



Q3

2013/2014



INTERIM REPORT  
1 APRIL TO 31 DECEMBER 2013



THE  
INDUSTRIAL  
GROUP

## THE FIRST NINE MONTHS OF FINANCIAL YEAR 2013/2014 AT A GLANCE

- NINE MONTH PERIOD WITH A WEAK FIRST HALF OF THE YEAR AND A BRISK THIRD QUARTER
- BUSINESS ACTIVITIES REMAIN HIGH IN THE FOURTH QUARTER
- GESCO SUBSIDIARY MAE MASCHINEN- UND APPARATEBAU GÖTZEN ACQUIRED US MARKET LEADER EITEL PRESSES
- CAUTIOUSLY OPTIMISTIC OUTLOOK FOR THE NEW FINANCIAL YEAR

## GESCO GROUP KEY FIGURES FOR THE FIRST NINE MONTHS OF THE 2013/2014 FINANCIAL YEAR

01.04.-31.12.		I.-III. Quarter 2013/2014	I.-III. Quarter 2012/2013	Change
Incoming orders	(€'000)	325,211	337,072	-3.5%
Sales revenues	(€'000)	337,247	334,985	0.7%
EBITDA	(€'000)	36,919	40,797	-9.5%
EBIT	(€'000)	24,254	30,134	-19.5%
Earnings before tax	(€'000)	21,941	27,644	-20.6%
Group net income after minority interest	(€'000)	13,562	16,995	-20.2%
Earnings per share acc. to IFRS	(€)	4.08	5.12	-20.2%
Employees	(No.)	2,368	2,276	4.0%

DEAR SHAREHOLDERS,

GESCO Group's economic performance in the first nine months of financial year 2013/2014 was initially still shaped by a subdued economic climate. The larger subsidiaries continued to report that business was stable or slightly down. Business at most of the smaller companies moved sideways, but a small number were plagued by a persistent slowdown in demand in their markets or by problems affecting specific sectors. Margins were largely down on the previous year as the weak overall economic environment meant that the focus had shifted from companies' ability to supply and delivery timings to price discussions.

After a somewhat weak first half of the year, GESCO Group saw business recover in the third quarter of financial year 2013/2014, with increases in both incoming orders and sales. Both figures increased year on year and also exceeded first- and second-quarter figures from the current financial year. The first nine months of the financial year at GESCO Group encompass the months April to December for GESCO AG and January to September for its subsidiaries. In the following fourth quarter, which includes the months October to December for the subsidiaries, incoming orders and sales both climbed significantly year on year.

Based on the information available to us at this time, we are increasing our latest guidance for Group sales from € 435 million to approximately € 450 million. We expect Group net income for the year after minority interest to come in slightly lower than € 18 million.

In the reporting period, all companies acquired in 2012 were included in the consolidated income statement for the first time for the full period. C.F.K. CNC-Fertigungstechnik Kriftel GmbH, acquired in May 2012, was consolidated for four months of the prior-year period, while Protomaster Riedel & Co. GmbH and Modell Technik GmbH & Co. Formenbau KG, acquired in July 2012, were included in the consolidated income statement for the first nine months of the previous year for a period of two and three months respectively.

## EXPANDING THE GESCO PORTFOLIO

Eitel Presses Inc., the US levelling machine market leader, was taken over by MAE Maschinen- und Apparatebau Götzen GmbH effective 1 January 2014. Eitel generates annual sales of approximately € 10 million. MAE is the global leader in automatic levelling machines as well as wheel presses; its global market share in both products groups is in excess of 60 %. The acquisition of the US market leader constitutes a crucial step for MAE to significantly strengthen its presence on the US market. MAE's levelling machines for large parts and the wheel presses will also allow the company to tap into new customer groups in the United States, such as the steel and railway industries. The company also offers its customers the levelling machine service business for the Eitel, Hess and MAE brands. Eitel Presses alone has more than 1,000 automatic levelling machines in the United States. In addition to the United States, Eitel also has customers in Canada, Mexico and South America. Eitel's business operations were acquired by MAE subsidiary MAE of America Inc., which has yet to be included in the consolidated financial statements and will be renamed MAE Eitel Inc.. MAE Eitel Inc. will be included in the consolidated balance sheet for the first time as at 31 March 2014; it will be included in the consolidated income statement from the start of financial year 2014/2015.

## DEVELOPMENT OF GROUP SALES AND EARNINGS IN THE THIRD QUARTER

At € 113.3 million in the third quarter, incoming sales were up slightly on the previous year's figure of € 112.0 million. The rise in Group sales was higher (4.5 %) and amounted to € 119.5 million (previous year's period: € 114.3 million).

At € 13.2 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) did not quite match the figure for the previous year's period (€ 14.2 million). Earnings before interest and taxes (EBIT) were € 9.0 million (€ 9.9 million). Following a marginal change in the financial result, a lower tax rate and a drop in minority interest in subsidiary corporations, Group net income after minority interest amounted to € 4.9 million (€ 5.3 million). Earnings per share pursuant to IFRS amounted to € 1.48 (€ 1.60).

## DEVELOPMENT OF GROUP SALES AND EARNINGS IN THE FIRST NINE MONTHS OF THE YEAR

Developments over the course of the first nine months of the year continued to be shaped by the somewhat weak first half of the year. Incoming orders declined from € 337.1 million to € 325.2 million. Sales rose slightly year on year from € 335.0 million to € 337.2 million.

EBITDA amounted to € 36.9 million compared to € 40.8 million in the previous year's period. EBIT declined more significantly than EBITDA due to disproportionately higher depreciation and amortisation, totalling € 24.3 million (€ 30.1 million). Group net income after minority interest amounted to € 13.6 million (€ 17.0 million). Earnings per share pursuant to IFRS came in at € 4.08 (€ 5.12).

## SEGMENT REPORTING

The tool manufacture and mechanical engineering segment is still the much larger of the two segments. Most of the companies in this segment were affected by the weak economy and customers' reluctance to buy capital goods. The segment's incoming orders amounted to € 302.4 million compared to € 317.3 million in the previous year's period. Segment sales totalled € 315.1 million (€ 313.4 million). EBIT declined from € 35.7 million to € 27.0 million.

The plastics technology segment on the other hand reported significantly brisker business. Incoming orders rose by 16.2 %, from € 19.4 million to € 22.5 million. Sales increased by 2.9 %, from € 21.2 million to € 21.8 million. EBIT amounted to € 3.6 million compared to € 3.7 million in the previous year's period.

## ASSETS AND FINANCIAL POSITION

Total assets rose by 8.5 % to € 387.4 million compared to 31 March 2013. On the assets side, the investments made in the reporting period resulted in a rise in property, plant and equipment. Inventories and trade receivables increased significantly on account of the operating business. Liquidity amounted to € 38.4 million as of the reporting date. A dividend of € 8.3 million was paid in the reporting period. On the liabilities side, equity increased from € 166.5 million to € 171.8 million. As total assets rose stronger than equity, the equity ratio fell slightly, from 46.6 % to 44.3 %. Non-current bank liabilities increased on account of the financing required for the substantial investments. Prepayments received and current bank liabilities also rose in line with the operating business.

The Group balance sheet continues to show an exceptionally healthy structure with sufficient liquid assets, high equity and moderate indebtedness. At € 12.4 million, or 7.2 % of equity, goodwill is extremely low for a group of companies structured like ours. The financial solidity ensures that GESCO Group is equipped for internal and external growth and has full freedom to manoeuvre.

## INVESTMENTS

In the first nine months of the year, the GESCO Group companies invested approximately € 21.1 million in property, plant and equipment and intangible assets (previous year's period: € 11.8 million). The main focus of investment was at Dörrenberg Edelstahl GmbH, MAE Maschinen- und Apparatebau Götzen GmbH and AstroPlast Kunststofftechnik GmbH & Co. KG.

We had initially provided for investments of approximately € 30 million for the full year, half of which was for standard replacements and optimisations and half for strategic investments in companies with significant growth potential. Delays to individual projects mean that approximately € 27 million will be offset in the current financial year.

## EMPLOYEES

The number of people employed by GESCO Group increased slightly by 4.0 % year on year, from 2,276 to 2,368. This increase is primarily the result of changes in the scope of consolidation and of a higher number of trainees.

## OUTLOOK AND EVENTS AFTER THE REPORTING DATE

This nine-month interim report comprises the subsidiaries' operating business from January to September. As explained at the start of the report, GESCO Group saw significant year-on-year increases in both incoming orders and sales in the closing quarter of the year, which includes the months October to December for the subsidiaries. Incoming orders rose by 7.5 % year on year to approximately € 110 million, while sales climbed by 9 % to around € 115 million. Order backlog came to approximately € 180 million at the end of the fourth quarter.

As the rise in sales was higher than expected in the fourth quarter, we are increasing our latest guidance for Group sales from around € 435 million to approximately € 450 million. The margin was impacted by, among other things, slightly higher than expected one-off effects – which we had previously explained in the half-year interim report. These effects mainly include increased due diligence expenses as well as unexpected technical problems in two complex projects. We had previously expected Group net income for the year after minority interest to come in at € 18 million or slightly lower; from today's perspective, it is likely to come in slightly lower than € 18 million.

It is currently difficult to say whether or not the positive development of business activities in the third and fourth quarters will trigger a sustained turnaround. As incoming orders in the second, third and fourth quarters were down on sales, the figures do not indicate significant growth momentum yet. Overall, however, we have the impression that the reluctance to invest on the part of customers – at times a massive reluctance – has eased somewhat, especially when it comes to capital goods. Positive signals have also been emanating from the Chinese market since the end of 2013; this market had been very difficult for capital goods in 2013. General economic forecasts for 2014 are also rather positive and strategic investments in the current financial year should also generate growth. From today's perspective, we are therefore cautiously optimistic for the new financial year 2014/2015. A series of factors is expected to support earnings for the new financial year, which had been pressured in financial year 2013/2014: on the one hand, companies that had been plagued by a slowdown in demand in 2013 expect business to pick up, while on the other hand, the one-off effects explained above, which burden Group earnings in the current financial year, will cease in the new financial year. And, lastly, the lack of negative effects on earnings from initial consolidation should support earnings.

We are well equipped to act in the event that the economic recovery predicted by many does make itself felt and demand for capital goods in particular picks up in 2014. Regular investments ensure that GESCO Group's technical equipment is always up to date and competitive. Additional investments in financial year 2013/2014 also pave the way for additional capacities for companies with growth potential. We also have the necessary employees. Not even those companies that had been particularly affected by drops in demand in 2013 cut a significant number of jobs. Recruiting, retaining and developing qualified employees is a crucial strategic task that will continue to become more important in the future. We will therefore retain our core staff for as long as the Company's perspectives are positive. We therefore accept temporary margin downturns in the interests of GESCO Group's long-term success.

Yours sincerely,

GESCO AG  
The Executive Board

Wuppertal, 13 February 2014

# GESCO GROUP BALANCE SHEET

## AS AT 31 DECEMBER 2013 AND 31 MARCH 2013

€'000	31.12.2013	31.03.2013
<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	10,515	11,876
2. Goodwill	12,356	12,356
3. Prepayments made	138	75
	<b>23,009</b>	<b>24,307</b>
II. Property, plant and equipment		
1. Land and buildings	49,182	42,632
2. Technical plant and machinery	35,444	32,881
3. Other plant, fixtures and fittings	20,839	21,208
4. Prepayments made and plant under construction	4,098	2,949
5. Property held as financial investments	1,760	1,832
	<b>111,323</b>	<b>101,502</b>
III. Financial investments		
1. Shares in affiliated companies	118	40
2. Shares in associated companies	1,237	1,547
3. Investments	43	38
4. Other loans	180	207
	<b>1,578</b>	<b>1,832</b>
IV. Other assets	2,341	2,551
V. Deferred tax assets	2,688	2,665
	<b>140,939</b>	<b>132,857</b>
<b>B. CURRENT ASSETS</b>		
I. Inventories		
1. Raw materials and supplies	21,993	21,286
2. Unfinished products and services	52,412	46,951
3. Finished products and goods	58,912	57,093
4. Prepayments made	1,037	579
	<b>134,354</b>	<b>125,909</b>
II. Receivables and other assets		
1. Trade receivables	61,825	53,121
2. Amounts owed by affiliated companies	589	672
3. Amounts owed by companies with which a shareholding relationship exists	1,540	676
4. Other assets	9,064	6,454
	<b>73,018</b>	<b>60,923</b>
III. Securities	1,000	1,000
IV. Cash in hand and credit balances with financial institutions	37,445	36,464
V. Accounts receivable and payable	621	394
	<b>246,438</b>	<b>224,690</b>
	<b>387,377</b>	<b>357,547</b>



€'000	31.12.2013	31.03.2013
<b>Equity and liabilities</b>		
<b>A. EQUITY</b>		
I. Subscribed capital	8,645	8,645
II. Capital reserves	54,662	54,635
III. Revenue reserves	98,962	93,711
IV. Own shares	-17	-31
V. Other comprehensive income	-2,736	-2,315
VI. Minority interests (incorporated companies)	12,241	11,855
	<b>171,757</b>	<b>166,500</b>
<b>B. NON-CURRENT LIABILITIES</b>		
I. Minority interests (partnerships)	2,960	3,165
II. Provisions for pensions	15,302	15,349
III. Other long-term provisions	641	577
IV. Liabilities to financial institutions	66,910	55,442
V. Other liabilities	3,511	3,623
VI. Deferred tax liabilities	3,794	4,707
	<b>93,118</b>	<b>82,863</b>
<b>C. CURRENT LIABILITIES</b>		
I. Other provisions	14,554	11,129
II. Liabilities		
1. Liabilities to financial institutions	30,084	23,318
2. Trade creditors	19,696	14,995
3. Prepayments received on orders	30,840	27,301
4. Liabilities to affiliated companies	0	16
5. Liabilities to companies with which a shareholding relationship exists	53	3
6. Other liabilities	27,046	31,318
	107,719	96,951
III. Accounts receivable and payable	229	104
	<b>122,502</b>	<b>108,184</b>
	<b>387,377</b>	<b>357,547</b>

31.12.2013

31.03.2013

### Equity and liabilities

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#### B. NON-CURRENT LIABILITIES

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### C. CURRENT LIABILITIES

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	107,719	96,951
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	122,502	108,184

387.377

357,547

## GESCO GROUP INCOME STATEMENT FOR THE THIRD QUARTER (1 OCTOBER TO 31 DECEMBER)

€'000	III. Quarter 2013/2014	III. Quarter 2012/2013
<b>Sales revenues</b>	<b>119,455</b>	<b>114,301</b>
Change in stocks of finished and unfinished products	-6,631	2,463
Other company produced additions to assets	189	114
Other operating income	1,459	1,347
<b>Total income</b>	<b>114,472</b>	<b>118,225</b>
Material expenditure	-56,479	-60,722
Personnel expenditure	-30,349	-29,009
Other operating expenditure	-14,454	-14,247
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>13,190</b>	<b>14,247</b>
Depreciation on tangible and intangible assets	-4,223	-4,267
<b>Earnings before interest and tax (EBIT)</b>	<b>8,967</b>	<b>9,980</b>
Earnings from investments	0	38
Earnings from investments in associated companies	-147	
Other interest and similar income	62	157
Interest and similar expenditure	-726	-1,016
Minority interest in partnerships	-61	-55
<b>Financial result</b>	<b>-872</b>	<b>-876</b>
<b>Earnings before tax (EBT)</b>	<b>8,095</b>	<b>9,104</b>
Taxes on income and earnings	-2,665	-3,115
<b>Group net income</b>	<b>5,430</b>	<b>5,989</b>
Minority interest in incorporated companies	-508	-672
<b>Group net income after minority interest</b>	<b>4,922</b>	<b>5,317</b>
Earnings per share (€) acc. to IFRS	1.48	1.60
Weighted average number of shares	3,320,935	3,317,628

## GESCO GROUP INCOME STATEMENT FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER)

€'000	I.-III. Quarter 2013/2014	I.-III. Quarter 2012/2013
<b>Sales revenues</b>	<b>337,247</b>	<b>334,985</b>
Change in stocks of finished and unfinished products	4,618	9,470
Other company produced additions to assets	383	475
Other operating income	4,955	3,936
<b>Total income</b>	<b>347,203</b>	<b>348,866</b>
Material expenditure	-177,225	-184,468
Personnel expenditure	-91,492	-83,127
Other operating expenditure	-41,567	-40,474
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>36,919</b>	<b>40,797</b>
Depreciation on tangible and intangible assets	-12,665	-10,663
<b>Earnings before interest and tax (EBIT)</b>	<b>24,254</b>	<b>30,134</b>
Earnings from investments	0	86
Earnings from investments in associated companies	-162	
Other interest and similar income	249	331
Interest and similar expenditure	-2,274	-2,571
Third party profit share in incorporated companies	-126	-336
<b>Financial result</b>	<b>-2,313</b>	<b>-2,490</b>
<b>Earnings before tax (EBT)</b>	<b>21,941</b>	<b>27,644</b>
Taxes on income and earnings	-7,000	-9,081
<b>Group net income</b>	<b>14,941</b>	<b>18,563</b>
Third party profit share in incorporated companies	-1,379	-1,568
<b>Group net income after minority interest</b>	<b>13,562</b>	<b>16,995</b>
Earnings per share (€) acc. to IFRS	4.08	5.12
Weighted average number of shares	3,323,326	3,316,017

# STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER)

€'000	I.-III. Quarter 2013/2014	I.-III. Quarter 2012/2013
<b>Group net income</b>	<b>14,941</b>	<b>18,563</b>
<b>Items that cannot be transferred into the income statement</b>	<b>0</b>	<b>0</b>
Difference from currency translation		
Reclassification into the income statement		
Changes in value with no effect on income	-171	111
Market valuation of hedging instruments		
Reclassification into the income statement	-229	0
Changes in value with no effect on income	-42	0
<b>Items that can be transferred into the income statement</b>	<b>-442</b>	<b>111</b>
<b>Other comprehensive income</b>	<b>-442</b>	<b>111</b>
<b>Total result for the period</b>	<b>14,499</b>	<b>18,674</b>
of which shares held by minority interest	1,358	1,568
of which shares held by GESCO shareholders	13,141	17,106

## GESCO GROUP CASH FLOW STATEMENT FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER)

€'000	I.-III. Quarter 2013/2014	I.-III. Quarter 2012/2013
<b>Result for the period (including share attributable to minority interest in incorporated companies)</b>	<b>14,941</b>	<b>18,563</b>
Depreciation on fixed assets	12,665	10,663
Result from investments in associated companies	162	-32
Share attributable to minority interest in partnerships	126	336
Increase in long-term provisions	17	349
Other non-cash result	-416	331
<b>Cash flow for the period</b>	<b>27,495</b>	<b>30,210</b>
Losses from the disposal of property, plant and equipment/intangible assets	45	10
Gains from the disposal of property, plant and equipment/intangible assets	-215	-217
Increase in stocks, trade receivables and other assets	-20,473	-15,937
Increase in trade creditors and other liabilities	6,340	9,196
<b>Cash flow from ongoing business activity</b>	<b>13,192</b>	<b>23,262</b>
Incoming payments from disposals of tangible assets/intangible assets	372	242
Disbursements for investments in property, plant and equipment	-20,477	-11,473
Disbursements for investments in intangible assets	-603	-772
Incoming payments from disposals of financial assets	28	31
Disbursements for investments in financial assets	-196	0
Disbursements for the acquisition of consolidated companies	0	1,900
Incoming payments from the sale of consolidated companies	0	-14,284
<b>Cash flow from investment activity</b>	<b>-20,876</b>	<b>-24,356</b>
Disbursements to shareholders (dividend)	-8,311	-9,616
Incoming payments from minority interests	0	635
Disbursements to minority interests	-1,238	-2,370
Incoming payments from the sale of own shares	814	673
Disbursement for the purchase of own shares	-800	-66
Incoming payments from raising (financial) loans	28,032	19,082
Outflow for repayment of (financial) loans	-9,832	-9,740
<b>Cash flow from funding activities</b>	<b>8,665</b>	<b>-1,402</b>
<b>Cash increase in cash and cash equivalents</b>	<b>981</b>	<b>-2,496</b>
Financial means on 01.04.	37,464	42,958
<b>Financial means on 31.12.</b>	<b>38,445</b>	<b>40,462</b>

## GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares
<b>As at 01.04.2012</b>	<b>8,645</b>	<b>54,631</b>	<b>82,827</b>	<b>-634</b>
Dividends			-9,616	
Acquisition of own shares				-66
Disposal of own shares				673
Partial disposal of shares in subsidiaries				
Other neutral changes			-282	
Result for the period			16,995	
Changes in scope of consolidation				
<b>As at 31.12.2012</b>	<b>8,645</b>	<b>54,631</b>	<b>89,924</b>	<b>-27</b>
<b>As at 01.04.2013</b>	<b>8,645</b>	<b>54,635</b>	<b>93,711</b>	<b>-31</b>
Dividends			-8,311	
Acquisition of own shares				-800
Disposal of own shares		27		814
Other neutral changes				
Result for the period			13,562	
Changes in scope of consolidation				
<b>As at 31.12.2013</b>	<b>8,645</b>	<b>54,662</b>	<b>98,962</b>	<b>-17</b>

## GESCO GROUP SEGMENT REPORT FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER)

€'000	Tool manufacture and mechanical engineering		Plastics technology	
	I.-III. Quarter 2013/2014	I.-III. Quarter 2012/2013	I.-III. Quartal 2013/2014	I.-III. Quarter 2012/2013
Order backlog	182,559	200,220	4,302	3,838
Incoming orders	302,397	317,296	22,531	19,395
Sales revenues	315,126	313,379	21,838	21,227
of which with other segments	0	0	0	0
Depreciation	8,796	7,383	1,101	1,028
EBIT	27,007	35,671	3,620	3,694
Investments	16,213	10,095	4,843	1,554
Employees (No./reporting date)	2,215	2,115	138	145

Exchange equalisation items	Revaluation of pensions	Hedging Instruments	Total	Minority interest incorporated companies	Equity capital
-500	-140	0	144,829	10,159	154,988
			-9,616	-955	-10,571
			-66		-66
			673		673
				-819	-819
			-282		-282
111			17,106	1,568	18,674
				1,753	1,753
-389	-140	0	152,644	11,706	164,350
-427	-2,257	369	154,645	11,855	166,500
			-8,311	-894	-9,205
			-800		-800
			841		841
			0	-187	-187
-171		-250	13,141	1,358	14,499
			0	109	109
-598	-2,257	119	159,516	12,241	171,757

	GESCO AG		Other/Consolidation		Group	
	I.-III. Quarter 2013/2014	I.-III. Quarter 2012/2013	I.-III. Quarter 2013/2014	I.-III. Quarter 2012/2013	I.-III. Quarter 2013/2014	I.-III. Quarter 2012/2013
	0	0	0	2	186,861	204,060
	0	0	283	381	325,211	337,072
	0	0	283	379	337,247	334,985
	0	0	0	0	0	0
	109	112	2,659	2,140	12,665	10,663
	-3,122	-4,475	-3,251	-4,756	24,254	30,134
	24	164	0	2	21,080	11,815
	15	16	0	0	2,368	2,276

## EXPLANATORY NOTES

### ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of GESCO Group for the nine months (1 April to 31 December 2013) of financial year 2013/2014 was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). It was drawn up in compliance with IAS 34.

The accounting and valuation principles applied generally correspond with those in the Group financial statements as of 31 March 2013. The financial statements are affected by the accounting and valuation methods as well as assumptions and estimates which affect the level and recognition of assets, liabilities and contingent liabilities on the balance sheet and of the income and expenditure items. Sales-related figures are accrued throughout the year.

### CHANGES TO THE SCOPE OF CONSOLIDATION/ BUSINESS COMBINATIONS PURSUANT TO IFRS 3

Frank Lemeks Tow, Ternopil, Ukraine was included as a fully consolidated company in the consolidated financial statements for the reporting period. In the previous financial year, the company was not fully consolidated as it had an immaterial effect on the Group's assets, financial position and earnings. The company was fully consolidated at the beginning of the financial year as Frank Lemeks is likely to widen its economic developments in the reporting year. Frank Lemeks is a 75 % subsidiary of Frank Walz- und Schmiedetechnik GmbH, Hatzfeld, which in turn is a 100 % subsidiary of GESCO AG. The first-time consolidation performed in the present balance sheet is temporary according to IFRS 3.45 et seqq.

### CORRECTION OF THE PREVIOUS YEAR'S FIGURES

IAS 19 "Employee Benefits" was applied for the first time and in advance in the 2012/2013 annual financial statements. However, this new standard was not applied in the quarterly reports for financial year 2012/2013. The previous year's statement of changes in equity capital figures was adjusted in this interim report for the first nine months of financial year 2013/2014. The previous year's income statement figures for the reporting period were not adjusted due to a lack of materiality.



## INFORMATION ON FINANCIAL INSTRUMENTS

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

	<b>Book value</b>		<b>Fair value</b>	
	<b>31.12.2013</b>	<b>31.03.2013</b>	<b>31.12.2013</b>	<b>31.03.2013</b>
Trade receivables	62,245	53,121	62,245	53,121
Other receivables	8,462	8,106	8,462	8,106
of which hedging instruments	161	533	161	533
Cash and cash equivalents	37,445	36,464	37,445	36,464
Securities	1,000	1,000	1,000	1,000
<b>Financial assets</b>	<b>109,152</b>	<b>98,691</b>	<b>109,152</b>	<b>98,691</b>
Trade creditors	19,696	14,995	19,696	14,995
Liabilities to financial institutions	96,994	78,760	96,994	78,760
Other liabilities	57,620	56,737	57,620	56,737
of which hedging instruments	319	482	319	482
<b>Financial liabilities</b>	<b>174,310</b>	<b>150,492</b>	<b>174,310</b>	<b>150,492</b>

Hedging instruments at fair value are measured using the market price method, taking into account generally observable input parameters (such as exchange and interest rates). This method is the equivalent of Level 2 pursuant to IFRS 13.81 et seq.

## RELATED PARTY TRANSACTIONS

Business relationships between fully consolidated and not fully consolidated companies within the Group are conducted under regular market terms and conditions. Receivables from related companies are mainly due from Connex SVT Inc., USA, and MAE.ch GmbH, Switzerland. Entrepreneur Stefan Heimöller, elected to GESCO AG's Supervisory Board by the Annual General Meeting on 25 July 2013, maintains business relationships to a minor extent with Dörrenberg Edelstahl GmbH, a 90% subsidiary of GESCO AG, through his company Plate Stahl Umformtechnik GmbH. These business relationships are conducted under regular market terms and conditions.

## FINANCIAL CALENDAR

### **13 February 2014**

Announcement of figures for the first nine months (01.04.-31.12.2013)

### **26 June 2014**

Annual Accounts Press Conference and Analysts' Meeting

### **August 2014**

Announcement of figures for the first quarter (01.04.-30.06.2014)

### **28 August 2014**

Annual General Meeting in the Stadthalle, Wuppertal

### **November 2014**

Despatch of the interim report (01.04.-30.09.2014)

## DEAR SHAREHOLDERS,

If you would like to receive regular information on GESCO AG, please add your name to our mailing list. Please print this page, fill it out and return it to us by post or fax. You can also register on our website [www.gesco.de](http://www.gesco.de), send us an e-mail at [info@gesco.de](mailto:info@gesco.de) or call us on +49 202 24820-18.

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