



**2011**  
ANNUAL REPORT  
**2012**





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# THE INDUSTRIAL GROUP

GESCO GROUP: AN ASSOCIATION OF INDUSTRIAL SMES. CONCENTRATING ON TOOL  
MANUFACTURING/MECHANICAL ENGINEERING AND PLASTICS TECHNOLOGY,  
I.E. CORE SEGMENTS OF GERMANY'S INDUSTRIAL SECTOR. A GROUP OF "HIDDEN  
CHAMPIONS", MARKET AND TECHNOLOGY LEADERS.

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## CONTENTS

PAGE 8

FOREWORD BY THE  
EXECUTIVE BOARD

PAGE 12

THE  
INDUSTRIAL  
GROUP



## SUPPLEMENT

Profiles of the GESCO Subsidiaries

**GESCO  
SHARES**

<b>42</b>	_____	Declaration of Compliance and Corporate Governance Report
<b>49</b>	_____	Group Management Report
<b>72</b>	_____	GESCO AG – Summary of the Annual Financial Statements
<b>75</b>	_____	GESCO Group – Consolidated Financial Statements
		76 __ Balance Sheet
		78 __ Income Statement/Statement of Comprehensive Income
		79 __ Cash Flow Statement
		80 __ Statement of Changes in Equity Capital/Segment Report
		82 __ Notes
<b>121</b>	_____	Auditor’s Report
<b>122</b>	_____	Report from the Supervisory Board
<b>126</b>	_____	Financial Calendar/Shareholder Contact
<b>128</b>	_____	Imprint

# GESCO GROUP KEY FIGURES (IFRS)

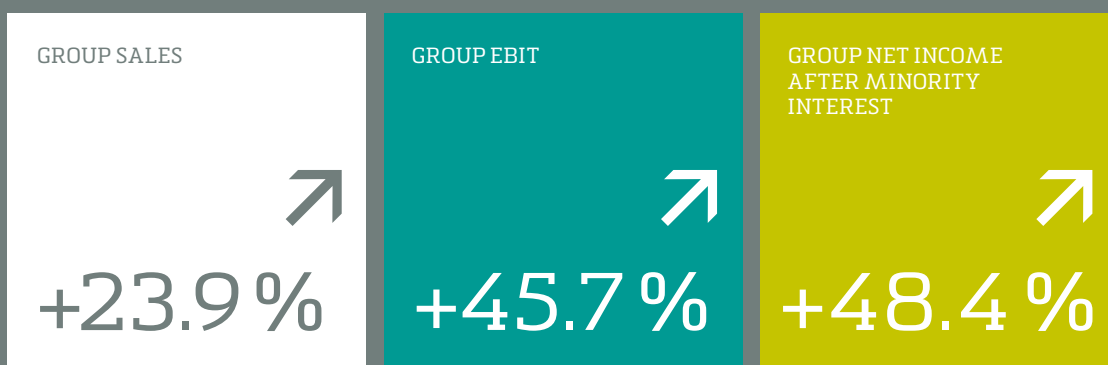
Financial year 01.04.-31.03.		2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006
Sales	€'000	153,835	171,234	192,264	234,327
of which domestic	€'000	124,165	133,220	140,768	172,464
foreign	€'000	29,670	38,014	51,496	61,863
EBITDA	€'000	14,580	17,947	20,114	26,792
EBIT	€'000	8,063	10,711	12,512	18,792
Earnings before tax	€'000	-1,600 <sup>1)</sup>	8,782	11,850	16,562
Taxes on income and earnings	€'000	-758	-3,985	-4,868	-7,100
Taxation rate	%	-	45.4	41.1	42.9
Group net income after minority interest	€'000	-3,177 <sup>1)</sup>	4,198	6,228	9,325
Earnings per share	€	-1.29 <sup>1)</sup>	1.73	2.50	3.54
Investment in Property, Plant and Equipment <sup>2)</sup>	€'000	5,292	5,258	6,404	9,014
Depreciation on Property, Plant and Equipment	€'000	5,330	6,039	6,318	6,718
Equity	€'000	29,444	36,333	41,878	54,379
Total assets	€'000	138,515	138,370	145,070	174,430
Equity ratio	%	21.3	26.3	28.9	31.2
Employees (as at 31.1.12.)	No.	1,203	1,192	1,215	1,329
of which trainees	No.	69	63	60	75
Year-end share prices as at 31.03.	€	9.10	16.70	23.61	38.90
Dividend per share	€	0.50	0.70	0.90	1.25

<sup>1)</sup> The losses in financial year 2002/2003 were attributable to the New Technologies division, which has been discontinued by 31.03.2003.

<sup>2)</sup> Without additions from changes to the scope of consolidation.

<sup>3)</sup> Including dividend bonus of € 0.22 due to 10-year anniversary of IPO.

<sup>4)</sup> Dividend proposal to the AGM on 30.08.2012.




2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	Change
268,146	333,155	378,388	277,664	335,237	415,426	23.9%
199,470	248,534	276,602	183,536	219,981	265,662	20.8%
68,676	84,621	101,786	94,128	115,256	149,764	29.9%
31,800	44,281	49,689	27,156	38,180	51,345	34.5%
23,728	34,158	38,931	16,470	26,958	39,275	45.7%
23,570	30,783	34,585	13,965	24,091	35,830	48.7%
-9,311	-11,227	-10,897	-4,389	-7,651	-11,135	45.5%
39.5	36.5	31.5	31.4	31.8	31.1	-
13,313	17,883	21,618	8,896	15,251	22,640	48.4%
4.83	5.92	7.16	2.95	5.05	7.44	47.3%
8,332	12,030	12,354	8,417	9,915	14,937	50.7%
6,745	8,252	8,191	8,758	9,058	9,850	8.7%
74,948	89,845	103,285	105,173	114,361	154,891	35.4%
211,762	236,511	259,598	246,356	260,344	321,135	23.4%
35.4	38.0	39.8	42.7	43.9	48.2	-
1,543	1,713	1,795	1,733	1,775	1,899	7.0%
81	105	109	99	92	97	5.4%
38.20	48.00	32.50	40.00	58.89	65.40	11.1%
1.50	2.42 <sup>3)</sup>	2.50	1.30	2.00	2.90 <sup>4)</sup>	45.0%

DIVIDEND PER SHARE

↑  
+45.0%

 1,899

415 MILLION €  
SALES



2011/2012

# FOREWORD BY THE EXECUTIVE BOARD



## DEAR SHAREHOLDERS,

In the 2011/2012 financial year, GESCO Group achieved new records in terms of sales and earnings. With Group sales of € 415.4 million and Group net income after minority interest of € 22.6 million, we have been able to exceed the previous year's high values significantly. Like a great deal of the German industrial sector, GESCO Group appeared in very good condition in the past financial year, despite talk of the sovereign debt crisis and the threat of a recession or downturn since early August 2011.

The share price also appeared in good shape. While our benchmark index, the SDAX, merely climbed by 1.5%, our share price increased by 11.1% in the reporting year. In the 2011 calendar year, the GESCO share even recorded a plus of 20.5%, whereas the SDAX fell by 14.5%. In both periods, the GESCO share also managed to clearly outperform the other significant indices: DAX, MDAX and TecDAX.

Besides the price gains, the total return for our shareholders also included the July 2011 dividend payment of € 2.00 per share. And the dividends are set to continue to rise. In view of the positive income situation in the past financial year, the Executive Board and Supervisory Board will propose a dividend payment of € 2.90 per share at the Annual General Meeting on 30 August 2012 – an increase of 45%. As you know, we are aiming for a distribution ratio of around 40% of Group net income after minority interest.

The dividend payouts are based on operating success. This wouldn't be conceivable without qualified workforces. For this reason, we would like to extend our warmest thanks to the employees and managers of the GESCO Group. They have outstandingly overcome the intense economic ups and downs of these past years and have also shown total commitment in the 2011/2012 financial year with its further strong growth.

The existing Group has grown significantly. We have also expanded the basis for further growth. At the end of December 2011, we acquired Werkzeugbau Laichingen Group, a specialist for complex and large sheet metal forming tools. This group employed around 150 people and generated some € 18 million in sales in 2011. Recently acquired companies typically make a first full contribution to Group earnings after two to three years, once the effects from the first consolidation have been dealt with.

Additionally, we were able to acquire C.F.K. CNC-Fertigungstechnik Kriftel GmbH, another very well-positioned niche provider, at the end of May 2012, shortly before this annual report went to press. As a specialist for high precision wire erosion and die sinking as well as laser melting, C.F.K. treats its customers' components, including many sophisticated, safety-related parts, with the greatest accuracy. The company, with some 40 employees, generated around € 7.5 million in sales, which to a great extent was its own value creation.



EXECUTIVE BOARD:  
DR.-ING. HANS-GERT MAYROSE AND ROBERT SPARTMANN

Beyond these corporate acquisitions, we see good opportunities to expand the portfolio further. This is why we issued 302,000 new shares and increased share capital by approximately 10% at the end of February 2012 as part of a “small” capital increase. By doing so, we earned € 19.2 million, which is to be used to acquire further industrial SMEs. You can find detailed information on this capital measure in this annual report in the chapter entitled “GESCO Shares”.

As you know, the exit – in other words, the sale of a shareholding – is not part of the GESCO business model. But markets change. Therefore, we must always keep the strategic option of selling a company open. The markets in which Ackermann Fahrzeugbau GmbH (part of GESCO Group since 1996) operates have seen tough competition and consolidation for a long time. Since the crisis in 2009, the environment has changed fundamentally yet again and is now impacted by strong fluctuations in capacity utilisation and high pricing pressure. As a niche provider, Ackermann is competing with significantly higher-turnover companies. Recently, the opportunity arose to incorporate Ackermann into a considerably larger commercial vehicles group that is active throughout Europe. In April 2012, after the end of the reporting period, we sold our share in Ackermann to AluTeam Fahrzeugtechnik GmbH. For AluTeam, Ackermann Fahrzeugbau is a strategic addition to its service portfolio. We are confident that the cooperation with this industry partner will provide Ackermann with strategic advantages that it would not be able to obtain if it continued to be positioned as an individual company.

Dear Shareholders,

At the beginning of this foreword, we mentioned the good performance of the GESCO share in the reporting year and in the 2011 calendar year. However, in the past few weeks (May 2012), the share has unfortunately not been able to escape the effects of the negative environment and has fallen significantly. It goes without saying that we find this development disappointing. Nevertheless, longer periods, such as five or ten years, are more convincing than such short-term fluctuations or a one-year comparison of performance. The GESCO share is particularly strong in these long-term comparisons. It distinctly outpaces both the indices as well as most peer group companies. As you can see, it is indeed possible to have above-average stock market success on a medium and long-term basis with a business model shaped by sustainability, a sound financial basis and risk awareness. That's good news, in our opinion. We are confident that we will be able to continue GESCO Group's positive development in the years to come. You can find further information on share price performance in the chapter entitled "GESCO Shares".

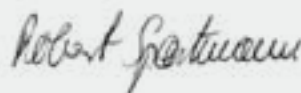
We would like to sincerely thank you as shareholders for your trust. Many of you have had investments in GESCO for a number of years. Desire for returns aside, many of you also seem to be "true believers", who make it a point to invest money in the sustainable, SME-oriented GESCO model. We look forward to continuing down the company's path to success with you, our shareholders.

The GESCO share is an investment in a focused portfolio of high performing industrial German SMEs. In particular, talks with foreign investors and analysts make it clear to us time and time how important the vital industrial basis at the heart of our economy as well as the creativity and entrepreneurial energy of SMEs is – something we "insiders" often take for granted. We see it as our duty to acquire, promote and develop carefully selected companies from this industrial SME basis. At the same time, we are offering you, our shareholders, the opportunity to invest in a group of such non-listed SMEs. Under the motto "The Industrial Group", we will take you on a tour of the world of industrial SMEs in this Annual Report. We invite you to come along with us for the journey.

Yours sincerely,



Dr.-Ing. Hans-Gert Mayrose



Robert Spartmann




# THE INDUSTRIAL GROUP



## TECHNOLOGY "MADE IN GERMANY" FOR MARKETS AROUND THE WORLD

All over the world, people want to improve their standard of living. They need food and energy, consumer goods and transportation. All of these objectives require machinery, components and materials of all sorts – in other words, these objectives require technology. High-performance technology at prices in line with market conditions. GESCO Group provides technology "Made in Germany", for markets around the world that need these products. The group benefits from the megatrends of our era. There is demand for GESCO Group's products in emerging economies as well as in established markets such as Europe, North America and Australia.





Many economies are currently in awe of Germany's strong industrial basis. SMEs play a particularly significant role in the industrial sector, with additional impetus coming from the country's numerous universities and other research institutes, organisations and bodies.

In classic industrial segments like engineering, tool manufacturing and moulding technology, tried-and-tested processes and long-standing know-how are combined with highly innovative technology.



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EXAMPLE 1

MAE MASCHINEN- UND APPARATEBAU GÖTZEN GMBH







## INTERNATIONAL MARKET LEADER WIDENS SCOPE

MAE Maschinen- und Apparatebau Götzen GmbH has for years been the international market leader in two fields – automatic levelling machines which are mainly used in the automotive industry, and pressing machines for assembling and dismantling rolling stock wheels.

In order to secure its undisputed market leadership, MAE has introduced several groundbreaking new innovations in both fields in the past several years – thereby simultaneously proving that technical finesse and marketability are perfectly compatible with constructive evolution and cost-reduction. These innovations have enabled MAE to tap into a whole new group of customers. One particular highlight at MAE is a machine used for straightening large-scale components – it can handle solid components of up to 30 m in length and 50 cm thick, and it can increase this to 85 cm thick for hollow items such as pipes. This machine can straighten steel poles, the drive shafts of ships and drill rods for oil wells. The company has been able to expand its customer base: traditional clients from the automotive industry have now been joined by steelmakers and petroleum companies. Wheel presses have also undergone a fundamental reengineering revolution and have proven tremendously popular with emerging markets. The result: MAE has more than doubled its sales figures over the past few years.





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EXAMPLE 2  
DÖRRENBURG EDELSTAHL GMBH

PERFECT CONTROL OVER  
ESSENTIAL MATERIALS

The company that is today Dörrenberg Edelstahl GmbH was founded over 150 years ago in Runderoth, east of Cologne. The company's home region has a history of iron and steel production that dates back some 550 years. To this very day, profound knowledge of metallurgy forms the foundation of the company's metalworking know-how. Dörrenberg offers a steel-related portfolio that is unique in Europe – from the initial smelting process at its in-house foundry to cutting-edge surface treatment processes.



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EXAMPLE 3  
PAUL BEIER GMBH  
WERKZEUG- UND MASCHINENBAU & CO. KG





Tool manufacturing is a discipline with a long tradition, and the market in Germany is extremely fragmented, with factories outside Germany now producing many of the standard tools in use.

Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG specialises in a particular segment of tool manufacturing, successive composite dies, and it is a well-known supplier of multi-stage components for rotationally symmetrical gears.

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EXAMPLE 4  
WERKZEUGBAU-LAICHINGEN-GRUPPE

“VIRTUALLY EVERY GERMAN  
CONTAINS COMPONENTS MAN  
WITH OUR TOOLS”

*Jürgen Mangold, Managing Director of Werkzeugbau Laichingen Group*



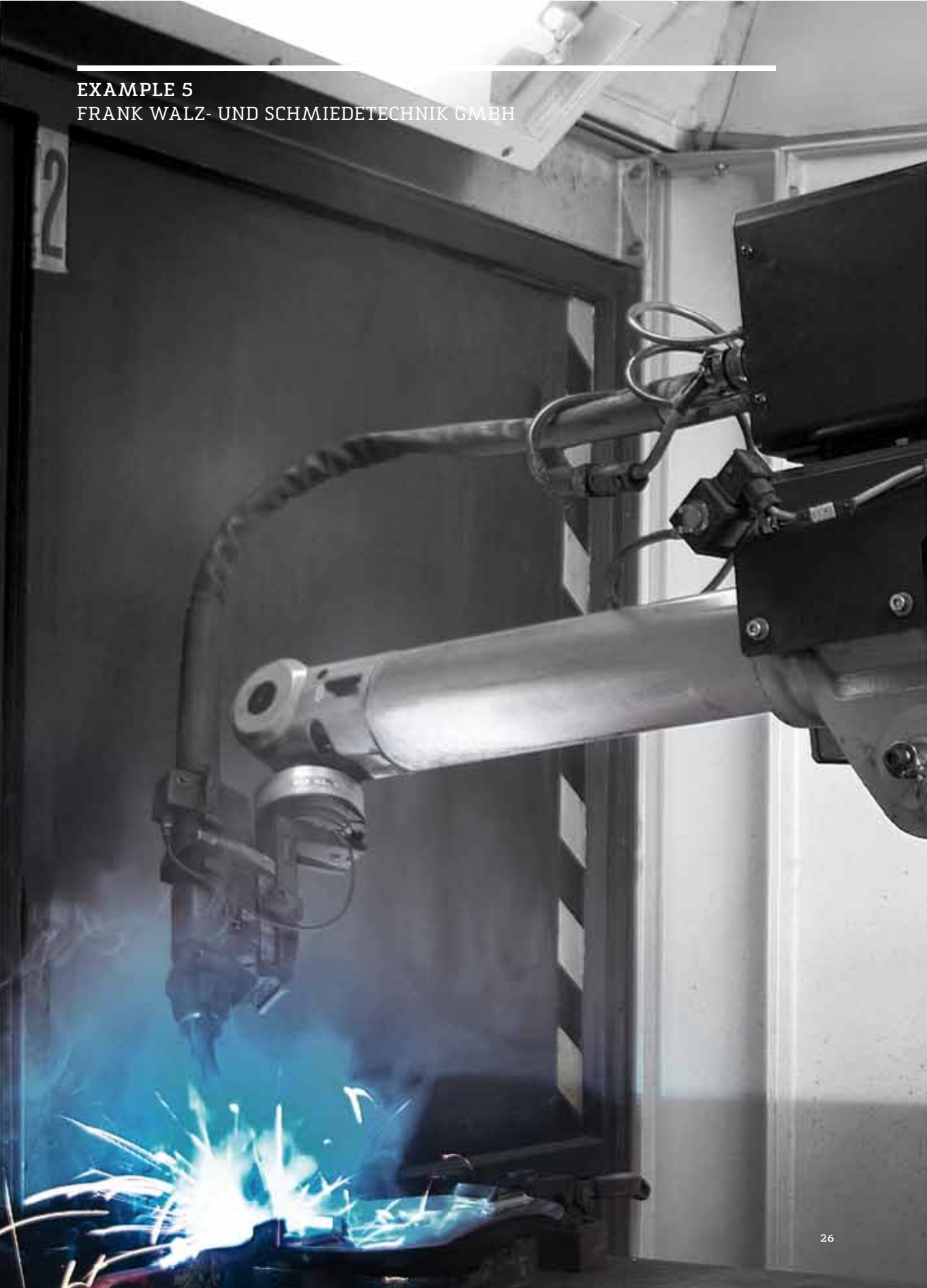
# CAR UNFACTURED

## 120 YEARS OF FLEXIBILITY


The Werkzeugbau Laichingen Group specialises in creating large, complex sheet metal forming tools, and it is one of Europe's leading companies for the manufacturing of highly advanced tools. Most of these tools are designed and produced for the automotive industry. Innovative new materials, such as high-strength sheet metal, represent particular challenges to companies that produce shaping technology. It goes without saying that WBL uses the most modern aids when simulating forming processes. All the same, the sheer experience and understanding highly experienced staff, technicians and engineers all have is something technology can't replace. WBL uses its own presses to manufacture series start-ups and small-scale series for its customers. Its portfolio of services also extends to repairing and reworking tools and regular maintenance work on-site at its customers' plants.

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EXAMPLE 5  
FRANK WALZ- UND SCHMIEDETECHNIK GMBH







Tradition alone is no guarantee of success. Companies must constantly defend their advantages, such as USPs and market entry barriers. Knowledge and skill have to be updated on a constant basis. SMEs do well in this respect, as they benefit from flexibility and the ability to make quick decisions. Frank Walz- und Schmiedetechnik GmbH was founded over 175 years ago: today, it is an original equipment manufacturer for agricultural machinery producers, and it supplies replacement parts for the agricultural machinery trade. Frank is Europe's leading producer of wear parts for agricultural, harvesting and landscaping technology.



## QUICK MINDS AND SKILLED HANDS

Engineers, technicians, specialists, graduates in business management, designers – what would Germany's industrial companies be without their workforces? It takes people with good qualifications, motivation and loyalty to design and produce special machinery, high-end units and complex tools that can remain competitive.

GESCO Group currently employs some 2,000 people with the right qualifications for their jobs, and we support them by ensuring further training is available so they can continuously hone their skills. They possess one thing above all: tremendous experience. This collective knowledge is very precious, so the companies in GESCO Group hire and train large numbers of young people – this is still the best way to obtain staff with ideal qualifications.

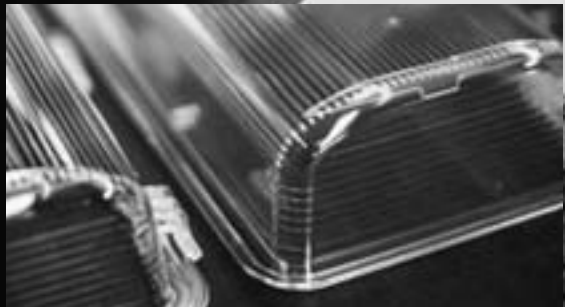




## STRONG FINANCES FOR STRONG TECHNOLOGY

High equity levels, sufficient liquidity, low liabilities – the companies in GESCO Group can capitalise on their technology because we have such a strong balance sheet. During bullish economic periods, our companies can access the financial resources they need for growth, and during phases of retrenchment, executives can concentrate fully on running their companies instead of having to be involved in negotiations with banks.





# INVESTING IN THE FUTURE

Companies that fail to invest always lose out, and if they want to maximise efficiency and competitiveness levels, they need the latest in machinery and tools. In theory, buying machinery should be a simple process, but in real life, quite a lot of competitors hesitate to make large-scale investments on a regular basis. In plastic injection moulding, for example, it's lonely at the top when it comes to large machines with locking pressure of over 2,000 tonnes for producing big components. AstroPlast Kunststofftechnik GmbH & Co. KG benefits from this fact – and also benefits from its workforce's flexibility.







## AN INVESTMENT COMPANY OF A DIFFERENT KIND

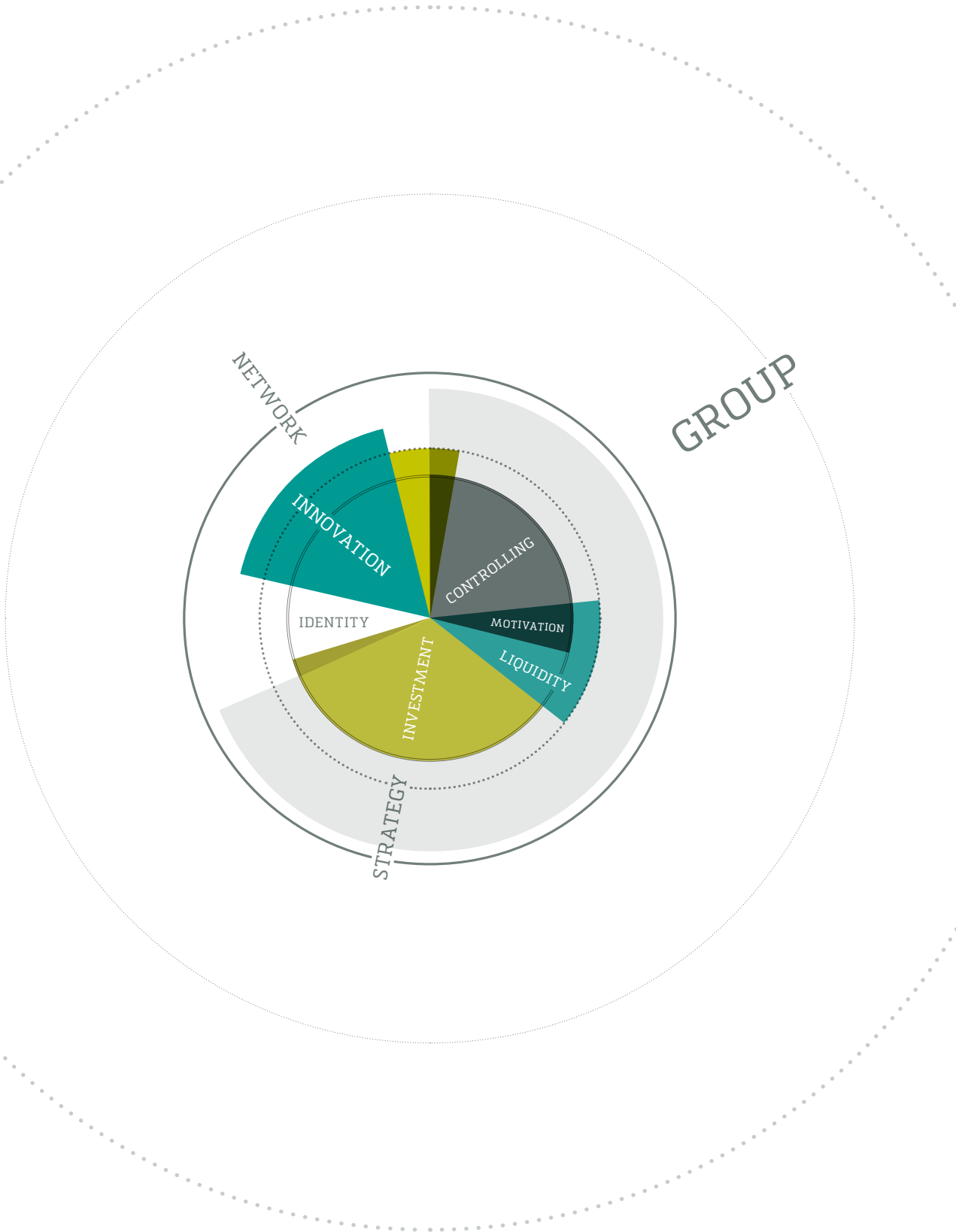
GESCO AG selects and acquires majority shares in exceptionally successful SMEs, develops them further together with their respective management and retains its stake for the long haul. Frequently, a lack of a successor to run a company is what prompts GESCO AG to stage a purchase. The holding company then looks for new management together with the departing owner. The new management obtains a 10-20% capital stake in the companies once they have completed a probationary period. The positive aspects of this entrepreneurial approach are obvious: managers have the ideal motivation to do well and serve as an identification figure both inside and outside the company. But above all, these managers think in the long term, just like majority shareholder GESCO AG, so they always keep an eye on activities to ensure that their company shows positive growth over time.





# (CORE) COMPETENCY<sup>2</sup>

The individual companies in GESCO Group operate independently of each other, and each of them has to defend its position in its respective market by itself. However, GESCO AG uses monthly reports, systematic risk management, annual strategy meetings and regular visits to subsidiaries to ensure it stays abreast of developments as they happen and to be in a position to actively provide support if and when it becomes necessary. If any business in the group needs assistance that does not pertain directly to its core competence, the parent and sibling companies are more than willing to do what they can. This help can take many forms – best practice, sparring and providing insight derived from experience. This means the group's members can mutually reinforce their skills and expertise – generating what you could describe as “competency squared”.





# DE000A1K0201

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

International Securities Identification Number ISIN	DE000A1K0201
Securities Identification Number (SIN)	A1K020
Stock market abbreviation	GSC1
Share capital (31.03.2012)	€ 8,645,000
Number of shares (31.03.2012)	3,325,000
IPO	24 March 1998
Issue price	DM 42 / € 21.47
Year-end price, previous year (31.03.2011)	€ 58.89
Year-end price, reporting year (31.03.2012)	€ 65.40
Reporting year high (25.07.2011)	€ 72.49
Reporting year low (09.08.2011)	€ 54.20
Market capitalisation as of 31.03.2012	€ 217.5 million
Free float	88%
Market capitalisation of free float as of 31.03.2012	€ 191.4 million
Shares held by members of the Supervisory Board (31.03.2012)	0.2%
Shares held by members of the Executive Board (31.03.2012)	0.5%
Transparency standard	Prime Standard
Indices	SDAX CDAX overall index Prime All Share Prime Industrial Classic All Share Prime Industrial Diversified

## STOCK EXCHANGES

XETRA  
Frankfurt (regulated market)  
Stuttgart (open market)  
Berlin (open market)  
Düsseldorf (open market)  
Hamburg (open market)  
Munich (open market)

## 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

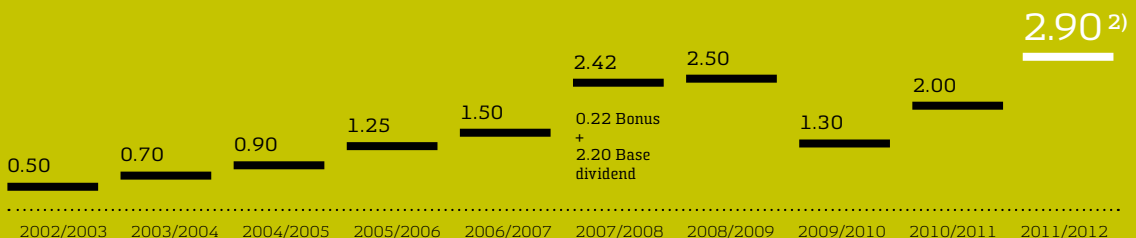
SUSTAINABLE, CALCULABLE DIVIDEND POLICIES

HIGH LEVEL OF MANAGEMENT EXPERTISE WITH INDUSTRY EXPERIENCE

OPPORTUNITIES THROUGH NUMEROUS UNSOLVED SUCCESSION ISSUES

ACTIVE INVESTOR RELATIONS AND HIGHLY TRANSPARENT REPORTING

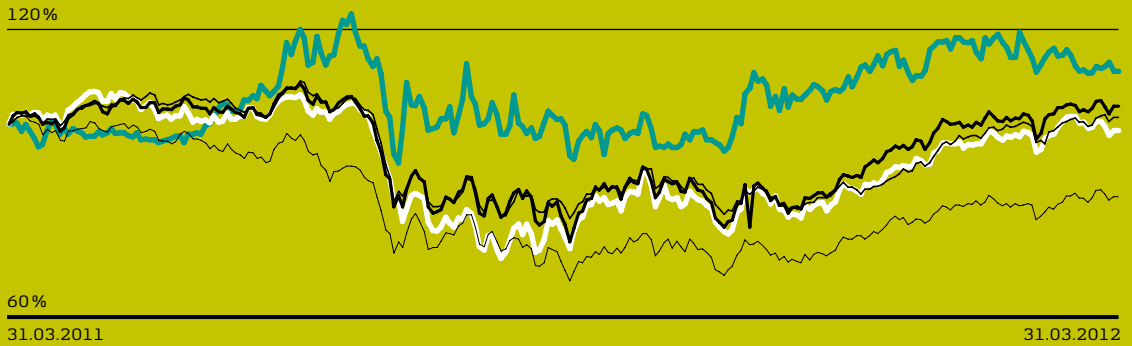
## DIVIDEND PER SHARE IN €



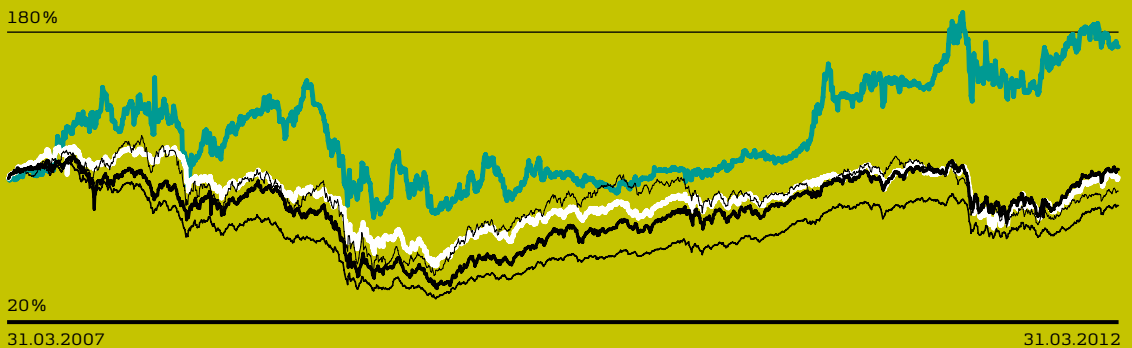
<sup>1)</sup> All share prices reflect the XETRA closing price

<sup>2)</sup> Dividend proposal to the AGM on 30.08.2012

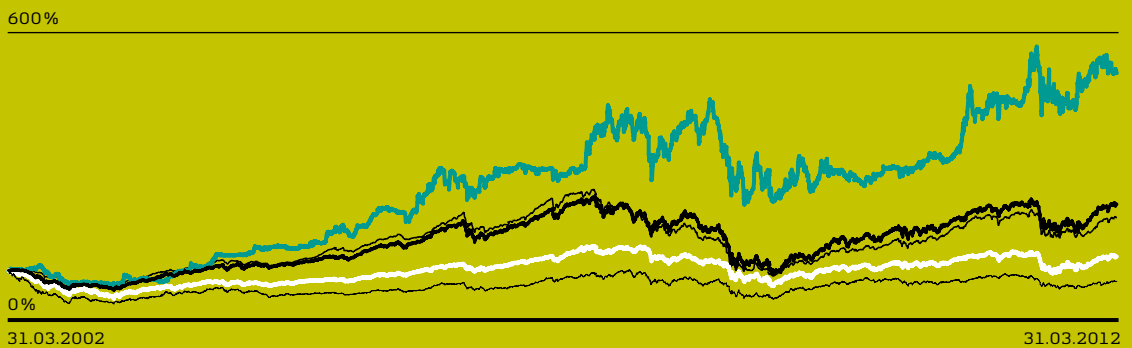
### GESCO VS. INDICES (1 YEAR)



### GESCO VS. INDICES (5 YEARS)



### GESCO VS. INDICES (10 YEARS)



GESCO

DAX

MDAX

SDAX

TECDAX

DIVIDEND



**2.90 €<sup>2)</sup>**  
(2.00 € / +45%)

EARNINGS PER SHARE  
PURSUANT TO IFRS



**7.44 €**  
(5.05 € / +47.3%)

YEAR-END SHARE  
PRICE



**65.40 €**  
(58.89 € / +11.1%)

# GESCO SHARES

**When buying GESCO shares, investors place their funds in a portfolio of carefully selected SMEs, including several market and technology leaders. The share's sustained outperformance speaks for itself, as do the just as sustainable dividend policies.**

Following the capital markets' significant recovery in 2010, the leading German indices recorded considerable losses in 2011. Our benchmark index, SDAX, also recorded a minus of 14.5%. In contrast, the GESCO share clearly outperformed the index, giving shareholders a price rise of 20.5%. Also during the 2011/2012 financial year, the GESCO share, with a plus of 11.1%, developed significantly better than the SDAX, which only increased by 1.5%. In both analysis periods, the GESCO share also managed to considerably outperform the DAX, MDAX and TecDAX.

**GESCO SHARE  
CLEARLY OUTPER-  
FORMED THE SDAX**

Trading liquidity of the GESCO share increased significantly to an average daily volume of around € 800 thousand in the reporting year (previous year: € 327 thousand), corresponding to more than 11,000 shares per day (previous year: 6,700 shares). As a result, the GESCO share's rank in Deutsche Börse AG's MDAX and SDAX indices in terms of trading liquidity improved greatly, moving up to 66th place after coming in 91st in the previous year. In terms of market capitalisation, the GESCO share was also able to rise from 89th place in the previous year to 80th place as of March 2012. Overall, the GESCO share was steadily positioned in the mid range of the SDAX at the end of the financial year.

The GESCO share remains widely spread, with share capital in the hands of some 8,000 investors. The entrepreneur Stefan Heimöller holds approximately 12% of the shares. According to the regulations of Deutsche Börse AG, such private shareholdings exceeding 5% have to be deducted from free float. To our knowledge, of the remaining free float of 88%, around 48% is held by further private investors and about 40% by institutional investors. German shareholders hold around 80% of the shares. Further key shareholder markets include the UK, Luxembourg, Belgium, Switzerland and the US.

Research into the GESCO share is currently being compiled by equinet Bank AG, Close Brothers Seydler Bank AG, Bankhaus Lampe, GSC Research and Performaxx. On the reporting date, three analysts rated the share as “buy” and two as “hold”.

## CHANGE TO REGISTERED SHARES

The Annual General Meeting on 21 July 2011 resolved to change the GESCO share status from bearer to registered shares. This change was effected on 10 October, and the securities identification number (SIN) and international securities identification number (ISIN) were changed at the same time; the new SIN is A1K020 and the new ISIN is DE000A1K0201. The main reason for changing over to registered shares was to increase the transparency of shareholdings and to provide an opportunity of intensifying the dialogue with shareholders.

## CAPITAL INCREASE

€ 19.2 MILLION  
NEW CAPITAL FOR  
FURTHER GROWTH

In view of significantly better opportunities for external growth (further company acquisitions), the Executive Board and Supervisory Board of GESCO AG decided to increase the company's share capital in February 2012. The acquisition of WBL Group at the end of December 2011 made it even further clear that a strong balance sheet with sufficient liquidity and a large equity position offers specific competitive advantages in the M&A process. To make sure that the company remains in a position to conduct business, our aim was to strengthen our capital base before carrying out potential acquisitions and therefore maintain a strong balance sheet instead of playing the capital market with a balance sheet burdened by the acquisition after the event.

After considering the various options, we chose a “small” capital increase of just under 10 % of share capital without a prospectus and under exclusion of subscription rights of existing shareholders. We are convinced that a capital measure subject to publishing a prospectus with the resulting significant burdens for GESCO AG and its subsidiaries as well as considerable external costs would only have been justified in the event of a capital increase of distinctly more than 10 %. However, such a measure would have most likely significantly affected the share price and, in view of the amount funds raised, placed certain expectations and investment pressure on the company that would not have been beneficial in the M&A process. Additionally, in view of the unstable stock market environment, the subscription rights trading period creates considerable uncertainty with corresponding risks. All in all, the transaction in the form employed was characterised by a remarkably high level of efficiency.

On account of the transaction, the share capital increased by € 785,200 to € 8,645,000. By issuing 302,000 new shares, the number of shares went up to 3,325,000 registered shares. The new shares carry dividends for the financial year 2011/2012. This was necessary to create new shares that could be placed and traded. On 1 March 2012, the capital increase was entered into the commercial register at Wuppertal district court.

The new shares were successfully placed with institutional investors in Germany and abroad at a price of € 65.00 per share, close to market price with only a slight discount. Demand for the shares was more than double the supply. The net proceeds from the emission of approximately € 19.2 million are to be used for further acquisitions.

While the capital increase is accompanied by a dilution of the existing shares, we are convinced that the advantages predominate, from which all shareholders will profit. The share price has not reacted negatively to the transaction, the company's equity and liquidity are significantly stronger, the number of shares and market capitalisation are significantly higher, the SDAX position is secure and it was possible to expand the investor basis. The companies we intend to acquire with the added funds should make a medium-term contribution to Group earnings, which will (over)compensate the decrease in earnings per share.

## DIVIDEND POLICIES

We see a sustainable dividend as one of the most important factors for the position of the GESCO share. We are aiming for a distribution ratio of around 40 % of Group net income after minority interest, adjusted by possible one-off effects. We feel that this ratio provides a perfect balance between the request of many investors for distributions and GESCO Group's need to retain sufficient liquid assets for securing future growth.

## SUSTAINABLE AND CALCULABLE DIVIDEND POLICIES

On 22 July 2011, a dividend for the 2010/2011 financial year amounting to € 2.00 per share was paid out, corresponding to a total volume of around € 6.0 million. At the Annual General Meeting on 30 August 2012, the Executive Board and Supervisory Board will propose a dividend of € 2.90 per share for the 2011/2012 financial year, which is 45 % higher than in the previous year and the highest dividend in the history of the company. At the time this decision was made, the dividend return, based on the proposed dividend, amounted to 5.1 %.

## DIRECTORS' DEALINGS

Executive Board member Dr. Hans-Gert Mayrose acquired 1,000 GESCO shares per transaction on two separate occasions in November 2011 and in March 2012. Executive Board member Robert Spartmann acquired 1,000 GESCO shares in March 2012.

## INVESTOR RELATIONS

Since 2000, GESCO AG has been a member of the **Deutscher Investor Relations Verband e. V. (DIRK)** and stands by its principles of open and continuous communication.



We have also been a member of the **Deutsches Aktieninstitut e. V. (DAI)** since 1999 and support the development of share culture in Germany. We also raise issues encountered by listed SMEs in DAI's workgroups.

GESCO AG won third place at the **GBC Award 2011** during the Capital Market Conference in Munich. Criteria of this award include the continuity of IR communication as well as the quality of publications and company presentations.

CENTRAL  
INFORMATION  
PLATFORM:  
WWW.GESCO.DE

Our website **www.gesco.de** is a central information platform for all issues relating to the GESCO share, GESCO AG and GESCO Group companies. In financial year 2010/2011, we started publishing video commentaries on the quarterly figures by Executive Board member Dr. Mayrose, who is responsible for Investor Relations, on our website. We see this as a contemporary method of conveying information to supplement the comprehensive written reports. These videos have been very well received by institutional and private investors, as well as by those involved in the M&A process and entrepreneurs. The videos can also be recalled on Youtube.

We maintained active investor relations and general public relations activities during the 2011/2012 financial year. These activities mainly consisted of replying to shareholder questions, roadshows, 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:

<b>14 April 2011</b>	Family to Family Day, Fox Corporate Finance, Munich
<b>7 June 2011</b>	Annual Accounts Press Conference and Analysts' Meeting, Vahingen/Enz
<b>18 May 2011</b>	Small and Mid Cap Conference, Close Brothers Seydler Bank AG, London
<b>27/28 June 2011</b>	Small & Mid Cap Conference, Close Brothers Seydler Bank AG, Paris
<b>30 August 2011</b>	DVFA Small Cap Conference, Frankfurt/Main
<b>6 September 2011</b>	Zurich Capital Market Conference, Zurich
<b>20 September 2011</b>	Small/Midcap Event, WGZ-BANK, Düsseldorf
<b>5 October 2011</b>	Augsburg Capital Market Conference, Augsburg
<b>16 November 2011</b>	DSW Investment Forum, Bonn
<b>22 November 2011</b>	Deutsches Eigenkapitalforum (German Equity Forum), Deutsche Börse AG and KfW Bank, Frankfurt/Main
<b>1 December 2011</b>	UBJ Investor Conference, Hamburg
<b>9 December 2011</b>	Münchener Kapitalmarkt-Konferenz (Munich Capital Market Conference), Munich
<b>14 December 2011</b>	European Midcap Event, Close Brothers Seydler Bank AG, Geneva
<b>2 February 2012</b>	Small and Mid Cap Conference, Close Brothers Seydler Bank AG, Frankfurt/Main
<b>28 March 2012</b>	Süddeutsche Kapitalmarktkonferenz (South German Capital Market Conference) of Süddeutsche Aktienbank AG, Stuttgart

# DECLARATION OF COMPLIANCE AND CORPORATE GOVERNANCE REPORT

**In this report, the Executive Board – on its own behalf and that of the Supervisory Board – provides information on its corporate governance in accordance with Section 3.10 of the German Corporate Governance Code and Section 298a of the German Commercial Code (HGB).**

The Executive Board and Supervisory Board of GESCO AG govern the company with a view to sustainability. The business model is of a long-term nature and all measures are aimed at sustainable positive development. 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.

The Executive Board and Supervisory Board submitted a declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) in December 2011 and made it permanently available to shareholders on the company website at ([www.gesco.de](http://www.gesco.de)). It is also included in this corporate governance report.

The company dealt with the issue of corporate governance early on, already recognising the precursors to the Code published by the Government Commission on the Corporate Governance Code in February 2002. The version dated 26 May 2010 applies at present. Section 161 of the German Stock Corporation Act (AktG) 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 website.

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 can actually be beneficial for smaller companies in particular.

## SHAREHOLDERS AND ANNUAL GENERAL MEETING

Shareholders exercise their voting rights at the Annual General Meeting. Each share carries one vote. GESCO AG publishes all documents relevant to points on the agenda on the company website in the weeks before the Annual General Meeting. In the invitation to the Annual General Meeting, the company requests that shareholders exercise their voting rights. To make it easier for shareholders to vote, the company appoints a voting rights representative who can vote at the Annual General Meeting on behalf of shareholders and according to their instructions. The company feels that a high attendance rate is important for maintaining democracy amongst shareholders and for ensuring that decisions of the Annual General Meeting reflect the wishes of the majority of shareholders. GESCO AG publishes the invitation to the Annual General Meeting and any reports and information required to pass a resolution in accordance with the regulations of the German Stock Corporation Act (AktG). This information is also available on the company website. Since its IPO in 1998, the company publishes the voting results on its website on the day of the Annual General Meeting.

## EXECUTIVE BOARD AND SUPERVISORY BOARD

GESCO AG is a stock corporation under German law and as such is managed by two boards with individual ranges of competence – the Executive Board and Supervisory Board. Both boards maintain a close and trusting working relationship within the scope of their legally defined responsibilities. The Executive Board provides the Supervisory Board with regular, prompt and comprehensive information on company planning, earnings and financial position, risk management, strategic development and intended acquisitions. A list of transactions requiring approval by the Supervisory Board was compiled.

Supervisory Board members did not receive any remuneration or benefits in kind for personal activities such as consultancy or agency services in the reporting year or the year before. Neither Executive Board members nor Supervisory Board members had any conflicts of interest.

## EXECUTIVE BOARD

Executive Board members are jointly responsible for managing the company. The Articles of Association stipulate their responsibilities. The Executive Board works out the strategic development of the company, asks the Supervisory Board for approval and implements it. The Executive Board also defines the company's goals, makes plans and manages the internal control and risk management system as well as the controlling of subsidiaries. In addition, the Executive Board prepares the quarterly and interim reports and also the individual financial statements of GESCO AG and the consolidated financial statements.

The Executive Board of GESCO AG consists of two people; no Chairman or Spokesman has been appointed. In this, the company did not comply with the recommendations of the Corporate Governance Code. Both Executive Board members complement one another with their professional know-how and their responsibilities are clearly defined; the company therefore does not feel it is necessary to appoint a Chairman or Spokesman.

In the reporting year, Dr. Hans-Gert Mayrose and Mr. Robert Spartmann were Executive Board members.

## SUPERVISORY BOARD

The Supervisory Board appoints Executive Board members, monitors their corporate governance and advises them on issues of company management. The report from the Supervisory Board contains detailed information on its work in the reporting year.

The Supervisory Board of GESCO AG has three members. This number has proven to be extremely effective, as strategic issues as well as detailed questions can be discussed in depth. Forming committees is obviously not practical in the case of a Supervisory Board consisting of only three people. The company feels that a strong point of the Supervisory Board derives from the fact that its members are equally informed about all issues.

Supervisory Board members in the reporting year were Klaus Möllerfriedrich (Chairman), Rolf-Peter Rosenthal (Deputy Chairman) and Willi Back. Willi Back is a former member of the Executive Board of GESCO AG. He was Chairman of the Executive Board of GESCO AG until 31 March 2004 and was appointed as member of the Supervisory Board by the Annual General Meeting in 2004.

## COMPREHENSIVE AND TRANSPARENT COMMUNICATION

GESCO AG promptly and truthfully informs shareholders, the capital market, media and general public about all relevant events and the financial development of the company. Financial reports, press releases and ad hoc reports, the financial calendar, documents relating to the Annual General Meeting and a host of other information are available on the company website.

## DIRECTORS' DEALINGS AND SHAREHOLDINGS OF MEMBERS OF THE EXECUTIVE BODIES

In November 2011, Executive Board member Dr. Hans-Gert Mayrose informed the company of the acquisition of 1,000 GESCO shares. In March 2012, Executive Board members Dr. Hans-Gert Mayrose and Robert Spartmann informed the company of the acquisition of 1,000 GESCO shares each. The shareholding ratio of the Executive Board was 0.5% on the reporting date, while the ratio for the Supervisory Board was 0.2%.

## REMUNERATION REPORT

The remuneration report is part of the Group management report.

## ACCOUNTING AND AUDIT OF FINANCIAL STATEMENTS

The individual financial statements of GESCO AG are prepared in accordance with the German Commercial Code (HGB). Since the financial year 2002/2003, the consolidated financial statements of GESCO AG have been pursuant to IFRS. The individual and consolidated financial statements were audited by Dr. Breidenbach und Partner GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Wuppertal. The subsidiaries' financial statements were audited by the following auditing companies: Dr. Breidenbach und Partner GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Wuppertal, K/S/R Treuhand und Revision GmbH Wirtschaftsprüfungsgesellschaft, Ennepetal, and RSM Altavis GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf.

The Chairman of the Supervisory Board obtained the auditor's statement of independence in accordance with Section 7.2.1. of the Corporate Governance Code. In line with the resolution passed by the Annual General meeting on 21 July 2011, the Chairman of the Supervisory Board appointed the auditor for the individual and consolidated financial statements. The interim and quarterly reports were not audited in the reporting year.

## DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Executive Board and Supervisory Board of GESCO AG declare in accordance with Section 161 AktG that the recommendations of the Government Commission German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the online Bundesanzeiger (Federal Gazette) on 2 July 2010 were being followed pursuant to the version of the Code dated 26 May 2010 since the last declaration of compliance was issued in December 2010, with the following exceptions:

- Section 4.2.1, sentence 1: Chairman of the Executive Board or Spokesman of the Executive Board

The Executive Board of GESCO AG comprises two people; no Chairman or Spokesman has been appointed. Both Executive Board Members complement one another with their professional know-how and their responsibilities are clearly defined. In view of their joint overall responsibility, the Executive Board Members maintain a close and trusting working relationship and hold equal rights.

- Section 5.1.2, paragraph 2, sentence 3 and Section 5.4.1, paragraph 2, sentence 1:

#### Age limit for Executive Board and Supervisory Board members

An age limit for Executive Board and Supervisory Board members was not determined previously. The Executive Board and Supervisory Board were of the opinion that members of the Executive Board and Supervisory Board should be appointed on the basis of their personal skills and expert knowledge. Determining age limits for Executive Board and Supervisory Board members would only be compatible with this policy to a limited extent. Considering the changed customs of the capital market, age limits for Executive Board and Supervisory Board members have now been established. Exceptions to this rule stated in the past therefore no longer apply as of now.

- Section 5.3: Forming Supervisory Board Committees

The Supervisory Board of GESCO AG comprises three members. This number has proven to be extremely effective, as overarching strategic issues as well as detailed questions can be discussed in depth and without any loss of efficiency and decided upon by the entire Supervisory Board. We therefore believe that it is not appropriate to create Supervisory Board Committees. The company rather feels that a strong point of the Supervisory Board derives from the fact that its members are equally involved in all issues.

The Executive Board and Supervisory Board of GESCO AG also declare in accordance with Section 161 AktG that the recommendations of the Government Commission German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the online Bundesanzeiger (Federal Gazette) on 2 July 2010 will be followed pursuant to the version of the Code dated 26 May 2010, with the exceptions to section 4.2.1, sentence 1 and section 5.3 as justified above.

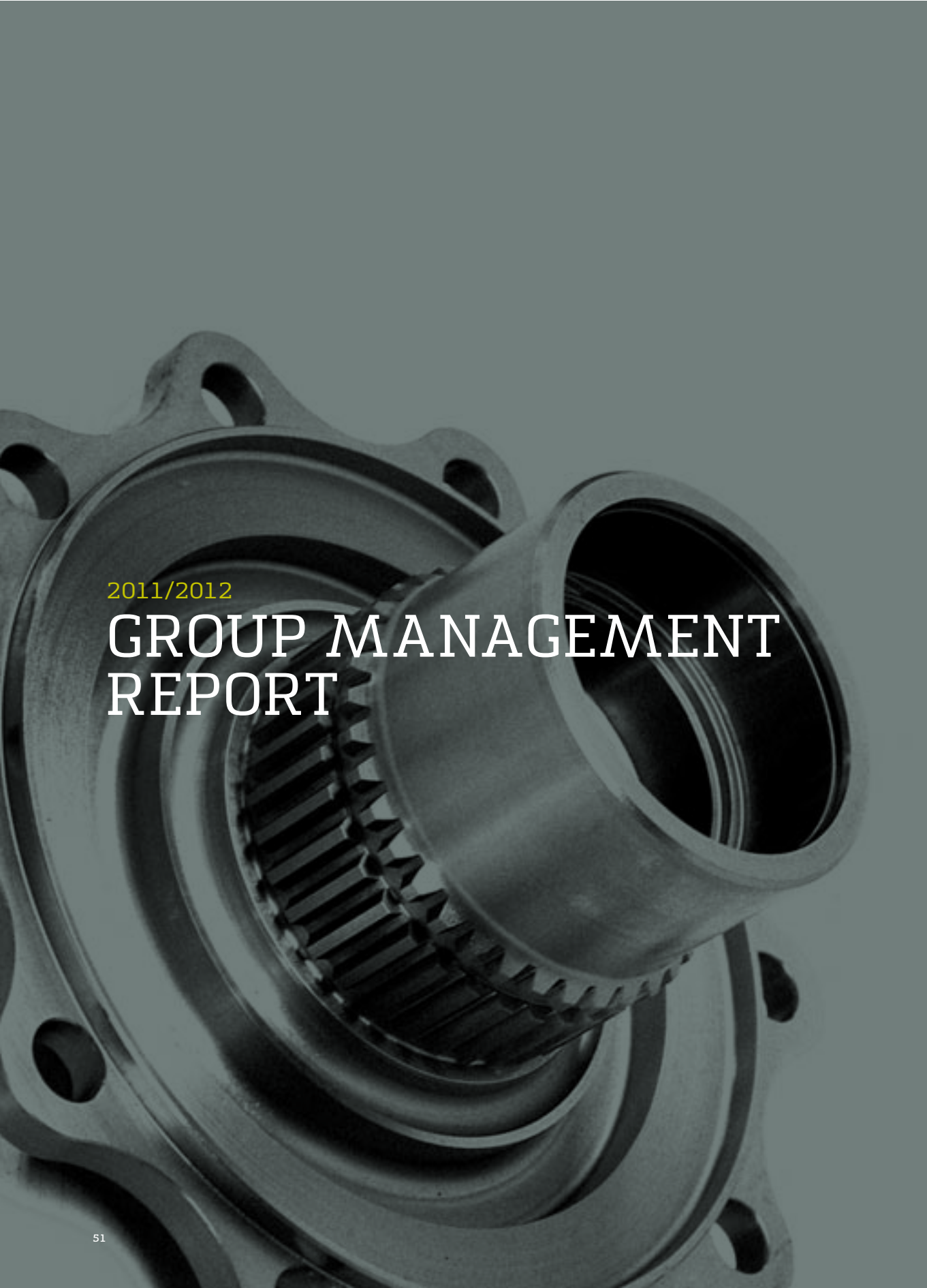
Wuppertal, December 2011

GESCO AG  
For the Supervisory Board  
Klaus Möllerfriedrich

For the Executive Board  
Dr. Hans-Gert Mayrose      Robert Spartmann







2011/2012

# GROUP MANAGEMENT REPORT

## GENERAL CONDITIONS

The economic race to catch up in 2010 with strong gross domestic product growth of 3.7 % was followed by further steep growth of 3.0 % in 2011. The German economy suffered a “small setback” according to the Federal Statistical Office (Statistisches Bundesamt) in the fourth quarter of 2011 with GDP dropping by 0.2 % compared to the previous quarter due to declining exports.

The Verband deutscher Maschinen- und Anlagenbau e. V. (VDMA – German Machinery and Plant Manufacturers Association), which is relevant for our largest segment tool manufacture and mechanical engineering, recorded a 15.5 % increase in sales in 2011, which was driven by rising exports as well as recovering demand in Germany. As in the previous year, the VDMA pointed out the wide diversification across individual sectors.

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 8.8 %, with domestic sales rising by 10.0 % and foreign sales by 7.1 %.

When looking at the figures provided by both associations, it has to be remembered that the sectors they represent are each very diverse and the data therefore represents a huge number of different companies. As the GESCO Group companies are mostly specialised SMEs in niche markets, these figures only serve as a rough guide and are of limited value when used as benchmarks for evaluating the actual development of GESCO Group.

In the German M&A market segment for companies with sales in the region of approximately € 10 million to € 50 million, which is the segment relevant for us, the Bundesverband Deutscher Kapitalbeteiligungsgesellschaften (BVK – German Private Equity and Venture Capital Association) recorded 34 investments in 2011 compared to 63 in the previous year, equalling a decrease of 46.0 %.

## CHANGES TO THE SCOPE OF CONSOLIDATION

At the end of 2011, GESCO AG acquired a 85 % share in WBL Holding GmbH and its wholly owned subsidiaries Werkzeugbau Laichingen GmbH and Werkzeugbau Leipzig GmbH. The long-time managing partner retains his 15 % share. GESCO AG took over the majority share from BayernLB Capital Partner. WBL is a leading producer of high-performance sheet metal forming tools. The company specialises in large and complex tools and comprehensive customer services. It employed around 150 people and generated some € 18 million in sales in 2011. The present Group balance sheet as of 31 March 2012 already includes Werkzeugbau-Laichlingen Group; it will be recognised for the first time in the Group income statement in financial year 2012/2013.

The GESCO philosophy intends for subsequent managing directors to acquire a share in their own companies. In line with this philosophy, the managers of Hubl GmbH, Haseke GmbH & Co. KG and VWH Vorrichtungs- und Werkzeugbau Herschbach GmbH acquired 20 % each in their respective companies from GESCO AG in the financial year. GESCO AG's respective share in these companies consequently dropped to 80 % each. In addition, the manager of SVT GmbH acquired 10 % of shares from the former managing partner of the company.

GESCO Group's internationalisation continued to make good progress in financial year 2011/2012. Dörrenberg Edelstahl GmbH founded sales and service subsidiaries in Taiwan, South Korea, China and Brazil. Georg Kesel GmbH & Co. KG strengthened its Asian presence with a Chinese subsidiary.

After the end of the reporting period in April 2012, GESCO AG sold its 80 % share in Ackermann Fahrzeugbau GmbH, Wolfhagen, to AluTeam Fahrzeugtechnik GmbH, Bielefeld. The managing director of Ackermann Fahrzeugbau GmbH also sold his 20 % share in the company. The exit, in other words the sale, of a subsidiary is not part of the GESCO business model, but Ackermann's relevant markets have seen tough competition and consolidation for a long time. Since the crisis in 2009, the environment has changed yet again and is now impacted by strong fluctuations in capacity utilisation and high pricing pressure. As a niche provider, Ackermann is competing with much larger companies. We are confident that the cooperation with the industry partner AluTeam will provide Ackermann with strategic advantages that it would not be able to obtain if it continued to be positioned as an individual company. Ackermann's assets and liabilities are separately recognised as "assets held for sale" and "liabilities held for sale" in the Group balance sheet as of 31 March 2012 included in this report.

## SALES AND EARNINGS

The financial year of GESCO AG and GESCO Group runs from 1 April to 31 March the following year, while the financial years of the subsidiaries coincide with the calendar year.

GESCO Group profited on a large scale from the steep economic upturn in 2010 and continued to translate economic impulses into growth in 2011. While the first half of the year was extremely dynamic, with both incoming orders and sales reaching historic highs, business normalised to a certain extent at a still very high level in the second half.

Total incoming orders grew by 16.4 %, from € 377.2 million to € 439.0 million in the reporting year. Group sales rose by 23.9 % to € 415.4 million (previous year: € 335.2 million).

At 28.4%, material expenditure went up slightly more steeply than sales. This was caused, among other things, by increased material prices, which went up particularly steeply in the first half of the year. In contrast, the 12.8% rise in personnel expenditure was considerably lower than sales growth.

Improved capacity utilisation and order quality, which tends to be generally better in times of growth, resulted in a steep, above-average 34.5% rise in earnings before interest, taxes, amortisation and depreciations (EBITDA) to € 51.3 million (€ 38.2 million).

Depreciation and amortisation went up by a disproportionately low 7.6% to € 12.1 million (€ 11.2 million), and earnings before interest and taxes (EBIT) consequently grew even more strongly than EBITDA by 45.7% to € 39.3 million (€ 27.0 million).

The financial result amounted to € -3.4 million compared to € -2.9 million in the previous year. With a Group tax rate of 31.1% (31.8%) and the profit shares of the managing directors of our subsidiary corporations having risen considerably, Group net income after minority interest for the year went up by 48.4% to € 22.6 million (€ 15.3 million). This corresponds to earnings per share pursuant to IFRS of € 7.49 (€ 5.05), based on the weighted average number of shares issued and outstanding. On the basis of the total number of shares of 3,325,000, earnings per share come to € 6.81.

GESCO Group was therefore able to clearly exceed its guidance published at the accounts press conference and analysts' meeting on 7 June 2011. We originally expected Group sales of € 390 million and Group net income after minority interest of € 19 million. We increased this original forecast twice during the financial year. In November 2011, we put up sales to € 400 million and Group net income for the year to € 21 million, and in February 2012, we raised sales again to € 410 million and Group net income for the year to € 22 million. Two positive one-off effects from legal disputes totalling € 0.7 million contributed to this increased guidance. The second quarter, in particular, developed more dynamically than originally anticipated and the second half of the year turned out to be comparatively robust despite the discussions surrounding the sovereign debt crisis as from August and impending repercussions for the real economy.

## SALES AND EARNINGS BY SEGMENT

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

Both operating segments profited considerably from the economic recovery with incoming orders, sales and earnings rising steeply.

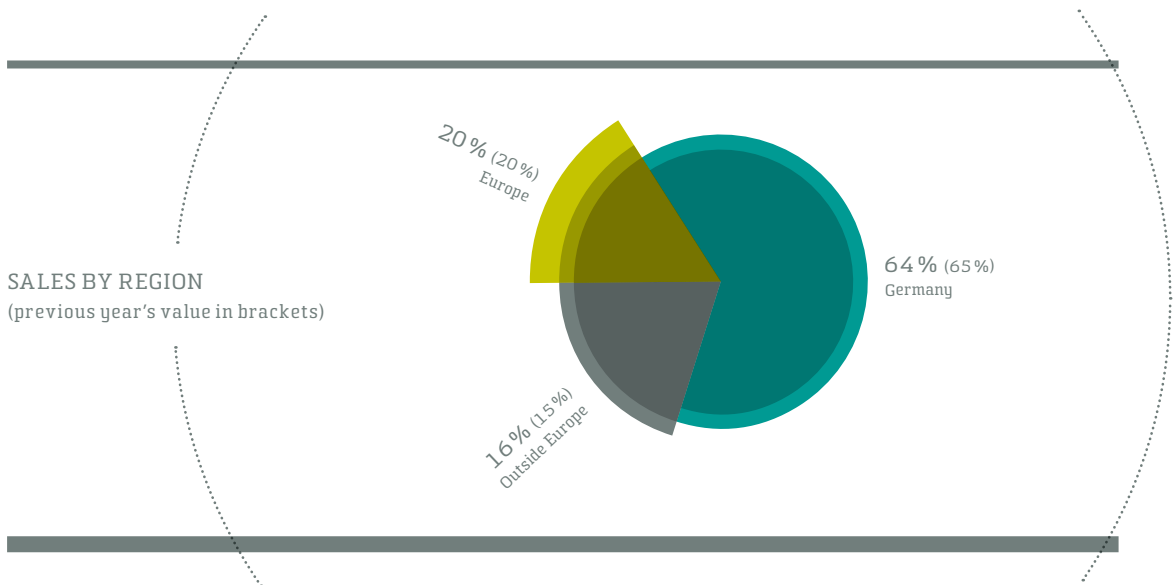
In the tool manufacture and mechanical engineering segment, sales went up by 23.3% to € 373.3 million (€ 302.9 million). EBIT increased even more steeply by 45.1% to € 42.1 million (€ 29.0 million). Incoming orders increased by 15.7% to € 395.7 million (€ 342.0 million).

The plastics technology segment saw sales rise by 30.6% to € 41.6 million (€ 31.9 million) and EBIT by 27.7% to € 5.1 million (€ 4.0 million). In this segment, incoming orders also grew strongly by 23.2% to € 42.8 million (€ 34.7 million).

## SALES BY REGION

At 36%, the export ratio for the Group was almost on par with the previous year's figure of 35%. 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 (92%), SVT (83%), MAE (65%) and Kesel (50%) had especially high direct export ratios in the reporting year.



## 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 no material changes in the structure of customer industries compared to the previous year as the upturn in 2011 was felt by almost all sectors.

## INVESTMENT AND DEPRECIATION

As a long-term investor, GESCO AG sees a key success factor in future-oriented technical equipment for its companies. By regularly investing in property, plant and equipment and intangible assets for our subsidiaries, we are ensuring and increasing their competitive edge.

In response to a steep rise in business volume in recent years, MAE Maschinen- und Apparatebau Götzen GmbH started investing extensively in new and expansion projects in 2011, including the construction of a new administration and production building.

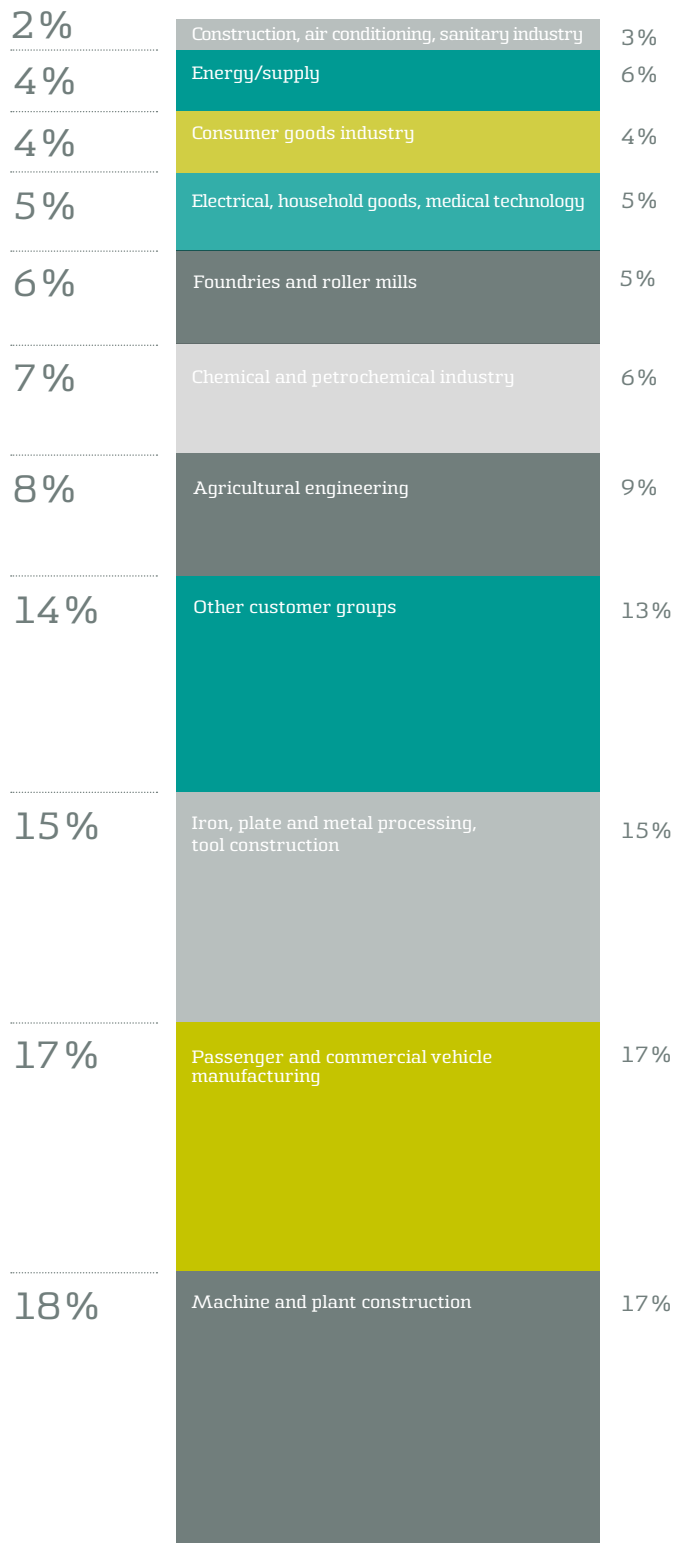
Dörrenberg Edelstahl GmbH's investments include a property for expanding its stainless steel segment and a new 40 ton crane at its steel works.

Frank Walz- und Schmiedetechnik GmbH focused its investments on its cutting and sintering segments.

A total of € 15.9 million was invested in property, plant and equipment and intangible assets of the subsidiaries compared to € 10.9 million in the previous year. We originally planned an investment volume of some € 20 million. However, due to delays regarding the authorisation process for construction projects, some activities had to be put off until the new financial year 2012/2013.

Depreciation on property, plant and equipment and amortisation on intangible assets amounted to € 12.1 million in the reporting year, a slight improvement on the previous year's figure (€ 11.2 million).

SALES BY CUSTOMER SECTOR  
(previous year's value on the right)



## 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.

At Dörrenberg Edelstahl GmbH, research and development are an ongoing process carried out over many individual projects. The company cooperates with various universities and institutions, as required. In 2011, it again focused on energy efficient, resource-saving products and methods.

SVT GmbH, a specialist for loading liquefied natural gas (LNG), develops innovative processes for handling and loading compressed natural gas (CNG), among other things.







In recent years, MAE Maschinen- und Apparatebau Götzen GmbH very successfully established pioneering innovations in the market for both automatic levelling machines and wheel presses. The ongoing development mainly pertained to energy-efficient hydraulic drives and mass reductions for large presses in 2011 achieved by optimising designs.

Dömer GmbH & Co. KG Stanz- und Umformtechnologie developed a new weight and cost-optimised disc brake pad backing plate for commercial vehicles.

## PROCUREMENT

GESCO Group companies consider procurement a strategic task; they strive to avoid dependencies and usually maintain long-term, constructive partnerships with their suppliers. The subsidiaries attempt to enter into framework agreements so as to obtain security for their planning.

Raw material and steel prices went up steeply in the first half of 2011, then dropped again on account of the discussions on the financial crisis and impending economic downturn. Due to the positive economic environment, it was possible in most cases to account for price rises in the pricing of products. The oil price remained very high. There were no serious supply bottlenecks in the reporting year.

## CAPITAL INCREASE

In accordance with the resolution passed at the Annual General Meeting on 23 August 2007, GESCO AG carried out a capital increase against cash and excluding shareholders' subscription rights on 29 February 2012, which was entered in the commercial register on 1 March 2012. The share capital was increased by € 785,200, from € 7,859,800 to € 8,645,000. The number of shares went up from 3,023,000 by 302,000 to 3,325,000. The new shares, which carry dividends for financial year 2011/2012, were placed with institutional investors in Germany and abroad for € 65.00 each, providing the Group with around € 19.2 million after costs. These funds will be used in line with GESCO AG's business model for acquiring further SMEs. To avoid diluting the dividend per share for existing shareholders, the lower number of shares prior to the capital increase is used as a basis for calculating the amount to be distributed.

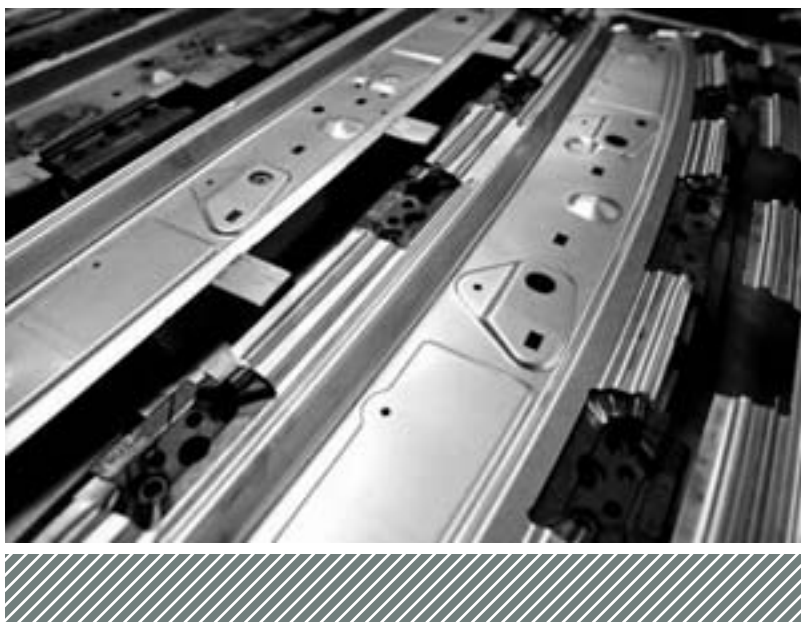
## GROUP BALANCE SHEET

The balance sheet total went up by 23.4 % to € 321.1 million (€ 260.3 million), primarily on account of operating growth, the acquisition of Werkzeugbau-Laichingen Group in December 2011 and the capital increase carried out in February/March 2012.

On the asset side, inventories, in particular, rose considerably due to the acquisition and the expansion of the operating business. The dividend of € 6.0 million distributed in the reporting year and the purchase price for Werkzeugbau-Laichingen Group reduced liquid assets, while around € 19.2 million from the capital increase was added to this item.

On the liabilities side, equity rose to € 154.9 million compared to € 114.4 million on the previous reporting date due to the high result for the year and the capital increase. Consequently, the equity ratio rose further to 48.2 % (43.9 %) despite the considerably increased balance sheet total. Trade payables as well as prepayments received on orders went up considerably as a result of the thriving operating business. Total non-current and current liabilities to financial institutions were reduced by € 4.4 million.

The overall balance sheet structure is very healthy. Goodwill amounts to merely € 8.8 million or 5.7 % of equity. Liquid assets and equity rose steeply yet again, especially due to the capital increase, and indebtedness, in other words the ratio between net liabilities to banks and EBITDA, was very low with a factor of 0.4. This further improvement of the balance sheet forms the financial basis for internal and external growth at GESCO Group.



## ENVIRONMENTAL PROTECTION

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

By focusing their development and production on environmental issues, the companies are opening up attractive opportunities in the market. After all, saving resources and energy are a key selling point in these times of rising energy and raw materials prices.

But not only products are relevant in terms of the environment. Construction projects at GESCO Group consistently comply with energetic guidelines so as to reduce follow-up costs and emissions.

## EMPLOYEES

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

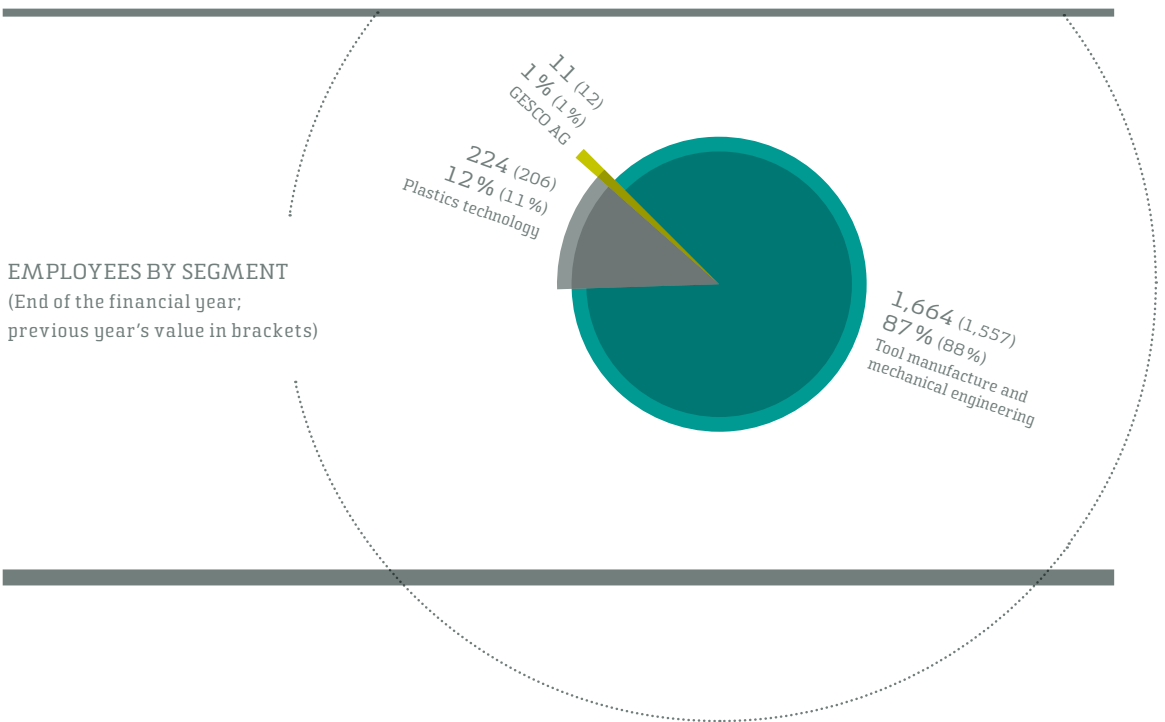
As of the reporting date, the Group employed 1,899 people compared to 1,775 in the previous year. The employees of Werkzeugbau-Laichingen Group, which was acquired in December 2011, are not yet included in this figure. They will be included in the consolidated financial statements as from the beginning of the new financial year 2012/2013, when WBL will also be recognised in the consolidated income statement.

In the autumn of 2011, GESCO AG offered all Group employees the opportunity to buy shares in the company at favourable terms under its 14th employee share scheme. Just over 42% of the Group's workforce took advantage of this opportunity to make a personal investment.

In an effort to bolster its long-term positioning as an attractive employer, Dörrenberg Edelstahl GmbH announced the third competition at the beginning of 2011 for students studying engineering-related subjects with an emphasis on materials technology. An expert panel selected five prize winners from the scientific work submitted.

Several subsidiaries cooperate with universities and other educational facilities to tap new talent, especially engineering science graduates. Haseke GmbH & Co. KG, for instance, continued its cooperation with the technical school in Stadthagen (Technikerschule Stadthagen), offers students at universities of applied sciences specialised work placements, and together with FH Bielefeld University of Applied Sciences, Minden campus, is establishing a dual course of industrial engineering studies.

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 participate directly in the results of the respective subsidiary as shareholders. Management remuneration also includes a variable component linked to earnings of the managed company.



## REMUNERATION REPORT

Remuneration for Executive Board members comprises three components: a fixed and a variable, performance-related component as well as a component with long-term incentive.

The fixed component comprises annual base salary, additional benefits (mainly the private use of company vehicle and medical care) and pension commitments.

The variable component is calculated as a performance-related bonus that is capped at twice the annual base salary. As the bonus is linked to Group net income after minority interest, it may not be paid out at all in certain cases. If Group net income after minority interest is negative, in other words the company has made a loss for the year, this loss is carried forward to the next year and reduces the measurement base for the bonus. Another sustainability component has been added to the performance-linked bonus for the case of Executive Board members leaving their position to increase the focus on sustainability and long-term perspectives as required by VorstAG. If Group net income after minority interest for the expired financial year prior to the Executive Board member leaving or in the same year of the member leaving is negative, the Executive Board member shares in the loss.

Remuneration components with long-term incentives are stock options issued to Executive Board members, based on the stock option programme approved by the Supervisory Board in September 2007 for an initial three years that was extended and adjusted to meet the new legal requirements in 2010. The stock options are issued in yearly tranches at an exercise price corresponding with the average XETRA closing price of the GESCO share on the ten consecutive stock exchange trading days after the Annual General Meeting in the year the options are issued. The options are issued within one month after the Annual General Meeting. The stock option programme is designed so that Executive Board members have to contribute GESCO shares acquired with their own private funds, which may not be resold for the duration of the waiting period. Ten options can be purchased for each share. The waiting period is four years and two 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 waiting period for the tranches of the years 2007 to 2009 is two years and nine months.

If and how many options can be exercised depends on the achievement of an absolute and relative performance target. The absolute performance target is met when the price of the GESCO share has developed positively at the time of execution. The relative performance target is met when the price of the GESCO share has outperformed the SDAX at the time of execution. If both targets are met, the Executive Board members are able to exercise all their options. If the absolute but not the relative target is reached, the Executive Board members can exercise 75 % of their options while the remaining 25 % expire completely without recourse. One option entitles the holder to acquire one GESCO share. If neither targets are met at the time of execution, all options of the corresponding tranche expire completely without recourse. The maximum gain of the Executive Board members is capped at 50% of the exercise price.

The Annual General Meeting of GESCO AG on 2 September 2010 authorised the company to acquire own shares according to Section 71 para. (8) of the German Stock Corporation Act (AktG) and to use these shares for further tranches 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 Supervisory Board of GESCO AG initiated another tranche in August 2011. A total of 24,000 options were issued to members of the Executive Board and management employees of GESCO AG. 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 under this programme is determined using a common binomial model, recorded in earnings and recognised in other provisions. The model assumes volatility of 34.5 % and a risk-free interest rate of 2.33 %; the exercise price of the options issued in August 2011 is € 67.64. The waiting period is four years and two 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 € 9.49. The Executive Board members and management employees of GESCO AG exercised a total of 30,000 shares in the reporting year.

The pension commitment (including widow and orphan benefits of 60 % and 30 %) of Executive Board members amounts to a specified percentage of the annual base salary paid prior to retirement. The actual percentage calculated for each Executive Board member includes two components: a basic percentage of 10 % of the annual base salary paid prior to retirement after a waiting period of five years, and an additional 0.5 % increase of the basic percentage for each completed working year.

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.

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

The share capital of GESCO AG is € 8,645,000 and is divided into 3,325,000 registered shares. Each share is granted one vote in the Annual General Meeting.

According to Sections 76 and 84 of the Stock Corporation Act (AktG) and Section 6 para. 1 of the GESCO AG Articles of Association, the Executive Board consists of one or more persons. According to Section 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 Section 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 Section 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 on 21 July 2011 resolved to change the GESCO share status from bearer to registered shares. This change was effected on 10 October, and the securities identification number (Wertpapierkennnummer – WKN) and international securities identification number (ISIN) were changed at the same time; the new WKN is A1K020 and the new ISIN is DE000A1K0201. The main reason for changing over to registered shares was to increase the transparency of shareholdings and to provide an opportunity of intensifying the dialog with shareholders.

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 shares in exchange for cash or contributions in kind. The Annual General Meeting on 20 July 2011 adapted this authorisation in view of the changeover to registered shares. Subscription rights may be excluded in certain cases. The Executive Board used this authorisation in financial year 2011/2012 by implementing the above-mentioned capital increase in February/March 2012. The remaining authorised capital after completing this capital measure amounts to € 3,144,700.

The Annual General Meeting on 2 September 2010 authorised the company to acquire up to ten out of every hundred shares of the share capital until 1 September 2015 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. The Group acquired a small number of treasury shares for the annual employee share scheme within the scope of a share acquisition pursuant to Section 71 para. 1 sentence 2 of the Stock Corporation Act (AktG). GESCO AG held 9,788 treasury shares as of the reporting date.

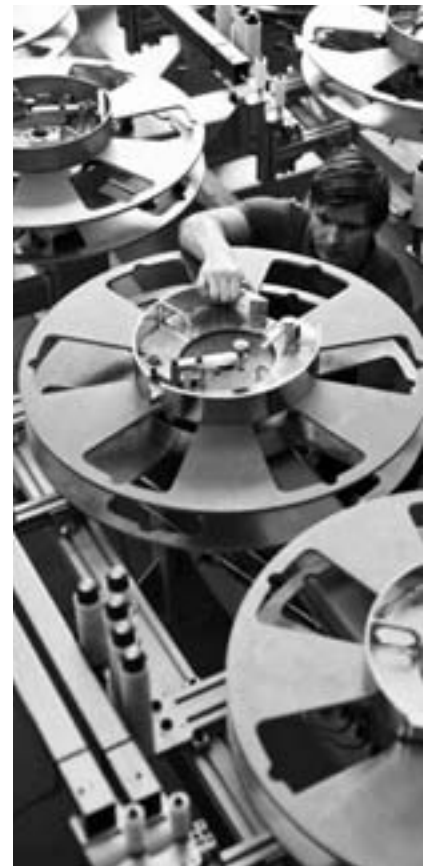
## CORPORATE GOVERNANCE REPORT AND DECLARATION OF COMPLIANCE

The Corporate Governance Report and Declaration of Compliance in accordance with Section 289a of the German Commercial Code (HGB) are available on the company website at [www.gesco.de](http://www.gesco.de).

## OPPORTUNITY AND RISK REPORT

The concept of GESCO Group is designed to recognise, evaluate and seize opportunities on the national and international markets on the one hand while identifying and limiting risks on the other. Managing risks and opportunities is ultimately an ongoing business process. The structure of GESCO Group is designed in a way that ensures negative developments for specific companies do not place the entire Group at risk. This is why we forgo the use of cash pooling, for instance, and largely also the use of instruments such as guarantees and contingencies.

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.





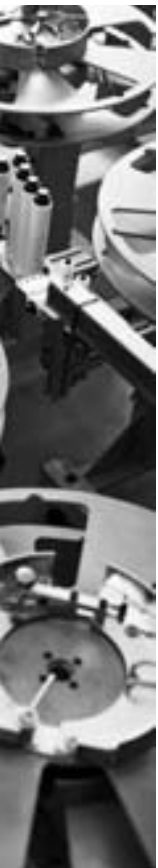
Since information asymmetry between buyer and seller is unavoidable in the course of company acquisitions, every purchase involves risks. The retirement of the existing owner-manager and the appointment of a new manager are some of the critical succession planning aspects. The risk lies in finding a suitable new manager who lives up to expectations. 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 respective company budgets as well as the assets are critically evaluated. When the expectations of 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.

After acquisition, companies are quickly integrated into the GESCO Group reporting, controlling and the software-supported risk management system. Risks and their risk classification are assessed by estimating the effects on a subsidiary's earnings and their probability of occurrence. Risks are reported monthly by the subsidiaries, while high risks are reported to GESCO AG ad hoc.

A jointly developed annual budget establishes the framework for business developments, personnel measures and investments of the subsidiaries. During the year, GESCO AG receives monthly figures from the subsidiaries as part of regular reporting. GESCO AG records and assesses this information, adds its own figures and consolidates everything.

In monthly on-site meetings at each company, the GESCO AG business administration executive and the financial officers of the subsidiaries promptly 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 usually visits each subsidiary at least once every quarter, particularly with a view to discussing strategic issues.



This prompt and detailed reporting system also continuously monitors the value of the shares owned by GESCO AG in its subsidiaries as well as its receivables from associated companies. The aim is to recognise any deviations from plan figures early and counteract them.

Detailed Group guidelines, available in form of a manual, minimise accounting risks and define the standard to be complied with by all Group companies and auditors. The regular analyses of the subsidiaries' figures carried out during the year also include an analysis and assessment of accounting risks. The responsible employees at GESCO AG are available to offer advice and answer any questions on the subject of accounting by the subsidiaries' managers and financial officers.

The planning meeting, monthly meetings and strategy sessions examine the company's situation as a whole. Entrepreneurial opportunities and courses of action for enhancing the business volume in Germany and abroad as well as for increasing efficiency are analysed and risks are also evaluated.

Although it is necessary to standardise risk management, we place great importance on personal contact to our subsidiaries' managements and employees and engage in regular exchange with them. We feel that implementing a system of checks and balances, critically questioning facts and circumstances and using common sense is vital for supplementing any standardised system.

Risks can be limited but not ruled out. In the end, all business activities are associated with risks. In their operating business, all GESCO AG subsidiaries are subject to the opportunities and risks typical for their respective industries as well as general economic risks. The largest risks for GESCO Group companies currently arise from the general economic development in Germany and the export markets.

**Procurement risks**

Raw material, steel and energy prices went up steeply in the first half of 2011, then dropped again on account of the discussions on the financial crisis and impending economic downturn. Due to the positive economic environment, it was possible in most cases to account for price rises in the pricing of products. The oil price remained very high. The subsidiaries attempt to enter into framework agreements so as to obtain security for their planning. There were no serious supply bottlenecks in the reporting year.

**Trade receivables** are largely covered by credit insurance. Subsidiaries analyse the situation of relevant uninsured customers and define further action to be taken, usually in direct discussion with customers. 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 regularly evaluated in order to ensure sufficient protection under adequate terms and conditions.

**Currency risks** from the operating business are generally hedged for significant orders.

Based on current knowledge, we are not aware of any **financing and/or equity bottlenecks** for our Group. We expect interest rates to remain low but to rise slightly in financial year 2012/2013. GESCO Group works with around two dozen different banks and is therefore not relying on any one institution. We currently see no need for increasing our equity further after the capital increase in February/March 2012.

There were no material changes to the **tax situation** in financial year 2011/2012. We are also not aware of any developments related to legal conditions that would have a significant impact on the Group. 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, such changes ultimately need to be examined for relevance.

The biggest risks typically arise from the operating business. As an industrial Group that mainly focuses on the capital goods industry and bases its business to a considerable extent on export, both directly and indirectly, we are significantly affected by economic fluctuations in Germany and abroad. Our diversification strategy, particularly in the customer sectors, is aimed at offsetting economic fluctuations in individual sectors and therefore reducing the risks arising from economic cycles.

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

## OUTLOOK

The research organisations forecast gross domestic product growth of 0.9% in their spring analysis. The VDMA expects growth to stagnate in 2012, in other words for sales to remain on par with 2011. The GKV also forecasts “stable development” for 2012 but anticipates exceeding gross domestic product growth, at least.

Our guidance for GESCO Group coincides with the estimates of these organisations. We also expect the operating business to develop laterally in financial year 2012/2013 as well as rising sales and gains in financial year 2013/2014 if the economy was to gain more momentum again in 2013.

The German industry proved itself to be very robust in 2011 in the face of massive economic and political risks. These risks, however, must not be disregarded. The sovereign debt crisis, structural problems within the eurozone and the political developments in the Arab countries could all have a major impact on the German economy. The high oil prices as well as Germany’s internal problem of uncertainty regarding energy supplies after exiting the nuclear energy programme are additional factors that could slow down the economy.

Regardless of the economic growth figures in 2012 and 2013, GESCO Group is in a very solid position in terms of finance and operating business, and we are therefore very confident about our medium to long-term development.

After acquiring WBL Group in the reporting year, we are also aiming for external growth in financial year 2012/2013 by acquiring strategically interesting SMEs. Although it is generally almost impossible to provide an exact forecast for transactions in the SME sector, not least because emotions often play a certain part on the seller side, we currently see good opportunities for expanding our portfolio. A strong balance sheet with a large equity position and unrestricted liquidity provide us with leeway for our business transactions. For this reason, we decided to carry out a capital increase in February 2012. This has strengthened our balance sheet and enabled us to quickly close acquisition deals without first having to consider financing options if the right opportunity arises.

Except the previously stated sale of our share in Ackermann Fahrzeugbau GmbH, no significant events occurred after the end of the reporting period.

Wuppertal, 25 May 2012


The Executive Board

Robert Spartmann

Dr.-Ing. Hans-Gert Mayrose







2011/2012

# ANNUAL FINANCIAL STATEMENTS

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GESCO AG  
SUMMARY OF THE ANNUAL FINANCIAL  
STATEMENTS DATED 31 MARCH 2012



## BALANCE SHEET

€'000	31.03.2012	31.03.2011
<b>Assets</b>		
Intangible Assets	37	18
Property, plant and equipment	346	311
Financial Assets	66,629	60,949
<b>Non-current assets</b>	<b>67,012</b>	<b>61,278</b>
Receivables and other assets	36,119	33,126
Securities and liquid funds	38,258	28,307
<b>Current assets</b>	<b>74,377</b>	<b>61,433</b>
<b>Total assets</b>	<b>141,389</b>	<b>122,711</b>
<b>Equity and liabilities</b>		
Equity	109,633	85,972
Provisions	5,830	6,943
Liabilities	25,926	29,796
<b>Total Assets</b>	<b>141,389</b>	<b>122,711</b>

## INCOME STATEMENT

€'000	01.04.2011 -31.03.2012	01.04.2010 -31.03.2011
Earnings from investments	18,075	17,037
Other operating income and expenditure	-3,763	221
Personnel expenditure	-2,611	-2,306
Depreciation on property, plant and equipment and intangible assets	-120	-109
Financial result	-256	-382
Earnings from ordinary business activity	11,325	14,461
Extraordinary expenditure	0	-272
Taxes on income and earnings	-617	-1,109
<b>Net income</b>	<b>10,708</b>	<b>13,080</b>
Transfer to revenue reserves	-1,094	-6,540
<b>Retained Profit</b>	<b>9,614</b>	<b>6,540</b>

## PROPOSED APPROPRIATION OF NET INCOME:

For the 2011/2012 financial year, the Executive Board and Supervisory Board of GESCO AG are proposing the following appropriation of retained profit for the year in the amount of € 9,614,114.80:

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Payment of a dividend in the amount of € 2.90 per share on the current share capital entitled to dividends (3,325,000 shares less 9,788 treasury shares)	€ 9,614,114.80
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The complete financial statements of GESCO AG compiled in accordance with the regulations of the German Commercial Code (HGB) and the Stock Corporation Act (AktG) and audited by Dr. Breidenbach und Partner GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Wuppertal, and attested with an unqualified audit opinion, are published in 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.

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GESCO GROUP  
CONSOLIDATED FINANCIAL STATEMENTS  
DATED 31 MARCH 2012

## GESCO GROUP BALANCE SHEET

€'000		31.03.2012	31.03.2011
<b>Assets</b>			
<b>A. NON-CURRENT ASSETS</b>			
I. Intangible assets			
1. Industrial property rights and similar rights and assets as well as licences	(1)	8,282	8,843
2. Goodwill	(2)	8,840	6,817
3. Prepayments made	(3)	340	132
		<b>17,462</b>	<b>15,792</b>
II. Property, plant and equipment			
1. Land and buildings	(4)	28,639	30,757
2. Technical plants and machinery	(5)	26,668	21,656
3. Other plants, fixtures and fittings	(6)	18,869	16,420
4. Prepayments made and plants under construction	(7)	1,786	2,029
5. Property held as financial investments	(8)	2,687	3,122
		<b>78,649</b>	<b>73,984</b>
III. Financial investments			
1. Shares in affiliated companies	(9)	240	60
2. Shares in associated companies	(10)	1,525	1,221
3. Investments	(11)	38	38
4. Securities held as fixed assets	(12)	1,000	1,000
5. Other loans		236	251
		<b>3,039</b>	<b>2,570</b>
IV. Other assets	(13)	2,728	1,333
V. Deferred tax assets	(14)	2,804	2,729
		<b>104,682</b>	<b>96,408</b>
<b>B. CURRENT ASSETS</b>			
I. Inventories	(15)		
1. Raw materials and supplies		18,966	16,872
2. Unfinished products and services		36,746	19,225
3. Finished products and goods		53,223	37,861
4. Prepayments made		354	232
		<b>109,289</b>	<b>74,190</b>
II. Receivables and other assets	(13)		
1. Trade receivables		47,762	43,136
2. Amounts owed by affiliated companies		813	807
3. Amounts owed by companies with which a shareholding relationship exists		1,035	821
4. Other assets		6,179	6,148
		<b>55,789</b>	<b>50,912</b>
III. Securities	(16)	18	18
IV. Cash and credit with financial institutions	(17)	42,940	38,494
V. Accounts receivable and payable		532	322
		<b>208,568</b>	<b>163,936</b>
<b>C. ASSETS HELD FOR SALE</b>	(18)	<b>7,885</b>	<b>0</b>
		<b>321,135</b>	<b>260,344</b>

€'000		31.03.2012	31.03.2011
<b>Equity and liabilities</b>			
<b>A. EQUITY</b>			
I. Subscribed capital	(19)	8,645	7,860
II. Capital reserves		54,631	36,167
III. Revenue reserves		82,588	64,879
IV. Own shares		-634	-3
V. Exchange equalisation items		-500	-252
VI. Minority interests (incorporated companies)	(20)	10,161	5,710
		<b>154,891</b>	<b>114,361</b>
<b>B. NON-CURRENT LIABILITIES</b>			
I. Minority interest (partnerships)	(20)	3,986	2,968
II. Provisions for pensions	(21)	12,038	9,360
III. Other long-term provisions	(21)	1,713	1,685
IV. Liabilities to financial institutions	(22)	41,171	47,258
V. Other liabilities	(22)	2,478	3,690
VI. Deferred tax liabilities	(14)	5,495	3,967
		<b>66,881</b>	<b>68,928</b>
<b>C. CURRENT LIABILITIES</b>			
I. Other provisions	(21)	9,613	8,071
II. Liabilities	(22)		
1. Liabilities to financial institutions		22,007	20,338
2. Trade creditors		14,896	11,170
3. Prepayments received on orders		18,918	11,618
4. Liabilities on bills		279	62
5. Liabilities to affiliated companies		7	15
6. Liabilities to companies with which a shareholding relationship exists		74	0
7. Other liabilities		29,562	25,576
		<b>85,743</b>	<b>68,779</b>
III. Accounts receivable and payable		219	205
		<b>95,575</b>	<b>77,055</b>
<b>C. LIABILITIES HELD FOR SALE</b>	(18)	<b>3,788</b>	<b>0</b>
		<b>321,135</b>	<b>260,344</b>

## GESCO GROUP INCOME STATEMENT

€'000		01.04.2011- 31.03.2012	01.04.2010- 31.03.2011
<b>Sales revenues</b>	(23)	415,426	335,237
Change in stocks of finished and unfinished products		9,053	2,129
Other company-produced additions to assets	(24)	959	753
Other operating income	(25)	4,637	4,796
<b>Total income</b>		<b>430,075</b>	<b>342,915</b>
Material expenditure	(26)	-231,326	-180,230
Personnel expenditure	(27)	-97,299	-86,235
Other operating expenditure	(28)	-50,105	-38,270
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>51,345</b>	<b>38,180</b>
Depreciation on property, plant and equipment and intangible assets	(29)	-12,070	-11,222
<b>Earnings before interest and tax (EBIT)</b>		<b>39,275</b>	<b>26,958</b>
Earnings from securities		4	160
Earnings from investments in associated companies		66	64
Other interest and similar income		528	434
Interest and similar expenditure		-3,533	-3,290
Minority interest in partnerships		-510	-235
<b>Financial result</b>		<b>-3,445</b>	<b>-2,867</b>
<b>Earnings before tax (EBT)</b>		<b>35,830</b>	<b>24,091</b>
Taxes on income and earnings	(30)	-11,135	-7,651
<b>Group net income for the year after tax</b>		<b>24,695</b>	<b>16,440</b>
Minority interest in incorporated companies		-2,055	-1,189
<b>Group net income for the year after minority interest</b>		<b>22,640</b>	<b>15,251</b>
Earnings per share (€) acc. to IFRS	(31)	7.44	5.05

## STATEMENT OF COMPREHENSIVE INCOME

€'000		01.04.2011- 31.03.2012	01.04.2010- 31.03.2011
<b>Group net income for the year</b>		<b>24,695</b>	<b>16,440</b>
Currency translation differences		-248	25
Revaluation of securities not impacting on income		0	59
Transaction costs capital increase		-381	0
<b>Income and expenditure recorded directly in equity</b>		<b>-629</b>	<b>84</b>
<b>Total result for the period</b>		<b>24,066</b>	<b>16,524</b>
of which shares held by minority interests		2,055	1,194
of which shares held by GESCO shareholders		22,011	15,330

## GESCO GROUP CASH FLOW STATEMENT

€'000	01.04.2011- 31.03.2012	01.04.2010- 31.03.2011
<b>Group net income for the year (including share attributable to minority interest in incorporated companies)</b>	<b>24,695</b>	<b>16,440</b>
Depreciation on property, plant and equipment	12,070	11,222
Gains from investments in associated companies	-66	-64
Share attributable to minority interest in partnerships	510	235
Decrease in long-term provisions	65	-128
Other non-cash expenditure	674	309
<b>Cash flow for the year</b>	<b>37,948</b>	<b>28,014</b>
Losses from the disposal of property, plant and equipment/intangible assets	369	149
Gains from the disposal of property, plant and equipment/intangible assets	-151	-112
Gains from the disposal of financial assets	0	-49
Increase in stocks, trade receivables and other assets	-30,499	-6,152
Increase in trade creditors and other liabilities	8,927	9,755
<b>Cash flow from ongoing business activity</b>	<b>16,594</b>	<b>31,605</b>
Incoming payments from disposals of property, plant and equipment/intangible assets	977	358
Disbursements for investments in property, plant and equipment	-14,937	-9,915
Disbursements for investments in intangible assets	-992	-1,006
Incoming payments from disposals of financial assets	19	3,235
Disbursements for investments in financial assets	-615	-49
Disbursements for the acquisition of consolidated companies and other business units	-6,225	0
<b>Cash flow from investment activity</b>	<b>-21,773</b>	<b>-7,377</b>
Capital increase	19,249	0
Disbursements to shareholders (dividend)	-6,046	-3,927
Disbursement for the purchase of own shares	-1,111	-254
Incoming payments from the sale of own shares	480	349
Incoming payments from minority interests	2,017	12
Disbursements to minority interests	-719	-2,003
Incoming payments from raising (financial) loans	9,017	5,031
Outflow for repayment of (financial) loans	-12,320	-11,884
<b>Cash flow from funding activities</b>	<b>10,567</b>	<b>-12,676</b>
<b>Cash increase in cash and cash equivalents</b>	<b>5,388</b>	<b>11,552</b>
Financial means on 01.04	38,512	26,960
<b>Financial means on 31.03</b>	<b>43,900</b>	<b>38,512</b>
Less cash and cash equivalents available for sale	-942	0
<b>Financial means on 31.03 from continued operations</b>	<b>42,958</b>	<b>38,512</b>

## GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares
<b>As at 31.03.2010</b>	<b>7,860</b>	<b>36,529</b>	<b>55,130</b>	<b>-77</b>
Dividends			-3,927	
Acquisition of own shares				-254
Disposal of own shares			21	328
Stock option programme		-362		
Other neutral changes			-1,596	
Result for the period			15,251	
<b>As at 31.03.2011</b>	<b>7,860</b>	<b>36,167</b>	<b>64,879</b>	<b>-3</b>
Dividends			-6,046	
Acquisition of own shares				-1,111
Disposal of own shares				480
Other neutral changes			1,115	
Capital increase	785	18,845		
Result for the period		-381	22,640	
<b>As at 31.03.2012</b>	<b>8,645</b>	<b>54,631</b>	<b>82,588</b>	<b>-634</b>

## GESCO GROUP SEGMENT REPORT

€'000	Tool manufacture and mechanical engineering		Plastics technology	
	2011/2012	2010/2011	2011/2012	2010/2011
Order backlog	149,643	125,585	7,462	6,223
Incoming orders	395,737	341,983	42,771	34,725
Sales revenues	373,292	302,862	41,636	31,888
of which with other segments	14	24	0	0
Depreciation	8,012	7,686	1,798	1,645
EBIT	42,088	29,001	5,132	4,020
Investments	12,590	8,748	3,166	1,821
Employees (No./reporting date)	1,664	1,557	224	206



Exchange equalisation items	Revaluation IAS 39	Total	Minority interest incorporated companies	Equity capital
-272	-59	99,111	6,062	105,173
		-3,927	-1,448	-5,375
		-254		-254
		349		349
		-362		-362
		-1,596	-98	-1,694
20	59	15,330	1,194	16,524
<b>-252</b>	<b>0</b>	<b>108,651</b>	<b>5,710</b>	<b>114,361</b>
		-6,046	-460	-6,506
		-1,111		-1,111
		480		480
		1,115	2,856	3,971
		19,630		19,630
-248		22,011	2,055	24,066
<b>-500</b>	<b>0</b>	<b>144,730</b>	<b>10,161</b>	<b>154,891</b>

GESCO AG		Other/Consolidation		Group	
2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011
0	0	0	0	157,105	131,808
0	0	513	511	439,021	377,219
0	0	498	487	415,426	335,237
0	0	-14	-24	0	0
120	109	2,140	1,782	12,070	11,222
-6,493	-3,298	-1,453	-2,765	39,274	26,958
173	303	0	48	15,929	10,921
11	12	0	0	1,899	1,775

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# GESCO AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, 31 MARCH 2012

## GENERAL INFORMATION

GESCO AG is a private limited company with headquarters in Wuppertal, Germany. The company is registered under commercial register number HRB 7847 at Wuppertal district court. The company is dedicated to acquiring investments in SMEs and providing consulting and other services. The consolidated financial statements of GESCO AG, Wuppertal, dated 31.03.2012 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 Section 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 31.03.2011. Standards that only became effective after the start of the 2011/2012 financial year were not applied in advance.

The following new or amended standards had to be considered for the 2011/2012 financial year:

- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”
- Amendments to IFRS 3 “Business Combinations”
- Amendments to IFRS 7 “Financial Instruments: Disclosures”
- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”
- Amendments to IAS 24 “Related Party Disclosures”
- Amendments to IAS 28 “Investments in Associates and Joint Ventures”
- Amendments to IAS 31 “Interests in Joint Ventures”
- Amendments to IAS 32 “Financial Instruments: Presentation”
- Amendments to IAS 34 “Interim Financial Reporting”
- Amendments to IFRIC 13 “Customer Loyalty Programmes”
- Amendments to IFRIC 14 “Prepayments of a Minimum Funding Requirement”
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”

The application of the above-mentioned regulations did not have any material 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 01.04.2011.

- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”
- Amendments to IFRS 7 “Financial Instruments: Disclosures”
- Amendments to IAS 1 “Presentation of Financial Statements”
- Amendments to IAS 12 “Income Taxes”
- Amendments to IAS 16 “Property, Plant and Equipment”
- Amendments to IAS 32 “Financial Instruments: Presentation”
- Amendments to IAS 34 “Interim Financial Reporting”
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”

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

- Amendments to IAS 1 “Presentation of Financial Statements”
- Amendments to IAS 12 “Income Taxes”
- Amendments to IAS 19 “Employee Benefits”
- New version of IAS 27 “Separate Financial Statements”
- New version of IAS 28 “Investments in Associates and Joint Ventures”
- Amendments to IAS 32 “Financial Instruments: Presentation
- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”
- Amendments to IFRS 7 “Financial Instruments: Disclosures”
- Amendments to IFRS 9 and 7 “Financial Instruments”
- IFRS 9 “Financial instruments”
- IFRS 10 “Consolidated Financial Statements”
- IFRS 11 “Joint Arrangements”
- IFRS 12 “Disclosure of Interests in Other Entities”
- IFRS 13 “Fair Value Measurement”

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. These standards and interpretations will be applied once they become obligatory.

## CONSOLIDATED FINANCIAL STATEMENTS – REPORTING DATE

The reporting date for the consolidated financial statements is the reporting date of the parent company (31.03.2012). 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 31.03.2012 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.

On 30 December 2011, GESCO AG acquired an 85 % share in WBL Holding GmbH and its wholly-owned subsidiaries Werkzeugbau Laichingen GmbH and Werkzeugbau Leipzig GmbH at a fixed purchase price of € 8.5 million.

WBL Group produces high performance tools for the automotive and automotive supply industry and for household goods manufacturers. WBL Group employed approx. 150 people and generated sales of approx. € 18 million in 2011. The companies were fully consolidated effective 31 December 2011 and are included in the consolidated financial statements for the 2011/2012 financial year with the balance sheet as of 31 December 2011. The non-governing shares of WBL Group were recorded at € 1.1 million; they are measured as share of the equity of WBL Group proportionate to shareholding.

The distribution company established by Dörrenberg International PTE. Ltd, Singapore, Dörrenberg Special Steels Taiwan LTD., Taiwan (subscribed capital: TWD 1.8 million, corresponding to approx. € 43 thousand), has commenced activities and is included for a period of 12 months in the reporting year.

The impact of the addition of the fully consolidated companies is as follows:

€'000	31.03.2012	31.03.2011
Intangible assets	2,916	0
Property, plant and equipment	5,214	0
Financial assets	0	0
Current assets (excluding liquid assets)	13,741	0
Liquid assets	2,278	275
Provisions	2,771	0
Liabilities	11,731	0

This addition did not affect Group earnings (previous year: € -3 thousand). If WBL Group had been included in the consolidated financial statements of GESCO AG at the beginning of the financial year, earnings would have been affected by approx. € 0.4 million and sales by approx. € 18 million. The earnings effect includes the impact from the first consolidation.

In reporting year 2011/2012, Dörrenberg GmbH acquired a 50 % stake (corresponding to approximately € 161 thousand) in the share capital of Gluckstahl Comercio Importacao e Exportacao Ltda. (subscribed capital: BRL 764 thousand, corresponding to around € 321 thousand). In the reporting year, this company is included as an associated company in the consolidated financial statements.

Additionally, Dörrenberg International PTE. Ltd acquired a 50 % share (corresponding to approx. € 67 thousand) in the equity capital of Dörrenberg Special Steels Pte. LTD., Korea (subscribed capital: KRW 200 million, corresponding to approx. € 134 thousand). In the reporting year, this company is also included as an associated company in the consolidated financial statements.

In the reporting period, GESCO AG sold 20 % of its shares in Hubl GmbH, VWH Vorrichtungsbau Herschbach GmbH and Haseke GmbH & Co. KG respectively to the managers of each company, reducing GESCO AG's share in each company to 80 %. This transaction reduced revenue reserves by € 341 thousand.

In addition to the parent company, a total of 39 companies are included in the consolidated financial statements according to the principle of full consolidation, and three other companies are included under the equity method.

Seven 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 1.0%. Another company, which is also not of material significance, was valued at cost of acquisition. This affected earnings and total assets by less than 0.2% overall.

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

After the end of the reporting period, GESCO AG sold its shares in Ackermann Fahrzeugbau GmbH, Wolfhagen. The sale of shares resulted in a gain on sale of approx. € 0.2 million in the 1st quarter of the 2012/2013 financial year.

## 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 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 2012 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 companies outside the Eurozone prepare their financial statements in the respective national currency according to the functional currency concept. Assets and liabilities in 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 converted at average exchange rates and the resulting exchange rate differences are recognised directly equity.

The following table lists the exchange rates that were used:

	1 €=	Reporting date rate		Average rate	
		31.12.2011	31.12.2010	2011	2010
Brazil	BRL	2.4159	2.2177	2.3423	
China	CNY	8.1588	8.8220	8.9770	
Singapore	SGD	1.6819	1.7136	1.7489	1.8055
South Korea	KRW	1,502.16	1,499.06	1,540.88	
Taiwan	TWD	39.4290	38.9640	41.3026	
Turkey	TRY	2.4432	2.0694	2.3300	2.0029
Hungary	HUF	314.5800	277.9500	279.3726	275.4805

In the listing of changes to property, plant and equipment, 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 amortisation.

**Property, plant and equipment** is valued at the cost of acquisition or production. Public sector subsidies are deducted from the original acquisition cost when the asset is recorded. Straight-line depreciation over the expected useful life is applied to property, plant and equipment.

Property, plant and equipment leased under financing lease contracts is recorded at the lower of fair value or cash value of the lease payments. Depreciation follows the principles of depreciation for property, plant and equipment owned by the Group (IAS 17) or under consideration of the shorter term of the leasing relationship.

**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 non-current 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 the result 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. 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 using the exchange rates in effect on the reporting date. Gains and losses from exchange rate fluctuations are included in earnings.

**Assets and liabilities for sale** include all assets and liabilities of subsidiaries that are set for sale. They are reported at fair value excluding costs of sale if this amount falls below book value.

**Minority interests in our incorporated companies and partnerships** pertain to the investments of managers in the companies they manage as well as the proportion of earnings to which they are entitled. Minority interests in our incorporated companies are reported as separate items in equity. In accordance with IAS 32, minority interests in our partnerships are reported as separate items in debt capital.

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 expenditures are reported under personnel expenditures, and the interest portion of the provision allocation is reported in the financial result.

To the extent they exceed 10% of the total liability (DBO), actuarial gains and losses are immediately included in income 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 always 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.

## 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 31.03.2012

€'000	Cost of acquisition or manufacture						
	As at 01.04.2011	Change in scope of consoli- dation	Additions	Transfers	Disposals	Reclas- sification IFRS 5	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	0
b. Computer software	5,719	80	664	120	14	-339	-8
c. Technology	17,243	72	0	0	0	0	0
d. Customer base	2,126	741	0	0	0	0	0
	<b>25,108</b>	<b>893</b>	<b>664</b>	<b>120</b>	<b>14</b>	<b>-339</b>	<b>-8</b>
2. Goodwill	7,683	2,023	0	0	0	0	0
3. Prepayments made	132	0	328	-120	0	0	0
	<b>32,923</b>	<b>2,916</b>	<b>992</b>	<b>0</b>	<b>14</b>	<b>-339</b>	<b>-8</b>
<b>II. TANGIBLE ASSETS</b>							
1. Land and buildings	45,047	87	2,443	80	925	-3,350	-176
2. Technical plant and machinery	65,612	4,209	5,175	1,454	581	-4,802	-125
3. Other plant, fixtures and fittings	55,603	918	5,881	140	1,890	-917	-47
4. Prepayments made and plant under construction	2,029	0	1,438	-1,674	7	0	0
5. Property held as financial investments	6,941	0	0	0	0	0	0
	<b>175,232</b>	<b>5,214</b>	<b>14,937</b>	<b>0</b>	<b>3,403</b>	<b>-9,069</b>	<b>-348</b>
<b>III. FINANCIAL ASSETS</b>							
1. Shares in affiliated companies	60	0	180	0	0	0	0
2. Shares in associated companies	1,221	0	500	0	3	0	-193
3. Investments	38	0	0	0	0	0	0
4. Securities held as non-current assets	1,000	0	0	0	0	0	0
5. Other loans	251	0	4	0	19	0	0
	<b>2,570</b>	<b>0</b>	<b>684</b>	<b>0</b>	<b>22</b>	<b>0</b>	<b>-193</b>
	<b>210,725</b>	<b>8,130</b>	<b>16,613</b>	<b>0</b>	<b>3,439</b>	<b>-9,408</b>	<b>-549</b>

Including:

<sup>1)</sup> Unscheduled depreciation: € 280 thousand



	Depreciation						Book values		
As at 31.03.2012	As at 01.04.2011	Additions	Disposals	Reclas- sification IFRS 5	Change Exchange rate difference	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011	
20	16	0	0	0	0	16	4	4	
6,222	3,910	533	13	-323	-7	4,100	2,122	1,809	
17,315	11,160	1,431	0	0	0	12,591	4,724	6,083	
2,867	1,179	256	0	0	0	1,435	1,432	947	
<b>26,424</b>	<b>16,265</b>	<b>2,220</b>	<b>13</b>	<b>-323</b>	<b>-7</b>	<b>18,142</b>	<b>8,282</b>	<b>8,843</b>	
9,706	866	0	0	0	0	866	8,840	6,817	
340	0	0	0	0	0	0	340	132	
<b>36,470</b>	<b>17,131</b>	<b>2,220</b>	<b>13</b>	<b>-323</b>	<b>-7</b>	<b>19,008</b>	<b>17,462</b>	<b>15,792</b>	
43,206	14,290	1,316	78	-948	-14	14,566	28,640	30,757	
70,942	43,956	4,49	556	-3,289	-86	44,274	26,668	21,656	
59,688	39,183	3,850	1,572	-605	-36	40,820	18,868	16,420	
1,786	0	0	0	0	0	0	1,786	2,029	
6,941	3,819	435 <sup>1)</sup>	0	0	0	4,254	2,687	3,122	
<b>182,563</b>	<b>101,248</b>	<b>9,850</b>	<b>2,206</b>	<b>-4,842</b>	<b>-136</b>	<b>103,914</b>	<b>78,649</b>	<b>73,984</b>	
240	0	0	0	0	0	0	240	60	
1,525	0	0	0	0	0	0	1,525	1,221	
38	0	0	0	0	0	0	38	38	
1,000	0	0	0	0	0	0	1,000	1,000	
236	0	0	0	0	0	0	236	251	
<b>3,039</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,039</b>	<b>2,570</b>	
<b>222,072</b>	<b>118,379</b>	<b>12,070</b>	<b>2,219</b>	<b>-5,165</b>	<b>-143</b>	<b>122,922</b>	<b>99,150</b>	<b>92,346</b>	

**GROUP STATEMENT OF FIXED ASSETS AS AT 31.03.2011**

€'000	Cost of acquisition or manufacture				
	As at 01.04.2010	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
b. Computer software	4,582	750	622	233	-2
c. Technology	17,243	0	0	0	0
d. Customer base	2,126	0	0	0	0
	<b>23,971</b>	<b>750</b>	<b>622</b>	<b>233</b>	<b>-2</b>
2. Goodwill	7,559	124	0	0	0
3. Prepayments made	598	132	-598	0	0
	<b>32,128</b>	<b>1,006</b>	<b>24</b>	<b>233</b>	<b>-2</b>
<b>II. TANGIBLE ASSETS</b>					
1. Land and buildings	42,960	1,424	693	0	-30
2. Technical plant and machinery	62,734	3,094	155	347	-24
3. Other plant, fixtures and fittings	53,708	3,405	137	1,635	-12
4. Prepayments made and plant under construction	1,196	1,992	-1,009	148	-2
5. Property held as financial investments	6,941	0	0	0	0
	<b>167,539</b>	<b>9,915</b>	<b>-24</b>	<b>2,130</b>	<b>-68</b>
<b>III. FINANCIAL ASSETS</b>					
1. Shares in affiliated companies	15	45	0	0	0
2. Shares in associated companies	1,114	64	0	0	43
3. Investments	38	0	0	0	0
4. Securities held as non-current assets	11,648	0	0	10,648	0
5. Other loans	305	4	0	58	0
	<b>13,120</b>	<b>113</b>	<b>0</b>	<b>10,706</b>	<b>43</b>
	<b>212,787</b>	<b>11,034</b>	<b>0</b>	<b>13,069</b>	<b>-27</b>

		Depreciation				Book values		
	As at 31.03.2011	As at 01.04.2010	Additions	Disposals	Change Exchange rate difference	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
	20	16	0	0	0	16	4	4
	5,719	3,715	429	233	-1	3,910	1,809	867
	17,243	9,727	1,433	0	0	11,160	6,083	7,516
	2,126	877	302	0	0	1,179	947	1,249
	<b>25,108</b>	<b>14,335</b>	<b>2,164</b>	<b>233</b>	<b>-1</b>	<b>16,265</b>	<b>8,843</b>	<b>9,636</b>
	7,683	866	0	0	0	866	6,817	6,693
	132	0	0	0	0	0	132	598
	<b>32,923</b>	<b>15,201</b>	<b>2,164</b>	<b>233</b>	<b>-1</b>	<b>17,131</b>	<b>15,792</b>	<b>16,927</b>
	45,047	12,990	1,302	0	-2	14,290	30,757	29,970
	65,612	40,359	3,900	291	-12	43,956	21,656	22,375
	55,603	36,931	3,702	1,444	-6	39,183	16,420	16,777
	2,029	0	0	0	0	0	2,029	1,196
	6,941	3,665	154	0	0	3,819	3,122	3,276
	<b>175,232</b>	<b>93,945</b>	<b>9,058</b>	<b>1,735</b>	<b>-20</b>	<b>101,248</b>	<b>73,984</b>	<b>73,594</b>
	60	0	0	0	0	0	60	15
	1,221	0	0	0	0	0	1,221	1,114
	38	0	0	0	0	0	38	38
	1,000	7,579	0	7,579	0	0	1,000	4,069
	251	0	0	0	0	0	251	305
	<b>2,570</b>	<b>7,579</b>	<b>0</b>	<b>7,579</b>	<b>0</b>	<b>0</b>	<b>2,570</b>	<b>5,541</b>
	<b>210,725</b>	<b>116,725</b>	<b>11,222</b>	<b>9,547</b>	<b>-21</b>	<b>118,379</b>	<b>92,346</b>	<b>96,062</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 and amortised 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. As in the previous year, according to the results of the impairment test, no write-down was required on the reporting date.

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.

The addition is a result of the acquisition of the Werkzeugbau-Laichingen Group and relates to intangible assets that do not meet the criteria for separate recognition.

## (3) PREPAYMENTS MADE

The reported amount is related to the acquisition and implementation of software.

## (4) LAND AND BUILDINGS

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

## (5) TECHNICAL PLANT AND MACHINERY

Technical plants and machinery are always depreciated over a five to 15 year period using the straight-line method. This balance sheet item also includes equipment under financing leases with a book value (cash value of the lease payments less planned depreciation) of € 1,079 thousand on the reporting date (previous year: € 54 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 PLANT, FIXTURES AND FITTINGS

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

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

The amount reported primarily relates to buildings 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 on parts of the buildings over the estimated useful life of 40 years. Unscheduled write-downs were carried out to adjust the book value to the lower fair value on the reporting date. The fair value of property held as financial investment was € 3,372 thousand (previous year: € 3,615 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 investment generated rental income in the amount of € 512 thousand (previous year: € 511 thousand) and resulted in directly attributable operating expenditure in the amount of € 142 thousand (previous year: € 129 thousand) and depreciation of € 435 thousand (previous year: € 154 thousand).

#### (9) SHARES IN AFFILIATED COMPANIES

Shares are held in distribution companies in Germany, the USA, Switzerland, China, Singapore and the Ukraine.

#### (10) SHARES IN ASSOCIATED COMPANIES

Positive results of companies, valued at equity, are reported as additions on the Group asset history sheet. 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 income for companies valued at equity are reported on the income statement under income from investments in associated companies.

The following table depicts significant financial information for associated companies: total values without consideration for the share held by the Group.

€'000	31.03.2012	31.03.2011
Assets	11,940	10,926
Liabilities	6,011	10,926
Sales	16,637	12,860
Net profit	357	319

#### (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 asset history sheet correspond to the respective fair value on the reporting date. Historical acquisition costs are reported in the asset history sheet. The recognised item relates to a fixed-interest bearing loan with a term until March 2014. No securities were sold during the reporting year.

#### (13) RECEIVABLES AND OTHER ASSETS

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

€'000	31.03.2012	31.03.2011
<b>Non-current</b>		
Loan receivables	2,727	1,318
Miscellaneous	1	15
<b>Total</b>	<b>2,728</b>	<b>1,333</b>

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

€'000	31.03.2012	31.03.2011
<b>Current</b>		
Loan receivables	673	143
Income tax refund claims	1,792	3,732
Tax prepayments	911	451
Claims arising from purchase price adjustments	116	641
Prepayments made	844	0
Miscellaneous	1,843	1,181
<b>Total</b>	<b>6,179</b>	<b>6,148</b>

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

€'000	2011/2012	2010/2011
<b>As of 01.04.</b>	<b>148</b>	<b>304</b>
Reversals	-122	-156
<b>As of 31.03.</b>	<b>26</b>	<b>148</b>
(specific adjustments out of this amount)	(26)	(148)

#### Trade receivables

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

The decrease in value of trade receivables developed as follows:

€'000	2011/2012	2010/2011
<b>As of 01.04.</b>	<b>1,173</b>	<b>1,407</b>
Claims	-54	-240
Reversals	-269	-258
Additions	410	264
<b>As of 31.03.</b>	<b>1,260</b>	<b>1,173</b>
(specific adjustments out of this amount)	(685)	(665)

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

The maturity structure of receivables before allowances is as follows:

Book value €'000	Not due	overdue up to ... days					
		30	60	90	180	over 180	
31.03.2012	49,022	40,072	4,816	1,838	725	825	746
31.03.2011	44,309	35,550	4,035	1,715	551	1,501	957

#### (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:

€'000	31.03.2012		31.03.2011	
	Deferred taxes		Deferred taxes	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	1,208	1,510	1,533	1,249
Property, plant and equipment	231	4,998	209	3,902
Inventories	183	621	106	0
Pension provisions	777	0	564	0
Other provisions	312	53	265	0
Liabilities	862	0	290	0
Tax loss carry forwards	864	0	960	0
Other	59	5	100	114
	<b>4,496</b>	<b>7,187</b>	<b>4,027</b>	<b>5,265</b>
Net figure <sup>1)</sup>	-1,692	-1,692	-1,298	-1,298
<b>Total</b>	<b>2,804</b>	<b>5,495</b>	<b>2,729</b>	<b>3,967</b>

<sup>1)</sup> 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 € 670 thousand (previous year: € 607 thousand) from loss carry-forwards for tax purposes were not reported since it is not considered very likely that a trade tax will be applied.

#### (15) INVENTORIES

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

€'000	Raw materials and supplies		Unfinished products and services		Finished products and goods		Prepayments made		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cost of acquisition or manufacture	21,301	18,477	37,502	20,437	56,880	40,608	354	232	116,037	79,754
Write-downs	2,335	1,605	756	1,212	3,657	2,747	0	0	6,747	5,564
<b>As of 31.03.</b>	<b>18,966</b>	<b>16,872</b>	<b>36,746</b>	<b>19,225</b>	<b>53,223</b>	<b>37,861</b>	<b>354</b>	<b>232</b>	<b>109,290</b>	<b>74,190</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. A partial amount of the reported deposit in the amount of € 1,196 thousand has been pledged to a financial institution.

## (18) ASSET AND LIABILITIES HELD FOR SALE

All interests in Ackermann Fahrzeugbau GmbH were sold after the reporting date. The figures reported in this item include assets and liabilities reclassified in accordance with IFRS 5. These are assigned to the plastics processing segment.

€'000	31.03.2012	31.03.2011
<b>Assets held for sale</b>	<b>7,885</b>	<b>0</b>
of which current excluding liquid assets	2,700	0
of which liquid assets	942	0
of which non-current	4,243	0
<b>Liabilities held for sale</b>	<b>3,788</b>	<b>0</b>
of which current	1,133	0
of which non-current	2,655	0

## (19) EQUITY

Following the capital increase conducted in the year under review, the **subscribed capital** of the Group equals the subscribed capital of GESCO AG and totals € 8,645 thousand divided into 3,325,000 bearer shares with full voting and dividend rights.

The Annual General Meeting on 21 July 2011 resolved to the previous convert bearer shares into registered shares and amend the Articles of Association accordingly.

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 Annual General Meeting on 21 July 2011 adapted this authorisation in view of the changeover to registered shares. The Executive Board used this authorisation in financial year 2011/2012 by increasing the share capital by € 758 thousand to € 8,645 thousand within the scope of a capital increase carried out in February/March 2012. The capital increase was entered in the commercial register on 1 March 2012. The number of shares was increased to 3,325,000 through the issuing of 302,000 new shares that carry dividends for financial year 2011/2012. The new shares were placed with institutional investors in Germany and abroad under exclusion of shareholders' subscription

rights. This provided GESCO AG with approximately € 19.2 million net. The remaining authorised capital after completing this capital measure amounts to € 3,145 thousand.

The ordinary General Meeting on 2 September 2010 authorised the company to acquire up to 10 out of every 100 shares of the share capital until 1 September 2015 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 Section 71 para. 1 no. 2 of the Stock Corporation Act (AktG), own shares were acquired as part of an employee share scheme.

**Shares in circulation** and **own shares** developed as follows:

	Shares in circulation	Own shares held	
	No.	No.	Share of the share capital in %
<b>As of 01.04.2010</b>	<b>3,020,640</b>	<b>2,360</b>	<b>0.08</b>
Purchases	-5,850	5,850	0.19
Employee share scheme	8,139	-8,139	0.27
<b>As of 31.03.2011</b>	<b>3,022,929</b>	<b>71</b>	<b>0.00</b>
Capital increase	302,000	0	0.00
Purchases	-18,000	18,000	0.54
Employee share scheme	8,283	-8,283	0.25
<b>As of 31.03.2012</b>	<b>3,315,212</b>	<b>9,788</b>	<b>0.29</b>

In the past, the company 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 € 480 thousand (previous year: € 328 thousand) disposed of under the employee share scheme were issued to employees at a total selling price of € 286 thousand (previous year: € 163 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 reserve** of € 54,631 thousand (previous year: € 36,167 thousand) is the result of shares issued at a premium.

The Annual General Meeting of GESCO AG on 2 September 2010 authorised the company to acquire own shares according to Section 71 para. (8) of the German Stock Corporation Act (AktG) and to use these shares for the stock option programme launched in September 2007. Beneficiaries include the Executive Board and a small group of management employees of GESCO AG. The Supervisory Board of GESCO AG initiated a fifth tranche in July 2011. A total of 24,000 options were issued to members of the Executive Board and management employees of GESCO AG. 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 under this programme is determined using a common binomial model, recorded in earnings and recognised in liabilities. The model assumes volatility of 34.5% and a risk-free interest rate of 5.0%; the exercise price of the options issued in July 2011 is € 67.64. The waiting period is four years and two 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 € 9.49. These annual financial statements are the first to include the expenditure (€ 36 thousand) resulting from the stock option programme initiated in the reporting year for an eight-month period. Total expenditure for the first to fifth tranche amounted to € 445 thousand in the reporting year; in the previous year total expenditure was € 278 thousand. Liabilities came to € 662 thousand as of the reporting date.

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

	2011	2010	2009	Tranche 2008
End of waiting period	22.09.2015	01.11.2014	26.05.2012	20.05.2011
End of term	15.03.2017	15.03.2016	15.03.2014	15.03.2013
Exercise price	€ 67.64	42.65	39.11	52.18
No. of options issued	24,000	24,000	24,000	24,000
Profit limit per option	€ 33.82	21.33	19.56	26.09
Fair value per option as of the reporting date 31.03.2012	€ 8.62	13.34	14.39	11.94
Fair value per option at the time of issue	€ 9.49	7.18	6.44	8.83

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

	2011/2012		2010/2011	
	No. of options	Weighted average exercise price €	No. of options	Weighted average exercise price €
Outstanding options 01.04.	93,000	46.79	72,000	48.48
In the financial year				
granted	24,000	67.64	24,000	42.65
returned	0		0	
exercised	-30,000	53.56	-3,000	54.15
expired	0		0	
Outstanding options 31.03.	87,000	50.21	93,000	46.79
Options that can be exercised 31.03.	15,000		21,000	

The company settled any profits for already exercised options in cash.

During the reporting year, **revenue reserves** increased by net earnings for the year in the amount of € 22,640 thousand. The figure was reduced in particular by the dividend of € 6,046 thousand (€ 2.00 per share) for the previous year and the effect from the sale of shares to minority shareholders, which was not included in income.

The **proposed dividend** per share was € 2.90 on the financial statement preparation date. With 3,315,212 shares currently issued and outstanding, the proposed dividend payout is € 9,614 thousand. This dividend payout has no income tax consequences for the company.

## (20) MINORITY INTERESTS

Minority interests consist 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., Dörrenberg International PTE. Ltd., Dörrenberg Special Steels Taiwan Ltd., Hubl GmbH, SVT GmbH, VWH Herschbach GmbH and WBL Holding GmbH.

In accordance with IAS 32, minority interest in partnerships is included under non-current liabilities. It is the result of investments in AstroPlast Kunststofftechnik GmbH & Co. KG, Franz Funke Zerspanungstechnik GmbH & Co. KG, Haseke GmbH & Co. KG, Georg Kesel GmbH & Co. KG as well as Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG.

Both the company's equity and minority interest in partnerships are recognised in equity on the balance sheet.

## (21) PROVISIONS

**Pension provisions** are based on salary-dependent direct benefits for managing employees and members of the Executive Board as well as fixed pension benefits for certain employees. Increases for some of the pension plans for managing 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:

€'000	2011/2012	2010/2011
<b>As of 01.04.</b>	<b>10,055</b>	<b>9,832</b>
Change to the scope of consolidation	2,641	0
Service expenditure	109	162
Interest costs	502	493
Pension annuities paid	-605	-609
Actuarial losses	202	177
<b>As of 31.03.</b>	<b>12,904</b>	<b>10,055</b>

**Development of plan assets** (liability insurance):

€'000	2011/2012	2010/2011
<b>As of 01.04.</b>	<b>747</b>	<b>726</b>
Employer contributions	34	34
Benefits paid	-18	-18
Actuarial losses/gains	-55	5
<b>As of 31.03.</b>	<b>708</b>	<b>747</b>

**Pension provisions** are derived as follows:

€'000	2012	2011
Projected pension obligations	12,904	10,055
Plan assets (liability insurance)	-708	-747
Actuarial losses/gains not recorded	-158	52
<b>As of 31.03.</b>	<b>12,038</b>	<b>9,360</b>

**Asset coverage of pension obligations:**

€'000	31.03.2012		31.03.2011	
	Pension commitments	Plan assets	Pension commitments	Plan assets
Without asset cover	12,088	0	9,215	0
Some asset cover	816	708	840	747
<b>As of 31.03.</b>	<b>12,904</b>	<b>708</b>	<b>10,055</b>	<b>747</b>

**Pension costs** consist of the following:

€'000	2011/2012	2010/2011
Service expenditure	109	162
Interest accruing on expected pension obligations	502	493
Actuarial losses	52	0
	<b>663</b>	<b>655</b>

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

in %	2011/2012	2010/2011
Interest rate	5.20	5.30
Increase in salaries	3.00	3.00
Increase in pensions	2.00	1.50
Staff turnover	1.00	1.00

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

€'000	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
Pension commitments	12,904	10,055	9,832	9,298	10,210
Plan assets	-708	-747	-726	-702	-720
Funded status	12,196	9,308	9,106	8,596	9,490

Expected contribution payments for the 2012/2013 financial year are € 34 thousand.

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

€'000	As of 01.04.2011	Change in scope of consolidation	Utilisation	Addition/ new creation	Release	As of 31.03.2012
<b>Non-current</b>						
Purchase price annuity obligation	619	0	-22	0	0	597
Purchase price obligation	1,066	0	-258	308	0	1,116
<b>Total</b>	<b>1,685</b>	<b>0</b>	<b>-280</b>	<b>308</b>	<b>0</b>	<b>1,713</b>
<b>Current</b>						
Recultivation obligation	880	0	0	0	0	880
Guarantees and warranties	3,320	50	-768	1,699	-124	4,177
Cost of annual financial statements	619	56	-608	586	-6	647
Follow-up costs	1,804	20	-1,363	2,138	0	2,599
Structural measures	152	0	-52	0	-100	0
Other	1,296	4	-667	919	-242	1,310
<b>Total</b>	<b>8,071</b>	<b>130</b>	<b>-3,458</b>	<b>5,342</b>	<b>-472</b>	<b>9,613</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.

Other provisions mainly relate to taxes and additions to tax.

## (22) LIABILITIES

€'000	As of 31.03.2012 (31.03.2011)	Residual term up to 1 year	Residual term up to 5 years	Residual term > 5 years
Liabilities to financial institutions	63,178	22,007	36,591	4,580
	(67,596)	(20,338)	(42,796)	(4,462)
Trade creditors	14,896	14,896	0	0
	(11,170)	(11,170)	(0)	(0)
Prepayments received on orders	18,918	18,918	0	0
	(11,618)	(11,618)	(0)	(0)
Liabilities on bills	279	279	0	0
	(62)	(62)	(0)	(0)
Liabilities to affiliated companies	7	7	0	0
	(15)	(15)	(0)	(0)
Liabilities to companies with which a shareholding relationship exists	74	74	0	0
	(0)	(0)	(0)	(0)
Other liabilities	32,040	29,562	2,478	0
	(29,266)	(25,576)	(3,690)	(0)
<b>Total</b>	<b>129,392</b>	<b>85,743</b>	<b>39,069</b>	<b>4,580</b>
	<b>(119,727)</b>	<b>(68,779)</b>	<b>(46,486)</b>	<b>(4,462)</b>

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

€'000	As of 31.03.2012 (31.03.2011)	Residual term up to 30 days	Residual term 30 to 90 days	Residual term 90 to 360 days
Liabilities to financial institutions	22,007	8,103	3,981	9,923
	(20,338)	(7,561)	(3,596)	(9,181)
Trade creditors	14,896	14,255	595	46
	(11,170)	(10,376)	(587)	(207)
Prepayments received on orders	18,918	1,680	3,565	13,673
	(11,618)	(570)	(2,899)	(8,149)
Liabilities on bills	279	149	130	0
	(62)	(0)	(62)	(0)
Liabilities to affiliated companies	7	7	0	0
	(15)	(15)	(0)	(0)
Liabilities to companies with which a shareholding relationship exists	74	0	74	0
	(0)	(0)	(0)	(0)
Other liabilities	29,562	13,418	4,510	11,634
	(25,576)	(9,799)	(2,788)	(12,989)
<b>Total</b>	<b>85,743</b>	<b>37,612</b>	<b>12,855</b>	<b>35,276</b>
	<b>(68,779)</b>	<b>(28,321)</b>	<b>(9,932)</b>	<b>(30,526)</b>

Liabilities to financial institutions are mainly secured by:

€'000	31.03.2012	31.03.2011
Load charges	31,431	30,152
of which on property held as financial investment	4,090	4,090
Book value of property	28,655	27,903
Assignment of		
movable fixed assets as security	11,346	15,363
inventories	13,918	12,933
Assignment of receivables	3,859	7,798

The parent company has also pledged shares in subsidiaries with a total book value of € 53,457 thousand (previous year: € 46,956 thousand).

€ 54,022 thousand (previous year: € 56,548 thousand) of the liabilities to financial institutions result from long-term loans of domestic companies with fixed repayment terms and a remaining term between one and 11 years (previous year between one and 11 years).

Interest rates for the Euro loans vary between 1.17% and 7.5% (previous year: 1.30% and 5.70%). These interest rates correspond to the market rates for the respective loans and companies. Other liabilities to financial institutions consist of current accounts.

**Other liabilities** consist of the following:

€'000	31.03.2012	31.03.2011
Wages, salaries, social security	13,524	11,015
Other taxes	3,070	2,866
Income taxes	4,344	5,493
Outstanding incoming invoices	1,748	1,419
Finance leasing	1,130	93
Purchase price commitments minority interest	2,654	3,844
Miscellaneous liabilities	5,570	4,536
<b>Total</b>	<b>32,040</b>	<b>29,266</b>

All subsequent purchase payments are due within one year (previous year: € 2,388 thousand). Most of the other liabilities result from current liabilities owed to third parties. Wage, salary and social security liabilities include partial retirement and anniversary obligations in the amount of € 999 thousand (previous year: € 990 thousand) that will be due in more than one year.



## INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Dörrenberg Special Steels Taiwan Ltd. was included in the income statement for financial year 2011/12 for the first time for a 12-month period.

### (23) SALES REVENUES

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

### (24) OTHER COMPANY PRODUCED ADDITIONS TO ASSETS

This item mainly consists of reportable expenditure for technical equipment and tools.

### (25) OTHER OPERATING INCOME

Other operating income breaks down as follows:

€'000	2011/2012	2010/2011
Income from writing back/utilising provisions	1,186	1,937
Price gains	611	390
Income from public subsidies	365	311
Income from the reversal of value adjustments and from the payment of receivables previously written off	343	372
Income from the disposal of fixed assets	151	161
Income from insurance refunds	192	162
Miscellaneous	1,789	1,463
<b>Total</b>	<b>4,637</b>	<b>4,796</b>

### (26) MATERIAL EXPENDITURE

Material expenditure includes:

€'000	2011/2012	2010/2011
Expenditure on raw materials and supplies and goods purchased	207,121	163,669
Expenditure on services purchased	24,205	16,561
<b>Total</b>	<b>231,326</b>	<b>180,230</b>

## (27) PERSONNEL EXPENDITURE

Personnel expenditure includes:

€'000	2011/2012	2010/2011
Wages and salaries	81,519	71,961
Social security contributions/expenditure on pensions and benefits	15,781	14,274
<b>Total</b>	<b>97,300</b>	<b>86,235</b>

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

## (28) OTHER OPERATING EXPENDITURE

Other operating expenditure breaks down as follows:

€'000	2011/2012	2010/2011
Operating expenditure	17,195	12,766
Administrative expenditure	5,447	4,744
Expenditure on distribution	19,628	14,928
Miscellaneous expenditure	7,835	5,832
of which allowances on receivables and other assets	410	264
<b>Total</b>	<b>50,105</b>	<b>38,270</b>

## (29) DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Depreciation on property, plant and equipment and amortisation on intangible assets is reported in the Group asset history sheet. Additional information can be found in the notes regarding the corresponding balance sheet items.

## (30) 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:

€'000	2011/2012	2010/2011
Actual taxes	11,578	7,805
Deferred taxes	-443	-154
<b>Total</b>	<b>11,135</b>	<b>7,651</b>

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

€'000	2011/2012	2010/2011
<b>Group result before income tax</b>	<b>35,830</b>	<b>24,091</b>
Anticipated income tax expenditure	-10,928	-7,348
Permanent differences arising on expenditure which is no tax deductible	-328	-494
Tax-free income	14	110
Income tax for different reporting periods	342	121
Consolidation effects	-89	-79
Temporary differences for losses, for which no deferred taxes have been capitalised	10	-10
Differences in tax rates	-8	-52
Miscellaneous	-148	101
<b>Total</b>	<b>-11,135</b>	<b>-7,651</b>

The capitalisation (previous year: use) of future tax savings from tax loss carryforwards led to a tax asset of € 0.2 million (previous year: tax liability of 0.6 million) in the 2011/2012 reporting year.

### (31) EARNINGS PER SHARE

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

	2011/2012	2010/2011
Group net income (€'000)	22,640	15,251
Weighted number of shares (number)	3,043,090	3,020,262
<b>Earnings per share in accordance with IAS 33 (€)</b>	<b>7.44</b>	<b>5.05</b>

There are no factors that would cause dilution.

### (32) INCOME AND EXPENDITURE RECORDED DIRECTLY IN EQUITY

The capital increase transaction costs contained in this item in the amount of € 548 thousand were reduced by income taxes of € 167 thousand.

## 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 (€ 18 thousand) which are highly liquid and not subject to any significant risk of change in value, as well as the item cash in hand and credit balances held by financial institutions (€ 42,940 thousand).

Cash flow from investment activity includes € 157 thousand (previous year: € 77 thousand) in unpaid investments.

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

€'000	2011/2012	2010/2011
Interest paid	2,085	1,729
Interest received	491	345
Taxes paid	12,842	5,079

## INFORMATION ON THE SEGMENT REPORT

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 reconciliations to the corresponding Group values are reported in the **other/consolidation** segment.

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

**Segment investments** relate to intangible assets (excluding goodwill) as well as property, plant and equipment.

The **evaluation of the results** of the reportable segments is based on German commercial law. The conversion to international accounting standards occurs in the other/consolidation segment. **Group EBIT** can be derived from Group net income for the year based on the consolidated income statement.

**Sales revenues** are divided by **region** as follows:

	2011/2012		2010/2011	
	€'000	%	€'000	%
Germany	265,662	63.9	219,981	65.6
Europe (excluding Germany)	83,703	20.2	65,499	19.6
Other	66,061	15.9	49,757	14.8
<b>Total</b>	<b>415,426</b>	<b>100.0</b>	<b>335,237</b>	<b>100.0</b>

Displaying information on sales revenues from products and services pursuant to IFRS 8.32 would incur disproportionate effort and expense due to the diverse range of products and services.

**Non-current assets** (only intangible assets and property, plant and equipment) per **region** are as follows:

	2011/2012		2010/2011	
	€'000	%	€'000	%
Germany	92,815	96.6	86,398	96.2
Reconciliation Group	3,296	3.4	3,378	3.8
<b>Total</b>	<b>96,111</b>	<b>100.0</b>	<b>89,776</b>	<b>100.0</b>

## 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

The **book values of the financial instruments** are divided into the following classes:

€'000	Book value		Fair value	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Trade receivables	47,762	43,136	47,762	43,136
Other receivables	8,990	5,377	8,990	5,377
Cash and cash equivalents	42,958	38,512	42,958	38,512
Securities held as non-current assets	1,000	1,000	1,000	1,000
Assets held for sale	1,350	0	1,350	0
<b>Financial assets</b>	<b>102,060</b>	<b>88,025</b>	<b>102,060</b>	<b>88,025</b>
Trade creditors	14,896	11,170	14,896	11,170
Liabilities to financial institutions	63,178	67,596	63,178	67,596
Other liabilities	46,976	35,468	46,976	35,468
Liabilities held for sale	3,499	0	3,499	0
<b>Financial liabilities</b>	<b>128,549</b>	<b>114,234</b>	<b>128,549</b>	<b>114,234</b>

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

€'000	Balance sheet amount		Fair value		Net result on the income statement	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Loans and receivables	101,060	87,025	101,060	87,025	523	406
Assets available for sale	1,000	1,000	1,000	1,000	0	285
<b>Financial assets</b>	<b>102,060</b>	<b>88,025</b>	<b>102,060</b>	<b>88,025</b>	<b>523</b>	<b>691</b>
Liabilities held for trading	622	0	622	0	-622	0
Other financial liabilities	127,927	114,234	127,927	114,234	-2,720	-2,279
<b>Financial liabilities</b>	<b>128,549</b>	<b>114,234</b>	<b>128,549</b>	<b>114,234</b>	<b>-3,342</b>	<b>-2,279</b>

The net result mainly includes interest, dividends as well as income and expenditure from derivative financial instruments.

## CONTINGENT LIABILITIES

€'000	2011/2012	2010/2011
Liabilities from the issue and assignment of bills	300	94
Liabilities under guarantees	38	38

Investment projects initiated during the reporting year resulted in commitments in the amount of € 2,246 thousand (previous year: € 1,213 thousand). These investments will be concluded in the 2012/2013 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 income 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

The following payment obligations exist for finance lease arrangements:

€'000	Total	2012/13	2013/14 - 2014/15	2015/16 & following years
Minimum lease payments	1,291	425	593	273
Discounting amount	161	72	78	11
<b>Cash value</b>	<b>1,130</b>	<b>353</b>	<b>515</b>	<b>262</b>

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

Rental and lease agreements (operating leases) have been concluded for buildings as well as other plant, fixtures and fittings. Related rental and lease payments amounted to € 2,644 thousand for the reporting year (previous year: € 2,550 thousand).

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

€'000	2011/2012	2010/2011
Up to one year	3,892	2,354
One to five years	4,704	3,301
Over five years	2,860	2,998
<b>Total</b>	<b>11,456</b>	<b>8,653</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 Group-wide risk management system in 1999. Detailed information regarding risks and opportunities can be found in the Group management report.

The 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 related 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 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 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.

**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 earnings and consolidated equity after minority interests would have been € 448 thousand (previous year: € 462 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 Eurozone, larger orders are almost entirely hedged by forward transactions.

Trade receivables denominated in foreign currencies amounted to € 2,766 thousand (previous year: € 1,636 thousand) on the reporting date. This corresponds to 5.8% (previous year: 3.8%) of total trade receivables. Receivables are denominated in the following currencies:

€'000	2011/2012	2010/2011
US dollar:	1,371	774
Singapore dollar:	771	672
Taiwanese dollar:	412	0
African rand:	154	126
Hungarian forint:	58	64

A 10% fluctuation in exchange rates on the reporting date would have affected both equity and Group net earnings after minority interests by either € -160 thousand or € +195 thousand (previous year: € -96 thousand or € +117 thousand).

#### 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 Frank Lemeks TOW, Ukraine.

#### EMPLOYEES

The average number of employees was as follows:

	2011/2012	2010/2011
Factory staff	1,158	1,088
Office staff	614	574
Trainees	86	86
<b>Total</b>	<b>1,858</b>	<b>1,748</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, Georg Kesel 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. Industrierwartungen KG 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 prepare, audit and publish annual financial statements and a management report 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), MAE Maschinen- und Apparatebau Götzen GmbH is exempt from the obligation to prepare, audit and publish annual financial statements and a management report according to Section 264ff of the German Commercial Code (HGB).

## PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for 2011/2012 are to be examined and approved by the Supervisory Board of GESCO AG in its meeting on 30 May 2012 and are then authorised for publication.

The consolidated financial statements will be published on 28 June 2012 in conjunction with an annual accounts press conference and analysts' meeting in Laichingen.

## 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 on the website of GESCO AG.

The Executive Board holds a total of 0.5 % of company shares. Members of the Supervisory Board hold a total of 0.2 % of company shares.

## AUDITOR

The fee included in expenditure for the financial year amounted to € 128 thousand (previous year: € 128 thousand) for the audit of the annual and consolidated financial statements of GESCO AG, € 3 thousand (previous year: € 3 thousand) for other audit services, € 4 thousand (previous year: € 16 thousand) for tax consulting services and € 18 thousand (previous year: € 2 thousand) for other services.

Fees were also incurred in the amount of € 216 thousand (previous year: € 203 thousand) for the audit of consolidated subsidiaries, € 52 thousand (previous year: € 70 thousand) for tax consulting services and € 5 thousand (previous year: € 1 thousand) for other services.

## 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):

€'000	Fixed remuneration		Variable remuneration		Stock option		Total	
Robert Spartmann	255	(235)	339	(229)	46	(54)	640	(518)
Dr.-Ing. Hans-Gert Mayrose	244	(223)	339	(229)	46	(54)	629	(506)
<b>Total</b>	<b>499</b>	<b>(458)</b>	<b>678</b>	<b>(458)</b>	<b>92</b>	<b>(108)</b>	<b>1,269</b>	<b>(1.024)</b>

Each Executive Board member received 7,500 stock options.

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

Robert Spartmann 13.0 %  
Dr.-Ing. Hans-Gert Mayrose 13.5 %

On the reporting date, defined benefit obligations (DBO) and changes for 2011/2012 came to:

€'000	Pension commitments		Additions	
Robert Spartmann	330	(275)	55	(58)
Dr.-Ing. Hans-Gert Mayrose	354	(296)	58	(60)
<b>Total</b>	<b>684</b>	<b>(571)</b>	<b>113</b>	<b>(118)</b>

Remuneration received by a former member of the Executive Board amounted to € 51 thousand in the financial year (€ 51 thousand). To cover this, the company's pension obligations (DBO) amounted to € 615 thousand (€ 606 thousand) on 31 March 2012.

## SUPERVISORY BOARD

### **Klaus Möllerfriedrich, Wuppertal**

#### **Chairman, Auditor**

Chairman of the Supervisory Board:

- MicroVenture GmbH & Co. KGaA Beteiligungsgesellschaft, Düsseldorf (since 30 August 2011)
- COREST AG, Düsseldorf
- TopAgers AG, Langenfeld

Member of the Supervisory Board:

- MicroVenture GmbH & Co. KGaA Beteiligungsgesellschaft, Düsseldorf (until 30 August 2011)
- Dr. Ing. Thomas Schmidt AG, Cologne

### **Rolf-Peter Rosenthal, Wuppertal**

#### **Deputy Chairman, Retired bank director**

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

Deputy Chairman of the Supervisory Board:

- ETRIS Bank GmbH, Wuppertal

### **Willi Back, Neckargemünd**

#### **Retired Chairman of the Executive Board of GESCO AG, Wuppertal**

Member of the Advisory Board:

- Metall-Chemie Holding GmbH, Hamburg

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

€'000	Fixed remuneration		Variable remuneration		Total	
Klaus Möllerfriedrich	19	(18)	78	(58)	97	(76)
Rolf-Peter Rosenthal	17	(15)	78	(58)	95	(73)
Willi Back	14	(13)	78	(58)	92	(71)
<b>Total</b>	<b>50</b>	<b>(46)</b>	<b>234</b>	<b>(174)</b>	<b>284</b>	<b>(220)</b>

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 € 65 thousand (previous year € 38 thousand) were paid during the 2011/2012 financial year.

Wuppertal, May 25, 2012

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, 25 May 2012

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
Degedena 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	90
Dörrenberg International PTE. Ltd., Singapore	95
Doerrenberg Special Steels Taiwan Ltd., Tainan, Taiwan	100
Frank Walz- und Schmiedetechnik GmbH, Hatzfeld	100
Frank-Hungaria Kft., Özd, Hungary	100
Franz Funke Zerspanungstechnik GmbH & Co. KG, Sundern	80
Franz Funke Verwaltungs GmbH, Sundern <sup>2)</sup>	100
Georg Kesel GmbH & Co. KG, Kempten	90
Kesel International GmbH, Kempten	100
Kesel & Probst Verwaltungs-GmbH, Kempten <sup>2)</sup>	100
Haseke GmbH & Co. KG, Porta Westfalica	80
Haseke Beteiligungs-GmbH, Porta Westfalica <sup>2)</sup>	100
Hubl GmbH, Vaihingen/Enz	80
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
Tomföhrde GmbH & Co. Industrieverwaltungen KG, Wuppertal	100
Tomföhrde GmbH, Wuppertal <sup>2)</sup>	100
VWH Vorrichtungs- und Werkzeugbau Herschbach GmbH, Herschbach	80
WBL Holding GmbH, Laichingen	85
Werkzeugbau Laichingen GmbH, Laichingen	100
Werkzeugbau Leipzig GmbH, Leipzig	100

<sup>1)</sup> Share capital held directly or via majority shareholdings

<sup>2)</sup> Corporation as the general partner

<sup>3)</sup> Special purpose entity according to SIC 12

<b>Companies valued at equity</b>	<b>Proportion of capital <sup>1)</sup> in %</b>
Saglam Metal Sanayi Ticaret A.S., Istanbul, Turkey	20
Doerrenberg Special Steels Korea Co. Ltd, Jeongwang-dong, South Korea	50
Gluckstahl Comercio Importacao e Exportacao Ltda., Sao Paulo, Brazil	50

<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
MAE International GmbH, Erkrath	100
Frank Lemeks Tow, Ternopil, Ukraine	75
Georg Kesel Machinery (Beijing) Co., Ltd., China	100
Middle Kingdom Special Steels PTE Ltd., Singapore	60
Jiashan Doerrenberg Mould & Die Trading Co., China	100

<sup>1)</sup> Share capital held directly or via majority shareholdings



# AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by GESCO AG comprising the balance sheet, income statement, statement of comprehensive income, 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 2011 to 31 March 2012. 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 Section 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 Section 317 of the German Commercial Code (HGB) and generally accepted German 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 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 provides 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 Section 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, 25 May 2012

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

(Dr. Wollenhaupt) (Straube)  
Auditor Auditor

# REPORT FROM THE SUPERVISORY BOARD

**In the financial year 2011/2012, GESCO Group was able to push ahead with its excellent development, considerably increasing sales and earnings. The company carried out a capital increase which boosted its equity and liquidity in order to be in a position to generate further external growth by acquiring suitable companies.**

In this report, the Supervisory Board provides information about its activities in the financial year 2011/2012. 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. The Supervisory Board was directly involved in all decision-making of fundamental importance to the company. The financial position of GESCO AG and the subsidiaries as well as the internal and external development of the Group were discussed in detail. 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. The Supervisory Board received detailed reports of the internal control and risk management system from the GESCO AG employee responsible for these areas at its four regular meetings. As scheduled, the Supervisory Board engaged with the structure and content of this system. 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 Supervisory Board meetings and stayed informed on current trends 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 and Executive Boards. In the run-up to an acquisition, target companies are also appraised at their locations by a Supervisory Board member. The acquisition of the Werkzeugbau Laichingen group in December 2011, as well as the sale of the Company's share in Ackermann Fahrzeugbau GmbH in April 2012, i.e. after the close of the reporting period, were discussed in detail by the Executive and Supervisory Board and approved by the Supervisory Board.

In the financial year 2011/2012, the Supervisory and Executive Boards once again worked together to engage with GESCO Group's strategic objectives and their realisation. The Executive and Supervisory Boards consider the current market environment to offer good opportunities for the Group's expansion by means of acquisition of further companies. In this context, the Company, with the Supervisory Board's approval, carried out a capital increase of almost 10 % of share capital in February/March.

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



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 2011/2012.

A total of eleven Supervisory Board meetings took place in financial year 2011/2012. All members of the Supervisory Board attended each of these meetings. The Supervisory Board was also briefed in detail between meetings in the form of written reports on all projects and plans which were of particular importance to the company.

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 subsidiaries of GESCO AG during the annual management meetings of GESCO Group.

## CORPORATE GOVERNANCE

The Supervisory Board continuously monitored the development of corporate governance standards. The Executive Board also reports on behalf of the Supervisory Board on corporate governance at GESCO AG pursuant to Section 3.10 of the German Corporate Governance Code. The Executive Board and Supervisory Board submitted an updated declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) in December 2011 and made it permanently accessible to the shareholders on the company's website. GESCO AG complies with the recommendations of the Government Committee on the German Corporate Governance Code in accordance with the version of the Code published in July 2010, with the exception of the deviations given and explained in the declaration of compliance.

An efficiency audit was carried out in May 2011. It was carried out as a survey based on a structured questionnaire.

The Articles of Association for the Executive and Supervisory Boards were revised in the financial year 2011/2012 and comply with the current legal situation and GESCO Group's required organisational framework. In the financial year 2011/2012, the Chairman of the Supervisory Board participated in a range of training events on the subject of the tasks of supervisory boards and therefore complied with the recommendations of the Corporate Governance Code.

## REMUNERATION OF THE EXECUTIVE BOARD

The management report and notes to the consolidated and individual financial statements include detailed information on the structure of Executive Board remuneration. The Annual General Meeting approved the amended remuneration system on 2 September 2010 within the frame of a say on pay ruling.

## AUDIT OF ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Corresponding to the legal provisions, the auditor selected by the Annual General Meeting on 21 July 2011, Dr. Breidenbach und Partner GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Wuppertal, was commissioned by the Supervisory Board to audit the annual financial statements and consolidated financial statements on 29 July 2011. The auditor confirmed its independence to us in a letter dated 19 May 2011. Further, the auditor provided evidence that it is qualified to audit listed companies due to its successful participation in a quality control audit conducted by the German Chamber of Auditors.

The annual financial statements drawn up for the financial year from 1 April 2011 to 31 March 2012 by the Executive Board in accordance with the regulations of the German Commercial Code (HGB) 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 for the financial year from 1 April 2011 to 31 March 2012 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 Section 315a of the German Commercial Code (HGB). The auditor furnished the consolidated financial statements and Group management report with an unqualified auditor's report.

This year, the focal points of the audit by the auditor for the individual financial statements of GESCO AG were the valuation of investments, accrual and recoverable amount of receivables from associated companies and the completeness and valuation of other provisions, as well as the determination of tax refund claims, tax provisions and deferred taxes. The focal points of the audit of the consolidated financial statements were business combinations (purchase price allocation), partial disposals not leading to a change in status, assets held for sale pursuant to IFRS 5, impairment of assets including goodwill (impairment test), and the completeness of the notes to the consolidated financial statements.

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 25 May 2012. The auditors were in attendance at the meeting, 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 30 May 2012. 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 impeccable loyalty and great commitment in the past financial year. Their work has made a key contribution to GESCO Group's success.

Wuppertal, 30 May 2012

Klaus Möllerfriedrich  
Chairman of the Supervisory Board

# FINANCIAL CALENDAR / SHAREHOLDER CONTACT

## FINANCIAL CALENDAR

### **28 June 2012**

Annual Accounts Press Conference and Analysts' Meeting

### **August 2012**

Announcement of figures for the first quarter (01.04.-30.06.2012)

### **30 August 2012**

Annual General Meeting in the Stadthalle, Wuppertal

### **November 2012**

German Equity Forum, Frankfurt/Main

### **November 2012**

Despatch of the interim report (01.04.-30.09.2012)

### **February 2013**

Announcement of figures for the first nine months (01.04.-31.12.2012)

### **11 June 2013**

Annual Accounts Press Conference and Analysts' Meeting

### **August 2013**

Announcement of figures for the first quarter (01.04.-30.06.2013)

### **25 July 2013**

Annual General Meeting in the Stadthalle, Wuppertal

### **November 2013**

Despatch of the interim report (01.04.-30.09.2013)

## SHAREHOLDER CONTACT

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

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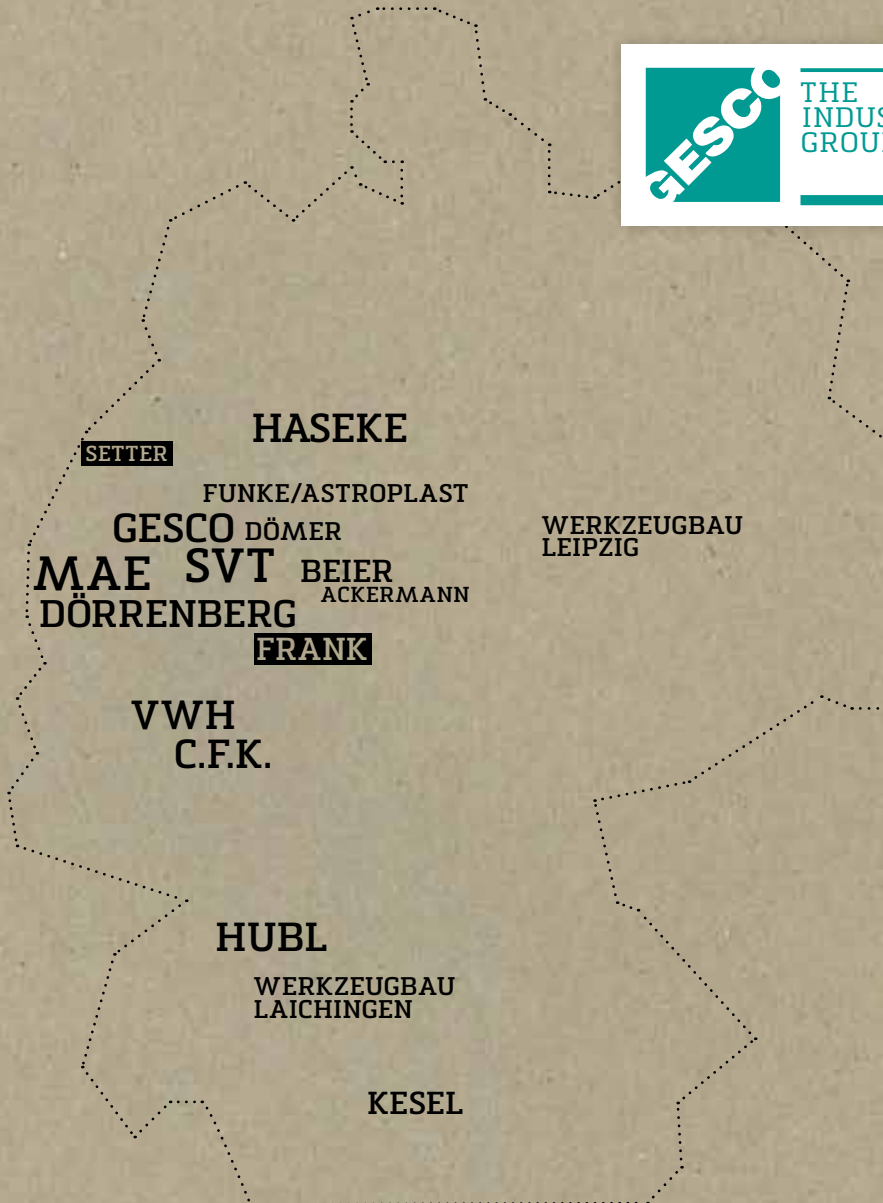
heureka Profitable Communication GmbH, Essen







THE  
INDUSTRIAL  
GROUP



**SETTER**

HASEKE

FUNKE/ASTROPLAST

GESCO DÖMER

WERKZEUGBAU  
LEIPZIG

**MAE** **SVT** BEIER  
ACKERMANN

**DÖRRENBURG**

**FRANK**

VWH  
C.F.K.

HUBL

WERKZEUGBAU  
LAICHINGEN

KESEL





Independent operations that are part of a strong Group:  
an overview of the main subsidiaries and their products,  
markets and managers.

#### GESCO AG'S SIGNIFICANT HOLDINGS

Company	Sales 2011 €'000	Staff 31.12. 2011	GESCO AG shareholding in %
Ackermann Fahrzeugbau GmbH, Wolfhagen (until 27.04.2012)	10,612	70	80
AstroPlast Kunststofftechnik GmbH & Co. KG, Sundern	14,408	75	80
Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG, Kassel	9,715	92	80
C.F.K. CNC-Fertigungstechnik Kriftel GmbH, Kriftel (since 31.05.2012)	6,964	40	80
Dömer GmbH & Co. KG Stanz- und Umformtechnologie, Lennestadt	14,451	101	100
Dörrenberg Edelstahl GmbH, Engelskirchen	179,321	478	90
Frank-Group, Hatzfeld	32,964	284	100
Franz Funke Zerspanungstechnik GmbH & Co. KG, Sundern	15,406	77	80
Haseke GmbH & Co. KG, Porta Westfalica	11,806	54	80
Hubl GmbH, Vaihingen/Enz	12,266	111	80
Georg Kesel GmbH & Co. KG, Kempten	12,271	65	90
MAE Maschinen- und Apparatebau Götzen GmbH, Erkrath	33,669	125	100
Setter-Group, Emmerich	16,598	77	100
SVT GmbH, Schwelm	40,152	172	90
VWH Vorrichtungen- und Werkzeugbau Herschbach GmbH, Herschbach	10,149	101	80
Werkzeugbau-Laichingen-Group, Laichingen/Leipzig	18,530	167	85

# GESCO 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 buys 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.
- 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 strong earnings power.
- We operate under a low risk policy and the Group balance sheet demonstrates low risks.
- 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.

# GESCO SHARES

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

# ACKERMANN FAHRZEUGBAU GMBH, WOLFHAGEN



2011 SALES  
IN € MILLION



+39.8 %

# 10.6

MICHAEL TABOURATZIDIS,  
MANAGING DIRECTOR



# ACKERMANN FAHRZEUGBAU GMBH, WOLFHAGEN

## STRATEGY AND BUSINESS SEGMENTS

In the commercial vehicle industry, Ackermann is a renowned brand with a longstanding tradition. The company manufactures sandwich panels, sandwich structures and case kits for producing truck and trailer superstructures. At the heart of operations is a system for producing large CFC-free polyurethane sandwich panels. Ackermann's customers include regionally active bodywork manufacturers as well as renowned national and international vehicle manufacturers.

## FINANCIAL YEAR 2011

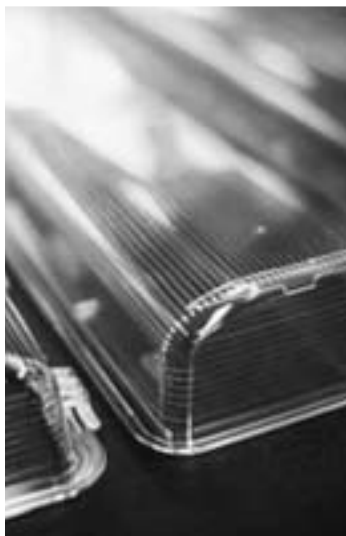
The market segments which Ackermann services continued to suffer from over-supply and resulting low prices for standard vehicles and trailers in 2010. In 2011, a slow recovery began. As a result, Ackermann was once again able to reach the sales volumes of previous years, but not those of the pre-crisis level.

## DISPOSAL OF ACKERMANN IN APRIL 2012

Ackermann's relevant markets have seen tough competition and consolidation for a long time. Since the crisis in 2009, the environment has changed yet again and is now impacted by strong fluctuations in capacity utilisation and high pricing pressure. As a niche provider, Ackermann is competing with much larger companies. For this reason, both GESCO AG and the managing director sold their shares in Ackermann Fahrzeugbau GmbH to AluTeam Fahrzeugtechnik GmbH, Bielefeld, in April 2012. The cooperation with the industry partner AluTeam will provide Ackermann with strategic advantages that it would not be able to obtain if it continued to be positioned as an individual company.

GESCO AG shareholding	80 % (until 27.04.2012)
Management shareholding	20 % (until 27.04.2012)
Capital ratio (31.12.2011)	51.3 %
2011 sales (in € million)	10.6 (+39.8 %)
Staff (31.12.2011)	70 (0 %)
Member of the GESCO Group	from 15.05.1996 until 27.04.2012

# ASTROPLAST KUNSTSTOFFTECHNIK GMBH & CO. KG, SUNDERN



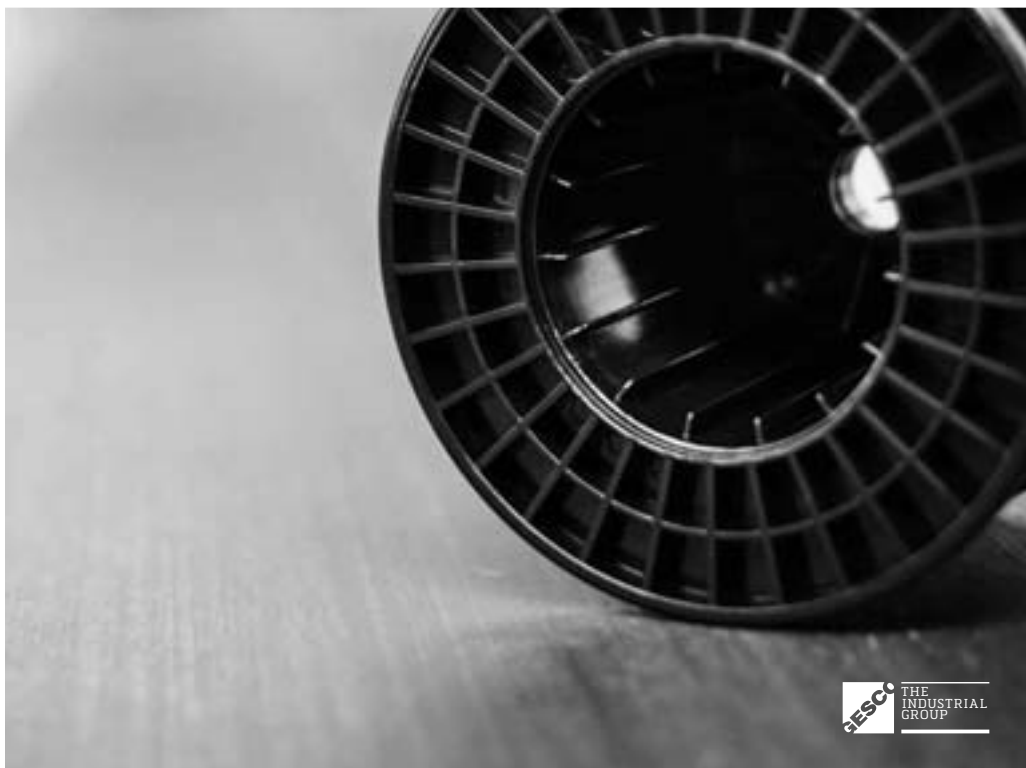
2011 SALES  
IN € MILLION



+21.9 %

14.4

DR. WOLFGANG KEMPER,  
MANAGING DIRECTOR





# ASTROPLAST KUNSTSTOFFTECHNIK GMBH & CO. KG, SUNDERN

## STRATEGY AND BUSINESS SEGMENTS

AstroPlast is a specialist for high precision injection-moulded plastics. The company develops, produces and markets its own range of plastic spools which are sold to manufacturers of wires, cables, tapes and optical fibres. AstroPlast also produces customised injection-moulded parts for the electrical, household appliances and automotive industries as well as the logistics sector. Based on its high level of technical expertise and its state-of-the-art machine park, AstroPlast has positioned itself as a consultant and a partner during development for its customers. Large machines with locking pressure of up to 2,300 tonnes particularly distinguish the company from its competitors.

## FINANCIAL YEAR 2011

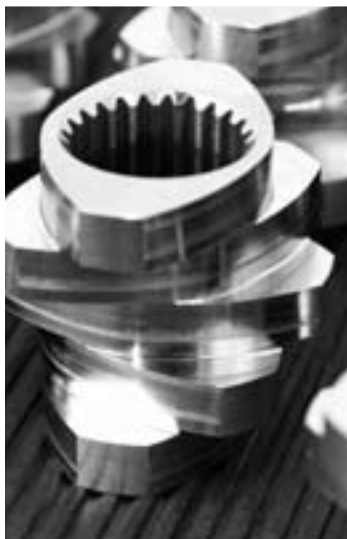
Following a strong sales rise in the previous year, AstroPlast was able to grow even further in 2011. The main driving factors behind growth were the consumer goods industry and mechanical engineering. Its export quota stood at 17 % (previous year 22 %). The company expanded its machine park by acquiring an injection moulding machine with a closing force of 1,000 tonnes.

## OUTLOOK AND GOALS FOR 2012

AstroPlast expects more or less to be able to reach the high sales volume of 2011 in the new financial year 2012.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2011)	38.0 %
2011 sales (in € million)	14.4 (+21.9 %)
Staff (31.12.2011)	75 (+8.7 %)
Member of the GESCO Group	since 01.05.1995

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



SIEGFRIED HEINRICH,  
MANAGING DIRECTOR  
UNTIL 29.02.2012



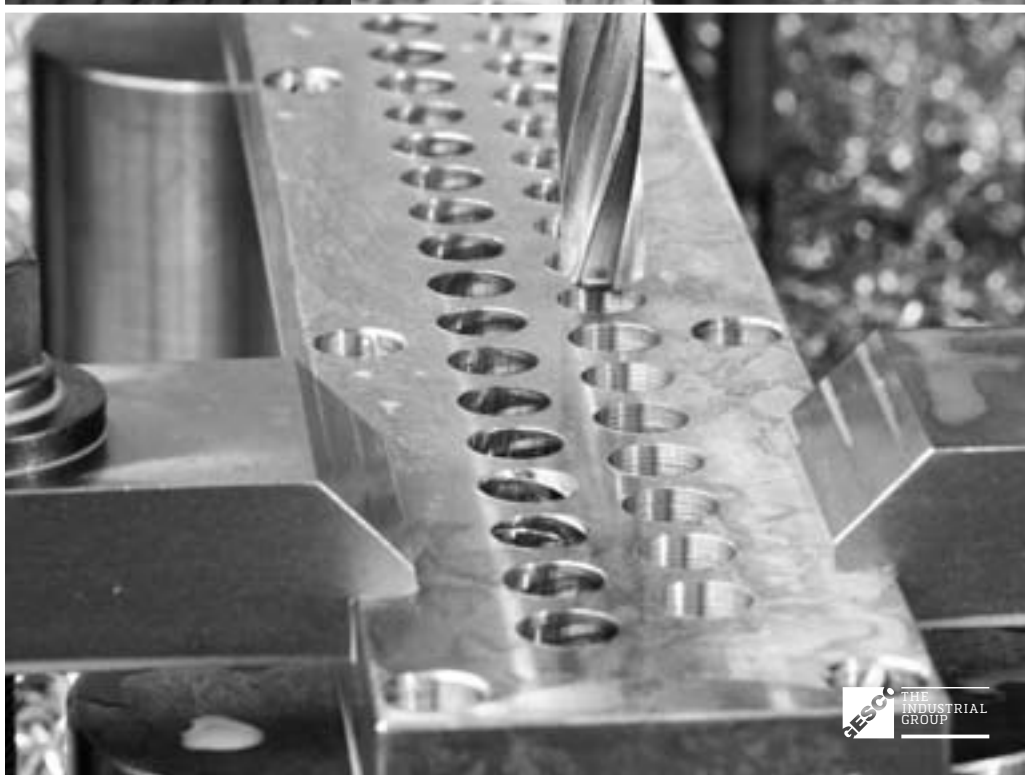
DR. ANDREAS WENDE,  
MANAGING DIRECTOR  
SINCE 01.01.2012

2011 SALES  
IN € MILLION



+39.5 %

9.7



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

## 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. Beier offers its customers one-stop solutions starting with consulting and design all the way to production and on-site testing.

Paul Beier'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 enjoys a special 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.

As part of a succession plan, Dr. Andreas Wende joined over the company's management on 1 January 2012. Following a two-month transitional period, long-time managing director Siegfried Heinrich left the company and entered retirement on 29 February 2012. Since then, Dr. Wende has led the company as sole managing director.

## FINANCIAL YEAR 2011

After a cautious start to the year, the company saw a considerable upswing in demand starting in the second quarter, which was accompanied by an increase in incoming orders and sales. At the same time, Paul Beier was able to expand its customer base.

## OUTLOOK AND GOALS FOR 2012

The company started the year with a positive order backlog and expects a further rise in sales in 2012.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2011)	49.7 %
2011 sales (in € million)	9.7 (+39.5 %)
Staff (31.12.2011)	92 (+9.5 %)
Member of the GESCO Group	since 01.04.1999

C.F.K.  
CNC-FERTIGUNGSTECHNIK KRIFTEL GMBH,  
KRIFTEL/TAUNUS



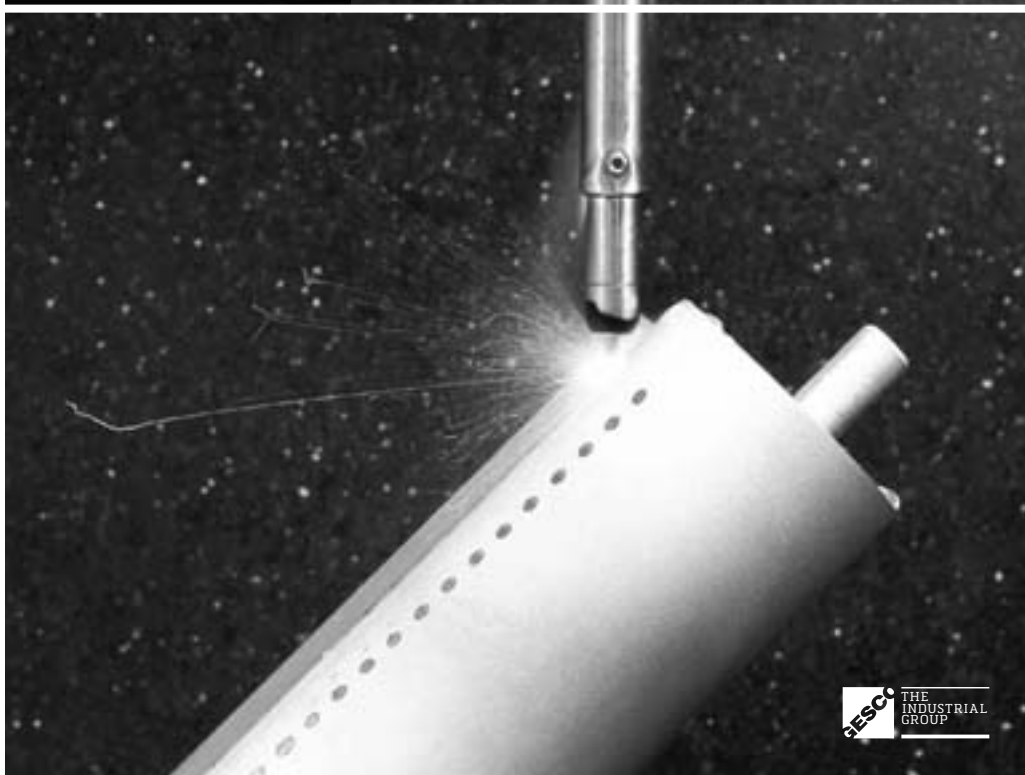
GÜNTER  
KOCHENDÖRFER,  
MANAGING DIRECTOR



DR. CHRISTOPH OVER,  
MANAGING DIRECTOR

2011 SALES  
IN € MILLION

6.7



# C.F.K. CNC-FERTIGUNGSTECHNIK KRIFTEL GMBH, KRIFTEL/TAUNUS

## STRATEGY AND BUSINESS SEGMENTS

Founded in 1986, CFK is one of the leading names in high-precision wire erosion and die sinking. CFK deploys high-precision technology to produce its domestic and foreign customers' parts, many of which are used in advanced safety and security systems. The items produced by C.F.K. CNC-Fertigungstechnik Kriftel GmbH vary greatly in size, ranging from just 0.002 g to 4,000 kg in weight. The Kriftel plant is also involved in producing parts with complex geometrical profiles, such as conical forms.

The fully climate-controlled production areas are home to a cutting-edge production line which currently comprises 40 large-scale machines. A high-precision measuring management system ensures that all parts can be produced to the most exacting documented and reproducible standards.

CFK processes parts for companies active in different engineering segments as well as for firms from the aerospace, medical and microtechnology sectors.

The company's second-to-none expertise in wire erosion and die sinking is complemented by its advanced laser melting systems. This technology entails the use of 3D data to construct parts layer by layer, and it is predominantly used for creating functional prototypes, small-range series, tool fittings and medical implants.

## ACQUISITION IN MAY 2012

GESCO AG acquired CFK as part of a business succession settlement due to retirement with effect from 31 May 2012, i.e. after the end of financial year 2011/2012. Founder and managing director Günter Kochendörfer will remain available to the company for a few months until the transition, after which time current second managing director Dr. Christoph Over will assume sole responsibility for running the company. Dr. Over joined the CFK in 2009 and will continue to hold a 20 % stake in the business.

## OUTLOOK AND GOALS FOR 2012

CFK expects a significant rise in sales in 2012 compared to the year before.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2011)	43.0 %
Sales 2011 (in € million)	6.7
Staff (31.12.2011)	40
Member of the GESCO Group	since 31.05.2012

# DÖMER GMBH & CO. KG STANZ- UND UMFORMTECHNOLOGIE, LENNESTADT



2011 SALES  
IN € MILLION



+25.2 %

# 14.5

DR. JOCHEN ASBECK,  
MANAGING DIRECTOR



# DÖMER GMBH & CO. KG STANZ- UND UMFORMTECHNOLOGIE, LENNESTADT

## 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. The company 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 2011

Following strong growth in the previous year, Dömer was able to expand its sales substantially in 2011 and strengthen its positioning, particularly in the commercial vehicle industry. The Company developed an new weight and cost-optimised disc brake pad backing plate for commercial vehicles.

## OUTLOOK AND GOALS FOR 2012

Dömer is cautiously optimistic for 2012 and expects slight sales growth.

GESCO AG shareholding	100 %
Capital ratio (31.12.2011)	48.7 %
2011 sales (in € million)	14.5 (+25.2 %)
Staff (31.12.2011)	101 (+12.2 %)
Member of the GESCO Group	since 30.08.2005

# DÖRRENBURG EDELSTAHL GMBH, ENGELSKIRCHEN



2011 SALES  
IN € MILLION



+27.9 %

# 179.3

GERD BÖHNER (L.) AND  
DR. FRANK STAHL,  
MANAGING DIRECTORS





# DÖRRENBERG EDELSTAHL GMBH, ENGELSKIRCHEN

## STRATEGY AND BUSINESS SEGMENTS

Dörrenberg is active in the stainless steel, stainless steel mould castings, steel works, precision castings and surface technology business segments. The company offers its customers in a wide variety of industries expert technical consulting, often as early as in the design stage. The customer industries are widely spread, with the main sectors being machine and plant construction, tool manufacture and automotive.

Over decades, the company has developed an in-depth knowledge of metallurgy, conducts research and development activities with universities and institutes and owns numerous patents on steels developed in-house.

Dörrenberg Edelstahl GmbH has significantly expanded its internationalisation in the past few years and is now represented by subsidiaries and joint ventures in Spain, Turkey Singapore, Taiwan, China, Korea and Brazil.

## FINANCIAL YEAR 2011

The company was able to expand its business considerably in 2011 and achieved the highest sales in its history.

## OUTLOOK AND GOALS FOR 2012

Dörrenberg expects a certain slowing in demand for 2012 and is anticipating sales slightly below the record level from 2011.

GESCO AG shareholding	90 %
Management shareholding	10 %
Capital ratio (31.12.2011)	57.0 %
2011 sales (in € million)	179.3 (+27.9 %)
Staff (31.12.2011)	478 (+3.2 %)
Member of the GESCO Group	since 01.01.1996

# FRANK-GROUP, HATZFELD



ANDREAS MOSLER,  
MANAGING DIRECTOR  
UNTIL 31.03.2012



DR. FRANK GROTE,  
MANAGING DIRECTOR  
SINCE 15.10.2011

2011 SALES  
IN € MILLION



+29.6 %

32.9



# FRANK-GROUP, HATZFELD

## 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 sector. 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 "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 owns the distribution company Frank Lemeks TOW/Ternopil in Ukraine.

## FINANCIAL YEAR 2011

At the Frank group, the recovery began later than at most other GESCO companies. While Frank recorded slight sales decreases compared to the previous year in 2010, the year 2011 was influenced by strong growth.

Managing director Andreas Mosler left the company on 31 March 2012 for personal reasons. His successor, Dr. Frank Grote, has been serving as managing director since 15 October 2011 and has had sole responsibility for the leadership of Frank-Gruppe since Mosler's departure.

## OUTLOOK AND GOALS FOR 2012

Following a successful 2011, which was also influenced by certain catch-up effects, Frank expects to be able to reach this sales volume again in 2012.

GESCO AG shareholding	100 %
Capital ratio (31.12.2011)	40,4 %
2011 sales (in € million)	32.9 (+29.6 %)
Staff (31.12.2011)	284 (+10.5 %)
Member of the GESCO Group	since 01.08.2006

# FRANZ FUNKE ZERSpanUNGSTECHNIK GMBH & CO. KG, SUNDERN



2011 SALES  
IN € MILLION



+7.7 %

# 15.4

DR. WOLFGANG KEMPER,  
MANAGING DIRECTOR



# FRANZ FUNKE ZERSpanUNGSTECHNIK GMBH & CO. KG, SUNDERN

## STRATEGY AND BUSINESS SEGMENTS

Franz Funke Zerspanungstechnik turns parts made of brass, aluminium, 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 sectors. 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 2011

Franz Funke was able to expand its sales further compared to the very strong previous year.

## OUTLOOK AND GOALS FOR 2012

The company anticipates moderate sales growth in 2012.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2011)	27.8 %
2011 sales (in € million)	15.4 (+7.7 %)
Staff (31.12.2011)	77 (+2.7 %)
Member of the GESCO Group	since 01.05.1995

# HASEKE GMBH & CO. KG, PORTA WESTFALICA

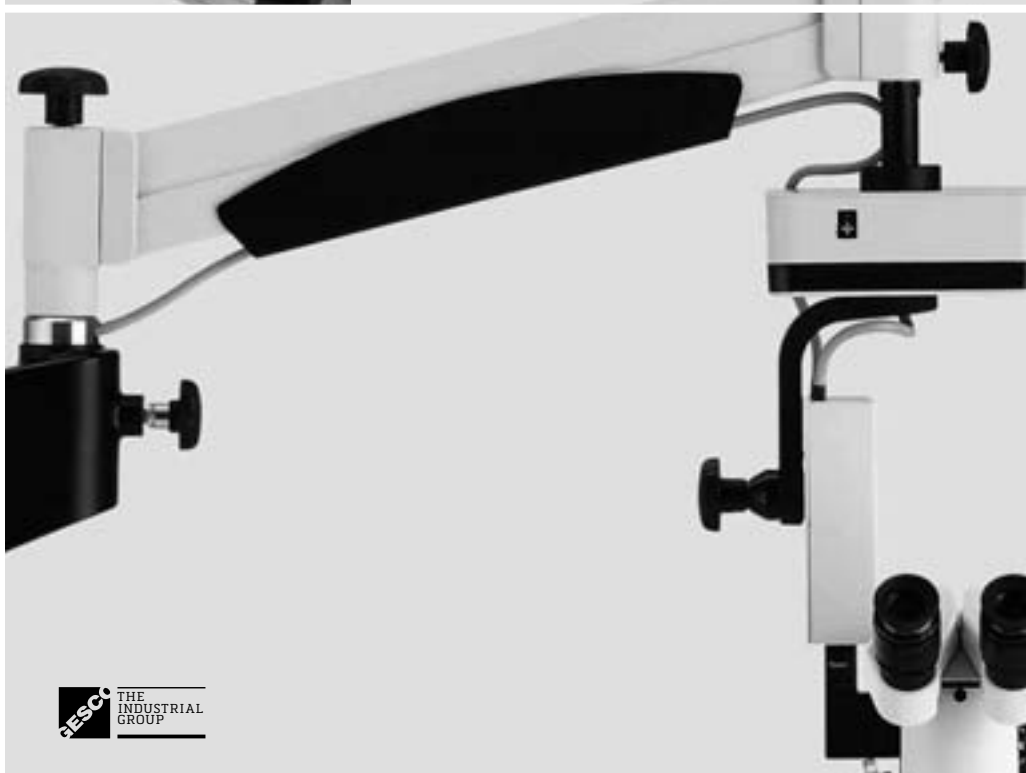


UWE KUNITSCHKE,  
MANAGING DIRECTOR

2011 SALES  
IN € MILLION

11.8

↑  
+12.5 %



# HASEKE GMBH & CO. KG, PORTA WESTFALICA

## STRATEGY AND BUSINESS SEGMENTS

Haseke manufactures ergonomically optimised solutions on the interface between man and machine, e.g. equipment for optimally placing monitors or operator panels in working environments. The company develops and sells applications for medical technology and solutions for industrial and office technology that use its “raise, lower, swivel” concept.

Haseke has established itself as a system supplier providing excellent quality “Made in Germany”. Its products are ergonomic, well designed and technologically advanced. The company also offers its customers extensive before and after sales service and advice.

The company uses an innovative, sophisticated modular system to quickly implement individual customer requirements and it develops new products from these ideas.

## FINANCIAL YEAR 2011

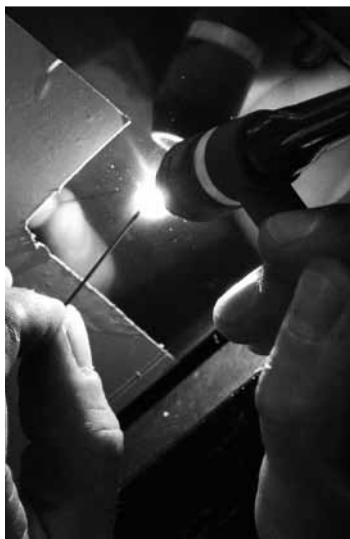
Haseke was able to record a strong sales rise, which was particularly generated by growth in the industrial segment. One of the main focuses of its activities was expansion into export markets. In autumn 2011, managing director Uwe Kunitschke acquired a 20% share in Haseke GmbH & Co. KG.

## OUTLOOK AND GOALS FOR 2012

Haseke remains optimistic for 2012 and anticipates sales growth.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2011)	37.2 %
2011 sales (in € million)	11.8 (+12.5 %)
Staff (31.12.2011)	54 (+12.5 %)
Member of the GESCO Group	since 01.01.1990

# HUBL GMBH, VAIHINGEN/ENZ



2011 SALES  
IN € MILLION



+11.4 %

# 12.3

RAINER KIEFER,  
MANAGING DIRECTOR





# HUBL GMBH, VAIHINGEN/ENZ

## STRATEGY AND BUSINESS SEGMENTS

Hubl GmbH was founded in 1976 and develops and produces high-end precision machine cladding, coverings, housings and stainless steel sheet components. Important consumers include the mechanical engineering, biotechnology, pharmaceuticals, semiconductors, photovoltaics and food industries. 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 2011

Following substantial recovery in the 2010 financial year, Hubl was able to generate further significant sales growth in 2011. The company profited from the diversification of its consumer industries. While the photovoltaics and semiconductors industries slowed in the second half of the year, Hubl was able to profit from the previous year's development in biotechnology and increase its sales. In May 2011, managing director Rainer Kiefer acquired a 20 % share in Hubl GmbH.

## OUTLOOK AND GOALS FOR 2012

Hubl expects moderate growth for the new fiscal year.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2011)	27.8 %
2011 sales (in € million)	12.3 (+11.4 %)
Staff (31.12.2010)	110 (+7.8 %)
Member of the GESCO Group	since 01.01.2002

# GEORG KESEL GMBH & CO. KG, KEMPTEN



2011 SALES  
IN € MILLION



+74.6 %

# 12.3

MARTIN KLUG,  
MANAGING DIRECTOR



# GEORG KESEL GMBH & CO. KG, KEMPTEN

## STRATEGY AND BUSINESS SEGMENTS

Established in 1889, Kesel develops and produces milling machines and clamping systems. The milling machine product range includes rack and bandsaw blade milling machines. Machines for milling steering racks are a special product of the company. The company's clamping division has a broad range of systems meeting different specifications and offering a variety of clamping forces.

Kesel positions itself in market niches, serves a broad customer base from a number of industries and has significantly expanded its internationalisation in the last few years.

## FINANCIAL YEAR 2011

After Kesel was able to expand its sales markedly in 2010, the company managed to increase its sales strongly once again in 2011. Its export ratio sank to 50% from 74% in the previous year. However, this is not a sign of a general change in markets, but rather is attributable mainly to a domestic bulk order of multiple machines of a new type.

To strengthen its presence in China, Kesel founded the 100% subsidiary Georg Kesel Machinery (Beijing) Co., Ltd. as a sales and service company.

The company moved within Kempten in 2011 and now has larger and more modern capacities.

## OUTLOOK AND GOALS FOR 2012

Kesel expects sales near the 2011 level in the new financial year.

GESCO AG shareholding	90 %
Management shareholding	10 %
Capital ratio (31.12.2011)	54.9 %
2011 sales (in € million)	12.3 (+74.6 %)
Staff (31.12.2011)	65 (+35.4 %)
Member of the GESCO Group	since 23.04.2009

# MAE MASCHINEN- UND APPARATEBAU GÖTZEN GMBH, ERKRATH



2011 SALES  
IN € MILLION



+33.5 %

33.7

RÜDIGER GÖTZEN,  
MANAGING DIRECTOR  
UNTIL 31.12.2011

MANFRED MITZE AND RÜDIGER SCHURY,  
MANAGING DIRECTORS  
SINCE 01.01.2012



# MAE MASCHINEN- UND APPARATEBAU GÖTZEN GMBH, ERKRATH

## STRATEGY AND BUSINESS SEGMENTS

The company, founded in 1931, is a global leader in automatic levelling machines as well as in wheel presses for rolling stock. In recent years, ground-breaking innovations have enabled the company to expand its market position in both product groups and win over new target groups. These activities are 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 vehicle manufacturers and maintenance workshops, mechanical engineering and the machine tools and steel industries.

## FINANCIAL YEAR 2011

MAE started the 2011 financial year with a large order backlog and also saw brisk incoming orders during the year. With a strong jump in sales of 33.5%, the company achieved the best year in its history by far. The main driving force behind sales was the automotive industry, which invested in machinery in Asia and in established European and North American markets. Further important consumer industries were the rail and steel industries. The export ratio rose significantly from 51% to 65%.

MAE invested extensively in new and development projects in 2011, including the construction of a new administration and production building, in response to a steep rise in business volume in recent years.

After working for the company for 35 years, managing director and former owner Rüdiger Götze withdrew from management at the end of 2011. His successors, former technical manager Manfred Mitze and former construction manager Rüdiger Schury, both long-time employees, took over on 1 January 2012.

## OUTLOOK AND GOALS FOR 2012

MAE started the new financial year with full order books and expects to be able to exceed the current high sales volume.

GESCO AG shareholding	100 %
Capital ratio (31.12.2011)	42.7 %
2011 sales (in € million)	33.7 (+33.5 %)
Staff (31.12.2011)	125 (+4.2 %)
Member of the GESCO Group	since 01.01.1997

# SETTER-GROUP, EMMERICH



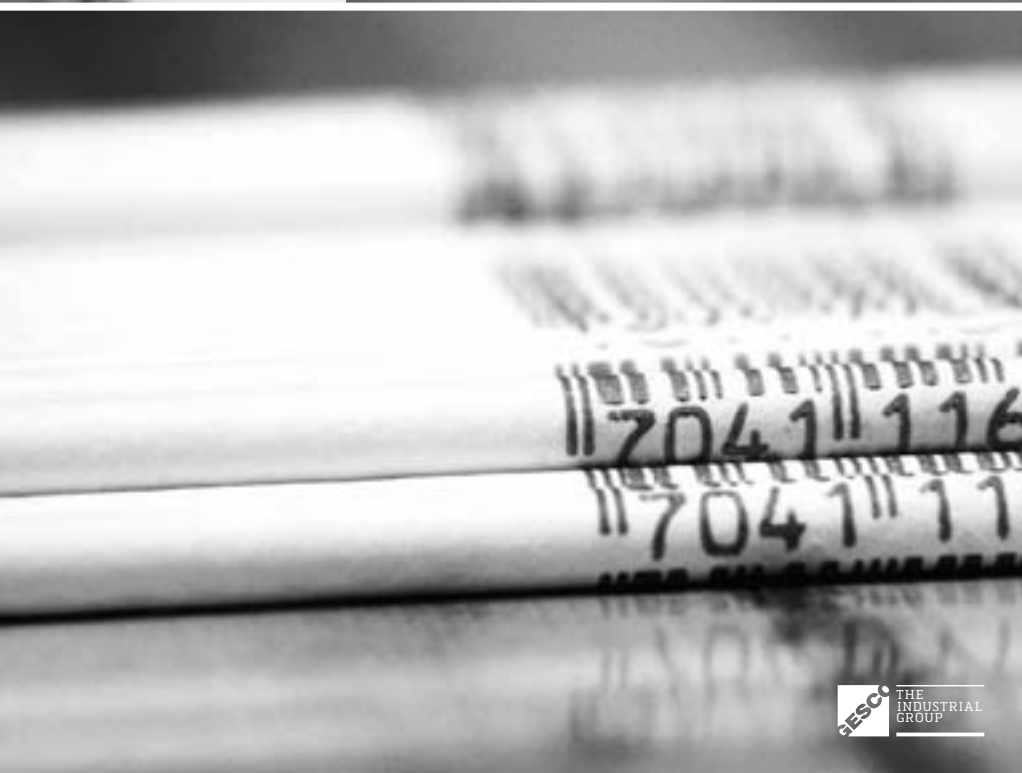
ROBERT PRAGER,  
MANAGING DIRECTOR

2011 SALES  
IN € MILLION



+32.4 %

16.6



# SETTER-GROUP, EMMERICH

## STRATEGY AND BUSINESS SEGMENTS

Setter Group was founded in 1963 and comprises Setter GmbH & Co. Papierverarbeitung and its wholly-owned subsidiaries Q-Plast GmbH & Co. as well as HRP Leasing GmbH. The company produces plastic and paper sticks and, marketing its products across all continents, generates some 90% of its sales revenue from exports. It also sees itself as the quality and volume leader in the niche market of paper sticks. Setter supplies companies in the sweets and hygiene industry. The sticks are used in products such as lollipops, cotton buds or medical products.

## FINANCIAL YEAR 2011

Setter Group was once again able to expand its sales substantially in 2011 following the previous year's growth. A strategic bulk order played a particular role in doing so.

## OUTLOOK AND GOALS FOR 2012

Because the bulk order will not be fully repeated in the new financial year, Setter will not match the high sales volume of 2011.

GESCO AG shareholding	100 %
Capital ratio (31.12.2011)	78.5 %
2011 sales (in € million)	16.6 (+32.4 %)
Staff (31.12.2011)	77 (+14.9 %)
Member of the GESCO Group	since 30.04.2004

# SVT GMBH, SCHWELM



HARM STÖVER,  
MANAGING DIRECTOR

2011 SALES  
IN € MILLION

40.2

↑  
+3.2%





# SVT GMBH, SCHWELM

## 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. The company's customers come primarily 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.

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

## FINANCIAL YEAR 2011

The products of the Schwelm-based company continue to be met with unchanged, strong demand. As a result, SVT was able to build on the previous year's high sales in the 2011 financial year. Its export quota stood at 83 % (previous year 84 %). In January 2012, managing director Harm Stöver acquired a 10 % share in SVT GmbH.

## OUTLOOK AND GOALS FOR 2012

SVT has a high order backlog. Additionally, some projects are in the offer or negotiation phase. As a result, the company expects further slight sales growth for 2012.

GESCO AG shareholding	90 %
Management shareholding	10 %
Capital ratio (31.12.2011)	68.3 %
2011 sales (in € million)	40.2 (+3.2%)
Staff (31.12.2011)	172 (+2.4 %)
Member of the GESCO Group	since 01.01.2002

# VWH VORRICHTUNGS- UND WERKZEUGBAU HERSCHBACH GMBH, HERSCHBACH



2011 SALES  
IN € MILLION



+3.2 %

# 10.1

THOMAS STURM,  
MANAGING DIRECTOR



# VWH VORRICHTUNGS- UND WERKZEUGBAU HERSCHBACH GMBH, HERSCHBACH

## STRATEGY AND BUSINESS SEGMENTS

VWH specialises in automation technology with specialised know-how in robotic and camera technology. The company's core competence is the development and manufacture of complex partially and fully automated production systems for the assembly of components, including the appropriate testing technology. VWH is a total project manager specialising in custom plant engineering for automation technology, mould construction and in-line systems for manufacturing electronic devices.

A further business segment is the development and production of highly sophisticated injection moulding forms for technical articles with a focus on metal or electronic overmoulds as well as functional and density testing applications.

VWH has its own technical centre to determine production parameters for later customer use of the injection moulding solutions developed by VWH.

The company supplies well-known companies in the automotive and supplier industry, the electrical and electronics industry as well as the medical technology sector. Thanks to its high level of technical expertise, its clients turn to VWH as a competent partner from the development phase onwards.

## FINANCIAL YEAR 2011

Following substantial growth in 2010, VWH was again able to increase its sales moderately in 2011. In November 2011, managing director Thomas Sturm acquired a 20 % share in VWH.

## OUTLOOK AND GOALS FOR 2012

VWH saw brisk customer demand and a large number of incoming orders in the first few months of the 2012 financial year. The company sees a realistic opportunity to exceed 2011's sales volume.

GESCO AG shareholding	80 %
Management shareholding	20 %
Capital ratio (31.12.2011)	33.4 %
2011 sales (in € million)	10.1 (+3.2 %)
Staff (31.12.2011)	101 (+2.0 %)
Member of the GESCO Group	since 25.04.2007

# WERKZEUGBAU LAICHINGEN-GROUP, LAICHINGEN AND LEIPZIG



2011 SALES  
IN € MILLION

18.5

JÜRGEN MANGOLD,  
MANAGING DIRECTOR



# WERKZEUGBAU LAICHINGEN-GROUP, LAICHINGEN AND LEIPZIG

## STRATEGY AND BUSINESS SEGMENTS

The Werkzeugbau Laichingen Group, comprising WBL Holding GmbH and its 100 % subsidiaries Werkzeugbau Laichingen GmbH at its headquarters in Baden-Württemberg and Werkzeugbau Leipzig GmbH, produces high-performance tools for the automotive and automotive supply industry and for household goods manufacturers. WBL's specialisation in complex and large sheet metal forming tools, in particular, has made it a renowned partner of major players in the German industrial sector. The company has a sophisticated service concept that includes the provision of permanent services at its customers' production plants. This sets it apart from the competition. In addition, WBL uses its own presses to produce equipment for series start-ups and small-scale series for its customers.

In December 2011, GESCO AG acquired 85 % of the WBL Group. Long-time managing partner Jürgen Mangold retains his 15 % share, thus providing continuity for the company's management.

## OUTLOOK AND GOALS FOR 2012

On account of the order backlog, WBL is optimistic for 2012. Series start-ups at important automotive customers also indicated continued good capacity utilisation.

GESCO AG shareholding	85 %
Capital ratio (31.12.2011)	64.6 %
2011 sales (in € million)	18.5
Staff (31.12.2011)	167
Member of the GESCO Group	since 30.12.2011



GESCO AG // JOHANNISBERG 7 // 42103 WUPPERTAL // GERMANY // [WWW.GESCODE](http://WWW.GESCODE)