GERRESHEIMER

Annual Report 2005














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Group Management Report of Gerresheimer Holdings GmbH

for the Fiscal Year from December 1, 2004 to November 30, 2005

Change of ownership/legal matters

At the end of 2004, the Gerresheimer Group, which operates in the pharmaceuticals and cosmetics packaging market, was acquired by Blackstone, a leading worldwide investor, via a private equity fund. The seller was Glass Packaging B.V.i.L. of the Netherlands, which belonged indirectly to the holding companies JP Morgan Partners and Investcorp. The acquisition contracts were signed on November 10, 2004 and became effective on December 21, 2004.

A number of changes were made in company law in preparing and implementing the acquisition, as follows:

Gerresheimer Holdings GmbH (formerly Blitz 04-128 GmbH) was founded on November 3, 2004. The Gerresheimer Holdings GmbH Group is continuing the Gerresheimer Group's business, but with a new corporate and shareholder structure. Gerresheimer Holdings GmbH's fiscal year starts on December 1 each year and ends on November 30 of the following year. In the previous reporting period, to November 30, 2004, the company used an abbreviated fiscal year from when it was founded until November 30, 2004. Gerresheimer Holdings GmbH did not make any sales or earnings in the abbreviated fiscal year 2004, and ended the fiscal year with a loss of € 5,000 due to accounting and auditing costs.

On December 21, 2004, Gerresheimer Group Holdings GmbH (a wholly-owned subsidiary of Gerresheimer Holdings GmbH) acquired all the shares in Gerresheimer Group GmbH. The initial consolidation was made as of this date. Under the merger agreement of February 25, 2005, Gerresheimer Group GmbH was merged retrospectively as of November 30, 2004 into Gerresheimer Group Holdings GmbH, which was then renamed Gerresheimer Group GmbH.

Besides, Gerresheimer Holdings assumed significant operations from US Glass Group Inc. (GGI) in September/October 2005. The acquisition included the container glass plant in Millville, USA, as well as a 45.7% share in the Chinese special glass manufacturer Beijing Wheaton Glass Corp. Ltd, Huangcun (China).

Please note: in what follows below, the Gerresheimer Holdings GmbH Group is referred to as 'Gerresheimer', 'the Group' or 'the Gerresheimer Group'.

Expanding our market position

Gerresheimer aims to safeguard or expand its market position through organic growth and selective corporate acquisitions. As part of this growth strategy, as was mentioned above, Gerresheimer acquired significant operations of the US Glass Group Inc. and a share in Beijing Wheaton Glass Corp. Ltd. of China in September/October 2005. At the year end, the acquisition of the Pharma-Pack division of Superfos A/S of Denmark was instigated, which will be trading as Dudek Plast A/S in future. This acquisition was completed at the end of December 2005.

US company Glass Group Inc., a former competitor, filed for insolvency in February 2005. This acquisition covers both the glass container works specializing in pharmaceutical packaging at *Millville*, New Jersey, USA, with an estimated sales volume of around USD 55m in 2004, and a 45.7% share in Chinese glass making specialist Beijing Wheaton Glass Corp. Ltd.

The new Millville location has a staff of 330; its products include highly-specialized Type I borosilicate glass, which is used in packing high-grade pharmaceuticals. Gerresheimer was already one of the market leaders in the USA in tubular glass and pharmaceutical packaging made from it. In pharmaceutical glass containers, the newly acquired works at Millville together with our production site at Chicago Heights means Gerresheimer is now market leader in the USA in this segment also. The joint venture in China gives Gerresheimer a particularly cost-effective production base, and is the first time we have been represented locally in the Asian market. In operational terms, the Millville works and Beijing Wheaton Glass Corp. Ltd. come under Kimble Glass Inc. of the USA.

Dudek Plast A/S, acquired at the end of 2005, is one of Europe's leading suppliers of plastic pharmaceuticals packaging. The company is based at Vaerlose in Denmark, with 120 staff and sales of over € 25 m. This packaging maker is extremely well placed in the market, with two production sites in Denmark and several sales offices in Europe. The company designs, makes and markets customized plastics packaging and sealing systems for the major companies in the pharmaceutical industry. With Dudek Plast A/S, Gerresheimer has extended its technology base in the important market segment of plastic packaging. This acquisition also reinforces Gerresheimer's position in Scandinavia, and increases the target pharmaceuticals segment of total group sales by around 4 percentage points.

Operationally speaking, Dudek Plast A/S becomes part of our Pharma Systems division. This acquisition did not affect the fiscal year 2005, as the acquisition was not completed in legal or financial terms until December 30, 2005, that is after our fiscal year ended (November 30, 2005).

The Gerresheimer Group
Overview, markets, divisions, regions

Overview

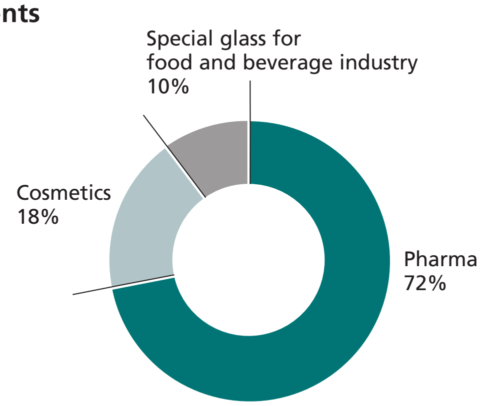
The Gerresheimer group comprises Gerresheimer Holdings GmbH and its direct and indirect subsidiaries. Gerresheimer is a leading international specialist in high-grade packaging solutions, for the pharmaceutical and cosmetics industry in particular. Gerresheimer designs and makes a comprehensive range of tubular glass and moulded glass products, plus glass and plastic packaging and applications systems. With 20 production sites in Europe, America and Asia at present, Gerresheimer uses state of the art technology to meet our customers' most demanding requirements in terms of quality and precision. Gerresheimer employed around 5,500 staff worldwide in 2005. Our sales in the year under review came to € 526 m, three-quarters of which came from the USA and Europe other than Germany.

Markets

The segments Gerresheimer focuses on are pharma, cosmetics and special glass for the food and beverage industry.

Pharmaceutical manufacturers in Europe and North America are our largest customer group, which all our divisions supply with pharmaceutical packaging and systems. Gerresheimer sells special glass packaging mainly to European cosmetics and perfume makers, and small spirit bottles and glass containers for brand products to the food and beverage industry.

Sales by market segments

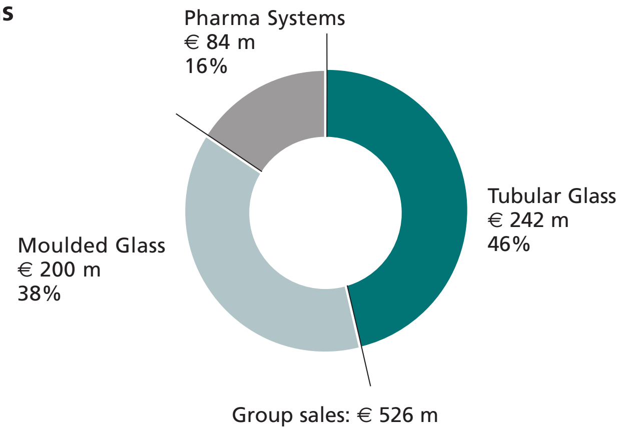


Group sales: € 526 m

The pharma segment accounts for 72% of Group sales. Cosmetic industry sales account for 18%, special glass for food and beverage segment for 10%.

Divisions

Sales by divisions



Gerresheimer has three divisions, "Tubular Glass", "Moulded Glass" and "Pharma Systems":

- Tubular Glass

  As a vertically integrated supplier, the Gerresheimer Group makes Type I borosilicate glass with maximum hydrolytic resistance as a basic component of a comprehensive range of high-grade pharmaceutical packaging. From tubular glass which we make ourselves, Gerresheimer makes a broad spectrum of pharmaceutical packaging such as ampoules, vials, carpoules and life science research products.

  We also offer some of our tubular glass to other packaging makers as semi-finished products. Gerresheimer's production plants are designed to make highly competitive, high-grade products as suppliers which customers can trust. Some particularly cost-effective production sites, such as in Mexico and Poland, help make our Pharma division one of the market leaders.

- Moulded Glass

  Gerresheimer supplies glass container packs to both the pharmaceutical and cosmetics industry, and to food and beverage manufacturers.

  The division's product range for the *pharmaceutical* sector comprises brown and white glass containers, including injection, infusion and transfusion bottles, dropper bottles and tablet bottles. *To the perfume and cosmetics industry*, the Group offers a seamless range of glass packaging of all kinds, from perfume bottles through cream jars to deodorant bottles. The production plants use all relevant technologies in moulding, dyeing, printing and exclusive finishing. In *food and beverage*, Gerresheimer mainly supplies special containers, such as individual delicatessen and spice bottles or spirit miniatures.

- Pharma Systems

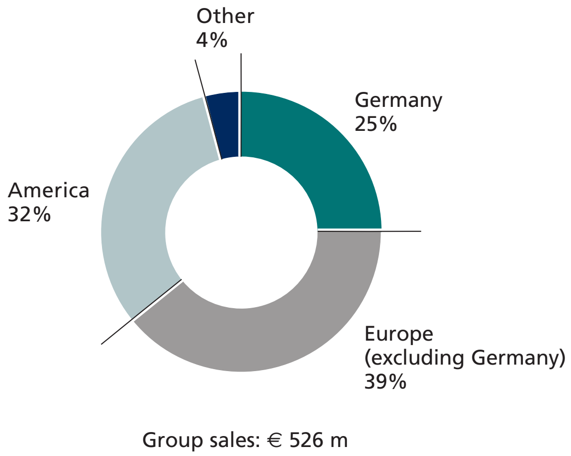
  This division designs and makes top-quality packaging and application systems made of tubular glass and plastics. This includes such things as pre-fillable disposable injection systems, dropper bottles with tamper-proof seals, inhalers, nasal applicators and medical diagnostic and application kits.

  The development centres in this highly innovative sector aim for maximum friendliness in use and with it more safety for pharmaceuticals users. They also assist the pharmaceutical industry in its efforts to optimize its own production processes and devolve the preparation stage of the process chain onto the suppliers. Gerresheimer's RTF (Ready-to-Fill) injection range makes it one of the world leaders in injection systems, supplying them ready-siliconized, sterilized and largely pre-assembled to the pharmaceutical industry.

  In the plastics sector, acquiring Dudek Plast A/S has expanded our product range considerably, with packaging for tablets / powder and seals that make an outstanding addition to Gerresheimer's existing product spectrum.

Regions

Sales by region



Gerresheimer's core markets are North America and Europe, which account for more than 75% of all pharmaceuticals produced worldwide. In these regions, the group has production plants in the USA and Mexico, Belgium, France, Poland and Germany and, since December 2005, in Denmark also. With 32% of Group sales, North America (USA and Mexico) is largely unchanged on last year. North America is far and away our main market area, with its population potential, homogenous market and the presence of global pharmaceutical companies. Europe's share of sales was also virtually unchanged on last year.

Since autumn 2005, Gerresheimer has had a share in Beijing Wheaton Glass Corp. Ltd., giving it access to the Chinese market for the first time. China has enormous growth potential for pharmaceuticals and pharmaceutical packaging, as the initial base for medical supplies is low to date. China's gross domestic product is expected to grow by a massive 7- 8% p.a. There is increasing prosperity at many levels of the population, people increasingly have access to medical supplies, especially in rural areas, and the population is ageing rapidly so we expect demand for pharmaceuticals and pharmaceutical packaging to grow above average.

Economic background

Macro-economic data varied between Gerresheimer's relevant regions in 2005.

In the European Union, which accounts for around two-thirds of Gerresheimer's sales, gross domestic product grew by 1.6% on average. Different Member States grew at different rates, Germany at just 0.8%. In the USA, on the other hand, accounting for around one-third of Gerresheimer's sales, GDP was up around 3.6%.

The pharmaceutical product market worldwide continues to show lasting high growth, estimated at around 8% p.a. The reason for this growth trend is demographical trends in industrialized nations, whose populations are ageing and so need more medical supplies. Developing new drugs encourages new applications and increases demand for system packaging. Demand for pharmaceutical products is also growing in the developing nations, thanks to many population strata having increasing access to better medical supplies.

Like the pharmaceutical products market, independent market studies show the market for pharmaceutical packaging is growing at around 6% p.a. long term. All the segments Gerresheimer supplies show pleasing growth rates, those for injection systems being expected to be above average. Gerresheimer is well positioned in these segments to meet the pharmaceutical industry's increasing demands for quality and technology. Our aim is to grow with our customers, who include the major pharmaceutical companies.

The glass cosmetics packaging market is growing at 3-5% long term. Here, packaging is an integral part of product presentation and image. Gerresheimer offers a seamless range of products and services here to meet our customers' individual expectations and give them the high level of quality they expect. Gerresheimer packaging has won many awards. Gerresheimer is well positioned in this market too: our customers include all the major producers in the European cosmetics industry.

Product innovation

The pharmaceutical industry is engaged in research and development constantly, and coming up with new drugs all the time. So demands on the pharmaceutical packaging industry are growing. Gerresheimer meets these challenges with a range of innovative packaging.

In the fast-growing market for pre-fillable injection systems, Gerresheimer has established itself as competence leader, in the field of sterile injections particularly. In the RTF (Ready-to-Fill) sector, the Group offers systems that come ready-sterilized, siliconized and pre-assembled, i.e. Ready-to-Fill to the pharmaceutical industry.

As well as latest-generation pre-fillable glass syringes, we also offer add-on safety and protective application products. A novel backstop prevents problems when dissolving dry medications and helps patients inject themselves. The Rigid Needle System (RNS), a cannula protection system, protects both cannula and user. The Tamper Evident Luerlock Closure (TELC) combines guaranteed genuine closure and cannula adapter in a single component; and our new precision cannulae make injection almost painless.

In the plastic pharmaceutical packaging sector also, Gerresheimer offers innovative applications that make home use easier: integrated mixing and dosing systems make it possible to take precise dosages of antibiotic medications, and apply eye drops right on the spot. Childproof closures and those designed for the elderly, such as the easy-turn winged cap for drug bottles, are very important.

In the perfume and cosmetics sector, the Gerresheimer Group works very closely with the major suppliers, creating new glass containers to a wide range of design concepts with a wealth of sophisticated techniques as part of marketing through the packaging. Design possibilities seem to be limitless. Design options range from reliefs through acid matting to sandblasting, from feeder dyeing and dye spraying to sieve or tampon printing. On the finishing side, the novel sublimation method offers a welcome addition, applying illustrations and even photographs to the whole glass bottle. Our product range also includes white opal glass.

Process optimization

The Gerresheimer Group has been using a range of programmes to improve production processes for many years. Following the best practices system, we have now taken our programmes and experience and come up with a standardized overall strategy, the 'Gerresheimer Management System'. This programme is based on the lean manufacturing strategy, and consists of standardized methods to improve operative value creation processes and so access greater potential efficiencies. The programme ensures we maintain the same high-grade quality standard worldwide.

The Gerresheimer Management System has now been implemented in all companies, and is well accepted by Gerresheimer's staff and management as a source of inspiration and aid to continuous improvement.

Operative rollout started at each subsidiary in early 2005, by conducting a status quo inventorization, recording what had been achieved to date. Each company drew up a plan of implementation in the light of its specific priorities, but with the emphasis always on improving quality, efficiency and reliability of supply, monitored via a consistent Group-wide indicator system.

Initially, the Gerresheimer Management System was used only in pilot groups or units at subsidiary level, but then it was expanded increasingly to include all areas of the company. Exchanging experience between companies was organized, systematized and institutionalized.

Working groups drew up other focus topics systematically, which were then made binding. In terms of efficiency, there is still clear room for improvement. Particular focus is on the companies recently acquired in 2005, which can call on the Gerresheimer Group's implementation experience and standards achieved to date.

The Gerresheimer Management System provides a framework in which the Gerresheimer Group can embark on a permanent process of improvement to continue delivering better quality to customers into the future.

Sales development

Consolidated sales came to € 526 m.

The newly acquired works at Millville was consolidated for the first time in October, contributing to Group sales for just two months.

The Tubular Glass division recorded sales of € 242 m. The pharmaceutical packaging segment in the USA boomed.

The Moulded Glass division achieved sales of € 200 m. Sales in the cosmetics and spirit miniatures segments were up satisfactorily.

The Pharma Systems division recorded sales of € 84 m, thanks in particular to the segments of innovative injection systems and plastics pharmaceutical packaging.

Income

Consolidated operating earnings (EBITDA) came to € 98.5 m.

Our *Tubular Glass* division made an operating profit of € 47.6 m. This was boosted by business in North America, thanks to the growth in the pharmaceutical packaging segment and relocating some production to Mexico where we can produce more cost-effectively. Our European companies focused on improving efficiency.

The *Moulded Glass* division recorded an operating profit of € 44.8 m. Sales in pharma, cosmetics, spirit miniatures and food segments were satisfactory. Productivity increased further in all companies.

The *Pharma Systems* division recorded an operating profit of € 20.5 m. Sales were up in the innovative, high-growth injection business, and productivity was improved.

Systematic depreciation was € 42.8 m.

Amortization and depreciation of the fair value adjustments of € 70.5 m derived from acquiring and consolidating Gerresheimer Group GmbH, and consists mainly of amortizing order backlog, customer relationships and trademark rights.

The *net financial result*, at -€ 37.3 m, resulted mainly from interest costs incurred in acquiring the Gerresheimer Group.

The Group's *restructuring costs* came to € 6.0 m. This related mainly in the year under review to measures to cut costs and increase efficiency in production, sales and administration at a number of subsidiaries.

Net *extraordinary income and expenses* came to -€ 17.9 m. This year, this comprised mainly an impairment loss on tangible assets and exchange-rate losses on US dollar loans. The respective income and expense items are included under other operating income/expenses.

The *consolidated result before income taxes* came to -€ 76.0 m.

Tax income at € 22.0 m comprises mainly deferred tax income. For Gerresheimer Holdings GmbH, the consolidated accounts allow for tax which is not actually paid on account of the de facto tax unit with Gerresheimer Beta GmbH.

The *consolidated result before minority interests* was € 54.0 m.

Consolidated Balance Sheet

	2005 € m	2005 %
Assets		
Non-current assets	656	74
Current assets	225	26
Total assets	881	100
Equity and Liabilities		
Equity and minority interests	6	1
Non-current liabilities	658	75
Current liabilities	217	25
Total equity and liabilities	881	100

Total consolidated assets stood at € 880.8 m.

The asset side of the balance sheet was marked by fixed assets, which the acquisition of Gerresheimer Group GmbH and initial consolidation as at December 21, 2004 increased by € 401.7 m. This breaks down into intangible assets at € 146.5 m and property, plant and equipment at € 255.2 m.

The individual accounts of Gerresheimer Holdings GmbH showed equity of € 117.1 m, at an equity ratio of 35%.

Consolidated equity including minority interests was € 5.9 m.

Debt stood at € 874.9 m, € 658.2 m or 75% of which consisted of non-current liabilities.

Provision for pensions and similar obligations were € 184.1 m as at November 30, 2005, € 168.5 m of this non-current.

Gerresheimer Holdings GmbH issued notes in March 2005 to the value of € 150 m at an interest rate of 7.875% and maturing in 2015. This bond was issued to redeem a mezzanine bridging loan. The book value was € 143.4 m.

Liabilities to financial institutions stood at € 281.0 m, and are in connection with the refinancing of the Group since acquired by Blackstone.

Liabilities to affiliated enterprises, at € 66.8 m, include liabilities from transferring profits to Gerresheimer Beta GmbH.

Consolidated Cash Flow Statement

(Short version)

(€ m)	2005
Cash flow from operating activities	47
Changes in funds from investing activities	-149
Changes in funds from financing activities	131
Changes in cash and cash equivalents	29
Exchange related changes in cash and cash equivalents	0
Cash and cash equivalents at the beginning of the period	0
Cash and cash equivalents at the end of the period	29

The cash flow from operating activities was € 47 m in this fiscal year.

The net cash outflow from investing activities was € 149 m, due mainly to acquiring the Gerresheimer Group, the Millville works and the share in Beijing Wheaton Glass Corp. Ltd.

The net cash inflow from financing activities was € 131 m, including funds from capital contributions by the shareholder of € 117 m.

Cash and cash equivalents at the end of the reporting period stood at € 29 m.

Investment

€ 101 m was spent on acquiring Gerresheimer Group GmbH. € 17 m in all was spent on acquiring the Millville works and the 47.5% share in Beijing Wheaton Glass Corp. Ltd.

Investment in fixed assets (incl. intangibles) for the Group's current business stands at € 41 m.

The reinvestment ratio (investment in fixed assets in relation to systematic depreciation) was around 96%.

Of investment in fixed assets, € 20 m went on the Tubular Glass division, concentrating mainly on overhauling furnaces at the Vineland and Pisa sites and high-performance equipment for making pharmaceutical packaging in the USA and Mexico.

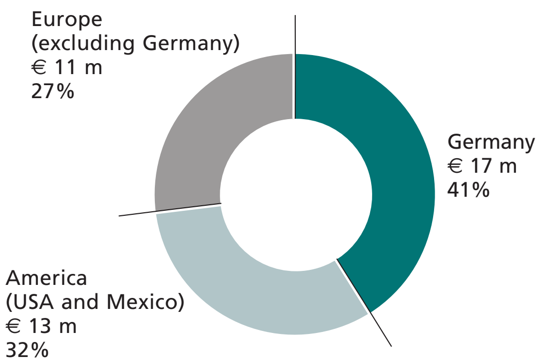
The Moulded Glass division invested € 12 m, mainly in improving productivity, procuring replacements and modernization. Some of this was used on general overhauling of melting furnaces not yet completed.

The Pharma Systems division invested € 9 m, mainly on new production and packaging lines for expanding syringe business at Bünder Glas GmbH. New injection moulding equipment was acquired for the plastic packaging segment. Polfa S.A. was given another clean room for particle-free production and new vial machines.

Projects to increase productivity and quality assurance have high priority in all divisions.

The USA and Mexico accounted for 32% or € 13 m of investments in fixed assets, the rest of Europe 27% or € 11 m. Germany itself accounted for 41% or € 17 m.

Investments in fixed assets



Investment in fixed assets for the Group's current business: € 41 m

Investment was financed out of cashflow.

Staff

At the end of the fiscal year 2005, the Group employed 5,538 people.

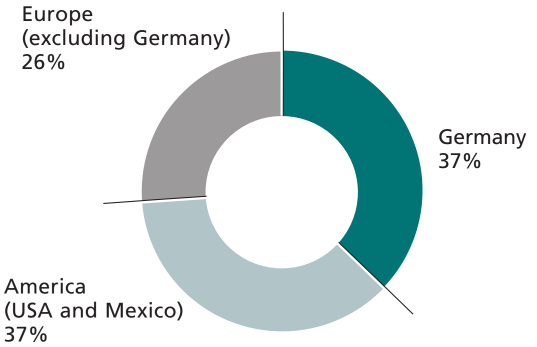
During the year under review, the number of staff employed in our Tubular Glass division increased to 2,861, thanks mainly to the acquisition of the Millville works (330 staff).

The Moulded Glass division employs 1,717 staff.

The Pharma Systems division has a staff of 900. Group headquarters had a staff of 60.

At the fiscal year end, 37% of our staff were employed in America (USA and Mexico). The rest of Europe (outside Germany) employed 26%, Germany 37%.

Workforce structure by region



Group employees: 5,538

Collective labour rates in the USA rose by around 3%, compared with 0-5% in Europe. In the collective wage agreement areas relevant to the Gerresheimer Group in Germany, collective wage negotiations completed mainly in 2004 increased wages by 0-1% as they still had some while to run in 2005.

Efforts to improve safety at work worldwide cut accident rates still further: those accidents which did occur were less serious, cutting days off due to accidents by 26%.

Risk management

Detecting and containing operational risks is generally handled by the monitoring, planning, management and control systems at individual company and management holding company level, which are an integral part of overall organisational structure and procedures.

The Group internal audit department runs system checks at regular intervals.

Subsidiaries and main management holding company functions have risk reporting guidelines imposed on them. We continued expanding the Group's risk early warning system, which meets KonTraG requirements (law on control and transparency in business) and has been examined by our auditors.

The main elements of this system are:
- Subsidiaries reporting to Group headquarters uniformly at regular intervals,
- Regular risk assessments in major HQ areas,
- Segmenting risks by markets, customers, financial management, environmental protection, legal relations, external political/statutory constraints and strategic decisions,
- Quantifying risks through estimating potential losses and likelihoods of occurring,
- Recording impact on results by business areas,
- Containing losses through avoiding them and devolving risks.

Gerresheimer uses foreign currency futures and interest rate swaps to contain exchange rate and interest rate change risks.

Financial derivatives are used only for managing risks in connection with underlying commercial business. There are no open positions of note. The Corporate Treasury department responsible for using derivatives acts as a service centre for all Group companies.

Existing risks from derivatives are listed and valued in the notes to the financial statements.

Global economic trends, exchange rate factors, rising raw material and energy prices and uncertainties as to which way national health systems will go are risks that may affect the course of business long term. We are aware of these risks, and hold safety reviews regularly. We will continue to pursue our strategic goals to encounter these potential factors.

Significant events after the balance sheet date

The Gerresheimer Group acquired 100% of the shares in Dudek Plast A/S via a Danish acquisition company with effect as of December 30, 2005. This acquisition did not affect the fiscal year 2005. The new Danish subsidiary's activities will be included in the consolidated financial statements of Gerresheimer Holdings GmbH in the new fiscal year from December 30, 2005, onwards. The acquisition was financed through the increase of the corporate bond Gerresheimer Holdings GmbH issued in March 2005 by another € 60 m to € 210 m.

Prospects 2006

The Gerresheimer Group improved its position in the market considerably through optimizing processes further and through the acquisitions in 2005.

The overall aim for 2006 is to integrate the newly acquired companies successfully as part of the Group, with the focus remaining on increasing productivity and cutting costs constantly.

Gerresheimer aims to share in the above-average growth of its core pharmaceuticals segment through organic growth on the basis of investments both achieved and to come as well as through further acquisitions.

The Tubular Glass division expects the US market to continue growing. Acquiring the Millville works and the share in Beijing Wheaton Glass Corp. Ltd. provides the foundations on which the volume of business can grow.

The Moulded Glass division will continue to expand its good position in the market and on costs, in cosmetics in particular. Nouvelles Verreries de Momignies in Belgium is expected to increase its productivity significantly, following a general overhaul of the second melting furnace and improved works design.

The Pharma Systems division feels its product strategy to date has been successful, and is planning further growth through innovative packaging solutions, especially in injection systems and medical glass and plastic packaging. New acquisition Dudek Plast A/S in Denmark will help expand the division's activities considerably.

The investment budget for 2006 is € 75 m, due to the major expansion in business and the usual cyclical peak in glass production following general melting furnace overhauls. Reinvestment levels are around 146%, with the focus, at around 30% of the total, on general melting furnace overhauls at the Vineland, Millville, Pisa, Tettau and Momignies sites. The remaining investment will be used on new high-performance equipment and process and product innovations.

Key Account Management will continue to expand, generating more customer benefits. Our "Gerresheimer Management System" will also enable us to continue optimizing processes.

The major energy price increases that occurred in 2005 will continue this fiscal year and negatively affect our costs; but we still expect to improve our operating profits, thanks to the action described and increasing our business volume.

Developments in the global economy, exchange rate factors, rising raw material and energy prices and uncertainties as to what direction national health systems will take in future are risks that could affect business adversely, however.

Consolidated Group Financial Statements for the 2005 Financial Year

December 1, 2004 to November 30, 2005

of Gerresheimer Holdings GmbH

Consolidated Income Statement for the Period from December 1, 2004 to November 30, 2005

(€ '000)	Note	2005
Sales	(9)	525,787
Cost of Sales	(10)	(383,548)
Gross profit*		**142,239**
Selling expenses	(11)	(52,816)
General administrative expenses	(12)	(34,797)
Other operating income	(13)	12,483
Restructuring expenses	(14)	(5,999)
Amortization and depreciation of fair value adjustments	(15)	(70,521)
Other operating expenses	(16)	(29,333)
Result from ordinary activities		**(38,744)**
Financial result	(17)	(37,300)
Consolidated result before income taxes and minority interests		**(76,044)**
Income taxes (income)	(18)	22,078
Consolidated result before minority interests		**(53,966)**
Minority interests		1,692
Consolidated result		**(55,658)**

* The amortization and depreciation of the fair value adjustments is separately disclosed, see note (15)

The notes on pages (26) to (63) are an integral part of these consolidated financial statements.

Consolidated Balance Sheet as of November 30, 2005

(€ '000)			Note	as of November 30 2005
Assets	**Non-current assets**	Intangible assets	(23)	358,205
		Property, plant and equipment	(24)	268,171
		Investment property	(24)	355
		Financial assets (thereof associated companies: € 3,396 k)	(25)	6,817
		Loans and other non-current assets	(26)	800
		Deferred tax assets	(27)	21,329
				655,677
	Current assets	Inventories	(28)	92,030
		Receivables and other current assets	(29)	103,001
		Cash and cash equivalents	(30)	28,866
		Other prepaid expenses	(31)	1,224
				225,121
Total assets				**880,798**
Equity		Subscribed capital	(32)	25
		Capital reserve	(32)	117,105
		Cash flow hedge reserve	(6)	2,573
		Currency translation reserve		390
		Retained earnings		(121,371)
				(1,278)
Minority interests			(32)	7,180
Liabilities	**Non-current liabilities**	Deferred tax liabilities	(33)	68,907
		Provisions	(34)-(36)	174,669
		Loans	(37)	411,160
		Other financial liabilities	(37)	3,442
				658,178
	Current liabilities	Provisions	(34)-(36)	65,260
		Loans	(37)	13,517
		Other financial liabilities	(37)	137,890
		Deferred income		51
				216,718
				874,896
Total equity and liabilities				**880,798**

The notes on pages (26) to (63) are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

(€ ´000)	Subscribed capital	Capital reserve	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Total retained earnings	Total equity
As of November 30, 2004	**25**	**25**	**–**	**–**	**(10)**	**(10)**	**40**
Shareholder's contribution	–	117,080	–	–	–	–	117,080
Changes in fair values	–	–	2,573	–	–	–	2,573
Fictitious distribution due to the disclosure of current German taxes	–	–	–	–	(2,019)	(2,019)	(2,019)
Profit transfer	–	–	–	–	(63,684)	(63,684)	(63,684)
Consolidated result	–	–	–	–	(55,658)	(55,658)	(55,658)
Currency translation differences	–	–	–	390	–	390	390
As of November 30, 2005	**25**	**117,105**	**2,573**	**390**	**(121,371)**	**(120,981)**	**(1,278)**

The notes on pages (26) to (63) are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

(€ '000)	Note	**2005**
Consolidated result		(55,658)
Adjustments for		
Minority interests	(32)	1,692
Income taxes	(18)	(22,078)
Depreciation of property, plant and equipment	(24)	42,468
Amortization of intangible assets	(23)	70,901
Impairment losses	(24)	4,873
Change in provisions		6,550
Change in provisions for pensions and similar obligations		(2,901)
Gain on the disposal of non-current assets		337
Financial result	(17)	37,300
Interest paid		(21,025)
Income taxes (paid)/received		(5,878)
Changes in net working capital		
Change in inventories		3,214
Change in trade receivables and other assets		(5,496)
Change in trade payables and other liabilities		6,302
Other non-cash expenses/income		(13,383)
Cash flow from operating activities		**47,218**
Cash received from disposals of fixed assets		2,736
Cash paid for investments		
in property, plant and equipment		(39,519)
in intangible assets		(1,689)
in financial assets		(37)
Funds released from changes in the consolidated group		(111,099)
Cash flow from investing activities		**(149,608)**
Shareholder's contributions		117,080
Profit transfer to the shareholder and distributions to third parties		(2,290)
Raising of loans		575,819
Repayment of loans		(559,403)
Cash flow from financing activities		**131,206**
Changes in cash and cash equivalents		**28,816**
Exchange related change in cash and cash equivalents		–
Cash and cash equivalents at the beginning of the period		50
Cash and cash equivalents at the end of the period	(30)	**28,866**

The notes on pages (26) to (63) are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the Period from December 1, 2004 to November 30, 2005

(1) General

Gerresheimer Holdings GmbH (formerly Blitz 04-128 GmbH; hereinafter also referred to as Gerresheimer Holdings) was founded on November 3, 2004. The Gerresheimer Holdings Group manages the business activities of the old Gerresheimer Group under a new corporate and ownership structure. Gerresheimer Holdings' fiscal year begins on December 1 and ends on November 30 of the following year. The reporting period as of November 30, 2004 covered an abbreviated fiscal year from Gerresheimer Holdings' foundation until the end of the fiscal year on November 30, 2004. As of November 30, 2004, the Company held an investment in a shell company. In abbreviated fiscal year 2004, the group did not generate any income and the fiscal year closed with a loss of € 10 k due to accounting and audit costs.

The consolidated financial statements as of November 30, 2005 have been voluntarily prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB). The financial statements are in compliance with the Seventh EU Directive. The assessment as to whether the consolidated financial statements and group management report are in line with the directive is based on the interpretation of German Accounting Standard 1 (GAS 1) of the German Accounting Standards Board (GASB). At the beginning of the reporting period, IFRS 3, "*Business Combinations*", adopted by the IASB on March 31, 2004, and consequently also the revised IAS 36, "*Impairment of Assets*" and IAS 38, "*Intangible Assets*" were applied. Further amendments to existing standards or new standards as part of the IASB's "Improvement project" will be applied for the first time to the 2006 consolidated financial statements in line with the effective dates set out in the standards. Financial assets and liabilities are measured at historical cost, with the exception of available-for-sale investment securities and derivative financial instruments.

No accounting policies under German law which are not compliant with IFRS and/or SIC, were applied. All standards which are currently mandatory have been applied in these consolidated financial statements.

In preparing the consolidated financial statements in accordance with prevailing accounting principles, estimates and assumptions are made which have an effect on the measurement of assets and liabilities, the disclosure of contingent liabilities and assets as of the balance sheet date as well as on the amount of income and expenses in the reporting period. Although the estimates are made to the best of management's knowledge of current events and transactions, actual future results may differ from the estimates.

In order to improve the clarity and informative value of the financial statements, individual items in the balance sheet and income statement are summarized and disclosed separately in these notes. The income statement has been prepared using the function of expense method. Restructuring expenses and amortization and depreciation of fair value adjustments on intangible assets and property, plant and equipment are disclosed separately in view of their significance.

The financial statements are in euros, the functional currency of the parent company.

The consolidated financial statements contain the following main accounting and measurement policies that deviate from German law:

- Fair value measurement of financial instruments.
- Translation of receivables and liabilities in foreign currencies at the closing rate and recognition of resulting changes in value in profit or loss.
- Recognition of internally generated intangible assets.
- Recognition of long-term provisions at present value.
- Non-recognition of other provisions if the probability of utilization is less than 50%.
- Recognition of deferred taxes using the balance sheet liability method.
- Capitalization of deferred tax assets on tax loss carryforwards.
- Fictitious treatment of the parent company as German tax group parent.
- Recognition of assets and the present value of lease payments on finance leases as liabilities in accordance with the classification criteria of IAS 17.
- Measurement of provisions for pensions using the projected unit credit method taking future salary increases and the corridor rule of IAS 19 into account.
- The profit or loss transferred by Gerresheimer Holdings under the profit and loss transfer agreement is disclosed as profit appropriation in the balance sheet only.
- In accordance with the standards IFRS 3, IAS 36 and IAS 38 and their effective dates, goodwill is not amortized but rather is subject to an impairment test at least once a year.

The profit and loss transfer agreement between Gerresheimer Beta GmbH and Gerresheimer Holdings came into effect as of December 1, 2004. Pursuant to this agreement, Gerresheimer Holdings is required to transfer all of its profits to Gerresheimer Beta GmbH. In return, Gerresheimer Beta GmbH must absorb any net loss. Gerresheimer Holdings transferred € 63,684 k for fiscal year 2005.

By way of a notarized purchase agreement dated November 10, 2004, Gerresheimer Group Holdings GmbH, a wholly-owned subsidiary of Gerresheimer Holdings, acquired all of the shares in Gerresheimer Group GmbH. The agreement contained conditions precedent which were met on December 21, 2004. By the merger agreement dated February 25, 2005 and with retroactive effect as of November 30, 2004, Gerresheimer Group GmbH was merged into Gerresheimer Group Holdings GmbH, which in turn was renamed Gerresheimer Group GmbH.

In March 2005, Gerresheimer Holdings issued a senior note with a volume of € 150 m which is listed on the Irish Stock Exchange (ISIN: XS0213359671; notes sold in accordance with regulation 144A are listed under ISIN: XS0213359754). The note has a coupon of 7.875% and is payable on March 1, 2015. The bond was issued to repay a mezzanine interim financing arrangement. In December 2005, the bond volume was increased by a further € 60 m, mainly to finance an acquisition. We refer in this regard to our comments under "Events After the Balance Sheet Date" (43) in these notes.

Gerresheimer Holdings and its subsidiaries are included in the consolidated financial statements of Gerresheimer Alpha GmbH, Düsseldorf, Germany. The consolidated financial statements of Gerresheimer Alpha GmbH are filed in German at the location of Gerresheimer Holdings' registered office, i.e. in the commercial register of the Düsseldorf local court under HRB 51305.

(2) Consolidated Group

On December 21, 2004, Gerresheimer Group Holdings GmbH, a wholly-owned subsidiary of Gerresheimer Holdings, acquired all of the shares in Gerresheimer Group GmbH. Based on the merger agreement dated February 25, 2005 and with retroactive effect as of November 30, 2004, Gerresheimer Group GmbH was merged into Gerresheimer Group Holdings GmbH, which in turn was renamed Gerresheimer Group GmbH. Via Kimble Glass Inc., Vineland, USA, Gerresheimer Holdings also acquired a major part of the business of US Glass Group Inc. (hereinafter also referred to as "GGI"). The acquisition comprised the container glass plant in Millville, USA, and a 45.7% share in the Chinese special glass manufacturer Beijing Wheaton Glass Corp. Ltd, Huangcun, China. By contrast, Société Parachèvement du Nord S.A.R.L., Fourmies (France), was deconsolidated with effect from February 28, 2005 due to the loss of control.

The shareholdings and consolidated group of the Gerresheimer Holdings Group as of November 30, 2005 break down as follows:

(€ / Local currency)	Investment (direct and indirect)	Currency	Equity	Profit / loss
Entities Included in the Consolidated Financial Statements				
Direct Investment				
Gerresheimer Group GmbH, Düsseldorf (Germany)	100.0 %	EUR m	117.1	–*
Indirect Investment				
GERRESHEIMER GLAS GmbH, Düsseldorf (Germany)	100.0 %	EUR m	189.3	–*

(€ / Local currency)	Investment (direct and indirect)	Currency	Equity	Profit / loss
Tubular Glass				
Fritz GmbH, Wertheim (Germany)****	100.0 %	EUR m	1.1	–*
Gerresheimer UK Ltd., London (UK)	100.0 %	GBP m	2.0	-0.07
with the subsidiary				
Verretubex S.A., Nogent-le-Roi (France)	100.0 %	EUR m	-8.0	-8.79
Kimble Italiana S.p.A., Pisa (Italy)	100.0 %	EUR m	7.1	2.76
Kimble Glass Inc. (sub-group), Vineland, N.J. (USA)	100.0 %	USD m	40.9	-3.89
with the subsidiaries				
KM Holdings Inc., Wilmington, De. (USA)	100.0 %			
Kontes Glass LLC., Vineland, N.J. (USA)	100.0 %			
KGV Inc., Vineland, N.J. (USA)	100.0 %			
Kimble Asset Management, Wilmington, De. (USA)	100.0 %			
Kontes Asset Management, Wilmington, De. (USA)	100.0 %			
Kimble Mexiko LLC., Wilmington, De. (USA)	100.0 %			
Ampolletas S.A.,Querétaro (Mexico)	100.0 %			
Glass & Plastic Labware LLC., Vineland, N.J. (USA)	51.0 %			
Moulded Glass				
Tettauer Glashüttenwerke GmbH, Tettau/Oberfranken (Germany)****	100.0 %	EUR m	11.4	–*
with the subsidiary				
Wisthoff GmbH, Essen-Steele (Germany)****	100.0 %	EUR m	4.1	–*
Spessart Glas GmbH, Lohr/Main (Germany)****	100.0 %	EUR m	5.3	–*
Nouvelles Verreries de Momignies S.A., Momignies (Belgium)	99.0 %	EUR m	9.3	-3.60
Pharma Systems				
Bünder Glas GmbH, Bünde/Westfalen (Germany)****	100.0 %	EUR m	14.1	–*
Boleslawiecka Fabryka Materialów Medycznych "Polfa" S.A., Boleslawiec (Poland)	100.0 %	PLN m	49.1	9.98

(€ / Local currency)	Investment (direct and indirect)	Currency	Equity	Profit / loss
Affiliates Not Included in the Consolidated Financial Statements				
Gerresheimer Glas Grundbesitz-verwaltungsgesellschaft mbH, Düsseldorf (Germany)	100.0 %	EUR m	0.02	–**
Konche GmbH, Düsseldorf (Germany)	100.0 %	EUR m	0.03	–*
Gerresheimer Bauglas GmbH, Düsseldorf (Germany)	100.0 %	EUR m	0.03	–*
HVG Hallenverwaltungsges. mbH, Düsseldorf (Germany)	100.0 %	EUR m	0.03	–*
HVG Hallenverwaltungsges. mbH & Co., Objekt Lohr/Main KG, Düsseldorf (Germany)	100.0 %	EUR m	1.2	0.11
HVG Hallenverwaltungsges. mbH & Co., Objekt Düsseldorf KG, Düsseldorf (Germany)	100.0 %	EUR m	2.1	0.10
Nouvelles Verreries de Momignies France S.A.R.L., Fourmies (France)	99.0 %	EUR m	0.1	-0.09
Nouvelles Verreries de Momignies Inc., Larchmont, NY (USA)***	99.0 %	USD m	-0.3	0.00
NLR Glass SAS, Nogent-le Roi (France)	100.0 %	EUR m	0.04	0.00
Société Parachèvement du Nord S.A.R.L., Fourmies (France)	99.0 %	EUR m	-1.1	-0.22
Gamma Glas GmbH, Düsseldorf (Germany)	100.0 %	EUR m	0.02	–**
Delta Glas GmbH, Düsseldorf (Germany)	100.0 %	EUR m	0.02	–**
Gerresheimer Denmark A/S, Copenhagen (Denmark)	100.0 %	DK m	0.5	–**
Consolidated Special Purpose Entities				
Gerresheimer Information Technology GmbH, Düsseldorf (Germany)	0%	EUR m	0.07	0.01
Associates				
Beijing Wheaton Glass Corp. Ltd, Huangcun (China)*****	45.7 %	RMB m	32.8	1.49
Investees				
GGA Gesellschaft für Glasrecycling und Abfallvermeidung mbH, Ravensburg (Germany)***	11.0 %	EUR m	1.3	0.20

* There is a profit and loss transfer agreement.

** Profit less than € 5,000

*** Profit for fiscal year 2004

**** Pursuant to Sec. 264 III HGB ("Handelsgesetzbuch": German Commercial Code), the entities are exempted from preparing a management report and publishing financial statements.

***** Interim financial statements as of August 2005

(3) Consolidation Principles

In addition to Gerresheimer Holdings, all major domestic and foreign subsidiaries directly or indirectly controlled by the Company are included in the consolidated financial statements.

Subsidiaries are consolidated for the first time as of the date the parent company assumes control of the entity. Deconsolidation is performed as of the date control no longer exists. The shares of minority interests in equity and profit or loss are disclosed separately in the balance sheet and income statement.

Acquisitions of subsidiaries are accounted for using the purchase method. This method requires all hidden reserves and charges of the acquired entity to be recognized and remeasured following a business combination and all identifiable intangible assets to be disclosed separately. Any remaining debit difference following purchase price allocation is capitalized as goodwill.

Investments in associates are recognized according to the Group's share in equity using the equity method.

The financial statements of the domestic and foreign subsidiaries included in consolidation have been prepared using uniform accounting and valuation policies in accordance with IAS 27.

Effects from intercompany transactions are eliminated. Receivables and liabilities between consolidated entities are offset, as are intercompany income and expenses; intercompany profits and losses are eliminated. The necessary deferred taxes are recognized for temporary differences arising on consolidation in accordance with IAS 12.

(4) Currency Translation

In the separate financial statements of the entities, transactions in foreign currency are measured at the rate on the transaction date. Gains or losses from currency fluctuation are recognized in profit or loss.

Exchange gains or losses from the translation of monetary assets and liabilities denominated in foreign currency at year-end rates are included in profit or loss unless they qualify as cash flow hedges and are recognized in equity.

Functional currency translation is used in the consolidated financial statements (IAS 21). Balance sheet items of all foreign entities which do not use the euro for accounting purposes are translated using the daily mean rates published by banks on the balance sheet date.

Expense and income items as well as cash flow items of the foreign entities are translated into the Group's currency using the annual average exchange rate. Any resulting differences are offset directly against equity. Goodwill is treated as assets and liabilities of the respective entities and translated at the closing rate.

The following exchange rates were used to translate the major currencies in the Group:

	Closing rate against the €	Average rate against the €
Currency	Nov. 30, 2005	2004/05
1 USD	0.84940	0.79821
1 GBP	1.46690	1.45985
1 PLN	0.25530	0.24685
1 MXN	0.08020	0.07299

(5) Accounting Policies

Intangible Assets
Intangible assets are measured at cost less straight-line amortization in line with their economic lives and any impairment. The useful life of licenses and similar rights is between one and four years. Brand names are amortized over two to ten years in accordance with their planned useful life; technologies over five years.

Goodwill represents the excess of cost over the Group's share in the net fair values of the acquiree's assets. Goodwill is tested for impairment at least once a year in accordance with IFRS 3, "*Business Combinations*" and the revised IAS 36, "*Impairment of Assets*" and IAS 38, "*Intangible Assets*".

Research and development costs are expensed as incurred. Development costs are only recognized as an intangible asset if it is probable that the project will be technically and commercially successful and the expenses attributable to the intangible asset during its development can be reliably measured. Capitalized development costs are amortized on a straight-line basis using a useful life of seven years.

Emission rights are disclosed using the net liability method. Pursuant to IAS 20.23, non-monetary government grants and the asset received (emission rights) may be recorded at a nominal amount. Obligations from emissions are only considered if noxious emissions have been incurred that exceed the emission rights available to the Gerresheimer Holdings Group.

Property, Plant and Equipment
Property, plant and equipment are measured at cost less depreciation. The cost of property, plant and equipment comprises total costs pursuant to IAS 16. Borrowing costs are not capitalized (IAS 23). Property, plant and equipment are subject to depreciation on a straight-line basis.

The depreciation is charged in line with the following useful lives which were generally calculated on the basis of estimates by experts:

Buildings	10 - 40 years
Plant and machinery	5 - 15 years
Furniture, fixtures and office equipment	3 - 10 years

Repairs and maintenance expenses are expensed as incurred. Expenses for major inspections and furnace repairs are included in the carrying amount of the assets if it is probable that a future economic benefit will flow to the Group which is larger than the benefit from that asset originally assumed.

Leases
Property, plant and equipment used on the basis of leases are capitalized and depreciated in accordance with IAS 17 when the risks and rewards associated with ownership of the asset have been transferred. Finance leases are recognized as assets and liabilities in equal amounts in the balance sheet. The amount is based on the fair value of the leased asset at inception or, if lower, the present value of the minimum lease payments. The liabilities are disclosed under other liabilities. Fixed assets acquired through finance leases are depreciated over the shorter of their expected useful life or the term of the lease.

If leased assets are classified as operating leases pursuant to IAS 17, payments are recognized as an expense in the income statement over the term of the lease agreement.

Impairment Losses
Property, plant and equipment, investment property, goodwill, intangible assets and other non-current assets are subject to an impairment test if circumstances and events indicate that the carrying amount does not reflect the recoverable amount. The impairment loss is equal to the amount by which the carrying amount exceeds the net realizable value or value in use. If the reasons for the impairment cease to exist, the impairment losses are reversed as far as they do not relate to goodwill.

Financial Assets
Financial assets are classified as "held to maturity", "available for sale" or "loans and receivables", depending on the purpose of the investment. Assets are classified on acquisition and reviewed at each balance sheet date.

Investments are carried at amortized cost or fair value in accordance with IAS 39, "*Financial Instruments*". If there are indications of impairment, an impairment test is carried out and an impairment loss charged accordingly. If the reasons for the impairment cease to exist, the impairment losses are reversed. Equity investments carried in the balance sheet in the reporting period are classified without exception as "available for sale" and are measured at amortized cost due to the lack of a market value. Non-interest or low-interest bearing financial assets are measured at amortized cost using the effective interest method.

Investments in associates are recognized according to the Group's share in equity using the equity method. The ownership interest is based on the shares in circulation. Net equity is translated at the rate on the balance sheet date.

Inventories
Inventories are measured at the lower of cost and net realizable value. Cost is generally average production cost, and includes production and materials overheads and amortization/depreciation in addition to direct costs. Other expenses attributable to production are also included as production cost. Besides the cost of production, the cost of idle capacity and expenses for voluntary social benefits and old-age pensions are included in cost of sales in the income statement.

Receivables
Receivables are recognized as current financial assets using the effective interest method at amortized cost as of the settlement date after deduction of any impairment. Impairment losses are recognized directly in profit or loss.

Other Assets
Other assets are measured at amortized cost applying the effective interest method as far as relating to financial instruments.

Cash and Cash Equivalents
Cash and cash equivalents are carried as financial assets at amortized cost. They have terms of three months or less.

Provisions for Pensions and Similar Obligations
Provisions for pensions and similar obligations are determined according to the projected unit credit method (IAS 19) on the basis of expert opinions. This method takes expected future increases in salaries, wages and pensions into account, in addition to current pensions and earned benefits as of the balance sheet date. Actuarial gains and losses exceeding the 10% corridor of the obligation are spread over the residual number of years of service.

Provisions for pensions and similar obligations comprise the US entities' obligations to assume medical expenses of employees after retirement.

The US entities also have a defined contribution pension plan. Contributions are based on a percentage of the employee's remuneration and are borne in full by the employer.

Other Provisions
Other provisions are recognized if a current obligation is established as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. Non-current provisions are discounted. If a contractual claim to reimbursement from a third party is sufficiently probable, the reimbursement is recognized as an asset in the balance sheet.

Early retirement obligations are also disclosed as other provisions. The salary portion is recognized pro-rata temporis over the residual period of the employee's term of service as soon as the employee has signed an early retirement agreement. In addition, corresponding provisions are set up from the date the agreement is concluded and are discounted to the present value on the balance sheet date. Benefits are payable on retirement.

Termination benefits are recognized when an obligation demonstrably exists that is either based on a detailed formal plan or on a specific offer of voluntary redundancy. Benefits payable more than 12 months after the balance sheet date are discounted to the present value.

Current and Deferred Income Taxes

The entities included in the Gerresheimer Alpha Group (with the exception of its foreign subsidiaries and Gerresheimer Information Technology GmbH) are in fiscal unity for income tax purposes with the ultimate group company functioning as the tax payer. Accordingly, no current income taxes are incurred at the level of Gerresheimer Holdings and its German subsidiaries included in the Group. IAS 12 does not contain any special provisions for groups in fiscal unity with regard to current and deferred income taxes. Accordingly, the Gerresheimer Group has considered other international accounting standards covering similar or identical issues, the IASC Framework and pronouncements by other standard-setters and acknowledged industry methods, provided these do not conflict with IFRS or its Framework. In line with the Australian IFRS interpretation "Urgent Issue Group Interpretation 1052" from 2005, the Gerresheimer Group allocates current and deferred income taxes to the reporting units as incurred in the separate sub-group financial statements. Accordingly, it was assumed in preparing these consolidated financial statements that Gerresheimer Holdings is not for its part an entity in fiscal unity but an independent "tax payer" because this presentation improves the informational value of the consolidated financial statements. This means that apart from the calculation of current income taxes, deferred income taxes were recognized for temporary differences on assets and liabilities in the local tax balance sheet and the IFRS balance sheet of the consolidated entities which lead to a future tax burden or to tax relief. The currently or soon to be applicable tax rates were used in the calculations. Deferred tax assets are only recognized when it appears sufficiently certain that they will be realized. In these financial statements, receivables and liabilities calculated in this way in relation to current taxes are fictitiously disclosed as distributions to the shareholder and contributions from the shareholder to retained earnings, respectively.

Liabilities

Liabilities are recognized for the first time at their present value less any transaction costs. They are then measured at amortized cost using the effective interest method. Differences between their present value (less any transaction costs) and their repayable amount on maturity are recognized in profit or loss over the term of the liability.

Revenue Recognition

Revenue from the sale of products and services is realized, less sales deductions such as bonuses, cash discounts or reductions, on the date on which the risks were transferred or the service rendered.

(6) Financial Risk Management and Derivative Financial Instruments

Derivative financial instruments are used exclusively for hedging purposes.

The Group's financial risks are monitored centrally as part of Group-wide financial risk management. Identified potential risks are managed using suitable hedging measures on the basis of clearly defined guidelines.

In addition to price risks resulting from fluctuations on the money and capital markets and the international commodities markets, risk management focuses on credit and liquidity risks.

To hedge *interest rate risks*, payer swaps are used which serve to secure the interest rate for variable-interest bank loans. Only bank loans with fixed terms and repayment agreements can be considered to present risk exposures. The hedging rate in relation to bank loans comes to some 90%.

In line with intragroup financing guidelines, forward exchange contracts and currency swaps are used to hedge *exchange rate risks*. In connection with currency management, only transaction risks can be considered to present risk exposures. The currency derivatives are used to hedge precisely defined underlyings and are considered to be effective hedging instruments.

Credit risks resulting from the Group's trade relationships are monitored through credit and receivables management and the sales divisions of the operating entities. With the aim of avoiding losses on receivables, customers are subject to ongoing internal credit checks. Receivables from customers who do not have a first-class credit rating are insured. To avoid credit risks from financial instruments, such instruments are only concluded with partners with first-class credit ratings.

The Group's *liquidity situation* is monitored and managed using complex planning instruments. Risks in connection with the procurement of funds are identified and monitored on the basis of rolling financial and liquidity plans.

Pursuant to IAS 39, all derivative financial instruments are recorded at cost on the settlement date and measured at fair value thereafter. Derivative financial instruments with a positive fair value are disclosed as financial assets under other assets while derivatives with negative fair values are disclosed as financial liabilities under miscellaneous other liabilities.

For financial assets and liabilities with terms of less than one year it is assumed that the nominal value less anticipated sales deductions, discounts or interest components corresponds to the fair value. The fair values of derivative financial instruments are determined on the basis of third-party confirmations.

Changes in the fair value of derivative financial instruments are recognized immediately in profit or loss unless an effective hedge is in place which meets the criteria of IAS 39. If the derivative serves to hedge anticipated future cash inflows or outflows (cash flow hedge), changes in the fair value of the derivative financial instrument are disclosed directly in equity under the cash flow hedge reserves. In this case, effects on the income statement from the change in value of the derivative only arise on maturity or settlement of the underlying.

Gerresheimer Holdings applies the hedge accounting method. Interest rate swaps are classified as cash flow hedges in line with IAS 39. The swaps meet the effectivity criteria regarding cash flow and were therefore classified as effective. Such contracts were entered into following the acquisition of Gerresheimer Group GmbH on December 21, 2004. The opening value of the swaps was zero. In the reporting period, payments of € 1.1 m were made for secured interest rate swaps. The fair value of the interest rate swaps increased by € 4.4 m. As a result, deferred tax liabilities of € 1.7 m exist.

Due to the relatively low volume and the short-term nature of the hedges, the currency derivatives were classified as trading transactions pursuant to IAS 39 and measured at fair value. Changes in fair value are recognized in profit or loss.

(7) Changes to the Consolidated Group

The consolidated balance sheet of Gerresheimer Holdings changed due to acquisitions and the deconsolidation of a subsidiary as of November 30, 2005:

a) Acquisition of Gerresheimer Group GmbH
On December 21, 2004, Gerresheimer Group Holdings GmbH, a wholly-owned subsidiary of Gerresheimer Holdings, acquired all of the shares in Gerresheimer Group GmbH. The acquisition of Gerresheimer Group GmbH had the following effects on the consolidated balance sheet of Gerresheimer Holdings at the date of first-time consolidation:

(€ m)

Assets	
Intangible assets	146.5
Property, plant and equipment	255.2
Inventories	83.6
Receivables and other assets	119.5
Cash and cash equivalents	6.6
Liabilities	
Liabilities	464.2
Provisions	316.6

The acquisition cost amounted to € 100.5 m. Minority interests amounted to € 6.7 m. Following the acquisition, goodwill of € 276.6 m was recognized.

b) First-Time Consolidation of Millville and Acquisition of Shares in Beijing Wheaton
Via Kimble Glass Inc., Vineland, USA, Gerresheimer Holdings acquired a major part of the business of US Glass Group Inc. in 2005. GGI was bankrupt under US Chapter 11 so that information about sales and results before the acquisition would not be meaningful. The acquisition comprised the container glass plant in Millville, USA, and a 45.7% share in the Chinese special glass manufacturer Beijing Wheaton Glass Corp. Ltd, Huangcun, China.

The impact of the acquisition of the container glass plant in Millville, USA on the balance sheet items of the consolidated balance sheet of Gerresheimer Holdings on the acquisition date of October 7, 2005 is presented in the table below:

(€ ’000)

Fixed assets	8,872
Inventories	6,518
Provisions	-1,411
Acquisition cost	**13,979**

The 45.7% share in Beijing Wheaton Glass Corp. Ltd, Huangcun, China was acquired on September 21, 2005 at a purchase price of € 3.2 m. As of November 30, 2005, the equity investment is disclosed in the amount of € 3.4 m under financial assets as an investment in an associate using the equity method since Gerresheimer Holdings indirectly holds more than 20% of the voting rights and can exert significant influence on its financial and operating policies.

c) Deconsolidation of Société Parachèvement du Nord S.A.R.L.

Société Parachèvement du Nord S.A.R.L., Fourmies, France, a direct subsidiary of Nouvelles Verreries de Momignies S.A., Momignies, Belgium, was deconsolidated with effect from February 28, 2005 as a result of the loss of control. The effects on the consolidated balance sheet on the date of deconsolidation are presented in the table below:

(€ '000)	
Fixed assets	-159
Inventories	-21
Receivables and other assets	-101
Cash and cash equivalents	-2
Prepaid expenses	-5
Provisions	180
Liabilities	1,299
Equity	**1,191**

Had the entity not been consolidated following the acquisition of Gerresheimer Group GmbH as of December 21, 2004, the effects on the balance sheet items of the consolidated balance sheet of Gerresheimer Holdings would have been as follows:

(€ '000)	
Fixed assets	-171
Inventories	-30
Receivables and other assets	-104
Cash and cash equivalents	-105
Prepaid expenses	-7
Provisions	190
Liabilities	1,204
Equity	**977**

Société Parachèvement du Nord S.A.R.L. generated a loss of € 0.2 m in the period from December 21, 2004 to February 28, 2005. Société Parachèvement du Nord S.A.R.L. closed fiscal year 2004 with a loss of € 0.4 m. The company was a direct equity investment of Nouvelles Verreries de Momignies S.A., Momignies, Belgium, and operated in the moulded glass segment.

(8) Cash Flow Statement

The cash flow statement shows how the cash and cash equivalents of the Gerresheimer Holdings Group have changed in the course of the year under review due to inflows and outflows of funds. In this regard, the effects of acquisitions, divestments and other changes in the consolidated group have been eliminated. In accordance with IAS 7, a distinction is made between cash flows from operating, investing and financing activities. The cash and cash equivalents in the cash flow statement comprise cash on hand, checks, bills of exchange and bank balances. The cash flow statement is supplemented by a reconciliation to cash and cash equivalents stated in the balance sheet. The item ”Funds released from changes in the consolidated group” includes the purchase prices paid for the acquisitions described in note (7) less the cash and cash equivalents received and disposed of, respectively, upon the changes in the consolidated group.

Notes to the Consolidated Income Statement

(9) Revenues

(€ m)	**2005**
By business division	
Tubular Glass	242
Moulded Glass	200
Pharma Systems	84
	526

By region	
Germany	130
Europe (excluding Germany)	205
USA	171
Rest of world	20
	526

All revenues are attributable to sales of goods.

(10) Cost of Sales

Cost of sales comprises the cost of goods sold and the purchase cost of merchandise sold. The cost of sales includes direct costs such as production materials, personnel expenses and energy costs as well as indirect costs such as depreciation on production facilities and repair costs.

(11) Selling Expenses

Selling expenses comprise personnel and non-personnel expenses for the sales organizations and distribution (including freight and commissions).

(12) General Administrative Expenses

General administrative expenses comprise personnel and non-personnel expenses for the administrative offices.

(13) Other Operating Income

Other operating income breaks down as follows:

(€ m)	2005
Income from the reversal of provisions	7.6
Exchange gains	0.6
Income from reimbursement claims against third parties	0.4
Income from the disposal of fixed assets	0.3
Other income	3.6
	12.5

€ 6.5 m of income from the reversal of provisions relates to a provision for litigation as the obligation no longer existed due to the fact that an agreement was reached between the contractual partners. This provision was contrasted by an equal amount of contractual reimbursement claims against third parties which had previously been disclosed under other current assets. Due to the out-of-court settlement, these assets were derecognized as the claims no longer existed; the expense was disclosed under other operating expenses.

(14) Restructuring Expenses

Restructuring expenses are disclosed separately in view of their significance. In the reporting year, restructuring expenses related in particular to cost-cutting measures and measures to boost efficiency in production, sales and administration at various subsidiaries of the Gerresheimer Holdings Group.

(15) Amortization and Depreciation of Fair Value Adjustments

In accordance with IFRS 3 "Business Combinations" adopted by the IASB on March 31, 2004, and the revised IAS 36, "Impairment of Assets" and IAS 38, "Intangible Assets", goodwill is tested for impairment at least once a year.

With regard to the assets and liabilities identified in connection with the acquisition of Gerresheimer Group GmbH, we refer to our comments under (7) in these notes to the consolidated financial statements.

(€ m)	Fair value adjustments	Amortization and depreciation 2005
Customer relationships	42.9	17.3
Order backlog	28.9	29.3
Brand names	36.8	8.9
Technologies	11.7	4.7
Process know-how	22.9	9.2
Machines	5.9	1.1
	149.1	**70.5**

(16) Other Operating Expenses

Other operating expenses comprise all expenses not charged on to cost centers, such as currency translation differences. They also include non-recurring expenses. These chiefly relate to the derecognition of contractual reimbursement claims of € 6.5 m which had previously been disclosed under other current assets. In this context we refer to our comments on other operating income in these notes to the financial statements.

(17) Financial Result

(€ '000)	**2005**
Income from loans	6
Other interest and similar income	700
(thereof from affiliates)	*(54)*
Other interest and similar expenses	-38,006
(thereof to affiliates)	*(-20)*
(thereof for interest rate swaps: cash flow hedges, equity transfers)	*(-1,148)*
	-37,300

(18) Income Tax Expense

(€ '000)	2005
Current income taxes (expense)/income	-6,483
(thereof fictitious)	*(2,019)*
Deferred income taxes (expense)/income	28,561
	22,078

With regard to deferred taxes, we also refer to our comments under (27) and (33) in these notes.

Current income taxes comprise tax expenses of € 0.2 m which relate to prior periods.

(€ '000)	2005
Earnings before taxes	**-76,044**
Theoretical tax expense: 39%	-29,657
Differences	
Non-utilization of tax loss carryforwards	2,709
Effects from the disposal of Société Parachèvement du Nord S.A.R.L.	-407
Different foreign tax rates	-99
Non-deductible expenses	6,656
Withholding tax on foreign interest and dividends	0
Tax-free income	-498
Other	-782
Total differences	7,579
Effective tax expense	**-22,078**

The theoretical tax rate is derived from the tax rates applicable in Germany and comprises 25% corporate income tax plus 5.5% solidarity surcharge on the corporate income tax and approx. 17% trade tax which is deductible from corporate income tax. The average rate comes to 39%.

The tax rates for the subsidiaries whose registered offices are not in Germany vary from 19% to 40%.

Effects from profit and loss transfer agreements:
The results of the consolidated German corporations (with the exception of Gerresheimer Information Technology GmbH) are liable for tax at Gerresheimer Alpha GmbH based on the domination and profit transfer agreements effective as of the fiscal year commencing December 1, 2004. We also refer to our comments on current and deferred income taxes in the "Accounting Policies" section.

Unutilized tax loss carryforwards:
Due to the non-utilization of loss carryforwards (2005: € 8.7 m), deferred tax assets were not recognized or written down for two foreign subsidiaries of Gerresheimer Holdings (2005: € 2.9 m).

A deferred tax asset (€ 2.2 m) was recognized for another foreign subsidiary in spite of current losses since, on the one hand, the entity partly has sufficient taxable temporary differences (€ 1.7 m) and, on the other hand, future taxable profits are expected.

If there was an intention to sell subsidiaries, deferred tax liabilities would have to be recognized for taxable temporary differences associated with investments in subsidiaries between the tax and consolidated balance sheet in the amount of € 25.1 m. There is no such intention.

(19) Other Taxes

Where they could be attributed to operating functions, other taxes are disclosed under the relevant items and, otherwise, under ”Other operating expenses“. Other taxes came to € 3,933 k in the reporting period. This amount largely comprises real estate tax and foreign taxes on capital.

Other Information on the Income Statement

(20) Cost of Materials

(€ '000)	**2005**
Cost of raw materials, consumables and supplies and of purchased merchandise	160,449
Cost of purchased services	12,837
	173,286

(21) Personnel Expenses

(€ '000)	**2005**
Wages and salaries	146,278
Social security and other benefits	37,402
Expenses for old-age pensions	12,929
(thereof allocation to the provisions for pensions)	*(11,009)*
(thereof cost of defined contribution plans)	*(1,366)*
(thereof cost of contributions to the mutual benefit association for pension security [PSV])	*(554)*
	196,609

(22) Employees

Number of employees and trainees (annual average)	2005
Wage-earners	4,183
Salaried employees	1,062
	5,245
Trainees	72
	5,317

Employees by business division (annual average)	2005
Tubular Glass	2,580
Moulded Glass	1,775
Pharma Systems	905
Headquarters	57
	5,317

Employees by region (annual average)	2005
Germany	2,052
Europe (excluding Germany)	1,507
USA and Mexico	1,758
	5,317

Notes to the Balance Sheet

(23) Intangible Assets

Intangible assets break down as follows:

(€ '000)	Goodwill	Fair value adjustments	Capitalized development cost	Other	**Intangible assets**
F/S November 30, 2005					
Changes in the consolidated group	276,514	143,230	367	2,985	423,096
Currency translation differences	640	3,578	0	23	4,241
Additions	0	0	0	1,689	1,689
Disposals	0	0	0	17	17
Reclassifications	0	0	0	97	97
Amortization	0	69,381	40	1,480	70,901
Carrying amount	**277,154**	**77,427**	**327**	**3,297**	**358,205**
F/S November 30, 2005					
Acquisition and production cost	277,154	117,915	367	4,493	399,929
Accumulated amortization	0	40,488	40	1,196	41,724
Carrying amount	**277,154**	**77,427**	**327**	**3,297**	**358,205**

Goodwill exclusively results from the consolidation following the acquisition of Gerresheimer Group GmbH. Goodwill has been allocated to the cash generating units, which equate to the reporting segments, as follows:

- Tubular Glass: € 127.6 m
- Moulded Glass: € 97.4 m
- Pharma Systems: € 52.1 m

Goodwill resulting from the consolidation of Société Parachèvement du Nord S.A.R.L. was derecognized in the period under review with € 0.1 m due to the deconsolidation of the entity on February 28, 2005.

In accordance with IFRS 3, "*Business Combinations*" adopted by the IASB on March 31, 2004, and the revised IAS 36, "*Impairment of Assets*" and IAS 38, "*Intangible Assets*", goodwill is not subject to systematic amortization, but rather is tested for impairment at least once a year. The basis for the impairment test was the detailed Company's budget for the years 2006 to 2010, which was based on current market expectations taking into account historical developments.

For the following years, growth rates were considered that do not exceed the expected average growth of the market or branch of the respective businesses. Future cash flows were discounted at segment specific interest rates, which are currently around 5%, for the calculation of the value in use. Based thereon, there was no need for an impairment.

€ 0.5 m was spent on research and development in the reporting year. Within the initial consolidation of Gerresheimer Group in 2005, € 0.4 m in development costs was capitalized, as the recognition criteria under IAS 38 were met and the costs mainly comprised internally generated expenditure for significant development projects which are covered by future business activities.

Other intangible assets relate to standard IT programs, patents and trademarks, as well as prepayments on intangible assets.

(24) Property, Plant and Equipment and Investment Property

Property, plant and equipment and investment property break down as follows:

(€ '000)	Land, land rights and buildings (for commercial purposes)	Investment properties	Plant and machinery	Other equipment and machinery	Payments on account and assets under construction	**Property, plant and equipment**
F/S as of November 30, 2005						
Changes in the consolidated group	56,280	2,895	172,402	11,819	20,520	263,916
Currency translation differences	1,888	0	11,735	624	1,338	15,585
Additions	446	0	19,947	2,488	16,638	39,519
Disposals	10	2,540	126	380	0	3,056
Reclassifications	219	0	15,689	308	-16,313	-97
Systematic depreciation	4,042	0	34,988	3,438	0	42,468
Impairment losses	0	0	4,873	0	0	4,873
Carrying amount	**54,781**	**355**	**179,786**	**11,421**	**22,183**	**268,526**

F/S as of November 30, 2005						
Acquisition and production cost	59,190	614	218,144	14,343	22,183	314,474
Accumulated depreciation	4,409	259	38,358	2,922	0	45,948
Carrying amount	**54,781**	**355**	**179,786**	**11,421**	**22,183**	**268,526**

Property, plant and equipment comprise leased assets of € 4.7 m. These relate primarily to a finance lease for the production, warehouse and administrative buildings of Wisthoff GmbH.

The carrying amount of the property, plant and equipment pledged as security for liabilities is € 159 m; € 0.4 m of this amount related to investment property in fiscal year 2005.

The land not used for commercial purposes, i.e. "investment property" as defined by IAS 40, mainly relates to land subject to hereditary building rights and non-operating assets. The cost of purchase at the end of fiscal year 2005 amounted to € 0.6 m. The cost of purchase at the beginning of the fiscal year amounted to € 0.0 m.

Investment property of € 0.4 m as of November 30, 2005 comprises hereditary building rights carried at € 0.2 m. The fair value of these rights is approximately € 1.3 m and was calculated on the basis of estimates by independent experts.

Rental income from the land amounted to € 19 k in fiscal year 2005. Expenses of € 14 k were incurred. These related almost exclusively to land that does not generate rental income.

(25) Financial Assets

Financial assets developed as follows:

(€ ‘000)	Investments in affiliates	Investments in associates	**Financial assets**
F/S as of November 30, 2005			
Changes in the consolidated group	3,384	3,193	6,577
Currency translation differences	0	203	203
Additions	37	0	37
Disposals	0	0	0
Reclassifications	0	0	0
Write-downs	0	0	0
Carrying amount	**3,421**	**3,396**	**6,817**
F/S as of November 30, 2005			
Acquisition cost	3,421	3,396	6,817
Accumulated write-downs	0	0	0
Carrying amount	**3,421**	**3,396**	**6,817**

The investments in associates comprise the 45.7% share in Beijing Wheaton Glass Corp. Ltd., Huangcun, China, which was acquired on September 21, 2005. The equity investment is disclosed under investments in associates using the equity method since Gerresheimer Holdings indirectly holds more than 20% of the voting rights and can exert significant influence on its financial and operating policies.

(26) Loans and Other Non-Current Assets

Loans and other non-current assets break down as follows:

(€ ‘000)	**2005**
Equity investments	38
Other assets	762
	800

(27) Deferred Tax Assets

Deferred tax assets break down as follows:

(€ '000)	2005 Expected to be realized within 12 months	 Expected to be realized after 12 months
Tax loss carryforwards	0	7,381
Temporary differences		
Provisions for pensions	0	10,861
Other	931	2,156
	931	13,017
	931	**20,398**
Disclosed as non-current in the balance sheet according to IAS 12	**21,329**	

(28) Inventories

Inventories break down as follows:

(€ '000)	2005
Raw materials, consumables and supplies	17,276
Work in process	3,048
Finished goods and merchandise	71,706
	92,030

Write-downs are recognized based on age structure and technical usefulness. The write-downs amounted to:

(€ '000)	2005	%
Write-downs on raw materials, consumables and supplies	2,132	11
Write-downs on finished goods and merchandise	10,028	12

The carrying amount of the inventories pledged as security for liabilities amounted to € 73 m.

(29) Receivables and Other Current Assets

(€ '000)	**2005**
Trade receivables	93,521
Less bad debt allowances	2,512
Net trade receivables	91,009
Receivables from affiliates	897
Current tax receivables	1,660
Other assets	9,435
	103,001

The disclosed carrying amounts of the monetary assets included under this item correspond to their fair values.

As of the balance sheet date, other assets comprise receivables of € 4.4m from derivative financial instruments.

(30) Cash and Cash Equivalents

(€ '000)	**2005**
Cash and cash equivalents	28,654
Bills of exchange	212
	28,866

(31) Other Prepaid Expenses

Other prepaid expenses mainly contain payments made prior to the balance sheet date for tax, personnel and insurance expenses in the following fiscal year.

(32) Equity and Minority Interests

The capital stock of € 25 k and the capital reserve of € 117,105 k correspond to the items disclosed by Gerresheimer Holdings.

As regards the ownership structure, we hereby refer to our comments in (1) of these notes to the consolidated financial statements.

The items recognized in accordance with German commercial law as revenue reserves and retained earnings are disclosed in the consolidated financial statements as "retained earnings" in line with IAS 1.

Under the existing profit and loss transfer agreement, Gerresheimer Holdings is obligated to transfer its entire profit, as calculated under German accounting principles, to Gerresheimer Beta GmbH. Conversely, Gerresheimer Beta GmbH must absorb any net loss for the year. Gerresheimer Holdings transferred € 63,684 k for fiscal year 2005. In particular because of this profit transfer, the Gerresheimer Holdings Group discloses negative equity in this fiscal year. This does not, however, have an impact on the liquidity situation and the going concern of the Gerresheimer Holdings Group.

The minority interests comprise Glass & Plastic Labware LLC, Vineland, NJ, USA, (49%) and Nouvelles Verreries de Momignies S.A., Momignies, Belgium (1%).

Minority interests developed as follows:

(€ '000)	**2005**
Changes in the consolidated group	6,706
Capital increase	80
Net profit	1,692
Distribution	-2,290
Currency translation differences	992
As of November 30	**7,180**

(33) Deferred Tax Liabilities

Deferred tax liabilities developed as follows:

(€ '000)	Changes in the consolidated group	Reversal	Addition	Currency translation differences	**As of Nov. 30**	*Expected to be realized within 12 months*	*Expected to be realized after 12 months*
2005	90,416	44,591	19,558	3,524	**68,907**	*4,561*	*64,346*

Deferred tax liabilities break down as follows:

(€ '000)	**2005** Expected to be realized within 12 months	Expected to be realized after 12 months
Temporary differences		
Property, plant and equipment	770	62,105
Inventories	4,235	0
Receivables and other assets	608	8,939
Provisions for pensions	0	-15,796
Other provisions	-1,155	0
Cash flow hedge	0	1,672
Other	103	7,426
	4,561	**64,346**
Disclosed as non-current in the balance sheet according to IAS 12	**68,907**	

As of the balance sheet date, deferred tax liabilities in connection with derivative financial instruments amounted to € 1.7 m. They were netted directly against equity.

(34) Provisions

Provisions developed as follows:

(€ '000)	Changes in the consolidated group	Utilization	Reversal	Addition	Currency translation differences	**As of Nov. 30, 2005**	*Thereof current*	*Thereof non-current*
Provisions for pensions	181,427	13,910	0	11,009	5,565	**184,091**	*15,578*	*168,513*
Tax provisions	2,214	368	0	5,355	218	**7,419**	*7,419*	*0*
Other provisions	43,584	23,374	7,627	34,245	1,591	**48,419**	*42,263*	*6,156*
	227,225	37,652	7,627	50,609	7,374	**239,929**	*65,260*	*174,669*

(35) Provisions for Pensions and Similar Obligations

Provisions for pensions developed as follows:

(€ '000)	Changes in the consolidated group	Utilization	Reversal	Addition	Currency translation differences	**As of Nov. 30, 2005**	*Thereof current*	*Thereof non-current*
2005	181,427	13,910	0	11,009	5,565	**184,091**	*15,578*	*168,513*

Provisions for pensions are set up for obligations from future and current benefit entitlements to current and former employees and their surviving dependents. The provision also comprises the obligations of the US entities to assume the medical expenses of retired employees.

In the case of defined benefit plans, the Company is obliged to provide the agreed benefits to current and former employees. The provisions are measured according to the projected unit credit method in accordance with IAS 19. The method assumes that an employee earns an additional equal share of the benefit entitlement each year. The amount of the provision is determined annually on the basis of an actuarial report.

The benefits are mainly financed through the systematic accrual of provisions for pensions by the entities. Only Kimble Glass Inc. has external funds that fulfill the definition of plan assets.

Calculations are based on the following assumptions:

(as %)	2005 Gemany	2005 Abroad
Interest rate	4.00	5.75
Expected return on plan assets	5.00	8.50
Salary increase	2.50 - 3.00	3.50
Pension increase	1.25	–
Increase in medical expenses	–	5.00-9.00

Provisions for pensions break down as follows:

(€ '000)	2005
Present value of the funded benefits	30,963
Less the fair value of the plan assets	19,718
Fund shortfall	11,245
Present value of the unfunded benefits	183,485
Adjustment due to unrecognized gains/losses from changes to the plan	2,739
Adjustment due to unrecognized actuarial gains/losses	-13,378
	184,091

The funds break down as follows:

(€ '000)	2005
Fair value of the plan assets at the initial consolidation following the acquisition of the Gerresheimer Group GmbH	14,707
Expected return on plan assets	1,363
Contributions to the funds	2,419
Benefits paid by the funds	-1,522
Actuarial gains/losses	315
Other changes (mainly exchange differences)	2,436
Fair value of the plan assets at the end of the fiscal year	**19,718**

The expenses break down as follows:

(€ '000)	2005
Expenses for benefits earned during the reporting period	1,047
Interest expense for earned benefits	9,489
Expected return on plan assets	-1,363
Gains from curtailments and settlements	0
Adjustment due to recognized past service cost	1,548
Adjustment due to recognized actuarial gains/losses	288
	11,009
Current return on the funds	*1,678*

€ 1.4 m of contributions were paid into the defined contribution plans in the fiscal year.

(36) Other Provisions

Other provisions developed as follows:

(€ '000)	Changes in the consolidated group	Utilization	Reversal	Addition	Currency translation differences	**As of Nov. 30, 2005**	*Thereof current*	*Thereof non-current*
Wages, salaries and other personnel expenses	20,342	12,913	571	15,809	744	**23,411**	*18,203*	*5,208*
Warranties	2,587	1,053	95	2,480	1	**3,920**	*3,920*	*0*
Provision for litigation	6,727	192	6,490	241	0	**286**	*286*	*0*
Sales bonuses, discounts and other bonuses	4,525	4,095	12	7,358	427	**8,203**	*8,203*	*0*
Miscellaneous	9,403	5,121	459	8,357	419	**12,599**	*11,651*	*948*
	43,584	23,374	7,627	34,245	1,591	**48,419**	*42,263*	*6,156*

(37) Liabilities

(€ ´000)	2005 Total	Thereof current	Thereof non-current
Loans			
Bonds	143,694	140	143,554
Liabilities to banks			
Unsecured	18,374	9,027	9,347
Secured	262,609	4,350	258,259
	280,983	13,377	267,606
Total loans	**424,677**	**13,517**	**411,160**
Other financial liabilities			
Payments received on account of orders	457	457	0
Trade payables	44,997	44,997	0
Liabilities from the acceptance of bills of exchange	4	4	0
Liabilities to affiliates	66,821	66,821	0
Liabilities from taxes	3,180	3,180	0
Liabilities from social security	5,684	5,684	0
Miscellaneous other liabilities	20,189	16,747	3,442
Total other financial liabilities	141,332	137,890	3,442
Total liabilities	**566,009**	**151,407**	**414,602**

The carrying amounts of the monetary liabilities disclosed under this item correspond to their fair values.

The liabilities to affiliates include the liabilities of Gerresheimer Holdings to Gerresheimer Beta GmbH based on the transfer of profit.

On December 21, 2004, Gerresheimer Holdings entered into non-current liabilities to banks as part of its long-term reorganization of the Group's financing. The table below shows the terms and interest rates of the bonds and the liabilities to banks:

Fiscal year 2005

(€ ´000)		Amount	Due by	Interest rate %	Carrying amount	Fair value
Bonds	USD	340	2007	5.85	289	289
	EUR	143,405	2015	7.88	143,405	143,405
					143,694	143,694
Liabilities to banks	USD	105,751	2011	6.17	89,825	89,825
	USD	54,429	2012	6.67	46,232	46,232
	USD	7,250	2006	6.33	6,158	6,158
	MXP	11,000	2006	11.61	882	882
	EUR	81,539	2013	5.39	81,539	81,539
	EUR	41,099	2012	4.89	41,099	41,099
	EUR	8,568	2011	4.70	8,568	8,568
	EUR	4,500	2006	3.31	4,500	4,500
	EUR	2,180	2011	4.43	2,180	2,180
					280,983	280,983
					424,677	**424,677**

Due to the variable interest rates, the carrying amounts of financial liabilities correspond to their fair values.

The interest rates disclosed are the interest rates valid on the balance sheet date. In addition to the market interest rate, they comprise the financing margins agreed with the banks. Current interest expenses were higher in some cases in the fiscal year due to the long-term nature of the interest rate hedges for the major loans.

Other liabilities comprise interest-bearing liabilities of € 4.7 m and break down as follows:

(€ ´000)	Amount	Interest rate %	Due in	Fair value
2005	**4,719**	variable	2006 - 2013	3,720

(38) Contingent Liabilities and Other Financial Obligations

Other financial obligations break down as follows:

(€ m)	Nov. 30, 2005
Obligations under rental and lease agreements	18.5
Purchase commitment for investments	2.7
Other financial obligations	**21.2**

The obligations from rental and lease liabilities mainly relate to technical equipment and commercially used land and buildings.

Obligations from finance leases and from rental and operating lease agreements fall due as follows:

	Finance lease		Operating lease
(€ m)	Nominal value	Present value	Nominal value
Due in 2006	0.8	0.7	4.1
Due in 2007 to 2010	2.3	1.9	7.4
Due after 2010	1.6	1.1	7.0
Minimum lease payments	**4.7**	**3.7**	**18.5**

(39) Reporting on Financial Instruments

	November 30, 2005	
(€ ´000)	Currency hedging	Interest derivatives
Nominal value (gross)	18,288	249,443
Fair value (net)	116	4,395
Residual term	09/2006	12/2008 or 12/2009
Carrying amount (underlying assets)	175	0
Carrying amount (underlying liabilities)	16,935	271,888

The derivative financial instruments are measured at fair values determined by banks. As hedging transactions, they are generally related to underlying operating transactions.

To hedge *interest rate risks*, payer swaps are used which serve to secure the interest rate for variable-interest bank loans. Only bank loans with fixed terms and repayment agreements can be considered to present risk exposures. The hedging rate in relation to bank loans comes to some 90%.

(40) Segment Reporting

Segment reporting is in line with the Company's strategic focus.

By business divisions (€ m)		Tubular Glass	Moulded Glass	Pharma Systems	Central Offices	Group
Segment revenues	**2005**	250.0	204.9	83.4	2.0	540.3
Thereof intragroup	**2005**	-7.7	-4.8	0.0	-2.0	-14.5
Revenues from third parties	**2005**	242.3	200.1	83.4	0.0	525.8
EBITDA	**2005**	47.6	44.8	20.5	-14.4	98.5
Systematic amortization/ depreciation	**2005**	-21.4	-15.2	-5.8	-0.4	-42.8
EBITA	**2005**	26.2	29.6	14.7	-14.8	55.7
Amortization of fair value adjustments	**2005**	-14.6	-25.8	-15.2	-14.9	-70.5
EBIT	**2005**	11.6	3.8	-0.5	-29.7	-14.8
Restructuring/extraordinary expenses and income*	**2005**	-5.5	-3.2	-4.1	-11.1	-23.9
Result from ordinary activities	**2005**	6.1	0.6	-4.6	-40.8	-38.7
Financial result	**2005**					-37.3
Consolidated result before income taxes and minority interests	**2005**					-76.0
Income taxes	**2005**					22.1
Consolidated result before minority interests	**2005**					-53.9

Segment assets	**2005**	433	263	139	46	881
Segment liabilities	**2005**	365	115	45	350	875
Capital expenditure (incl. Intangible assets)	**2005**	20	12	9	0	41

* The item comprises an impairment loss of € 3.2 m on machines in the Pharma Systems division. Besides, the item includes an impairment loss of € 1.7 m on tangible fixed assets in the Tubular Glass division.

(€ m)		Germany	Europe excluding Germany	America	Rest of world	Group
Revenues by region	**2005**	130	205	171	20	526
Revenues by origin	**2005**	244	105	177	0	526
Investments by region	**2005**	17	11	13	0	41
Segment assets by region	**2005**	376	177	328	0	881

(41) Related Party Disclosures (IAS 24)

As of the balance sheet date, Gerresheimer Beta GmbH, Düsseldorf, Germany, was the sole shareholder of Gerresheimer Holdings. Via Gerresheimer Alpha GmbH, Düsseldorf, Germany, which prepares the topmost German consolidated financial statements, Gerresheimer Beta GmbH, Düsseldorf, is an indirect subsidiary of Blackstone Group International Ltd.

In the fiscal year, trade and financing relationships existed with the above entities and their affiliates. The relationships were based on agreements concluded at arm's length.

The GERRESHEIMER Group was charged fees of € 7.1 m for services rendered by the Blackstone Group. In addition, interest and similar expenses to related companies of € 1 k were incurred, which were not contrasted by interest income from related companies in the reporting period.

In December 2004, Gerresheimer Holdings acceded to new framework loan agreements as a borrower. The loan agreements were concluded by Gerresheimer Group GmbH and its direct and indirect holding companies in December 2004.

As of the balance sheet date, Gerresheimer Holdings discloses receivables of € 183 k from Gerresheimer Alpha GmbH and of € 31 k from Gerresheimer Beta GmbH. As of November 30, 2005, these are contrasted by liabilities to Gerresheimer Beta GmbH of € 64,697 k and to Gerresheimer Alpha GmbH of € 156 k.

(42) Total Remuneration of Members of the Supervisory and Advisory Boards and Management

Total remuneration of members of the supervisory and advisory boards of the holding companies of GERRESHEIMER Group for fiscal year 2005 amounted to € 302 k, plus the statutory VAT to be paid pursuant to the articles of incorporation.

Remuneration for active members of the Management amounted to € 2,647 k. € 15,226 k was accrued for pension obligations to former members of the Management and their surviving dependents. Current pensions amounted to € 1,102 k.

(43) Events After the Balance Sheet Date

In December 2005, Gerresheimer Holdings increased the volume of the senior note issued by € 60 m, mainly to finance the acquisition described below of the Pharma Pack Division of Superfos A/S, Denmark. As regards the issue of the senior note, we hereby refer to our comments in (1) of these notes to the consolidated financial statements.

On December 30, 2005, Gerresheimer Denmark A/S, an indirect subsidiary of Gerresheimer Holdings GmbH, acquired all of the shares in Superfos Pharma Pack A/S, Denmark, Superfos Pharma AB, Sweden, and Superfos Pharma Pack S.A.S., France, at a purchase price of € 51.9 m. Superfos Pharma Pack (now Dudek Plast A/S) develops, produces and sells tailor-made plastic packaging and systems for the pharmaceutical market and is a market leader in Europe. In 2004, the acquired companies achieved sales of € 24.7 m and an EBITDA of € 7.2 m.

Düsseldorf, Germany, February 23, 2006

The Management

Audit Opinion

We have audited the consolidated financial statements prepared by Gerresheimer Holdings GmbH, Düsseldorf, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements, together with the group management report for the fiscal year from December 1, 2004 to November 30, 2005. The preparation and content of the consolidated financial statements and the group management report are the responsibility of the Company's management. Our responsibility is to assess whether the consolidated financial statements comply with the International Financial Reporting Standards (IFRS) based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and 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 to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements according to IFRS give a true and fair view of the Group's net assets, financial position and results of operations as well as of the Company's cash flows.

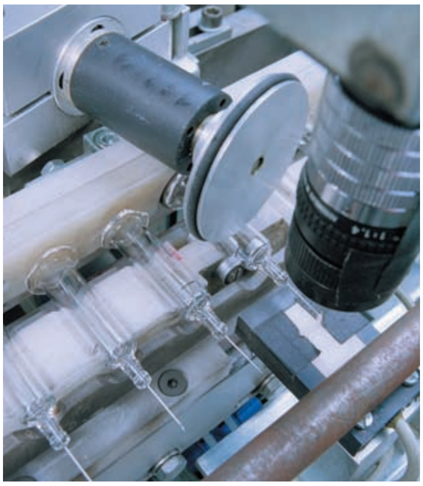
Our audit, which included the group management report prepared by management for the fiscal year from December 1, 2004 to November 30, 2005, has not led to any reservations.

In our opinion, on the whole the group management report together with the other disclosures in the consolidated financial statements provides a suitable understanding of the Group's position and suitably presents the risks of future development. We also confirm that the consolidated financial statements and the group management report for the fiscal year from December 1, 2004 to November 30, 2005 comply with the requirements exempting the Group from the preparation of consolidated financial statements and a group management report in accordance with German law.

Düsseldorf, Germany, February 23, 2006

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

(signed)	(signed)
Lewe	Müller-Kirchhofs
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

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