to use these shares for the purpose of a stock option programme launched in 2007. Beneficiaries include the Executive Board and a small group of management employees of GESCO AG. The stock option programme is designed so that the beneficiaries have to contribute shares they have acquired themselves. Certain success criteria have to be met in order to participate and potential gains are limited. In September 2008, the Supervisory Board of GESCO AG initiated the second tranche of the stock option programme. A total of 24,000 options were issued to members of the Executive Board and management employees of GESCO AG. Each option entitles the holder to acquire one GESCO share. GESCO AG reserves the right to provide partial or full cash compensation for gains under the programme instead of issuing some or all of the shares. Non-cash expenditure related to this programme are determined using a common binomial model, recorded in income and reported as equity. The model assumes volatility of 26.0% and a risk-free interest rate of 5.0%; the exercise price of the options issued in September 2008 is € 52.18. The waiting period is two years and nine months after the option is issued; after the end of the waiting period, the options may be exercised at any time up to 15 March of the year after next. The fair value for each option is € 8.83. These annual financial statements are the first to include the expenditure (€ 45 thousand) resulting from the stock option programme initiated in the reporting year for a seven-month period. Total expenditure for the first and second tranche amounted to € 124 thousand in the reporting year; in the previous year total expenditure was € 47 thousand.

The key terms and conditions of the stock option programme are summarised in the following table:

		Tranche 2008	Tranche 2007
End of waiting period		20.05.2011	22.05.2010
End of term		15.03.2013	15.03.2012
Exercise price	€	52.18	54.15
No. of options issued		24,000	24,000
Profit limit per option	€	26.09	27.07
Fair value per option	€	8.83	9.16

The development of claims arising from the stock option plan is as follows:

	2008/2009		2007/2008	
	No. of options	Weighted average exercise price €	No. of options	Weighted average exercise price €
Outstanding options 01.04.	24,000	54.15	0	
<b>In the financial year</b>				
granted	24,000	52.18	24,000	54.15
returned	0		0	
exercised	0		0	
expired	0		0	
Outstanding options 31.03.	48,000	53.17	24,000	54.15
Options that can be exercised 31.03.	0		0	

During the reporting year, **revenue reserves** increased by net profit in the amount of € 21,618 thousand. Reductions include the dividend of € 7,303 thousand (€ 2.42 per share) for the previous year as well as the loss from the sale of own shares and the price loss from own shares on the reporting date in the amount of € 94 thousand which was not included in income. Revenue reserves also declined by € 1,500 thousand as a result of the changes reported under minority interest.

The **proposed dividend** per share is € 2.50 on the financial statement preparation date. With 3,014,740 shares currently issued and outstanding, the proposed dividend payout is € 7,537 thousand. This dividend payout has no income tax consequences for the company.

#### (19) MINORITY INTEREST

Minority interest consists of capital and earnings interests in the incorporated companies and partnerships. Minority interest in the incorporated companies is reported under equity and is the result of investments in Ackermann Fahrzeugbau GmbH, Dörrenberg Edelstahl GmbH, Dörrenberg Tratamientos Térmicos S.L., Dörrenberg Special Steels PTE. Ltd., Frank-Hungária Kft and SVT GmbH. Minority interest in partnerships is

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

included under non-current liabilities. It is the result of investments in AstroPlast Kunststofftechnik GmbH & Co. KG, Franz Funke Zerspanungstechnik GmbH & Co. KG, Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG, and the property leasing company.

In March 2009, GESCO AG reacquired the minority interest in Haseke GmbH & Co. KG from the manager. Subsequently debt capital recorded a decline in the item minority interest in partnerships, while in equity the item revenue reserves dropped after the inclusion of deferred taxes.

As far as the minority shares in two subsidiary partnerships are concerned, the respective participating management is authorised for the first time upon conclusion of the financial year to sell its shares to GESCO AG for a defined price at a later date. To be granted this right, the management is forgoing part of the share in profits it has been entitled to up until now. The minority shares were valued based on anticipated purchase prices. This included minority interest in partnerships increasing, while in equity, revenue reserves decreased after the inclusion of deferred taxes.

## (20) PROVISIONS

**Pension provisions** are based on salary-dependent direct benefits for management employees and members of the Executive Board as well as fixed pension benefits for certain employees. Increases for some of the pension plans for management employees are based on the benefit plans of the Essener Verband. Pension provisions refer exclusively to the defined benefit plans and are calculated according to the projected unit credit method under IAS 19.

Liability insurance policies obtained to finance pension obligations qualify as plan assets and are recorded at the value of the obligation if the insurance benefits coincide with the payments to entitled employees and are paid to the employees in case the employer becomes insolvent. The fair value of plan assets corresponds to the cash value of the underlying obligations.

The projected unit credit of pension obligations has developed as follows:

	2008/2009 €'000	2007/2008 €'000
<b>As of 01.04.</b>	<b>10,210</b>	<b>10,602</b>
Change in the scope of consolidation	0	627
Service costs	118	178
Interest costs	492	435
Pension annuities paid	-593	-565
Settlements	-190	0
Actuarial gains	-739	-1,067
<b>As of 31.03.</b>	<b>9,298</b>	<b>10,210</b>

## Development of plan assets (liability insurance):

	2008/2009 €'000	2007/2008 €'000
<b>As of 01.04.</b>	<b>720</b>	<b>758</b>
Employer contributions	34	41
Benefits paid	-18	-18
Actuarial losses	-34	-61
<b>As of 31.03.</b>	<b>702</b>	<b>720</b>

## Pension provisions are derived as follows:

	2009 €'000	2008 €'000
Projected pension obligations	9,298	10,210
Plan assets (liability insurance)	-702	-720
Actuarial gains not recorded	777	359
<b>As of 31.03.</b>	<b>9,373</b>	<b>9,849</b>

## Asset coverage of pension obligations:

	31.03.2009		31.03.2008	
	Projection €'000	Plan assets €'000	Projection €'000	Plan assets €'000
Without asset cover	8,507	0	9,398	0
Some asset cover	791	702	812	720
<b>As of 31.03.</b>	<b>9,298</b>	<b>702</b>	<b>10,210</b>	<b>720</b>

## Pension costs consist of the following:

	2008/2009 €'000	2007/2008 €'000
Service costs	118	178
Interest accruing on expected pension obligations	492	435
Actuarial gains / losses recorded	-287	-194
	<b>323</b>	<b>419</b>

The calculations are based on biometric core values according to Prof. Dr. Klaus Heubeck (2005 G) and the following actuarial assumptions:

	2008/2009	2007/2008
Interest rate	6.00%	5.25%
Increase in salaries	3.00%	3.00%
Increase in pensions	1.50%	1.50%
Staff turnover	1.00%	1.00%

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

The development of pension obligations and fund assets is shown in the following table:

	2008/2009 €'000	2007/2008 €'000	2006/2007 €'000	2005/2006 €'000	2004/2005 €'000
Projection	9,298	10,210	10,602	9,852	8,348
Plan assets	-702	-720	-758	0	0
Funded status	8,596	9,490	9,844	9,852	8,348

Expected contribution payments for the 2009/2010 financial year are € 34 thousand.

The composition and development of other provisions is shown in the following summary:

	As of 01.04.2008 €'000	Utilisation €'000	Addition/new creation €'000	Release €'000	Reclassi- fications €'000	As of 31.03.2009 €'000
<b>Non-current</b>						
Purchase price annuity obligation	664	0	50	0	-70	644
Purchase price obligation	894	0	188	0	0	1,082
<b>Total</b>	<b>1,558</b>	<b>0</b>	<b>238</b>	<b>0</b>	<b>-70</b>	<b>1,726</b>
<b>Current</b>						
Recultivation obligation	2,404	-5	0	-1,519	0	880
Guarantees and warranties	4,096	-823	1,637	-240	0	4,670
Purchase price obligation	1,830	-718	52	0	0	1,164
Cost of annual financial statements	595	-568	589	-27	0	589
Follow-up costs	655	-491	1,015	0	0	1,179
Impending losses	71	-71	715	0	0	715
Other	919	-189	420	-32	70	1,188
<b>Total</b>	<b>10,570</b>	<b>-2,865</b>	<b>4,428</b>	<b>-1,818</b>	<b>70</b>	<b>10,385</b>

The purchase price annuity obligation resulted from the acquisition of shares in a subsidiary and is reported at the projected unit credit according to IAS 19.

The purchase price obligation in the amount of € 1,164 thousand resulted from a claim on a debtor warrant.

Recultivation obligations included terms and conditions in the previous year that have to be met for the operation of the landfill site of a subsidiary and the renovation of sewers. The liability was recorded according to the expected expenditure determined by an expert. In the reporting year, the landfill site was finally closed without any further obligations, which means that this responsibility no longer exists.

Provisions for pending losses relate to risks from potential market price alterations.

Other provisions mainly relate to interest on taxes and non-deductible expenditure.



## (21) LIABILITIES

	As of 31.03.2009 (31.03.2008) €'000	Residual term up to 1 year €'000	Residual term up to 5 years €'000	Residual term over 5 years €'000
Liabilities to financial institutions	72,823	25,271	40,722	6,830
	(62,398)	(18,461)	(29,619)	(14,318)
Trade creditors	9,521	9,521	0	0
	(14,101)	(14,101)	(0)	(0)
Prepayments received on orders	15,421	15,421	0	0
	(9,503)	(9,503)	(0)	(0)
Liabilities on bills	1,188	1,188	0	0
	(2,045)	(2,045)	(0)	(0)
Liabilities to companies with which a shareholding relationship exists which a shareholding relationship exists	107	107	0	0
	(69)	(69)	(0)	(0)
Other liabilities	27,839	26,993	647	199
	(29,133)	(25,042)	(3,906)	(185)
<b>Total</b>	<b>126,899</b>	<b>78,501</b>	<b>41,369</b>	<b>7,029</b>
	<b>(117,249)</b>	<b>(69,221)</b>	<b>(33,525)</b>	<b>(14,503)</b>

Liabilities with a remaining term of up to 1 year are as follows:

	As of 31.03.2009 €'000	Residual term up to 30 days €'000	Residual term 30 to 90 days €'000	Residual term 90 to 360 days €'000
Liabilities to financial institutions	25,271	7,957	1,669	15,645
Trade creditors	9,521	9,065	456	0
Payments received on orders	15,421	2,869	3,641	8,911
Liabilities on bills	1,188	280	908	0
Liabilities to companies with which a shareholding relationship exists	107	107	0	0
Other liabilities	26,993	9,382	7,686	9,925
<b>Total</b>	<b>78,501</b>	<b>29,660</b>	<b>14,360</b>	<b>34,481</b>

Liabilities to financial institutions are mainly secured by:

	31.03.2009 €'000	31.03.2008 €'000
Load charges	29,450	30,020
of which on property held as financial investments	4,090	4,090
Book value of property	27,147	26,906
Assignment of		
movable fixed assets as security	12,186	8,898
inventories	17,726	15,219
Assignment of receivables	7,351	6,215

The parent company has also pledged shares in subsidiaries with a total book value of € 42,968 thousand (previous year € 41,886 thousand).

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

Approximately € 39,721 thousand (previous year € 35,757 thousand) of the liabilities to financial institutions result from long-term financing in Swiss francs with a short-term fixed interest rate (usually for three months). On the reporting date, interest rates for this financing ranged from 1.23% to 4.1% (previous year 3.1% to 4.4%). These interest rates correspond to market rates for loans denominated in Swiss francs. Fixed redemption payments have been established for specific loans.

Loans denominated in Swiss francs are owed to German financial institutions, which means they are so-called hybrid financing instruments according to IAS 39. Due to the short-term fixed interest rate, the book value of the loans corresponds to their fair value. Valuation changes up to the reporting date are included in earnings.

€ 20,337 thousand (previous year € 20,065 thousand) of the remaining liabilities to financial institutions result from long-term loans of domestic companies with fixed repayment terms and a remaining term between 1 and 11 years (previous year between 1 and 12 years). Interest rates vary between 3.18% and 6.75% (previous year 3.18% and 7.25%). These interest rates correspond to the market rates for the respective loans and companies. € 681 thousand relates to liabilities of foreign companies at an interest rate of between 4% and 11.6%. Other liabilities to financial institutions consist of current accounts.

**Other liabilities** consist of the following:

	31.03.2009	31.03.2008
	€'000	€'000
Wages, salaries, social security	12,754	12,861
Other taxes	2,035	2,029
Income taxes	3,744	6,038
Outstanding incoming invoices	1,327	1,036
Miscellaneous liabilities	7,980	7,169
<b>Total</b>	<b>27,840</b>	<b>29,133</b>

Most of the other liabilities result from subsequent purchase payments and current liabilities owed to third parties. A total of € 3,705 thousand in subsequent purchase payments will be due within one year. In the previous year, the maturity was over one year. Wage, salary and social security liabilities include partial retirement and anniversary obligations in the amount of € 846 thousand (previous year € 680 thousand) that will be due in more than one year.

## INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

VWH Vorrichtungs- und Werkzeugbau Herschbach GmbH, which was acquired during the previous year, was included in the income statement of the consolidated financial statements for the first time for a full financial year. VWH was included in the previous year for a period of eight months.

### (22) SALES REVENUE

Sales revenue is recognised with the transfer of liabilities and benefits related to the assets that are sold. For further information, please consult the section on segment reporting.

### (23) OTHER COMPANY-PRODUCED ADDITIONS TO ASSETS

This item mainly consists of costs for technical equipment and tools.

### (24) OTHER OPERATING INCOME

Other operating income breaks down as follows:

	2008/2009 €'000	2007/2008 €'000
Income from writing back / utilising provisions	2,512	1,034
Price gains	238	1,041
Income from the disposal of fixed assets	98	360
Miscellaneous	1,810	1,541
<b>Total</b>	<b>4,658</b>	<b>3,976</b>

### (25) MATERIAL EXPENDITURE

Material expenditure includes:

	2008/2009 €'000	2007/2008 €'000
Expenditure on raw materials and supplies and goods purchased	189,335	168,423
Expenditure on services purchased	20,369	16,011
<b>Total</b>	<b>209,704</b>	<b>184,434</b>

### (26) PERSONNEL EXPENDITURE

Personnel expenditure includes:

	2008/2009 €'000	2007/2008 €'000
Wages and salaries	73,070	67,463
Social security contributions / expenditure on pensions and benefits	14,317	13,450
<b>Total</b>	<b>87,387</b>	<b>80,913</b>

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

The interest on pension provisions is included under interest and similar expenditure.

## (27) OTHER OPERATING EXPENDITURE

Other operating expenditure breaks down as follows:

	2008/2009 €'000	2007/2008 €'000
<b>Operating expenditure</b>	17,158	14,018
Administrative expenditure	4,290	3,963
Expenditure on distribution	13,791	12,321
Miscellaneous expenditure	7,850	3,338
of which allowances on receivables and other assets	588	180
<b>Total</b>	<b>43,089</b>	<b>33,640</b>

## (28) DEPRECIATION ON TANGIBLE AND INTANGIBLE ASSETS

Depreciation on tangible and intangible assets is reported in the Group statement of fixed assets. Additional information can be found in the notes on the corresponding balance sheet items.

## (29) TAXES ON INCOME AND EARNINGS

Actual taxes on income and earnings as well as deferred taxes are reported as income tax. Income tax breaks down as follows:

	2008/2009 €'000	2007/2008 €'000
<b>Actual taxes</b>	12,059	11,737
Deferred taxes	-1,162	-510
<b>Total</b>	<b>10,897</b>	<b>11,227</b>

Deferred tax assets of € 767 thousand were recorded with no effect on income as part of the changes to minority shares explained under balance sheet item (19).

The corporation tax reform that took effect in July 2007 resulted in a reduction of income tax rates effective 1 January 2008. For GESCO Group, this led to a reduction in the trade tax and corporation tax rates as well as the solidarity surcharge for a decrease in the overall tax rate from 40.0% to 30.5%. The overall tax rate consists of corporation tax at 15.0% (previous year 25.0%) plus a solidarity surcharge of 5.5% (previous year 5.5%) and trade tax (basis: average collection rate 420%).

The reconciliation between budgeted income tax expenditure based on a tax rate of 30.5% (previous year 40%) and actual income tax expenditure reported on the income statement is as follows:

	2008/2009 €'000	2007/2008 €'000
<b>Group result before income tax</b>	<b>34,585</b>	<b>30,783</b>
Anticipated income tax expenditure	-10,548	-12,313
Permanent differences arising on expenditure which is not tax deductible	-700	-224
Tax-free income	45	54
Income tax for different reporting periods	50	4
Goodwill impairments	-264	0
Consolidation effects	-25	-12
Temporary differences for losses, for which no deferred taxes have been capitalised	693	-111
Differences in tax rates	-58	1,503
Miscellaneous	-90	-128
<b>Total</b>	<b>-10,897</b>	<b>-11,227</b>

Depreciation on securities held as fixed assets totalling € 0.2 million is included in expenditure which is not tax deductible.

The capitalisation of future tax savings from tax loss carryforwards led to a tax saving of € 0.7 million in the 2008/2009 reporting year.

The tax rate reduction from the corporate tax reform had a positive effect on earnings during the previous year, both in terms of tax payable (approximately € 0.5 million) and deferred taxes (approximately € 0.7 million).

### (30) EARNINGS PER SHARE

According to IAS 33, earnings per share are calculated by dividing Group net earnings attributable to shareholders by the weighted average number of shares issued and outstanding:

	2008/2009	2007/2008
Group net income (€'000)	21,618	17,883
Weighted number of shares (number)	3,017,299	3,021,495
<b>Earnings per share in accordance with IAS 33 (€)</b>	<b>7.16</b>	<b>5.92</b>

There are no factors that would cause dilution.

## INFORMATION ON THE CASH FLOW STATEMENT

In accordance with IAS 7 (Cash Flow Statement), the cash flow statement shows the movement in the inflows and outflows of funds in the Group during the reporting year. The financial resources portfolio includes securities reported under 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 held by financial institutions and cheques.

The company made and received the following payments during the financial year:

	2008/2009 €'000	2007/2008 €'000
Interest paid	3,136	3,268
Interest received	1,472	1,461
Taxes paid	14,565	10,531

Investments in intangible assets in the amount of € 454 thousand were not included in the previous year's cash flow statement since they are not liquidity-related at this point.

## INFORMATION ON THE SEGMENT REPORT

The **Segment report** is presented in accordance with IAS 14 (Segment Reporting). Segmentation was structured by the primary form of business activity.

The companies are assigned to segments according to their respective field of activity. Companies in the **tool manufacture and mechanical engineering segment** mainly focus on the production of machines and tools as well as the provision of related services. The **plastics technology segment** includes plastic processing companies that manufacture injection-moulded plastic parts and foam composite board as well as plastic and paper sticks.

The **GESCO AG** segment comprises the activities of GESCO AG as an investment holding company. Companies that are not assigned to any other segment as well as consolidation effects and other assets and liabilities not assigned to any other segment are reported in the **other/consolidation** segment. As a result, property held as financial investments and the financing liabilities of the other segments are also reported here.

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

**Segment investments** relate to intangible assets (excluding goodwill) as well as tangible assets.

**Depreciation** is related to assets assigned to the individual segments.

**Segment operating assets** include all assets of the companies assigned to the segments, with the exception of claims for income tax reimbursements.

**Segment liabilities** relate to all liabilities including provisions and minority interests of the companies assigned to the segments, with the exception of income tax liabilities and loans.

**Group EBIT and EBITDA** can be derived from Group net earnings based on the consolidated income statement.

**Sales revenue** is divided by **region** as follows:

	2008/2009		2007/2008	
	€'000	%	€'000	%
Germany	276,602	73.1	248,534	74.6
Europe (excluding Germany)	67,731	17.9	51,972	15.6
Other	34,055	9.0	32,649	9.8
<b>Total</b>	<b>378,388</b>	<b>100.0</b>	<b>333,155</b>	<b>100.0</b>

The secondary reporting format used for segment reporting consists of geographical segmentation. Since most Group assets are located in Germany, segmentation was limited to two segments consisting of Germany and other regions.

	Germany		Other regions		Group conversion		Group	
	2008/2009 €'000	2007/2008 €'000	2008/2009 €'000	2007/2008 €'000	2008/2009 €'000	2007/2008 €'000	2008/2009 €'000	2007/2008 €'000
Segment assets	249,212	227,871	5,878	6,849	4,508	1,791	259,598	236,511
Acquisition of segment assets	12,028	11,488	699	833			12,727	12,321

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

## OTHER INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

### RESEARCH AND DEVELOPMENT COSTS

Research and development costs are treated as current expenditure. No capitalisation was required. Research and development costs totalled approximately 2% of sales in both financial years.

### INFORMATION ON FINANCIAL INSTRUMENTS

Due to clear interest-rate advantages, the Group is to a large degree financed by loans denominated in Swiss francs with a short-term fixed interest rate. Due to short-term maturity and/or short-term fixed interest rates, the fair values of receivables, credit balances and foreign-currency liabilities to financial institutions correspond to the book values. Interest rates on long-term loan receivables, liabilities to financial institutions denominated in Euros and other liabilities correspond to market interest rates so that their fair values also correspond to the book values.

The fair values and book values of financial instruments reported at the cost of acquisition are shown in the following table:

	Book value		Fair value	
	31.03.2009 €'000	31.03.2008 €'000	31.03.2009 €'000	31.03.2008 €'000
Trade receivables	37,643	40,567	37,643	40,567
Other receivables	6,243	4,854	6,243	4,854
Cash and cash equivalents	30,365	30,105	30,365	30,105
<b>Financial assets</b>	<b>74,251</b>	<b>75,526</b>	<b>74,251</b>	<b>75,526</b>
Trade creditors	9,521	14,101	9,521	14,101
Liabilities to financial institutions	72,823	62,398	72,823	62,398
Other liabilities	40,811	34,712	40,811	34,712
<b>Financial liabilities</b>	<b>123,155</b>	<b>111,211</b>	<b>123,155</b>	<b>111,211</b>

The following table shows the assignment of assets and liabilities to categories according to IAS 39:

	Balance sheet amount		Net result on the income statement	
	31.03.2009 €'000	31.03.2008 €'000	31.03.2009 €'000	31.03.2008 €'000
Loans and receivables	74,251	75,526	1,425	1,409
Assets available for sale	4,100	2,970	-416	143
<b>Financial assets</b>	<b>78,351</b>	<b>78,496</b>	<b>1,009</b>	<b>1,552</b>
Liabilities held for trading	138	206	0	0
Other financial liabilities	123,017	111,005	-3,525	-3,438
<b>Financial liabilities</b>	<b>123,155</b>	<b>111,211</b>	<b>-3,525</b>	<b>-3,438</b>



## CONTINGENT LIABILITIES

	2008/2009 €'000	2007/2008 €'000
Liabilities from the issue and assignment of bills	752	542
Liabilities under guarantees	265	313

Investment projects initiated during the reporting year resulted in commitments in the amount of € 441 thousand (previous year € 1,089 thousand). These investments will be concluded in the 2009/2010 financial year.

Various companies in GESCO Group are required to maintain specific covenants.

There are no ongoing legal disputes that are expected to result in an effect on earnings in excess of the provisions that have already been established. The guarantees received are within industry standards. Where claims are expected, provisions have been established for the expected amounts based on current information.

## RENTAL AND LEASE AGREEMENTS

There are no payment obligations for financing lease arrangements.

Short-term lease agreements (operating leases) have been concluded for other plants, fixtures and fittings. Related lease payments amounted to € 2,608 thousand for the reporting year (previous year € 2,213 thousand).

Due dates for the minimum lease payments arising from operating leases and rental agreements are as follows:

	2008/2009 €'000	2007/2008 €'000
Up to one year	2,495	2,309
One to five years	3,402	2,902
Over five years	3,291	2,663
<b>Total</b>	<b>9,188</b>	<b>7,874</b>

Some of the lease agreements contain purchase options to acquire the leased items at the end of the lease term.

## RISK MANAGEMENT

In order to recognise risks as early as possible and initiate compensating measures, GESCO Group implemented a Groupwide risk management system in 1999. Detailed information on risks and opportunities can be found in the Group management report.

GESCO Group is exposed to financial instrument risk in the form of credit risk, liquidity risk and market price risk. All types of risk may affect the assets, financial position and earnings of the Group.

**Credit risk** mainly affects trade receivables.

**Liquidity risk** refers to the risk of being unable to meet payment obligations as they come due.

**Market price** risk mainly consists of exchange rate changes relating to business operations as well as interest rate and exchange rate changes relating to financing.

Since the type and scope of the respective risks affects every company differently, the management of these risks is defined separately for each company in the Group. Most risk management activities are implemented as part of business operations and financing activities.

Information on the individual risk categories:

### 1. CREDIT RISK

Credit risk consists of the potential for an economic loss when a contractual partner does not pay on time or fails to meet all or part of the payment obligations. Great emphasis is placed on the management of trade receivables within the Group. The receivables are highly diversified; there are no debtors that owe more than 5% of the Group's receivables portfolio. The type and extent of credit insurance coverage depends on the credit rating of the respective customer. Commonly used instruments include export insurance, letters of credit, credit insurance, prepayments, guarantees, bonds and the retention of title. The risk of default for the Group is limited to the ordinary business risk. Allowances for doubtful accounts were established for identifiable default risks. Counterparty risk for derivative financial instruments is limited by only entering into derivative transactions with well-known domestic financial institutions.

The theoretical maximum default risk (credit risk) equals a total loss of the book value of the financial instruments. Based on current information, the default risk for unadjusted financial instruments is low since risk management tools limit the probability of default.

## 2. LIQUIDITY RISK

Cash is managed separately by each company in the Group; there is no centralised cash pooling for the Group. Expected cash flows from business operations as well as financial assets and liabilities are considered for cash management purposes.

Future payments are largely covered by receipts from business operations. Peak financing requirements are covered by the existing liquidity reserve and by lines of credit.

## 3. MARKET PRICE RISK

Market price risk refers to the risk of exchange rate changes related to business operations as well as the risk of interest rate and exchange rate changes related to financing and fluctuations in the market price of securities.

Market price risk due to the **risk of exchange rate changes** is the result of international business relationships. Exchange rate fluctuations are constantly monitored using a variety of information sources. The relationship between the US dollar and the Euro is especially important. The general competitiveness and profitability of specific projects for companies within the Group that have production facilities in the Euro region while issuing invoices in US dollars is naturally affected by changes in the relationship between the US dollar and the Euro.

For significant business transactions, exchange rate risks are hedged by means of forward exchange transactions. These forward exchange transactions may be subject to market price risk to the extent that currencies must be sold at the current spot price on the settlement date. The ultimate purpose of forward transactions is to avoid risks resulting from exchange rate fluctuations. As a result, potential losses due to exchange rate changes are eliminated along with potential gains. The term and scope of these transactions corresponds to the underlying business transactions.

In accordance with IFRS 7, the company prepares a sensitivity analysis for market price risk in order to determine the effects of hypothetical changes to the risk variables. These hypothetical changes are applied to the financial instrument portfolio on the reporting date. This process assumes that the portfolio on the reporting date is representative for the entire year.

GESCO Group is exposed to **financing liability risk** related to long-term financing denominated in Swiss francs with a short-term fixed interest rate. If the value of the Euro had been 10% higher on the reporting date, consolidated equity would have been € 2,393 thousand higher (previous year € 1,959 thousand) compared to the reported value. If the value of the Euro had been 10% lower on the reporting date, consolidated equity would have been € 2,925 thousand lower (previous year € 2,394 thousand) compared to the reported value.

If the value of the Euro had been 10% higher on the reporting date, Group net income after minority interest would have been € 2,393 thousand higher (previous year € 1,959 thousand) compared to the reported value. If the value of the Euro had been 10% lower on the reporting date, Group net income after minority interest would have been € 2,925 thousand lower (previous year € 2,394 thousand) compared to the reported value.

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

**Interest rate** risk mainly results from debt financing. According to IFRS 7, interest rate risk is represented by means of a sensitivity analysis. The sensitivity analysis illustrates the effects of hypothetical changes in market interest rates on interest income and expenditure. Had market interest rates been 100 basis points higher or lower during the reporting year, Group net income after minority interest would have been € 470 thousand (previous year € 403 thousand) lower or higher.

**Currency risks from the supply of goods and services** are only limited for GESCO Group. For goods supplied by subsidiaries outside the Euro-zone, larger orders are almost entirely hedged by forward transactions.

Trade receivables denominated in foreign currencies amounted to € 945 thousand (previous year € 1,764 thousand) on the reporting date. This corresponds to 2.5% (previous year 4.3%) of total trade receivables. Receivables are denominated in the following currencies:

	2008/2009 €'000	2007/2008 €'000
US dollar:	277	802
Singapore dollar:	247	584
Hungarian forint:	265	152
Australian dollar:	4	113
African rand:	118	83
Swiss franc:	34	30

A 10% fluctuation in exchange rates on the reporting date would have affected both equity and Group net income after minority interest by either € -53 thousand or € +65 thousand (previous year € -97 thousand or € +119 thousand).

Securities held and available for sale are subject to **risks related to changes in the stock exchange price of securities**. If the market price had been 10% higher or lower on the reporting date, consolidated equity with an impact on income would have been € 210 thousand higher or lower (previous year € 297 thousand with no affect on income). For the same change in stock exchange prices, the call option on the securities would have decreased or increased consolidated equity.

## INFORMATION ON RELATIONSHIPS WITH AFFILIATED COMPANIES

Business relationships between fully consolidated and not fully consolidated companies within the Group are conducted under regular market terms and conditions. Receivables from related companies are mainly due from Connex SVT Inc., USA, Frank Lemeks TOW, Ukraine and MAE.ch GmbH, Switzerland.

## EMPLOYEES

The average number of employees was as follows:

	2008/2009	2007/2008
Factory staff	1,115	1,049
Office staff	544	516
Trainees	95	89
<b>Total</b>	<b>1,754</b>	<b>1,654</b>

Marginal part-time employees were converted to the equivalent in full-time employees.

### EXEMPTION REQUIREMENTS FOR GROUP COMPANIES

Since AstroPlast Kunststofftechnik GmbH & Co. KG, Franz Funke Zerspanungstechnik GmbH & Co. KG, Haseke GmbH & Co. KG, Molineus & Co. GmbH + Co. KG, Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG, Q-Plast GmbH & Co. Kunststoffverarbeitung, Setter GmbH & Co. Papierverarbeitung, Tomfohrde GmbH & Co. Industrieverwaltungen and Dömer GmbH & Co. KG Stanz- und Umformtechnologie have been included in the consolidated financial statements of GESCO AG, they are exempt from the obligation to produce annual financial statements and a management report prepared, audited and published in accordance with the applicable regulations for incorporated companies as per Section 264b of the German Commercial Code (HGB).

According to Section 264 para. 3 of the German Commercial Code (HGB), Hubl GmbH and MAE Maschinen- und Apparatebau Götzen GmbH are exempt from the obligation to have annual financial statements and a management report prepared, audited and published according to Section 264ff of the German Commercial Code (HGB).

### PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements will be published on 25 June 2009 in conjunction with an annual accounts press conference in Düsseldorf.

### CORPORATE GOVERNANCE

The Executive Board and Supervisory Board of GESCO AG comply with the corporate governance code and have made a declaration of compliance available to shareholders.

The Executive Board holds a total of 0.5% of company shares. Members of the Supervisory Board hold a total of 0.8% of company shares.

### AUDITOR

The fee included in expenditure for the financial year amounted to € 125 thousand (previous year € 125 thousand) for the audit of the annual and consolidated financial statements of GESCO AG and € 31 thousand (previous year € 28 thousand) for other services. Fees were also incurred in the amount of € 204 thousand (previous year € 205 thousand) for the audit of consolidated subsidiaries, € 24 thousand (previous year € 37 thousand) for tax consulting services and € 1 thousand (previous year € 1 thousand) for other services.

# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2009

## EXECUTIVE BODIES OF THE COMPANY

### EXECUTIVE BOARD

Robert Spartmann, Gevelsberg  
Member of the Executive Board

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

Remuneration received by the Executive Board - distributed among its members - is as follows (previous year):

	Fixed remuneration €'000	Variable remuneration €'000	Stock options €'000	Total €'000
Robert Spartmann	234 (222)	281 (224)	39 (15)	554 (461)
Dr. Ing. Hans-Gert Mayrose	222 (210)	281 (224)	39 (15)	542 (449)
<b>Total</b>	<b>456 (432)</b>	<b>562 (448)</b>	<b>78 (30)</b>	<b>1,096 (910)</b>

The stock option values reported are based exclusively on financial-mathematical calculations. This does not mean that Executive Board members have already received a gain. The exercise prices amount to € 54.15 and € 52.18.

By the reporting date, members of the Executive Board achieved an entitlement to the following percentages of their pension commitments based on their assessment value (most recent fixed salary):

Robert Spartmann 11.5%  
Dr.-Ing. Hans-Gert Mayrose 12.0%

Remuneration received by a former member of the Executive Board amounted to € 51 thousand in the financial year (€ 51 thousand).

On 31 March 2009, pension provisions for incumbent members of the Executive Board and one former member of the Executive Board totalled € 1,066 thousand (previous year € 1,100 thousand).

### SUPERVISORY BOARD

Klaus Möllerfriedrich, Wuppertal  
Chairman,  
Auditor

Chairman of the Supervisory Board:

- COREST AG, Düsseldorf
- TopAgers AG, Langenfeld (effective 18 December 2008)

Deputy Chairman of the Supervisory Board:

- Beaujean AG Holding, Düsseldorf

Member of the Supervisory Board:

- MicroVenture GmbH & Co. KGaA, investment holding company, Düsseldorf
- Genthe Glas AG, Goslar (until 31 December 2008)
- Dr. Ing. Thomas Schmidt AG, Cologne (effective 30 June 2008)

**Rolf-Peter Rosenthal, Wuppertal**  
**Deputy Chairman, Retired bank director**

Chairman of the Supervisory Board:

- Frowein & Co. Beteiligungs AG, Wuppertal (until 31 July 2008)

Chairman of the Advisory Board:

- Siegfried Leithäuser GmbH & Co. KG, Hamm

Member of the Advisory Board:

- Jackstädt Holding GmbH, Wuppertal
- Coroplast Fritz Müller GmbH & Co. KG, Wuppertal

**Willi Back, Neckargemünd**  
**Retired Chairman of the Executive Board of GESCO AG, Wuppertal**

Chairman of the Supervisory Board:

- CM Treuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Frankfurt am Main (until 25 June 2008)

Deputy Chairman of the Supervisory Board:

- Frowein & Co. Beteiligungs AG, Wuppertal (until 31 July 2008)

Member of the advisory board:

- Metall-Chemie Holding GmbH, Hamburg

Total remuneration of members of the Supervisory Board amounted to € 272 thousand in the financial year (previous year € 234 thousand). This includes variable remuneration totalling € 226 thousand (previous year € 189 thousand).

GESCO AG has obtained a “Directors’ and Officers’ Liability Insurance” (D&O insurance) policy for Group management. This policy covers the members of the Executive Board and Supervisory Board of GESCO AG as well as the managers of the subsidiaries. Insurance premiums of € 39 thousand (previous year € 28 thousand) were paid during the 2008/2009 financial year.

Wuppertal, 26 May 2009

The Executive Board

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

## STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Wuppertal, 26 May 2009

The Executive Board

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



## SIGNIFICANT GROUP SHAREHOLDINGS

Fully consolidated companies	Proportion of capital <sup>1)</sup> in %
Ackermann Fahrzeugbau GmbH, Wolfhagen	80
Alro GmbH, Wuppertal	100
AstroPlast Kunststofftechnik GmbH & Co. KG, Sundern	80
AstroPlast Verwaltungs GmbH, Sundern <sup>2)</sup>	100
Degedear Grundstückverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG, Eschborn <sup>3)</sup>	100
Dömer GmbH & Co. KG Stanz- und Umformtechnologie, Lennestadt	100
Dömer GmbH, Lennestadt <sup>2)</sup>	100
Dörrenberg Edelstahl GmbH, Engelskirchen-Ründeroth	90
Dörrenberg Tratamientos Térmicos SL, Alasua, Navarra, Spain	60
Dörrenberg Special Steels PTE. Ltd., Singapore	100
Frank Walz- und Schmiedetechnik GmbH, Hatzfeld	100
Frank Hungaria Kft., Ózd, Hungary	74
Franz Funke Zerspanungstechnik GmbH & Co. KG, Sundern	80
Franz Funke Verwaltungs GmbH, Sundern <sup>2)</sup>	100
Haseke GmbH & Co. KG, Porta Westfalica	100
Haseke Beteiligungs-GmbH, Porta Westfalica <sup>2)</sup>	100
Hubl GmbH, Vaihingen/Enz	100
MAE Maschinen- und Apparatebau Götzen GmbH, Erkrath	100
Molineus & Co. GmbH + Co. KG, Wuppertal	100
Grafic Beteiligungs-GmbH, Wuppertal <sup>2)</sup>	100
Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG, Kassel	80
WM Werkzeug- und Maschinenbau Verwaltungs-GmbH, Kassel <sup>2)</sup>	100
Q-Plast GmbH & Co. Kunststoffverarbeitung, Emmerich	100
Q-Plast Beteiligungs-GmbH, Emmerich <sup>2)</sup>	100
Setter GmbH & Co. Papierverarbeitung, Emmerich	100
Setter GmbH, Emmerich <sup>2)</sup>	100
HRP-Leasing GmbH, Emmerich	100
SVT GmbH, Schwelm	90
Tomfohrde GmbH & Co. Industrieverwaltungen, Wuppertal	100
Tomfohrde GmbH, Wuppertal <sup>2)</sup>	100
VWH Vorrichtungs- und Werkzeugbau Herschbach GmbH, Herschbach	100
<b>Companies valued at equity</b>	<b>Proportion of capital<sup>1)</sup> in %</b>
Saglam Metal Sanayi Ticaret A.S., Istanbul, Turkey	20
<b>Companies of material significance valued at the cost of acquisition</b>	<b>Proportion of capital<sup>1)</sup> in %</b>
Connex SVT Inc., Houston, USA	100
MAE.ch GmbH, Unterstammheim, Switzerland	100
Frank Lemeks Tow, Ternopil, Ukraine	70

1) Share capital held directly or via majority shareholdings

2) Corporation as the general partner

3) Special purpose entity according to SIC 12

# AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by GESCO AG comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the Group management report for the financial year from 1 April 2008 to 31 March 2009. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of § 315a para. 1 of the German Commercial Code (HGB) are the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit so that material misstatements affecting the presentation of the assets, financial position and earnings in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group as well as expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit prepares a reasonable basis for our assessment.

Our audit did not lead to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements under German commercial law pursuant to § 315a para. 1 of the German Commercial Code (HGB) and give a true and fair view of the assets, financial position and earnings of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable presentation of the Group's position and the opportunities and risks of future development.

Wuppertal, 27 May 2009

Dr. Breidenbach und Partner GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

(Dr. Wollenhaupt)	(Straube)
Auditor	Auditor

# REPORT FROM THE SUPERVISORY BOARD

In this report the Supervisory Board provides information about its activities in the financial year 2008/2009. The main topics are its continuous dialogue with the Executive Board and the audit of the annual financial statements and consolidated financial statements.

## WORK OF THE SUPERVISORY BOARD

Throughout the reporting year, the Supervisory Board observed the tasks incumbent upon it in accordance with German law and the Articles of Association. These tasks included the regular exchange of information with the Executive Board and the supervision of the company's management. Given the mounting financial crisis, which has escalated into a global recession, the Executive Board and Supervisory Board intensified their communication. Both the anticipated financial development of the existing investments and the effects of the recession on GESCO AG's acquisition policy were discussed in-depth. The Supervisory Board was directly integrated into all decision-making of fundamental importance to the company. The Executive Board regularly briefed the Supervisory Board both in writing and verbally, promptly and comprehensively on all relevant issues of corporate planning and its strategic development, on the course of transactions, the position of the Group and the individual subsidiaries including the risk situation as well as on risk management. Detailed annual plans of the main subsidiaries were submitted to the Supervisory Board and discussed with the Executive Board. Deviations in the course of business from the respective annual plans and objectives were explained to the Supervisory Board in detail and collectively analysed by both the Executive Board and Supervisory Board. The members of the Supervisory Board and the Chairman in particular were also in regular contact with the Executive Board outside the Supervisory Board meetings and briefed themselves on the current trend in the business situation and any significant business transactions. The Supervisory Board thoroughly investigated the reports and proposals for resolutions from the Executive Board and, as far as this was required in accordance with legal and statutory provisions, cast its vote.

Acquisition plans were extensively discussed by the Supervisory Board with the Executive Board. In the run-up to an acquisition, the target company was appraised at its location by one Supervisory Board member.

The Supervisory Board of GESCO AG has consciously been kept small with three members in order to facilitate efficient work and intensive discussions both in strategic and detailed issues. The Supervisory Board therefore believes that it is not sensible or appropriate to create Supervisory Board committees. This also applies to an accounting committee, whose tasks are carried out by the entire Supervisory Board. Supervisory Board committees were therefore not created in the financial year 2008/2009.

A total of nine Supervisory Board meetings took place in the financial year 2008/2009. All members of the Supervisory Board participated in all these meetings. The Supervisory Board was also briefed in detail between the meeting dates in the form of written reports on all projects and plans which were of particular importance to the company.



SUPERVISORY BOARD –  
 ROLF-PETER ROSENTHAL (DEPUTY CHAIRMAN),  
 KLAUS MÖLLERFRIEDRICH (CHAIRMAN),  
 WILLI BACK (L. TO R.)

In order to gain a better understanding of the individual subsidiaries, the Supervisory Board visits one or two subsidiaries per year together with the Executive Board. The Supervisory Board also uses the opportunity of a direct exchange of ideas with the individual managers of the subsidiaries of GESCO AG during the annual management meetings of GESCO Group.

## CORPORATE GOVERNANCE

The Supervisory Board continuously observed the development of the corporate governance standard. The Executive Board also reports on behalf of the Supervisory Board on corporate governance at GESCO AG pursuant to figure 3.10 of the German Corporate Governance Code. The Executive Board and Supervisory Board submitted an updated declaration of compliance in accordance with § 161 AktG (German Stock Corporation Act) in August 2008 and made it permanently accessible to the shareholders on the company's website. GESCO AG also complies with the recommendations of the government committee on the German Corporate Governance Code in accordance with the version of the code of June 2008 with the exception of the deviations given in the declaration of compliance.

After the end of the 2008/2009 financial year, the Supervisory Board again conducted an efficiency audit of its work. The efficiency audit is carried out as a survey based on a structured questionnaire. The questionnaire is filled out separately by the members and the results are then documented and evaluated by the chairpersons of the Supervisory Board. The results of the survey are subsequently discussed by the Supervisory Board and analysed to determine if there is any need to take action and if there are any opportunities to improve.

## AUDIT OF ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Corresponding to the legal provisions, the auditor selected by the Annual General Meeting on 21 August 2008, Dr. Breidenbach und Partner GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Wuppertal, was commissioned by the Supervisory Board with auditing the annual financial statements and consolidated financial statements on 24 September 2008. The auditor confirmed its independence to us in a letter dated 26 May 2008. It also provided evidence that it is qualified to audit listed companies due to its successful participation in a quality control audit by the German Chamber of Auditors.

The annual financial statements drawn up for the financial year from 1 April 2008 to 31 March 2009 by the Executive Board in accordance with the regulations of the HGB (German Commercial Code) and the management report of GESCO AG were audited by the auditor. The auditor issued an unqualified auditor's report.

The consolidated financial statements and Group management report of GESCO Group were drawn up by the Executive Board and audited by the auditor on the basis of the International Financial Reporting Standards (IFRS), taking into account § 315a of the German Commercial Code (HGB). The auditor furnished the consolidated financial statements with an unqualified auditor's report.

The auditor furnished the previous year's consolidated financial statements with a qualified auditor's report due to the omission of information on acquisitions, in particular of information on purchase prices and earnings for the companies acquired in the reporting year. On weighing up the advantages and disadvantages, the Supervisory Board expressly subscribed to the view of the Executive Board in the previous year that in the interest of GESCO Group and its shareholders it is appropriate to accept this qualification of the certification. The publication of purchase prices in particular would reduce opportunities to acquire SMEs, as a seller would normally view the disclosure of the purchase price as a massive violation of privacy. In the consolidated financial statements for the reporting year however, information was provided in the notes section on the purchase price of a company acquired at the end of the reporting period, in line with regulations. The majority shareholder of the company sold to GESCO AG was an American incorporated company, which does not share the reservations of the German SME sector as far as disclosing purchase prices are concerned.

This year, the focal points of the audit by the auditor for the individual financial statements of GESCO AG were the valuation of investments, the accrual and the recoverable amount of receivables from associated companies, the valuation of loan receivables, income tax calculations and the completeness and valuation of other provisions. The focal points of the consolidated financial statements include the subsequent consolidation of Haseke KG, conducting impairment tests on goodwill, reporting deferred taxes as well as the trial balance of consolidated equity. The complete financial statements as well as the accompanying auditor's reports were sent to all members of the Supervisory Board in good time before the accounts meeting. They were the subject of intensive discussions in the meeting of the Supervisory Board on 26 May 2009. The auditors reported on the main results of the audits and were available to the Supervisory Board for questions and additional information. The auditors gave comprehensive answers to all questions from the Supervisory Board. No objections were raised to the annual financial statements and the management report after the final result of the audit carried out by the Supervisory Board. After its own audit of the annual financial statements, the consolidated financial statements, the management report and the Group management report, the Supervisory Board approved the result of the audit by the auditor and accepted the annual financial statements and the consolidated financial statements in the meeting on 29 May 2009. The annual financial statements of GESCO AG have thereby been adopted. The Supervisory Board consented to the proposal of the Executive Board to appropriate the retained profit.

#### THANKS FOR THE WORK ACHIEVED

The Supervisory Board would like to thank the Executive Board, the managers of the subsidiaries and all GESCO Group employees for their great commitment in the past financial year and for the good results.

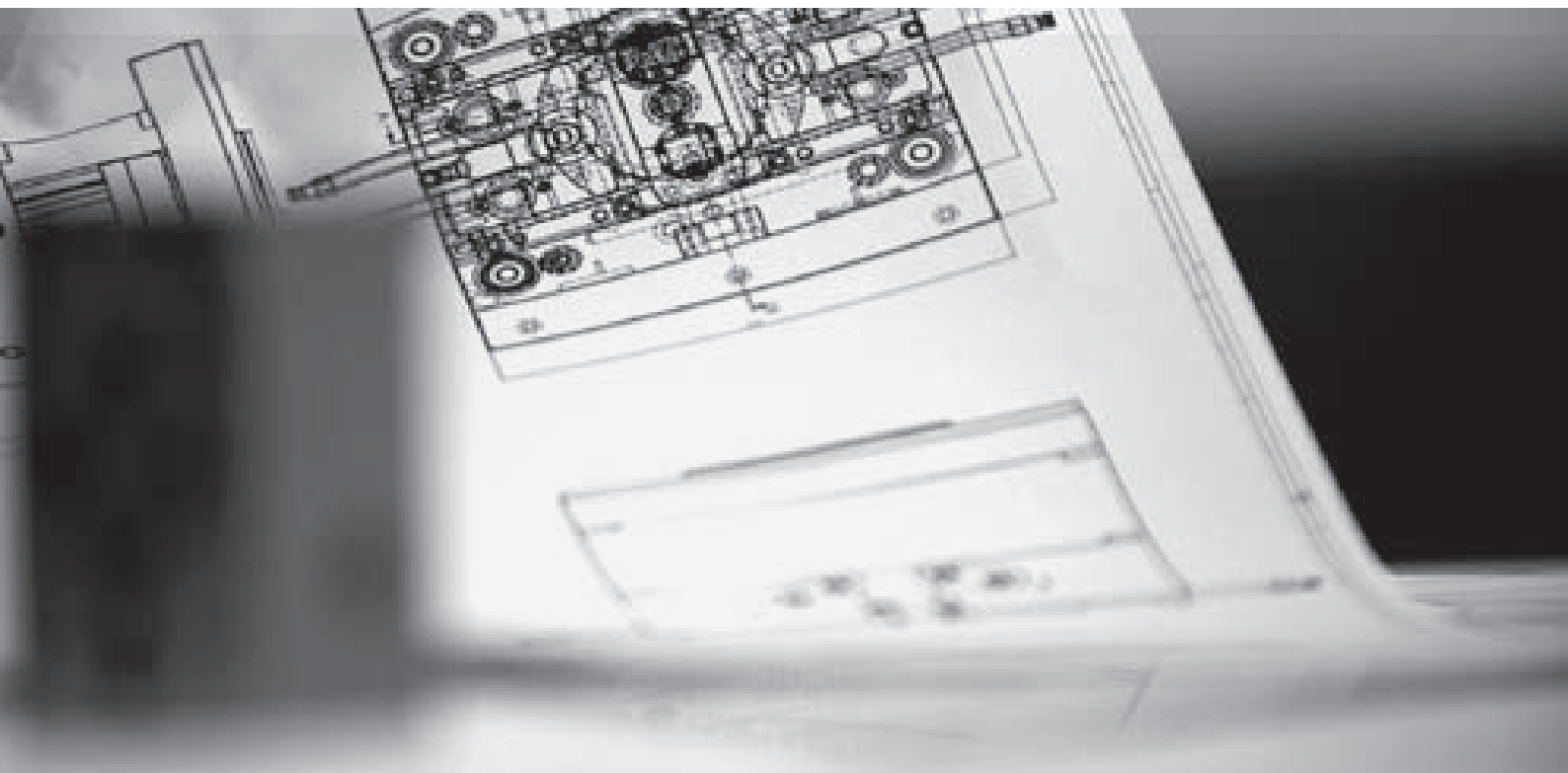
Wuppertal, 29 May 2009

Klaus Möllerfriedrich  
Chairman of the Supervisory Board

04 FOREWORD BY THE EXECUTIVE BOARD  
08 GESCO SHARES/CORPORATE GOVERNANCE  
13 A WORD ABOUT THE CRISIS  
22 GESCO AG'S STRATEGY  
30 STRATEGIES OF THE SUBSIDIARIES  
38 GROUP MANAGEMENT REPORT  
56 GESCO AG - ANNUAL FINANCIAL STATEMENTS  
58 GESCO GROUP - CONSOLIDATED FINANCIAL STATEMENTS  
66 NOTES  
104 AUDITOR'S REPORT  
106 REPORT FROM THE SUPERVISORY BOARD  
**110 CORPORATE PROFILE**  
127 FINANCIAL CALENDAR/SHAREHOLDER CONTACT

# CORPORATE PROFILE





In this chapter of the Annual Report 2008/2009 we illustrate the significant operating companies in the GESCO Group with their products, their markets and their management.



MICHAEL TABOURATZIDIS,  
MANAGING DIRECTOR

## STRATEGY AND BUSINESS SEGMENTS

In the commercial vehicle industry, Ackermann is a renowned brand with a long-standing tradition. The company manufactures sandwich panels, sandwich structures and case kits for producing truck and trailer superstructures. At the heart of operations is one of the most modern European systems for producing CFC-free polyurethane sandwich panels. Ackermann's customers include regionally active bodywork manufacturers as well as renowned national and international vehicle manufacturers. Thanks to their static and insulating properties, sandwich panels are also used in many other applications, such as in trailers for gliders, in RVs or in booth building.

At the IAA (International Motor Show) for commercial vehicles, the most important trade fair in the industry, Ackermann presented "Cool One Light" a light case body for transporting temperature-controlled goods for vehicles in the popular weight class of 3.5 to 7.5 tons in September.

## FINANCIAL YEAR 2008

After a strong first half year, Ackermann recorded a decline in sales in the third and especially in the fourth quarter as a result of the slump in the commercial vehicle industry. Overall, the company was able to post an increase in sales of more than 3% to € 16.6 million. The export ratio rose from 15% to 18%.

## OUTLOOK AND GOALS FOR 2009

Ackermann anticipates a decline in sales for 2009 and already started to adjust its capacities at the end of 2008.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2008)	40.7 %
2008 sales (in € m)	16.6 (+3.1 %)
Staff (31.12.2008)	98 (+2.1 %)
Member of the GESCO Group	since 15.05.1996



## STRATEGY AND BUSINESS SEGMENTS

AstroPlast specializes in developing and manufacturing high precision injection-moulded plastics - on the one hand, it generates sales with its own range of plastic spools which are sold to manufacturers of wires, cables, tapes and optical fibers, on the other, the company generates sales by producing a variety of customized injection-moulded parts for the electrical and household appliances as well as the logistics sector.

Based on its high level of technical expertise and its state-of-the-art machine park, AstroPlast positions itself as a consultant and a partner during development for its customers. Large machines with locking pressure of up to 2,300 tons particularly distinguish the company from its competitors.

## FINANCIAL YEAR 2008

AstroPlast expanded its machine park by adding a new injection moulding machine with locking pressure of 2,300 tons and is now able to produce larger and heavier parts weighing up to 12 kg.

Sales development was initially positive, but declined drastically in the fourth quarter in particular. Overall, sales dropped by 4.7% compared to the previous year. The export ratio amounted to 26% and was close to the previous year's level of 27%.

## OUTLOOK AND GOALS FOR 2009

Given the modest number of incoming orders, AstroPlast anticipates a decline in sales for 2009. The company started to adapt its capacities accordingly in the fourth quarter of 2008.



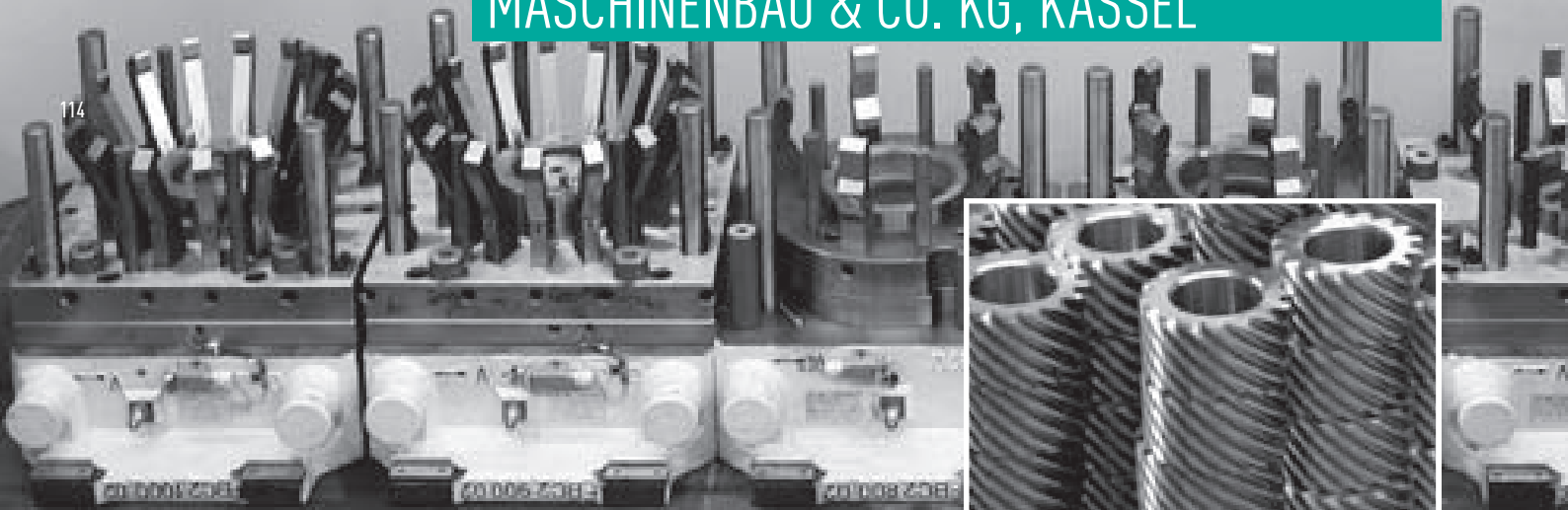
DR. WOLFGANG KEMPER,  
MANAGING DIRECTOR

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2008)	39.4 %
2008 sales (in € m)	13.9 (-4.7 %)
Staff (31.12.2008)	83 (+1.2 %)
Member of the GESCO Group	since 01.05.1995



# PAUL BEIER GMBH WERKZEUG- UND MASCHINENBAU & CO. KG, KASSEL

114



SIEGFRIED HEINRICH,  
MANAGING DIRECTOR

## STRATEGY AND BUSINESS SEGMENTS

The company was founded in 1924 and has established an excellent reputation as a systems provider in sophisticated tool manufacturing and in single and small-series part and component manufacturing for the specialist machinery industry. The company offers its customers one-stop solutions starting with consulting and design all the way to production and on-site testing.

The company's customer base is largely from the automotive and mechanical engineering industries as well as the chemical and food industries. Thanks to its grading tools for parts with rotational symmetry, the company is in a unique position as a supplier to gear manufacturers. Products include casting machines and heat exchangers for the food industry, gears and worm gears, pumps, as well as complete cutting, stamping, pulling and grading tools. The company also works for the aeronautical engineering industry and is certified to the highest security level.

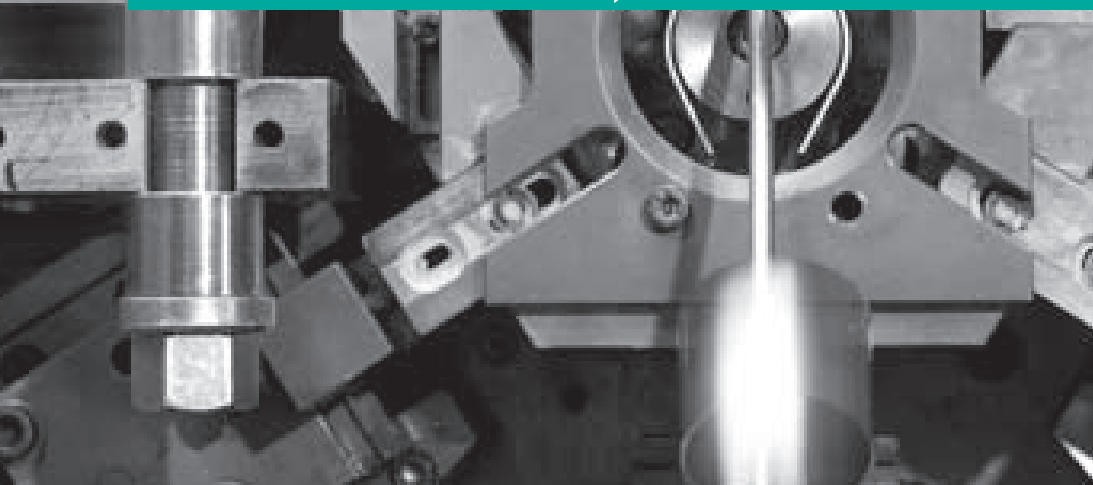
## FINANCIAL YEAR 2008

Beier was able to slightly exceed the record sales of the previous year in 2008. The tool making division expanded its international contacts and generated half of its sales abroad.

## OUTLOOK AND GOALS FOR 2009

Against the backdrop of the recession, Beier expects sales to fall in 2009.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2008)	57.8 %
2008 sales (in € m)	10.7 (+1.2 %)
Staff (31.12.2008)	88 (+7.3 %)
Member of the GESCO Group	since 01.04.1999



## STRATEGY AND BUSINESS SEGMENTS

Dömer was formed in 1969 and has long-standing experience in metal stamping, bending and forming, as well as in related tool manufacture. Dömer manufactures sophisticated parts for the automotive, metal fittings and railway industries. In-depth expertise in machining technology and an above-average equipped machine park are major strengths, which are particularly important in the areas of advanced special components, complex structures and particular material specifications.

## FINANCIAL YEAR 2008

In 2008, Dömer expanded into a newly constructed, rental property with production and administrative facilities directly adjacent to the existing building.

The company was able to increase its sales once again by about 3% compared to the record amount of the previous year. Since Dömer sells a substantial amount of its products to the automotive supply industry, the company was affected significantly by the drastic slump in sales in this industry. The management has immediately taken counter measures, launching a savings program and strengthening its sales activities. The aim is to further increase the proportion of consumer industries outside the automotive supply sector.

## OUTLOOK AND GOALS FOR 2009

Dömer is assessing the new financial year skeptically and expects a decline in sales. The company is however counteracting this development not only with an increase in sales activities, but also with innovations such as the production of laser welded stamping and bent parts for sophisticated applications.



DR. JOCHEN ASBECK,  
MANAGING DIRECTOR

GESCO AG shareholding	100 %
Capital ratio (31.12.2008)	56.0 %
2008 sales (in € m)	12.1 (+2.9 %)
Staff (31.12.2008)	93 (+1.1 %)
Member of the GESCO Group	since 30.08.2005



GERD BÖHNER (L.)  
AND DR.-ING. FRANK STAHL,  
MANAGING DIRECTOR

## STRATEGY AND BUSINESS SEGMENTS

The largest company in GESCO Group can look back on a history spanning over 150 years. Dörrenberg has four divisions which operate as separate profit centers: stainless steel, stainless steel mould castings, precision castings and surface technology. The company offers its customers expert technical consulting, often as early as in the design stage. The consumer industries are widely spread, with the main industries being machine and plant construction, tool manufacture and automotive. Dörrenberg offers unparalleled expertise throughout Europe as a unique full service provider in the stainless steel segment for the tool manufacturing industry. Over decades, the company has developed an in-depth knowledge of metallurgy, operates research and development activities with universities and institutes and owns numerous patents on steels developed in-house.

Dörrenberg Edelstahl GmbH has a majority shareholding in a joint venture in Spain with a focus on surface technology as well as a minority shareholding in a well-known stainless steel specialist in Turkey.

Dörrenberg formed a subsidiary in Singapore at the start of 2007 going by the name of Dörrenberg Special Steels PTE to penetrate the Asian market more significantly. In accordance with the GESCO philosophy of allowing the respective management to have a stake in the company, 10% of shares were sold to the DSS Managing Director in March 2009.

## FINANCIAL YEAR 2008

After the strong growth recorded in the previous years, Dörrenberg was able to once again increase its sales in 2008, a development in which material price increases also had a part to play. The export ratio amounted to 17.9% and was in the same range of the previous year's level (17.6%).

## OUTLOOK AND GOALS FOR 2009

Dörrenberg anticipates a difficult year in 2009 with considerable declines in sales. The company launched a 200 point plan to achieve a reduction in costs, while also introducing short-time work.

GESCO AG shareholding	90 %
Management shareholding	10 %
Capital ratio (31.12.2008)	46.2 %
2008 sales (in € m)	170.2 (+9.9 %)
Staff (31.12.2008)	508 (+1.2 %)
Member of the GESCO Group	since 01.01.1996

## STRATEGY AND BUSINESS SEGMENTS

Frank Walz- und Schmiedetechnik GmbH is Europe's leading supplier of wear parts for the agriculture market and in addition supplies the municipal technology and construction sectors. The company produces rolled and forged parts made from specialist steel alloys. Frank is original equipment manufacturer (OEM) to agricultural machinery manufacturers in areas such as soil cultivation and harvesting technology. It also supplies spare parts to specialist wholesales and cooperatives. The company delivers more than 10,000 different parts. The "ORIGINAL FRANK" brand has been well established with the relevant target groups for decades and stands for first class quality, both nationally and internationally. The company's production is mainly located at its headquarters in Hatzfeld/Hessen as well as at its Hungarian subsidiary Frank Hungária Kft./Ozd. Frank also has the distribution company Frank Lemeks TOW/Ternopil in Ukraine which provides access to the market in Eastern Europe.

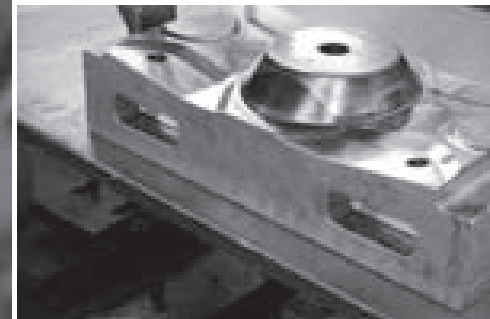
## FINANCIAL YEAR 2008

Frank also continued on its growth track in 2008 and increased sales by 28.7%. The willingness of farmers in Western Europe to invest had a part to play in this dynamic development as did the industrialization of agriculture in Eastern Europe. The export ratio remained virtually unchanged at 34.9% compared to the previous year's value of 34.2%.

Frank had already started construction work on a new production hall at its headquarters in Hatzfeld in 2007. Construction was completed in 2008 and the technical production systems such as hardening centers with roller hearth and the corresponding presses as well as a laser cutting machine were installed. The extended production capacities came online at the end of 2008. The Hungarian production site was also expanded in 2008.

## OUTLOOK AND GOALS FOR 2009

Frank anticipates sales for 2009 to be slightly above the high level achieved so far.



ANDREAS MOSLER  
AND GERHARD ZIRENER,  
MANAGING DIRECTOR

GESCO AG shareholding	100 %
Capital ratio (31.12.2008)	28.7 %
2008 sales (in € m)	31.0 (+28.7 %)
Staff (31.12.2008)	158 (+11.3 %)
Member of the GESCO Group	since 01.08.2006

# FRANZ FUNKE ZERSPANUNGSTECHNIK GMBH & CO. KG, SUNDERN

118



DR. WOLFGANG KEMPER,  
MANAGING DIRECTOR

## STRATEGY AND BUSINESS SEGMENTS

Franz Funke Zerspanungstechnik turns parts made of brass, aluminum, red brass and steel into dimensions from 6 to 65 mm on cutting-edge CNC controlled machines. The company's customers are primarily from the plumbing, air conditioning, electrical and mechanical engineering sector. In addition to machining-based manufacturing, Funke offers services including galvanic surface finishing, assembly installation and thermal material handling, as well as connection technology such as soldering, welding and compression. Consulting and other services position Funke as a problem solver and support customer retention.

## FINANCIAL YEAR 2008

Franz Funke was able to increase its sales by approximately 11% compared to the previous year and recorded the eighth record year in a row. The fourth quarter however was impacted by decreases in incoming orders.

## OUTLOOK AND GOALS FOR 2009

Against the backdrop of the negative economic situation, Franz Funke expects sales to drop. In the last quarter of 2008, the company started to adjust its capacities and its cost structure.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2008)	34.9 %
2008 sales (in € m)	16.5 (+10.9 %)
Staff (31.12.2008)	73 (-1.4 %)
Member of the GESCO Group	since 01.05.1995





## STRATEGY AND BUSINESS SEGMENTS

Haseke has set itself the task of designing ergonomically optimized interfaces between man and machine. This is successfully practiced with the “raise, lower, swivel” concept in three sales markets: installation systems as well as brackets and swivel arms for medical technology (MediArms), command housings with support systems used in the mechanical engineering and command and control technology industries (ProVersa) and office technology such as computer installation systems for ergonomic PC workstation design (Ercos).

Using a sophisticated modular system, Haseke produces small series equipment and individual solutions under its own name and is also a supplier to renowned groups. As a fast, flexible and reliable supplier, Haseke serves as a well established partner with first class industry leaders. Critical factors for Haseke’s success include customer orientation, inventiveness along with a strong development and construction department. Awards for good design and diverse property rights support this claim.

## FINANCIAL YEAR 2008

Haseke celebrated its 25th anniversary in 2008. It was a successful year, in which the company was able to build on record sales of the previous year.

Long-time Managing Director Günter Kegel left his position as managing director and shareholder at the end of March 2009, the end of the reporting period, for reasons relating to his future plans. The long-time Sales Manager Uwe Kunitschke was appointed as new Managing Director as of 1 April, 2009.

## OUTLOOK AND GOALS FOR 2009

Haseke anticipates declining sales in 2009 and started to adjust its capacities.



UWE KUNITSCHKE,  
MANAGING DIRECTOR (SINCE 01.04.2009)



GÜNTER KEGEL,  
MANAGING DIRECTOR (UNTIL 31.03.2009)

GESCO AG shareholding (since 01.04.2009)	100 %
Capital ratio (31.12.2008)	44.1 %
2008 sales (in € m)	11.8 (unchanged)
Staff (31.12.2008)	48 (-5.9 %)
Member of the GESCO Group	since 01.01.1990



**RAINER KIEFER,**  
 MANAGING DIRECTOR

## STRATEGY AND BUSINESS SEGMENTS

The company was founded in 1976 and develops and produces high-end precision machine cladding, coverings, housings and stainless steel sheet components. Important consumers include the photovoltaic, semiconductor, clean room engineering, air conditioning technology and food technology sectors as well as the pharmaceutical and medical technology industries and also mechanical engineering. Hubl's strengths include the construction department with its excellent staff and state-of-the-art equipment as well as a high quality machine park. Using its creativity and flexibility the company develops superior solutions with sophisticated designs. Hubl has positioned itself as a system supplier to a wide range of customers and sectors, and provides complex development and construction services to its customers or is actively involved in respective customers' processes. The company focuses on product development, custom-made products and small series equipment.

## FINANCIAL YEAR 2008

After vibrant business activity in the first half of the year, what followed was a rather restrained second half of the year. Positive impulses came in particular from the photovoltaic industry.

To be able to manage its processes more holistically and efficiently, the company invested in an ERP system in 2008, which will be brought online during 2009.

## OUTLOOK AND GOALS FOR 2009

Given the difficult economic situation, Hubl expects a decline in sales for 2009. In an effort to enhance its market position, the company is making anti-cyclical investments into a new high performance laser stamp machine.

GESCO AG shareholding	100 %
Capital ratio (31.12.2008)	36.7 %
2008 sales (in € m)	11.1 (+8.9 %)
Staff (31.12.2008)	85 (+4.9 %)
Member of the GESCO Group	since 01.01.2002

# GEORG KESEL GMBH & CO. KG, KEMPTEN

Kesel 



## STRATEGY AND BUSINESS AREAS

Established in 1889, Kesel develops and produces milling machines and clamping systems.

Kesel positions itself in market niches and is the technology leader in many of the fields it operates in. The milling machine product range includes rack and bandsaw blade milling machines. The company's clamping division has a broad range of systems meeting different specifications and offering a variety of clamping forces.

The company serves a broad customer base from a number of industries worldwide. Its customers include manufacturers of rack and bandsaw blade systems among others. Machines for milling steering racks are a special product of the company and are mainly used in automotive technology. Products from the clamping division are supplied to companies from a range of industries.

In the last few years, Kesel has forged ahead with its internationalization and established a sales office in China.

In April 2009, GESCO AG acquired 90% of Georg Kesel GmbH & Co. KG as part of a succession plan, while Managing Director Martin Klug took over 10%.

## FINANCIAL YEAR 2008

The company recorded a successful financial year in 2008 and was able to increase its sales compared to 2007.

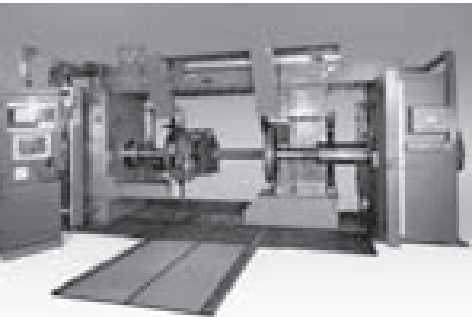
## OUTLOOK AND GOALS FOR 2009

Kesel expects sales slightly below the high level of the previous year.



MARTIN KLUG,  
MANAGING DIRECTOR

GESCO AG shareholding	90 %
Management shareholding	10 %
Capital ratio (31.12.2008)	44.5 %
2008 sales (in € m)	11.7
Staff (31.12.2008)	46
Member of the GESCO Group	since 23.04.2009



RÜDIGER GÖTZEN,  
MANAGING DIRECTOR

### STRATEGY AND BUSINESS SEGMENTS

The company, founded in 1931, is a global leader in automatic leveling machines as well as in wheel presses for rolling stock. This is complemented by a standard range of manual level presses and special machines for clearing, assembling, checking and forming. Major customer sectors are the automotive and automotive supply industry, railway technology, mechanical engineering and the machine tools and steel industry.

### FINANCIAL YEAR 2008

Compared to the record year of 2007, MAE was once again able to post significant sales growth. In doing so, the company harvested the fruits of its development work - particularly over the last few years - as the newly developed leveling machines for long parts have seen major demand worldwide. MAE also recorded a considerable increase in orders for wheel presses primarily in emerging markets. The export ratio increased again and amounted to 47.7% compared to 40.9% in the previous year.

Construction of a new production hall started in 2007 was completed in June 2008. With these additional assembly capacities, MAE is in a position to be able to satisfy the continuing high demand.

### OUTLOOK AND GOALS FOR 2009

MAE has a high order backlog and anticipates sales slightly above the record level of the previous year.

GESCO AG shareholding	100 %
Capital ratio (31.12.2008)	53.4 %
2008 sales (in € m)	24.6 (+25.9 %)
Staff (31.12.2008)	118 (+6.3 %)
Member of the GESCO Group	since 01.01.1997



## STRATEGY AND BUSINESS SEGMENTS

Setter Group was founded in 1963 and comprises Setter GmbH & Co. Papierverarbeitung and its wholly-owned subsidiary Q-Plast GmbH & Co. as well as HRP Leasing GmbH. The company produces plastic and paper sticks and operates worldwide with an export ratio of approximately 80%. It also sees itself as the quality and volume leader in this niche market. Setter supplies companies in the sweets and hygiene industry. The sticks are used in products like lollipops or in medical and consumer cotton buds.

## FINANCIAL YEAR 2008

Setter Group sales in 2008 were approximately 3.9% below those recorded in the previous year's period. The reason for this decline is primarily the unfavorable exchange rate due to the weak US dollar compared to the euro.

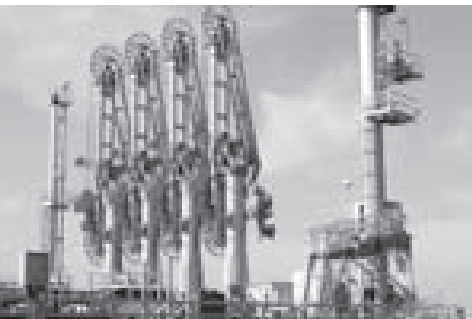
## OUTLOOK AND GOALS FOR 2009

In the last few months, Setter has gained new customers and expects stable sales for the new financial year.



ROBERT PRAGER,  
MANAGING DIRECTOR

GESCO AG shareholding	100 %
Capital ratio (31.12.2008)	87.9%
2008 sales (in € m)	10.3 (-3.9 %)
Staff (31.12.2008)	52 (-8.8 %)
Member of the GESCO Group	since 30.04.2004



KLAUS MERTENS,  
MANAGING DIRECTOR

### STRATEGY AND BUSINESS SEGMENTS

SVT develops, manufactures and markets high-quality technical equipment to load and unload liquid and gaseous materials on and off ships and tankers. Key customers come from the chemical and petrochemical as well as the petroleum and gas industry. An important product group manufactured by the company is land and ship loading equipment for so-called liquefied natural gas (LNG), which is natural gas cooled to minus 165°C. In this growth market, SVT offers superior technology and sees itself as the world's second largest provider. Because gas transported by tankers is independent from pipelines, new LNG terminals are currently being designed and built in many countries.

SVT generates around three quarters of its sales abroad. Products are used globally, including the EU, the US, the Middle East and Asia up to as far away as Australia. The company has the technical expertise to build equipment and control units according to the standards in each respective country.

### FINANCIAL YEAR 2008

SVT achieved a major increase in growth of 37.7% in 2008. This substantial rise in demand was met by expanding production and storage facilities as well as by introducing a flexible work time model and making new staff appointments. The export ratio dropped from 83.1% to 73.1%. This development was the result of strong growth in domestic sales, which more than doubled compared to the previous year's period. Foreign sales also increased significantly by 21%.

### OUTLOOK AND GOALS FOR 2009

SVT also expects further growth in the financial year 2009 in spite of the global recession.

GESCO AG shareholding	90 %
Management shareholding	10 %
Capital ratio (31.12.2008)	44.4 %
2008 sales (in € m)	38.6 (+37.7%)
Staff (31.12.2008)	161 (+7.3%)
Member of the GESCO Group	since 01.01.2002

# VWH VORRICHTUNGS- UND WERKZEUGBAU HERSCHBACH GMBH, HERSCHBACH

## STRATEGY AND BUSINESS SEGMENTS

VWH specializes in automation technology, mould construction and sensor technology. The company's core competence is the development and manufacture of complex part and fully automated production systems for the assembly of components, including the appropriate testing technology. VWH is a niche provider specializing in custom plant engineering for automation technology, mould construction and in-line systems for manufacturing sensors.

VWH supplies well-known companies in the automotive and supplier industry, the electrical and electronics industry as well as the medical technology sector. The company can draw on a high level of technical expertise and provides its clients with a supportive partnership from the development phase onwards.

## FINANCIAL YEAR 2008

VWH was able to significantly increase its sales after the rather weak previous year. Like many companies in the investment goods industry, VWH recorded a strong first half year and then posted a decline in incoming orders especially in the fourth quarter.

## OUTLOOK AND GOALS FOR 2009

VWH anticipates a moderate decrease in sales for 2009. The company receives numerous inquiries, but customers are generally cautious about placing orders.



THOMAS STURM,  
MANAGING DIRECTOR

GESCO AG shareholding	100 %
Capital ratio (31.12.2008)	36.4 %
2008 sales (in € m)	9.4 (+46.3 %)
Staff (31.12.2008)	102 (+6.3 %)
Member of the GESCO Group	since 25.04.2007

# ALRO GMBH, MOLINEUS & CO. GMBH + CO. KG, TOMFOHRDE GMBH & CO. INDUSTRIEVER- WALTUNGEN, WUPPERTAL

126

These companies are merely management holdings which are wholly-owned by GESCO AG and are managed by GESCO AG employees. These companies manage let properties held by the companies. As these activities are not part of GESCO AG's core business they are gradually being cut back.



# FINANCIAL CALENDAR/ SHAREHOLDER CONTACT

## FINANCIAL CALENDAR

### 25 June 2009

Annual Accounts Press Conference and Analysts' Meeting

### August 2009

Announcement of figures for the first quarter (01.04.-30.06.2009)

### 27 August 2009

Annual General Meeting in the Stadthalle, Wuppertal

### November 2009

Announcement of figures for the first half year (01.04.-30.09.2009) and despatch of the interim report

### February 2010

Announcement of figures for the first nine months (01.04.-31.12.2009)

### 29 June 2010

Annual Accounts Press Conference and Analysts' Meeting

### August 2010

Announcement of figures for the first quarter (01.04.-30.06.2010)

### 2 September 2010

Annual General Meeting

### November 2010

Announcement of figures for the first half year (01.04.-30.09.2010) and despatch of the interim report

## SHAREHOLDER CONTACT

GESCO AG

Investor Relations

Döppersberg 19

D-42103 Wuppertal

Phone +49 02 02 2 48 20 - 18

Fax +49 02 02 2 48 20 - 49

E-mail [info@gesco.de](mailto:info@gesco.de)

Website [www.gesco.de](http://www.gesco.de)

If you would like to be kept regularly informed, please let us know and ask to be included on our mailing list. The online-version of this annual report is available on [www.gesco.de](http://www.gesco.de).

Concept/design – heureka! Profitable Communication GmbH, Essen

Printing – Druckstudio GmbH, Düsseldorf



GESCO AG  
DÖPPERSBERG 19  
D-42103 WUPPERTAL  
PHONE +49 202 24820-0  
FAX +49 202 24820-49

E-MAIL [INFO@GESCO.DE](mailto:INFO@GESCO.DE)  
WEBSITE [WWW.GESCO.DE](http://WWW.GESCO.DE)