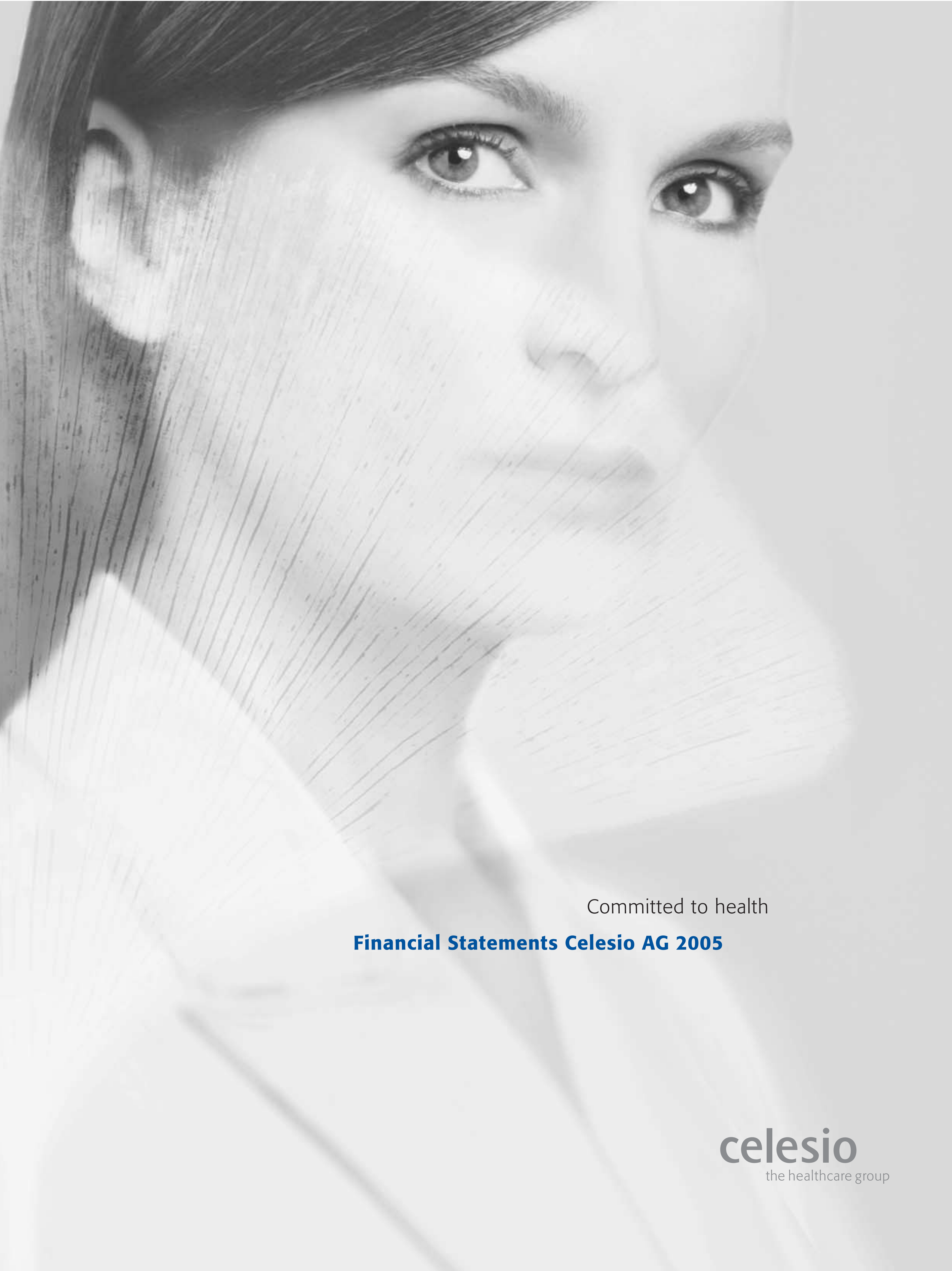

Committed to health

Financial Statements Celesio AG 2005

celesio
the healthcare group

Balance sheet at 31 December 2005 of Celesio AG

Assets

	Note	31/12/2004 € '000	**31/12/2005 € '000**
Non-current assets			
Intangible assets	(1)	2,807	1,673
Property, plant and equipment	(2)	3,281	5,352
Financial assets	(3)	1,746,856	1,854,554
		1,752,944	**1,861,579**
Current assets			
Receivables and other assets	(4)	466,124	551,803
Cash and cash equivalents	(5)	36	36
		466,160	**551,839**
Prepaid expenses	(6)	**7,127**	**6,787**
		2,226,231	**2,420,205**

Shareholders' equity and liabilities

	Note	31/12/2004 € '000	**31/12/2005 € '000**
Equity			
Issued capital	(7)	217,728	217,728
Capital reserves	(7)	1,113,030	1,113,030
Revenue reserves	(7)	265,819	256,963
Profit available for distribution	(8)	102,060	119,070
		1,698,637	**1,706,791**
Provisions			
Provisions for pensions and similar obligations	(9)	8,987	9,714
Other provisions	(10)	29,808	22,530
		38,795	**32,244**
Liabilities			
Liabilities with a residual term of more than five years		383,967	392,480
more than one and less than five years		1,143	994
less than one year		102,337	286,631
	(11)	**487,447**	**680,105**
Deferred income		**1,352**	**1,065**
		2,226,231	**2,420,205**

Income statement for the fiscal year 2005 of Celesio AG

	Note	2004 € '000	**2005** **€ '000**
Net income from investments	(12)	105,862	104,609
Interest result	(13)	(1,221)	(5,715)
Other operating income	(14)	37,537	35,405
Personnel expenses	(15)	(19,066)	(23,335)
Amortisation of intangible assets and depreciation of property, plant and equipment		(2,149)	(2,361)
Other operating expenses	(16)	(25,828)	(26,384)
Earnings before tax		**95,135**	**82,219**
Income taxes	(17)	(15,294)	(27,994)
Net profit for the year		**79,841**	**110,213**
Drawings from revenue reserves		18,661	8,857
Profit brought forward		3,558	0
Profit available for distribution		**102,060**	**119,070**

Statement of changes in non-current assets for 2005 of Celesio AG

	Intangible assets € '000	Property, plant and equipment € '000	Financial assets € '000	**Total € '000**
Accumulated historical cost 01/01/2005	**5,621**	**5,195**	**1,746,856**	**1,757,672**
Additions	545	2,835	107,698	111,078
Additions from affiliated companies	1,406	16	0	1,422
Disposals	(97)	(27)	(0)	(124)
Accumulated historical cost 31/12/2005	**7,475**	**8,019**	**1,854,554**	**1,870,048**
Accumulated valuation adjustments 01/01/2005	**2,814**	**1,914**	**0**	**4,728**
Additions	1,591	770	0	2,361
Additions from affiliated companies	1,406	5	0	1,411
Disposals	(9)	(22)	(0)	(31)
Accumulated valuation adjustments 31/12/2005	**5,802**	**2,667**	**0**	**8,469**
Net carrying amounts as of 31/12/2005	**1,673**	**5,352**	**1,854,554**	**1,861,579**
Net carrying amounts as of 31/12/2004	2,807	3,281	1,746,856	1,752,944

Intangible assets are composed entirely of software. Property, plant and equipment includes leasehold and land improvements, other plant and equipment as well as furniture and fixtures. Developments in financial assets are detailed in note 3, 'Financial assets'.

Notes to the financial statements of Celesio AG

General

The financial statements for fiscal year 2005 of Celesio AG reflect the activities of a management holding.
The changes in shares in affiliated companies and receivables and liabilities due to and from affiliated companies affect the balance sheet for the fiscal year 2005. The income statement of the fiscal year 2005 is influenced by the distributions or profit and loss transfers of the subsidiaries as well as a trade tax refund for the years 1996 to 2001 of € 38.9 million net (€ 52.9 million) gross.

Accounting principles

The financial statements of Celesio AG for the year ended 31/12/05 have been prepared in € and in compliance with HGB ["Handelsgesetzbuch": German Commercial Code] and AktG ["Aktiengesetzbuch": German Stock Corporation Law]. The income statement has been prepared using the nature of expense method.
To aid the clarity of presentation, a number of items have been summarized in both the balance sheet and the income statement. These are presented in detail in the notes.
The classification and development of the summarized non-current assets in the balance sheet of Celesio AG can be seen in the summary on page 4, which is an integral component of these notes.

Valuation principles

The methods used to value assets and liabilities are disclosed in the notes to the individual balance sheet items.

Notes to the balance sheet

(1) Intangible assets

These items are valued at acquisition cost. Intangible assets are amortized using the straight-line method at rates of between 25% and 33%. The additions made in the year relate to software

(2) Property, plant and equipment

Additions to property, plant and equipment have been recognized at cost. Furniture and fixtures were depreciated on a straight-line basis at rates of between 5% and 20%. Leasehold improvements were depreciated over the term of the lease or in accordance with the official depreciation tables for buildings. Land improvements were depreciated at rates of between 3% and 11%. Additions comprise leasehold including land improvements as well as office equipment, furniture and fixtures.

(3) Financial assets

	Shares in affiliated companies € '000	Loans to affiliated companies € '000	Investments € '000	**Total € '000**
Accumulated historical cost 01/01/2005	**1,726,083**	**4,656**	**16,117**	**1,746,856**
Additions	98,371	6,000	3,327	107,698
Disposals	0	0	0	0
Reclassifications	15,765	0	(15,765)	0
Accumulated historical cost 31/12/2005	**1,840,219**	**10,656**	**3,679**	**1,854,554**
Accumulated valuation adjustments 01/01/2005	**0**	**0**	**0**	**0**
Additions	0	0	0	0
Disposals	0	0	0	0
Accumulated valuation adjustment 31/12/2005	**0**	**0**	**0**	**0**
Net carrying amounts as of 31/12/2005	**1,840,219**	**10,656**	**3,679**	**1,854,554**
Net carrying amounts as of 31/12/2004	1,726,083	4,656	16,117	1,746,856

Financial assets are valued at the lower of historical cost or fair value. The additions of € 107,698,000 mainly stem from additional shares purchased in Kemofarmacija d.d., Ljubljana/Slovenia, Medika d.d., Zagreb/Croatia, Herba Chemosan Apotheker-AG, Vienna/Austria and Admenta France S.A., Saint-Ouen/France. Other acquisitions included Health-care Services Group plc, Bedford/Great Britain and Sanalog Logistik GmbH, Kist/Germany, and Admenta Deutschland GmbH, Stuttgart/Germany was founded during the fiscal year. In the reporting year, a loan of € 6 million was granted to an affiliated company.

The list of the Group's investment holdings is filed with the commercial register of the local court in Stuttgart.

(4) Receivables and other assets

	31/12/2004 € '000	**31/12/2005 € '000**
Receivables from affiliated companies	458,888	547,142
Other assets	7,236	4,661
	466,124	**551,803**

Receivables from affiliated companies and other assets are valued considering any risks of non-collection. Current receivables from affiliated companies include receivables due from 17 companies of the group.
Receivables denominated in foreign currency are valued at the rate prevailing at the date of origin or the lower rate on the balance sheet date.
Other assets chiefly consist of tax reimbursement entitlements and tax pre-payments as well as other receivables. Receivables and other assets are as in the prior year all due within 12 months.

(5) Cash and cash equivalents

	31/12/2004 € '000	**31/12/2005 € '000**
Cash in hand	18	18
Bank balances	18	18
	36	**36**

(6) Prepaid expenses

Prepaid expenses mainly relate to accrued premiums paid for interest and exchange rate derivatives.

Notes to the balance sheet

(7) Issued capital and reserves

Issued capital amounts to € 217,728,000 and is split into 85,050,000 no-par value bearer shares. Authorised capital of € 43,546,000 is available up until 07/05/2007.
An amount of € 8,857,000 was drawn from other revenue reserves; the revenue reserves as 31/12/2005 thus come to € 256,963,000.

(8) Profit available for distribution

The profit of the prior year available for distribution of € 102,060,000 was distributed in full as a dividend for the fiscal year 2004. An amount of € 8,857,000 was drawn from other revenue reserves. Together with the net profit for 2005 of € 110,213,000 the distributable profit as of 31/12/2005 amounts to € 119,070,000.
Pursuant to the proposal for the appropriation of profits, the entire profit available for distribution of € 119,070,000 should be paid out as a dividend for fiscal year 2005.

(9) Provisions for pensions and similar obligations

Pension provisions were calculated at present value as defined by Sec. 6a EStG ["Einkommensteuergesetz": German Income Tax Act] using an interest rate of 6% and the 2005G mortality tables issued by Dr. Heubeck. Pension provisions are calculated at present value and accrued in full.

(10) Other provisions

	31/12/2004 € '000	**31/12/2005** **€ '000**
Tax provisions	20,746	10,893
Other provisions	9,062	11,637
	29,808	**22,530**

Provisions are carried at an amount deemed necessary by prudent business judgment. Tax provisions contain provisions for deferred taxes totalling € 4,171,000.
Other provisions mainly comprise provisions for personnel-related expenses, remuneration of the supervisory board, outstanding invoices, the costs of preparing the annual report, commitment fees, the costs of preparing the financial statements as well as outstanding contributions.

(11) Liabilities, contingent liabilities and derivative financial instruments

Liabilities	Total	With a residual term of			Total
	31/12/2004	less than one year	more than one year and less than five years	more than five years	31/12/2005
	€ '000	€ '000	€ '000	€ '000	€ '000
Liabilities to banks	384,067	10,110	0	392,480	402,590
(prior year)		[100]	[0]	[383,967]	
Trade payables	527	602	0	0	602
(prior year)		[527]	[0]	[0]	
Liabilities to affiliated companies	101,218	258,170	0	0	258,170
(prior year)		[101,218]	[0]	[0]	
Other liabilities	1,635	17,749	994	0	18,743
(prior year)		[492]	[1,143]	[0]	
of which taxes	[189]	[308]	[0]	[0]	[308]
of which social security	[194]	[272]	[0]	[0]	[272]
	487,447	**286,631**	**994**	**392,480**	**680,105**
(prior year)		[102,337]	[1,143]	[383,967]	

Liabilities are recognised at the amount needed to settle the obligation. Liabilities denominated in foreign currency are valued at the rate prevailing on the date of origin or the higher rate on the balance sheet date.

Notes to the balance sheet

Contingent liabilities and commitments	31/12/2004 € '000	**31/12/2005 € '000**
Guarantee obligations	1,213,124	1,472,110
of which for affiliated companies	[1,204,837]	[1,472,107]
Other financial obligations	4,149	5,511
Obligations from acquisition agreements	103,207	24,729
	1,320,480	**1,502,350**

Most of the guarantee obligations have been made to creditor banks (of which € 1,191,000,000 for Celesio Finance B.V., Weesp/Netherlands). Other financial obligations relate to rental agreements and future lease obligations for company cars, company equipment as well as for consulting and service agreements. In addition, contingent liabilities contain purchase price obligations from the acquisition of financial assets.

Derivative financial instruments	Nominal volume		Market value	
	31/12/2004 € m	**31/12/2005 € m**	31/12/2004 € m	**31/12/2005 € m**
Interest instruments	651	**661**	1	**1**
Currency instruments	502	**763**	10	**7**
	1.153	**1,424**	**11**	**8**

In its capacity as management holding, Celesio is exposed to interest rate and foreign currency exposures. These risks have been hedged by use of derivatives. The use of derivatives is subject to uniform group-wide guidelines and compliance is monitored constantly. This includes a separation of functions between trading, administration, and accounting as well as restricting activity to a small group of banks with excellent credit ratings and only granting power of attorney to a few, qualified employees. Derivatives are only used for hedging purposes.

Interest caps, collars and swaps were used in the fiscal year to hedge interest risks. An interest cap puts an upper limit on a variable interest rate. An interest collar has both an upper and a lower limit. An interest swap involves swapping the underlying transaction subject to a fixed interest rate for a financial instrument with a variable interest rate or vice versa for the entire term of the underlying instrument. Forward exchange contracts, currency swaps and options were used in the fiscal year to hedge exchange rate fluctuations.

Notes to the income statement

(12) Net income from investments

	2004 € '000	**2005** **€ '000**
Income from profit and loss transfer agreements	44,135	42,528
Income from equity investments	61,727	62,081
	105,862	**104,609**

Net income from investments comprises profit distributions from subsidiaries and income from profit transfer agreements.

(13) Interest result

	2004 € '000	**2005** **€ '000**
Other interest and similar income	22,032	32,234
of which from affiliated companies	[16,843]	[27,218]
Interest and similar expenses	(23,253)	(37,949)
of which from affiliated companies	[(7,424)]	[(5,572)]
	(1,221)	**(5,715)**

Notes to the income statement

(14) Other operating income

	2004 € '000	**2005** **€ '000**
Group tax allocations	29,524	28,656
of which corporate income tax	[16,636]	[16,212]
of which trade tax	[12,888]	[12,444]
Other income	8,013	6,749
	37,537	**35,405**

Other operating income mainly consists of income from tax allocations and from rendered services charged out to affiliated companies.

(15) Personnel expenses/Employees

	2004 € '000	**2005** **€ '000**
Wages and salaries	16,473	20,053
Social security	1,591	1,908
Pension cost	1,002	1,374
	19,066	**23,335**

The average headcount in the year 2005 was 181 (prior year: 148).

(16) Other operating expenses

	2004 € '000	**2005 € '000**
Other taxes	29	44
Other expenses	25,799	26,340
	25,828	**26,384**

Other operating expenses mainly consist of legal expenses and consulting fees, refunds for services from affiliated companies, travel expenses, the cost of preparing financial statements and annual general meeting expenses, remuneration of the supervisory board, other rent and rent incidentals, and advertising expenses.

(17) Income taxes

	2004 € '000	**2005 € '000**
Income taxes		
Corporate income tax	8,886	6,527
Trade tax	6,721	4,752
Deferred taxes	(313)	(340)
	15,294	**10,939**
Income taxes for prior years		
Corporate income tax	0	13,948
Trade tax refund 1996 – 2001	0	(52,881)
	0	**(38,933)**
	15,294	**(27,994)**

The tax expense includes current taxes on income and income from the reversal of the provision for deferred taxes. The income tax refund for prior years pertains to the trade tax refund for the years 1996 to 2001 of € 38.9 million net (€ 52.9 million gross).

Other taxes are reported under Other operating expenses (16).

Other notes

Statutory audit

The annual financial statements of Celesio AG, the main German subsidiaries and the consolidated financial statements were audited by Pricewaterhouse-Coopers AG Wirtschaftsprüfungsgesellschaft (PwC), Stuttgart. In the fiscal year, expenses for services rendered by PwC Deutschland totaled € 439,000 (prior year: € 509,000). Of this amount € 389,000 (prior year: € 400,000) related to statutory audits while € 50,000 was spent on other services (prior year: € 109,000).

Notices from shareholders

According to a notice pursuant to Sec. 41 (2) Sent. 1 WpHG ["Wertpapier-handelsgesetz": Securities Trading Act] Franz Haniel & Cie. GmbH, Duisburg on 01/02/2002, held a total of 60% of the voting rights in our company on 04/01/2002. Celesio AG and its subsidiaries are included in the consolidated financial statements prepared by Franz Haniel & Cie. GmbH. These consolidated financial statements are published and filed with the commercial register of the local court of Duisburg/Germany, No. B 25.

According to Celesio AG, the shareholding of Franz Haniel & Cie. GmbH, Duisburg, came to 52.9% (prior year: 58.0%) at the end of the reporting year.

Corporate governance

The management board and supervisory board last issued a declaration of compliance with the recommendations of the German Corporate Governance Codex pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on December 08, 2005 and published this on their website at www.celesio.com.

Total remuneration and compensation structure of the management board

Total remuneration paid to the management board in fiscal 2005 amounted to € 4,983,000 (prior year: € 3,410,000). Of this amount € 895,000 (prior year: € 710,000) was fixed compensation and € 3,041,000 (prior year: € 2,400,000) variable compensation (profit bonus) and € 1,047,000 (prior year: € 300,000) for the strategy bonus.

The personnel committee is responsible for setting the remuneration paid to the management board. This committee is composed of the chairman of the supervisory board, Prof. Dr. Theo Siegert and two other members of the supervisory board, Mr. Hans-Martin Poschmann and Dr. Ihno Schneevoigt.

Total remuneration paid to the management board is based on an appropriate balance between the tasks and performance of the members of the management board and the economic situation of Celesio AG. Total compensation of management board members comprises a fixed monthly income and a performance-based variable component. The variable component is made up of a profit bonus and a strategy bonus.

Other notes

Profit bonus

This bonus is measured on the cash-flow of the Celesio Group. Cash flow is an indication of the earnings power, has a longer term effect and favours expansion. The profit bonus is calculated as a percentage of the cash flow generated in the respective fiscal year.

Strategy bonus

The measurement base used for this bonus is the performance indicator, EVA (Economic Value Added)*. Thus, the measurement base is the development of the value added to the enterprise. This fosters value-based management and an entrepreneurial management culture.

The former members of the management board of Celesio AG and their surviving dependents received remuneration of € 230,000 (prior year: € 197,000). Pension provisions of € 3,751,000 (prior year: € 3,815,000) have been created to cover these.

* Registered trade mark of Stern Stewart & Co.

Total remuneration and compensation structure of the supervisory board

The remuneration paid to the supervisory board is defined in Art. 5 of the articles of association of Celesio AG. In addition to reimbursement of their out-of-pocket expenses, the members of the supervisory board receive fixed compensation of € 5,000 annually and an additional payment of € 800 for each half percentage point of dividends distributed to shareholders in the past fiscal year that is in excess of 4% of subscribed capital. These payments are net of VAT which must be added as applicable. The chairman receives twice the standard amount paid to the other members of the supervisory board and the deputy chairman receives one and a half times the standard. Each member of a committee – with the exception of the committee founded to satisfy Sec. 27 (3) MitbestG [”Mitbestimmungsgesetz”: Codetermination Act] – receives € 2,000, with the chairman of a committee receiving € 4,000.

Total remuneration paid to the supervisory board in the fiscal year 2005 thus amounted to € 1,006,000 (prior year: € 746,000). Of this amount, € 67,000 (prior year: € 68,000) was attributable to fixed compensation paid for membership of the supervisory board, € 925,000 (prior year: € 670,000) for variable components pegged to dividend pay-outs for membership in the supervisory board plus € 14,000 (prior year: € 9,000) for committee activities.

Prof Zahn received a fee of € 2,000 (prior year: € 4,000) for consulting services rendered to GEHE Pharma Handel GmbH.

Other notes

Shareholdings and transactions subject to mandatory disclosure

The accumulated shareholding (including options and the like) of members of the management board and members of the supervisory board of Celesio AG remained below 1% of the total shares outstanding of the company.

Pursuant to Sec. 15 a WpHG people who hold a management function at a publicly listed German company or any legal or natural people who are related to such a functionary have a duty to report to the company and to the Federal Finance Supervisory Agency (Bafin) if they buy or sell shares or related financial instruments in the company. Celesio did not receive any notices in this regard for the reporting year.

Proposal from the management board for the appropriation of profits

The profit of Celesio AG available for distribution amounts to € 119,070,000 (prior year: € 102,060,000).

The management board proposes distributing this amount of € 119,070,000 in full (prior year: € 102,060,000) as a dividend for fiscal year 2005.

Based on this proposal for the appropriation of profits, the ordinary dividend per share amounts to € 1.35 (prior year: € 1.20) plus a special dividend of € 0.05.

Stuttgart, 14 February 2006

The management board

Members of the management board

Dr Fritz Oesterle
Stuttgart/Germany
Chairman and
Chief Executive Officer

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:
– Lloyds Nederland B.V., Baarn/Netherlands
– Herba Chemosan Apotheker-AG, Vienna/Austria
– Norsk Medisinaldepot AS, Oslo/Norway
– Healthcare Services Group plc, Bedford/Great Britain (since 18/05/2005)
– Untertürkheimer Volksbank e.G., Stuttgart/Germany
– Verwaltungsrat Christophsbad Göppingen Dr. Landerer Söhne GmbH, Göppingen/Germany
– Landesbeirat Baden-Württemberg Allianz Versicherungs-AG, Munich/Germany (until 31/12/2005)

Jacques Ambonville
Saint-Ouen/France

Membership of supervisory boards and other control committees:
– GEHE Pharma Handel GmbH, Stuttgart/Germany, Chairman
– OCP S.A., Saint-Ouen/France, Chairman
– Kemofarmacija, d.d., Ljubljana/Slovenia (since 23/03/2005), Chairman
– Herba Chemosan Apotheker-AG, Vienna/Austria
– NMD Grossisthandel AS, Oslo/Norway
– OCP PORTUGAL, PRODUTOS FARMACÊUTICOS, S.A., Maia/Portugal
– Soquifa-Medicamentos S.A., Braga/Portugal (since 01/03/2005)

Stefan Meister
Stuttgart/Germany

Membership of supervisory boards and other control committees:
– Lloyds Nederland B.V., Baarn/Netherlands
– Herba Chemosan Apotheker-AG, Vienna/Austria (until 12/05/2005)

Dr Felix A Zimmermann
Stuttgart/Germany

Membership of supervisory boards and other control committees:
– Herba Chemosan Apotheker-AG, Vienna/Austria (since 12/05/2005)
– Kemofarmacija, d.d., Ljubljana/Slovenia (since 23/03/2005)

Members of the supervisory board

Prof Theo Siegert Duisburg/Germany Chairman	Member of the Management Board Franz Haniel & Cie. GmbH (until 30/04/2005) Chairman of the Management Board Franz Haniel & Cie. GmbH (01/05/2005 – 31/12/2005)	Membership of supervisory boards and other control committees: – METRO AG, Düsseldorf/Germany, Chairman – ERGO Versicherungsgruppe AG, Düsseldorf/Germany – TAKKT AG, Stuttgart/Germany (since 03/05/2005)
Ihno Goldenstein Delmenhorst/Germany Deputy Chairman	Employee Goods-In Department GEHE Pharma Handel GmbH Chairman of the Central Company Council	
Klaus Borowicz Delmenhorst/Germany	Head of Branch Office GEHE Pharma Handel GmbH	
Prof med **Julius Michael Curtius** Weimar/Germany	Cardiologist	
Dr Hubertus Erlen Berlin/Germany	Chairman of the Management Board Schering AG	Membership of supervisory boards and other control committees: – Schering Berlin Inc., Montville/New Jersey, USA – Kuratorium der Bertelsmann Stiftung, Gütersloh/Germany – B. Braun Melsungen AG, Melsungen/Germany (until 15/06/2005) – Partner für Berlin Gesellschaft für Hauptstadt-Marketing mbH, Berlin/Germany (until 22/06/2005)
Dirk-Uwe Kerrmann Weiterstadt/Germany	Commercial employee GEHE Pharma Handel GmbH	
Jörg Lauenroth-Mago Magdeburg/Germany	Trade Union Secretary ver.di – Vereinte Dienstleistungsgewerkschaft e.V.	Membership of supervisory boards and other control committees: – GEHE Pharma Handel GmbH, Stuttgart/Germany
Ulrich Neumeister Stuttgart/Germany	Logistics employee GEHE Pharma Handel GmbH	
Hans-Martin Poschmann Berlin/Germany	Trade Union Secretary ver.di – Vereinte Dienstleistungsgewerkschaft e.V.	
Dr Ihno Schneevoigt Munich/Germany	Ret: Member of the Management Board Allianz Versicherungs-AG Allianz Lebensversicherungs-AG	Membership of supervisory boards and other control committees: – ESMT European School of Management and Technology GmbH, Berlin/Germany – Ströer Out-of-Home Media AG, Cologne/Germany – Korn/Ferry International Corp., Los Angeles/USA
Dr Klaus Trützschler Duisburg/Germany	Member of the Management Board Franz Haniel & Cie. GmbH	Membership of supervisory boards and other control committees: – TAKKT AG, Stuttgart/Germany, Chairman – Allianz Versicherungs-AG, Munich/Germany – Bilfinger Berger AG, Mannheim/Germany – CEMEX Deutschland AG, Ratingen/Germany
Prof Erich Zahn Stuttgart/Germany	Professor of Business Studies University of Stuttgart	Membership of supervisory boards and other control committees: – Kuratorium Fraunhofer-Institut für Produktionstechnik und Automatisierung IPA, Stuttgart/Germany

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report, which is combined with the group management report of the Celesio AG, Stuttgart, for the business year from 1 January to 31 December 2005. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and 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 annual financial statements and in the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors as well as evaluating the overall presentation of the annual financial statements and combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Stuttgart, 14 February 2006

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Schwarzhof)	(Wißfeld)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

The financial statements and management report of Celesio AG for the fiscal year 2005 are published in the Bundesanzeiger (Federal Gazette) and the commercial register of the local court of Stuttgart. The management report of Celesio AG is combined with the management report of the group. This report is included in the Celesio 2005 annual report.

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