

## Financial Statements GEHE Aktiengesellschaft 2002



## Balance sheet at 31 December 2002 GEHE Aktiengesellschaft

	Notes	31.12.2001 € '000	31.12.2002 € '000
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets	(1)	125	1,419
Tangible assets	(2)	159	204
Financial assets	(3)	1,402,699	1,429,003
	(4)	<b>1,402,983</b>	<b>1,430,626</b>
<b>Current assets</b>			
Debtors and other assets	(5)	519,164	747,257
Bank and cash balances	(6)	411	43
		<b>519,575</b>	<b>747,300</b>
		<b>1,922,558</b>	<b>2,177,926</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>			
Issued capital	(7)	186,624	217,728
Capital reserves	(8)	682,434	1,113,030
Revenue reserves	(8)	132,085	225,612
Net retained earnings	(9)	61,965	93,528
		<b>1,063,108</b>	<b>1,649,898</b>
<b>Provisions</b>			
Provisions for pensions and similar obligations	(10)	7,372	8,208
Other provisions	(11)	12,394	17,442
		<b>19,766</b>	<b>25,650</b>
<b>Liabilities</b>			
Liabilities falling due			
after more than 5 years		242,781	175,751
between 1 and 5 years		1,392	0
within 1 year		595,511	326,627
	(12)	<b>839,684</b>	<b>502,378</b>
		<b>1,922,558</b>	<b>2,177,926</b>

## Profit and loss account for GEHE Aktiengesellschaft for the business year 2002

	Notes	2001 € '000	<b>2002</b> <b>€ '000</b>
Income from investments	(13)	62,220	212,695
Net interest	(14)	(10,376)	(2,700)
Other operating income	(15)	32,553	28,940
Personnel expenses	(16)	(11,603)	(13,346)
Depreciation of intangible and tangible assets		(77)	(95)
Other operating expenses	(17)	(17,724)	(26,004)
<b>Profit from ordinary activities before taxes</b>		<b>54,993</b>	<b>199,490</b>
Taxes on income and profit	(18)	2,175	(12,435)
<b>Net profit for the year</b>		<b>57,168</b>	<b>187,055</b>
Transfer to revenue reserves		0	93,527
Profit carried forward		4,797	0
<b>Net retained earnings</b>		<b>61,965</b>	<b>93,528</b>

## Development of fixed assets 2002 GEHE Aktiengesellschaft

	Intangible assets € '000	Tangible assets € '000	Financial assets € '000	<b>Total</b> <b>€ '000</b>
<b>Cumulative cost at 01.01.2002</b>	<b>191</b>	<b>347</b>	<b>1,403,328</b>	<b>1,403,866</b>
Additions	1,347	87	26,367	27,801
Disposals	0	0	(692)	(692)
<b>Cumulative cost at 31.12.2002</b>	<b>1,538</b>	<b>434</b>	<b>1,429,003</b>	<b>1,430,975</b>
<b>Cumulative valuation adjustment at 01.01.2002</b>	<b>66</b>	<b>188</b>	<b>629</b>	<b>883</b>
Additions	53	42	0	95
Disposals	0	0	(629)	(629)
<b>Cumulative valuation adjustment at 31.12.2002</b>	<b>119</b>	<b>230</b>	<b>0</b>	<b>349</b>
<b>Net book value at 31.12.2002</b>	<b>1,419</b>	<b>204</b>	<b>1,429,003</b>	<b>1,430,626</b>
Net book value at 31.12.2001	125	159	1,402,699	1,402,983

Intangible assets relate exclusively to software. Other assets as well as factory and office equipment are entered under tangible assets. The development of financial assets is shown under (3) Financial assets.

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## **GEHE Aktiengesellschaft annex**

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### **General information**

The financial statements 2002 of GEHE Aktiengesellschaft reflect the activities of an executive holding company.

The balance sheet and the profit and loss account at 31.12.2002 were characterised by the capital increase, dividend distributions and profit pooling from subsidiary companies.

### **Accounting principles**

The financial statements of GEHE Aktiengesellschaft for the year ending 31.12.2002 have been drawn up in Euro in accordance with the German Commercial Code (Handelsgesetzbuch) and the Companies Act (Aktien-gesetz). The profit and loss account was drawn up using the total cost method.

For the sake of clarity certain amounts in the balance sheet and profit and loss account have been presented in summarised form. A detailed break-down is given in the notes.

### **Valuation policies**

The methods used to value assets and liabilities are set out in the notes for the individual balance sheet entries.

## Notes to the balance sheet

### (1) Intangible assets

Intangible assets were valued at the cost of acquisition. Depreciation is calculated at 25 % using the straight-line method. Additions relate to software and deposits made for software.

### (2) Tangible assets

Additions to tangible assets were valued at the cost of acquisition. Depreciation on office equipment was calculated at 5 % to 20 % using the straight-line method.

A half-year's depreciation was charged on additions in the second half year.

Replacements of office equipment were treated as additions.

### (3) Financial assets

	Shares in affiliated companies € '000	Loans to affiliated companies € '000	Other share- holdings € '000	<b>Total</b> <b>€ '000</b>
<b>Cumulative cost at 01.01.2002</b>	<b>1,398,609</b>	<b>4,656</b>	<b>63</b>	<b>1,403,328</b>
Additions	26,367	0	0	26,367
Disposals	(629)	0	(63)	(692)
<b>Cumulative cost at 31.12.2002</b>	<b>1,424,347</b>	<b>4,656</b>	<b>0</b>	<b>1,429,003</b>
<b>Cumulative valuation adjustment at 01.01.2002</b>	<b>629</b>	<b>0</b>	<b>0</b>	<b>629</b>
Additions	0	0	0	0
Disposals	(629)	0	0	(629)
<b>Cumulative valuation adjustment at 31.12.2002</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31.12.2002</b>	<b>1,424,347</b>	<b>4,656</b>	<b>0</b>	<b>1,429,003</b>
Net book value at 31.12.2001	1,397,980	4,656	63	1,402,699

Financial assets were valued at the cost of acquisition or at the lower unit cost value.

Additions of € 26,367,000 related essentially to the capital increases at GEHE Nederland B.V., Amsterdam/Netherlands and Lloydsparmacy Belgium S.A., Wavre/Belgium.

A complete list of the shareholdings of GEHE Aktiengesellschaft will be filed in the commercial register of the local court in Stuttgart.

#### (4) Fixed assets

The schedule on page 4 shows the analysis and development of fixed assets as summarised in the balance sheet of GEHE Aktiengesellschaft. This constitutes an integral part of the annex.

#### (5) Debtors and other assets

Amounts due from affiliated companies and other assets are valued taking into account the likelihood of recovery. Short-term amounts due from affiliated companies are due from elf companies belonging to the group.

Amounts due in foreign currencies were translated at the rate of exchange prevailing on the date the debt was incurred.

The other assets essentially refer to claims for tax refunds and other amounts due, and have a remaining term of less than a year.

	31.12.2001 € '000	<b>31.12.2002</b> <b>€ '000</b>
Amounts due from affiliated companies	490,524	730,660
Amounts due from companies in which a participation is held	0	0
Other assets	28,640	16,597
	<b>519,164</b>	<b>747,257</b>

#### (6) Bank and cash balances

	31.12.2001 € '000	<b>31.12.2002</b> <b>€ '000</b>
Cash and Bundesbank accounts	41	14
Bank balances	370	29
	<b>411</b>	<b>43</b>

## Notes to the balance sheet

### (7) Issued capital

During the first half-year 2002, an increase in capital was agreed and executed with a nominal value of € 31,104,000 through the issue of 12,150,000 new shares. The authorised capital is now € 217,728,000 and is composed of 85,050,000 individual shares (shares with no par value), all issued in the name of the holder.

Authorised capital of € 43,546,000 will be available until 7 May 2007.

### (8) Reserves

As a result of the capital increase carried out in the first half year 2002, the capital reserves increased by € 430,596,000 to € 1,113,030,000.

In the reporting period, the revenue reserves showed the following development:

Change in revenue reserves	€ '000
<b>At 01.01.2002</b>	<b>132,085</b>
Allocation to other revenue reserves	93,527
<b>At 31.12.2002</b>	<b>225,612</b>

### (9) Net retained earnings

From last year's net retained earnings of € 61,965,000, the whole amount was distributed as dividends for the business year 2001.

Of the net profit of € 187,055,000, € 93,527,000 was transferred to other revenue reserves. This leaves the value of net retained earnings of € 93,528,000 at 31.12.2002.

In accordance with the proposed distribution of profit € 72,293,000 are to be paid as dividends for the business year 2002 and the remaining amount of € 21,235,000 transferred to retained earnings.



### (10) Provisions for pensions and similar obligations

Pension provisions were calculated at an interest rate of 6 % using the unit-cost method in accordance with § 6a Income Tax Law (Einkommensteuergesetz) and Dr. Heubeck's mortality tables, 1998. The provision for pensions corresponds to the full unit cost.

### (11) Other provisions

	31.12.2001 € '000	<b>31.12.2002</b> <b>€ '000</b>
Tax provisions	5,537	11,712
Other provisions	6,857	5,730
	<b>12,394</b>	<b>17,442</b>

Tax provisions include provisions for deferred taxes of € 4,030,000.

The other provisions relate mostly to expenditure on human resources, remuneration for Supervisory Board members and costs involved with the annual report and financial statements.

### (12) Liabilities, contingent liabilities and derivative financial instruments

Liabilities	Total	with a remaining term of			Total
	31.12.2001 € '000	up to one year € '000	1 – 5 years € '000	more than 5 years € '000	<b>31.12.2002</b> <b>€ '000</b>
Liabilities to banks	247,896	3,274	0	174,415	177,689
Trade creditors	1,000	1,195	0	0	1,195
Liabilities to affiliated companies	567,899	321,867	0	0	321,867
Other liabilities	22,889	291	1,336	0	1,627
thereof taxes	[5,462]	[157]	[0]	[0]	[157]
thereof social security contributions	[100]	[132]	[0]	[0]	[132]
	<b>839,684</b>	<b>326,627</b>	<b>1,336</b>	<b>174,415</b>	<b>502,378</b>

## Notes to the balance sheet

<b>Contingent liabilities</b>	31.12.2001 € '000	<b>31.12.2002</b> <b>€ '000</b>
Guarantees	1,812,735	1,538,555
thereof affiliated companies	[1,609,695]	[1,516,795]
Warranties	409	0
Other financial liabilities	193	216
	<b>1,813,337</b>	<b>1,538,771</b>

Contingent liabilities due to guarantees relate mainly to banks granting credit (of which € 1,022,291,000 for GEHE UK PLC).

Other financial liabilities relate to future expenditure incurred for motor vehicles leased to the company.

<b>Derivative financial instruments</b>	Nominal volumes		Market value	
	31.12.2001 € m	<b>31.12.2002</b> <b>€ m</b>	31.12.2001 € m	<b>31.12.2002</b> <b>€ m</b>
Interest-rate tools	140	<b>159</b>	(1)	<b>(3)</b>
Currency-based derivatives	93	<b>407</b>	(3)	<b>6</b>
	233	<b>566</b>	(4)	<b>3</b>

In the course of its operations, GEHE Aktiengesellschaft is exposed to risks arising from exchange rate and interest rate changes. To limit these risks from its operations, GEHE Aktiengesellschaft makes use of derivative financial instruments as part of its interest rate and exchange rate management programmes. Without the use of these derivative instruments, GEHE Aktiengesellschaft would be exposed to significantly greater risks associated with interest rate and exchange rate fluctuations. Common instruments used include, for interest rate management: interest swaps, forward rate agreements, swap options, caps and floors; and for currency management: forward contracts and options.

The use of derivative financial instruments at GEHE Aktiengesellschaft is subject to a range of controls. These include the separation of trading, processing and accounting functions, restriction to a small specified number of reputable banks, and the authorisation of a small number of qualified staff to carry out these transactions.

## Notes to the profit and loss account

### (13) Income from investments

	2001 € '000	2002 € '000
Income from profit transfer agreements	34,575	39,050
Income from shareholdings	28,274	175,561
Expenses from taking over losses from affiliated companies	0	(1,916)
Write-downs of holdings in affiliated companies	(629)	0
	<b>62,220</b>	<b>212,695</b>

Income from investments includes essentially distributions from subsidiaries and income from profit transfer agreements.

### (14) Net interest

	2001 € '000	2002 € '000
Other interest and similar income	16,072	22,122
thereof affiliated companies	[15,319]	[21,630]
Interest and similar charges	(26,448)	(24,822)
thereof affiliated companies	[(18,463)]	[(14,731)]
	<b>(10,376)</b>	<b>(2,700)</b>

## Notes to the profit and loss account

### (15) Other operating income

	2001 € '000	2002 € '000
Intercompany tax charges	23,352	26,416
thereof corporation tax	[13,511]	[14,875]
thereof trade tax	[9,841]	[11,541]
Other income	9,201	2,524
	<b>32,553</b>	<b>28,940</b>

Other income comprises mainly income from the release of provisions and from contributions to administrative expenses by affiliated companies.

### (16) Personnel expenses/staff

	2001 € '000	2002 € '000
Wages and salaries	10,224	11,053
Social insurance costs	672	924
Pension costs	707	1,369
	<b>11,603</b>	<b>13,346</b>

The average number of employees in 2002 was 97.

**(17) Other operating expenses**

	2001 € '000	<b>2002</b> <b>€ '000</b>
Other taxes	17	29
Other expenses	17,707	25,975
	<b>17,724</b>	<b>26,004</b>

Other expenses include legal and consulting expenses, contributions to affiliated companies, administrative costs, AGM expenses, expenditure incurred for "staff" shares, remuneration for the Supervisory Board and also travel and advertising costs.

**(18) Taxes on income and profit**

<b>Total tax expense</b>	2001 € '000	<b>2002</b> <b>€ '000</b>
<b>Taxes on income and profit</b>		
Corporation tax	2,646	6,939
Trade income tax	3,509	6,098
Deferred taxes	(8,330)	(602)
	<b>(2,175)</b>	<b>12,435</b>
<b>Other taxes</b>	17	29
	<b>(2,158)</b>	<b>12,464</b>

Tax expenses include current taxes on income and profit and also deferred taxes deriving from the release of provisions for deferred taxes.

In the previous year the trade income tax included trade income tax charge from Franz Haniel & Cie. GmbH.

Other taxes are shown under Other operating income (15) and Other operating expenses (17).

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## Other information

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### **Announcement from shareholders**

Under the announcement dated 2 April 2002 in accordance with § 41, paragraph 2, sentence 1 of the commercial law regarding securities (WpHG) a total of 60 % of the voting rights of our company belong to Franz Haniel & Cie. GmbH, Duisburg on 1 April 2002. Group financial statements will be drawn up by Franz Haniel & Cie. GmbH, in which GEHE Aktiengesellschaft and its subsidiary companies will also be included. These group financial statements will be published and filed in the commercial register at the Duisburg District Court under No. B 25.

On 2 April 2002, AXA, Paris/France, informed us that in accordance with § 41, paragraph 2, sentence 1 of the commercial law regarding securities, on 1 April 2002 they were entitled to a proportion of 10 % of the voting rights of our company via their parent company Pluto Gesellschaft für Beteiligungswerte AG & Co. KG, Cologne.

### **Corporate governance**

The Management and Supervisory Boards expressed the following declaration of compliance on 12 December 2002 on the recommendations of the German Corporate Governance Code pursuant to § 161 of the Companies Act and have given shareholders access to this through its publication on our website [www.gehe.de](http://www.gehe.de):

"The recommendations of the Government Commission German Corporate Governance Code will be complied with during the business year 2003 with the following exceptions:

The chairmanship and membership of Supervisory Board committees have not hitherto been separately remunerated. The Management and Supervisory Boards will propose to the annual general meeting on 24 April 2003 to incorporate a ruling for the remuneration of the chairman and membership of Supervisory Board committees into the Articles of Association of GEHE Aktiengesellschaft.

GEHE will compile the group financial statements and interim reports observing in future the internationally recognised accounting principles (IAS). The conversion work has already started and will probably be completed during 2003."

Therefore GEHE complies with two exceptions with the recommendations of the German Corporate Governance Code.

### **Total remuneration of Supervisory and Management Board members**

The total remuneration of the Management Board members for the business year 2002 amounted to € 2,043,000. Of this € 543,000 was for fixed remuneration and € 1,500,000 as profit related bonuses. The basis for calculating profit-related bonuses is first and foremost the cash flow and economic value added (EVA). No share option scheme or similar incentive schemes based on securities exist at GEHE Aktiengesellschaft.

The remuneration of the Supervisory Board members is set out in the Articles of Association of GEHE Aktiengesellschaft. According to this, each member received € 51,000 in the business year 2002. The Chairman received double this sum and the Deputy Chairman one and a half time this sum. The total remuneration of the members of the Supervisory Board amounted to € 694,000. Professor Dr Erich Zahn received a total fee of € 12,000 for his consulting work (for holding academic seminars for pharmacy students at German universities) for GEHE Pharma Handel GmbH. Former members of the Management Board of GEHE Aktiengesellschaft and their surviving dependants received € 1,040,000. For them pension provisions of € 3,750,000 have been set up.

### **Profit appropriation as proposed by the Management Board**

The Management Board proposes that the net retained earnings of € 93,527,457.31 is used as follows:

Payment of a dividend of € 0.85 per share on the 85,050,000 shares making up the share capital of € 217,728,000 entitled to dividends, amounting to a total of € 72,292,500, and transferring the remaining amount of € 21,234,957.31 to retained earnings.

Stuttgart, 12 February 2003

The Management Board

## Members of the Management Board

### **Dr Fritz Oesterle**

Stuttgart/Germany  
Chairman

Membership of further Management Boards and comparable committees:  
Executive Committee GIRP (Groupement International de la Répartition Pharmaceutique Européenne), Brussels/Belgium

Membership of Supervisory Boards and other control committees:

GEHE Pharma Handel GmbH, Stuttgart/Germany (Chairman)  
Norsk Medisinaldepot AS, Oslo/Norway (until 31.12.2002)  
Herba Chemosan Apotheker-AG, Vienna/Austria  
OFFICE COMMERCIAL PHARMACEUTIQUE (O.C.P.) S.A., Saint-Ouen/France (until 20.06.2002)  
Lloydspharmacy Belgium S.A., Wavre/Belgium (until 07.08.2002)  
GEHE Property Management Company S.A., Wavre/Belgium (until 07.08.2002)  
GEHE UK PLC, Coventry/United Kingdom (until 31.03.2002)  
GEHE Invest PLC, Coventry/United Kingdom (until 31.03.2002)  
Untertürkheimer Volksbank e.G., Stuttgart/Germany  
Landesbeirat Baden-Württemberg Allianz Versicherungs-AG, Munich/Germany  
Verwaltungsrat Christophsbad Göppingen Dr. Landerer Söhne GmbH, Göppingen/Germany (since 13.07.2002)

### **Jacques Ambonville**

Saint-Ouen/France

Membership of Supervisory Boards and other control committees:

OFFICE COMMERCIAL PHARMACEUTIQUE (O.C.P.) S.A., Saint-Ouen/France (Chairman)  
OCP Portugal Produtos Farmacêuticos S.A., Maia/Portugal  
DEPOTS GENERAUX PHARMA S.A., Aulnay-sous-Bois/France  
TREDIMED S.A., Saint-Ouen/France  
OCP REPARTITION S.A.S., Saint-Ouen/France (until 29.05.2002)  
OCP PARTICIPATIONS S.A., Saint-Ouen/France (until 21.06.2002)  
SAMBRIA S.A., Charleroi/Belgium (until 31.07.2002)  
GEHE Italia S.p.A., Bologna/Italy (until 19.12.2002)

### **Stefan Meister**

Stuttgart/Germany

Membership of Supervisory Boards and other control committees:

Herba Chemosan Apotheker-AG, Vienna/Austria  
GEHE Nederland B.V., Amsterdam/Netherlands  
Lloydspharmacy Belgium S.A., Wavre/Belgium (until 06.08.2002)  
GEHE Property Management Company S.A., Wavre/Belgium (until 06.08.2002)  
GEHE UK PLC, Coventry/United Kingdom (until 31.03.2002)  
GEHE Invest PLC, Coventry/United Kingdom (until 31.03.2002)  
Börsenrat Baden-Württembergische Wertpapierbörse, Stuttgart/Germany

### **Michael A Ward**

Coventry/United Kingdom

Membership of further Management Boards and comparable committees:

Lloyds Pharmacy Limited, Coventry/United Kingdom  
Lloydspharmacy Belgium S.A., Wavre/Belgium  
GEHE Italia S.p.A., Bologna/Italy  
GEHE Nederland B.V., Amsterdam/Netherlands  
GEHE IRELAND LIMITED, Dublin/Ireland

Membership of Supervisory Boards and other control committees:

Norsk Medisinaldepot AS, Oslo/Norway  
Croda International PLC, Goole/United Kingdom



## Members of the Supervisory Board

<p><b>Günther Hülse</b> Duisburg/Germany Chairman</p>	<p>Chairman of the Management Board Franz Haniel &amp; Cie. GmbH</p>	<p>Membership of Supervisory Boards and other control committees: TAKKT AG, Stuttgart/Germany (Chairman) G. Konzmann GmbH &amp; Co. KG, Leinfelden-Echterdingen/Germany Herba Chemosan Apotheker-AG, Vienna/Austria GEHE UK PLC, Coventry/United Kingdom (until 31.03.2002)</p>
<p><b>Friedrich Taake</b> Porta Westfalica/Germany Deputy Chairman</p>	<p>Commercial employee GEHE Pharma Handel GmbH</p>	
<p><b>Prof Dr med Julius Michael Curtius</b> Weimar/Germany</p>	<p>Cardiologist</p>	
<p><b>Dr Hubertus Erlen</b> Berlin/Germany (since 27.03.2002)</p>	<p>Chairman of the Management Board Schering AG</p>	<p>Membership of Supervisory Boards and other control committees: B. Braun Melsungen AG, Melsungen/Germany Schering Berlin Inc., Montville/New Jersey, USA Partner für Berlin Gesellschaft für Hauptstadt-Marketing mbH, Berlin/Germany Kuratorium Bertelsmann Stiftung, Berlin/Germany Medrad Inc., Indianola/Pennsylvania, USA (until 04.10.2002)</p>
<p><b>Ihno Goldenstein</b> Delmenhorst/Germany</p>	<p>Employee in Receiving Department GEHE Pharma Handel GmbH</p>	
<p><b>Jörg Lauenroth-Mago</b> Magdeburg/Germany</p>	<p>Trade Union Secretary ver.di – Vereinte Dienstleistungsgewerkschaft e.V.</p>	<p>Membership of Supervisory Boards and other control committees: GEHE Pharma Handel GmbH, Stuttgart/Germany Franz Haniel &amp; Cie. GmbH, Duisburg/Germany</p>
<p><b>Hans-Martin Poschmann</b> Berlin/Germany</p>	<p>Trade Union Secretary ver.di – Vereinte Dienstleistungsgewerkschaft e.V.</p>	<p>Membership of Supervisory Boards and other control committees: GEHE Pharma Handel GmbH, Stuttgart/Germany Oviesse GmbH, Cologne/Germany (since 16.01.2002)</p>
<p><b>Jürgen Puff</b> Stuttgart/Germany</p>	<p>Director of Organisation GEHE Pharma Handel GmbH</p>	
<p><b>Hans-Jürgen Sachse</b> Halle/Germany</p>	<p>Manual worker GEHE Pharma Handel GmbH</p>	
<p><b>Dr Ihno Schneevoigt</b> Munich/Germany</p>	<p>Member of the Management Board: Allianz Versicherungs-AG, Munich Allianz Lebensversicherungs-AG, Stuttgart</p>	<p>Membership of Supervisory Boards and other control committees: E.ON Academy GmbH, Düsseldorf/Germany (since 01.11.2002) Dr. Dr. Heissmann GmbH, Wiesbaden/Germany</p>
<p><b>Prof Dr Theo Siegert</b> Duisburg/Germany</p>	<p>Member of the Management Board Franz Haniel &amp; Cie. GmbH</p>	<p>Membership of Supervisory Boards and other control committees: OFFICE COMMERCIAL PHARMACEUTIQUE (O.C.P.) S.A., Saint-Ouen/France (until 20.06.2002)</p>
<p><b>Prof Dr Erich Zahn</b> Stuttgart/Germany</p>	<p>Professor of Business Studies University of Stuttgart</p>	<p>Membership of Supervisory Boards and other control committees: IFB Dr. Braschel AG, Stuttgart/Germany (Chairman) Kuratorium Fraunhofer-Institut für Produktionstechnik und Automatisierung IPA, Stuttgart/Germany</p>

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## Auditors' report

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"We have carried out an audit on the financial statements, including the accounts and the management report for GEHE Aktiengesellschaft, which is combined with the management report for the group, for the business year ending on 31 December 2002. The book-keeping and drawing up of the financial statements and of the management report in accordance with the German Commercial Code (Handelsgesetzbuch) is the responsibility of the company's Management Board. It is our task, based on the audit carried out by us, to assess the financial statements including the accounts and the combined management report.

We have carried out our audit of the financial statements in accordance with § 317 of the German Commercial Code in compliance with the guidelines laid down by the German Institute of Certified Public Accounts (IDW) for proper auditing of financial statements. According to these guidelines, the audit must be planned and carried out so that errors and infringements having a significant effect on the representation of the assets, financial situation and profits presented in the financial statements, taking into account the principles of proper book-keeping and the management report, can be recognised with sufficient certainty. When determining the auditing procedures, knowledge of the business activities and of the economic and legal background of the company, as well as expectations concerning possible errors are taken into account. During the audit, the effectiveness of the internal monitoring system and evidence for the details given in the accounts, the financial statements and the management report are assessed largely on the basis of random samples. The audit includes assessment of the accounting and consolidation principles applied, of significant estimates made by the Management Board and an appraisal of the overall picture presented by the financial statements and the combined management report. We are of the opinion that our audit provides a sufficiently safe basis for our assessment.

Our audit has not led to any objections.

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We are convinced that the financial statements which comply with the principles of proper accounting give a true and fair view of the assets, the financial situation and profits of the company. The combined management report gives an accurate representation of the company's situation and the risks entailed in its future development."

Munich/Stuttgart, 12 February 2003

PwC Deutsche Revision  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

(Küpfer)  
Auditor

(Wißfeld)  
Auditor

The financial statements and the management report of GEHE Aktiengesellschaft for the business year 2002 will be published in the Federal Gazette (Bundesanzeiger) and filed in the commercial register at the Stuttgart District Court. The management report of GEHE Aktiengesellschaft is combined with the group management report; it is incorporated in the GEHE 2002 Annual Report.

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