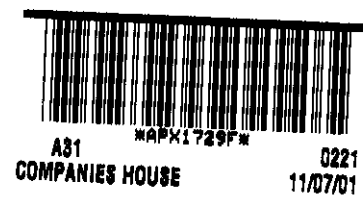


**GEHE UK plc**  
**Directors' report and financial statements**  
**for the year ended 31 December 2000**

Registered no: 3011757



**Annual report for the year ended 31 December 2000**

	<u>Pages</u>
Directors' report	1 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

## **Directors' report for the year ended 31 December 2000**

The directors present their report and the audited financial statements for the year ended 31 December 2000.

### **Results**

Details of the results for the financial year are set out in the profit and loss account on page 5.

### **Principal activities**

GEHE UK plc is a subsidiary of GEHE AG, a company registered in Germany (number HRB9517) and quoted on the Frankfurt stock exchange. The company is a holding company.

### **Review of business and future prospects**

*The level of business and the future prospects of the company's investments and the year end financial position of the company are considered to be satisfactory.*

### **Dividends**

The directors do not recommend the payment of a dividend. The profit for the financial year of £1,459,000 will be transferred to reserves.

### **Political and charitable contributions**

No political or charitable contributions were made during the year.

### **Directors**

The directors of the company during the year ended 31 December 2000, all of whom have been directors for the whole of the year, except where otherwise stated, were as follows:

G. J. G. Hulse (appointed 24 July 2000)  
D. Kämmerer  
S. M. Meister  
Dr F. Oesterle  
J. Ossenberg (resigned 1 August 2000)  
G. V. Mischke (resigned 31 August 2000)  
Dr U. M. Schneider (appointed 1 December 2000)  
M. A. Ward

## **Directors' interests**

According to the register kept under section 325 of the Companies Act 1985, no director had a notifiable interest in the shares of the company or other group companies at any time during the year. As permitted, the register does not contain details of directors' interests in parent undertakings which are incorporated outside Great Britain.

None of the directors had a material interest in any contracts with group companies.

## **Impact of the Euro**

The GEHE Group recognises the wide implications of the Euro for businesses, including impacts on commercial arrangements and financial systems. Appropriate preparation is being made in those of its entities in Euro-land countries, based on the EU timetable for transition towards the introduction of hard currency in January 2002.

Within the UK, the Group's preparations recognise the uncertain position regarding the possible UK entry to the single currency, and the situation is monitored closely.

## **Creditor payment policy**

The company had no trade creditors at 31 December 2000 (*31 December 1999: £ nil*).

However, in respect of trade creditors arising after this date, the policy of the company regarding the payment of trade creditors is determined internally rather than drawing upon any published supplier payment code. For the company the policy is to:

- (a) settle the terms of payment with suppliers when agreeing the terms of each transaction;
- (b) ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with their contractual and other legal obligations.

The payment policy applies to all creditors for revenue and capital supplies of goods and services without exception.

**Statement of directors' responsibilities**

The directors are required by UK Company Law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

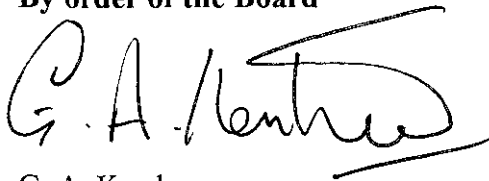
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Auditors**

A resolution to reappoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'G. A. Kershaw', with a long horizontal flourish extending to the right.

G. A. Kershaw  
Company Secretary  
28 February 2001

## **Report of the auditors to the members of GEHE UK plc**

We have audited the financial statements on pages 5 to 14.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



---

**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
Birmingham

*1 March 2001.*

**Profit and loss account for the year ended 31 December 2000**

	Notes	2000 £000	1999 £000
Administrative expenses		<u>(267)</u>	<u>(224)</u>
<b>Operating loss</b>		<b>(267)</b>	<b>(224)</b>
Income from shares in group undertakings		42,000	31,000
Interest receivable and similar income	4	<u>4,458</u>	<u>11,248</u>
		46,191	42,024
Interest payable and similar charges	5	<u>(62,107)</u>	<u>(54,765)</u>
<b>Loss on ordinary activities before taxation</b>	6	<b>(15,916)</b>	<b>(12,741)</b>
Taxation credit on ordinary activities	7	17,375	13,232
<b>Retained profit for the financial year</b>	14	<u><u>1,459</u></u>	<u><u>491</u></u>

All operations are continuing.

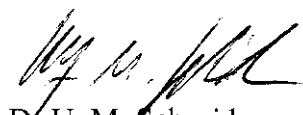
The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results above and the results on an unmodified historical cost basis.

**Balance sheet at 31 December 2000**

	Notes	2000 £000	1999 £000
<b>Fixed assets</b>			
Investments	8	<u>1,303,100</u>	<u>1,303,100</u>
<b>Current assets</b>			
Debtors	9	12,277	10,058
<b>Creditors: amounts falling due within one year</b>	10	(284,814)	(300,706)
<b>Net current liabilities</b>		<u>(272,537)</u>	<u>(290,648)</u>
<b>Total assets less current liabilities</b>		1,030,563	1,012,452
<b>Creditors: amounts falling due after more than one year</b>	11	(600,936)	(584,284)
<b>Net assets</b>		<u><u>429,627</u></u>	<u><u>428,168</u></u>
<b>Capital and reserves</b>			
Called-up share capital	13	400,050	400,050
Profit and loss account	14	29,577	28,118
<b>Equity shareholders' funds</b>	15	<u><u>429,627</u></u>	<u><u>428,168</u></u>

The financial statements on pages 5 to 14 were approved by the board of directors on 28 February 2001 and were signed on its behalf by:

  
 Dr U. M. Schneider  
 Director



**Notes to the financial statements  
for the year ended 31 December 2000**

**1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments.

The accounts have been prepared on the going concern basis despite the existence of net current liabilities. This is considered to be justified in view of the available unutilised long term bank facilities and the anticipated renewal of the loan account with GEHE Invest plc.

**Consolidated accounts**

The financial statements contain information about GEHE UK plc as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, GEHE AG, a company incorporated in Germany.

**Income from investments**

Income from investments is included in the profit and loss account on an accruals basis.

**Borrowing costs**

Interest arising on borrowings is charged to the profit and loss account on an accruals basis.

## **Swap agreements**

Interest adjustments receivable or payable under interest rate swap agreements are credited or charged to the profit and loss account for the period of account in which they accrue. Other amounts receivable or payable in connection with such agreements are also credited or charged to the profit and loss account on an accruals basis, being an apportionment of the amount received or paid over the remaining term of the company's rights or obligations under the agreement.

## **Taxation**

The credit for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is likely that a liability or asset will crystallise.

## **Cash flow statement**

The company takes advantage of the exemption in FRS 1 (revised) not to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary whose ultimate parent prepares consolidated financial statements which are publicly available.

## **2 Directors' emoluments**

Mr Hulse, Mr Kämmerer, Mr Meister, Dr Oesterle and Mr Ossenberg received no emoluments from the GEHE UK plc group, with the exception of fees of £20,000 which were paid to one of these directors by a fellow group company. Their services to GEHE UK plc are of a non-executive nature and their services are deemed to be wholly attributable to their services to the parent company, GEHE AG, and other entities in the GEHE AG group. Details of their remuneration are included, as appropriate, in the financial statements of GEHE AG and fellow subsidiary companies' financial statements.

The emoluments of Mr Mischke, Dr Schneider and Mr Ward are paid by a subsidiary company (AAH Subsidiaries Limited) which makes no recharge to the company. Mr Mischke, Dr Schneider and Mr Ward are directors of GEHE UK plc and a number of its subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies. Accordingly, no emoluments in respect of Mr Mischke, Dr Schneider and Mr Ward are disclosed. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of AAH Subsidiaries Limited.

### **3 Employee information**

The company has no employees other than directors.

### **4 Interest receivable and similar income**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Group interest receivable	<b>325</b>	7,124
Release of swap deferred income (see note 10)	<b>4,133</b>	4,124
	<b><u>4,458</u></b>	<b><u>11,248</u></b>

### **5 Interest payable and similar charges**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Group interest payable	<b>17,406</b>	8,805
On bank loans and other loans:		
Repayable within five years, not by instalments	<b>5,246</b>	405
Repayable wholly in more than five years	<b>35,741</b>	39,020
On swap agreements (note 11)	<b>3,714</b>	6,535
	<b><u>62,107</u></b>	<b><u>54,765</u></b>

### **6 Loss on ordinary activities before taxation**

The loss on ordinary activities before taxation is stated after charging:

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Auditors' remuneration for audit	<b><u>3</u></b>	<b><u>3</u></b>

## **7 Taxation credit on ordinary activities**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Receivable for group relief	<u><b>17,375</b></u>	<u><b>13,232</b></u>

Tax credits have arisen as the receipt of dividend income from investments is not taxable and there are tax losses which are surrendered to other group companies.

## **8 Investments**

	<b>Interests in group undertakings £000</b>
<b>Cost and net book value</b>	
At 1 January and 31 December 2000	<u><b>1,303,100</b></u>

The interests of the company in group undertakings are as follows:

<b>Name of undertaking</b>	<b>Country of registration</b>	<b>Description of shares held</b>	<b>Proportion of nominal value of issued shares held by the company</b>
AAH Limited	England and Wales	Ordinary 25p shares	100 %
Lloyds Chemists Limited	England and Wales	Ordinary 5p shares	100 %
GEHE Invest plc	England and Wales	Ordinary £1 shares	100 %
GEHIS Limited	England and Wales	Ordinary £1 shares	100 %
Exmir Limited	England and Wales	Ordinary £1 shares	100 %

## GEHE UK plc

The principal activity of AAH Limited during the year was to act as a holding company of various subsidiaries involved in the wholesaling and manufacture of pharmaceutical products and retail pharmacies.

The principal activity of Lloyds Chemists Limited during the year was to act as a holding company of various subsidiaries involved in property leasing and the operation of drugstores.

The principal activity of GEHE Invest plc during the year was the provision of an intercompany loan to the company.

The principal activity of GEHIS Limited during the year was the provision of computer services to fellow group companies.

Exmir Limited was dormant throughout the year.

### 9 Debtors

	2000 £000	1999 £000
<b>Amounts falling due within one year:</b>		
Group relief receivable	12,275	9,058
Dividend receivable	-	1,000
Other taxation	2	-
	<u>12,277</u>	<u>10,058</u>

### 10 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Bank overdraft	221	19
Amounts due to subsidiary undertakings	267,926	281,131
Loan notes	2,851	7,585
Accruals and deferred income	13,797	11,953
Income tax	19	18
	<u>284,814</u>	<u>300,706</u>

The amounts owed to subsidiary undertakings represent unsecured loans from subsidiaries due for repayment on 27 June 2001. The loans are from GEHE Invest plc and AAH Subsidiaries Limited and are repayable at commercial interest rates based on LIBOR.

The loan notes, which are floating rate and unsecured, are guaranteed by Dresdner Bank AG, and are redeemable on 30 April 2001.

The company received payments totalling £12,772,000 in 1998 for which it agreed to accept the transfer of interest rate swap agreements in respect of £250,000,000 of loans. The consideration received was based on the market value of the agreements as determined by the company's bankers. The income of £12,772,000 is being credited to the profit and loss account over the remaining term of the agreements on an accruals basis. The amount credited in 2000 is £4,133,000 (1999: £4,124,000) (see note 4). The balance of £4,459,000 is included within accruals and deferred income at 31 December 2000; £3,601,000 falling due within one year (1999: £4,133,000) and £858,000 falling due after one year (1999: £4,459,000).

## **11 Creditors: amounts falling due after more than one year**

	2000 £000	1999 £000
<b>Bank loans and overdrafts</b>		
Repayable otherwise than by instalments in two to five years	40,000	-
Repayable otherwise than by instalments in more than five years	560,078	579,825
Accruals and deferred income (see note 10)	858	4,459
	<u>600,936</u>	<u>584,284</u>

Included within bank loans and overdrafts are secured loans of £600,078,000, denoted in sterling, which are part of revolving credit facilities with various UK banks. The maturity of the debt has been stated by reference to the refinancing facility. The loans are subject to variable rates of interest based upon LIBOR and have ranged between 5.788300% and 6.829100% during the year ended 31 December 2000. It is the opinion of the directors that more detailed analysis of the loan agreements would result in a statement of excessive length.

At the year end the company had interest rate swap agreements in respect of £450,000,000 of bank loans. The charge for the year (note 5) represents the difference between the variable rate and the fixed swap rates, which are set between 5.520% and 8.175%.

## **12 Deferred taxation**

The company had no actual or potential liability to deferred taxation at 31 December 2000 (1999: £nil).

### **13 Called up share capital**

	2000 £000	1999 £000
<b>Authorised</b>		
400,100,000 ordinary shares of £1 each	<u>400,100</u>	<u>400,100</u>
<b>Allotted, called up and fully paid</b>		
400,050,000 ordinary shares of £1 each	<u>400,050</u>	<u>400,050</u>

### **14 Profit and loss account**

	2000 £000	1999 £000
At 1 January 2000	28,118	27,627
Retained profit for the financial year	<u>1,459</u>	<u>491</u>
<b>At 31 December 2000</b>	<u><u>29,577</u></u>	<u><u>28,118</u></u>

### **15 Reconciliation of movements in shareholders' funds**

	2000 £000	1999 £000
Profit for the financial year	1,459	491
Opening shareholders' funds	<u>428,168</u>	<u>427,677</u>
<b>Closing shareholders' funds</b>	<u><u>429,627</u></u>	<u><u>428,168</u></u>

### **16 Related party transactions**

The group has taken advantage of the exemption under FRS 8 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of the ultimate parent undertaking.

## **17 Ultimate parent undertaking and ultimate controlling party**

In the opinion of the directors the company's ultimate controlling party is the ultimate parent undertaking, Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent GEHE AG and its consolidation of the GEHE AG Group results into its own consolidated financial statements.

Consolidated financial statements for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D47119 Duisburg, Ruhrort, Germany.

Consolidated accounts for the smallest group of companies are prepared by GEHE AG and may be obtained from GEHE AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany.