

Financial Statements Geberit AG

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Financial Statements

Balance Sheets	31.12.2005	31.12.2004
	MCHF	MCHF
Current assets		
Cash and cash equivalents	0.1	0.5
Accounts receivable:		
– Third parties	1.0	1.5
– Group companies	120.8	25.5
Total current assets	121.9	27.5
Non-current assets		
Investments	832.0	878.5
Intangible assets: financing costs Convertible Bond	2.7	3.3
Total non-current assets	834.7	881.8
Total assets	956.6	909.3
Current liabilities:		
– Third parties	1.8	1.6
– Group companies	1.0	0.9
Total current liabilities	2.8	2.5
Long-term liability: Convertible Bond	170.0	170.0
Shareholders' equity		
Capital stock	4.2	4.2
Legal reserves:		
– General reserve	0.8	0.8
– Reserve for treasury shares	53.0	43.2
Free reserves	578.9	568.7
Retained earnings	146.9	119.9
Total shareholders' equity	783.8	736.8
Total liabilities and shareholders' equity	956.6	909.3
Income Statements	2005	2004
	MCHF	MCHF
Income		
Dividends from subsidiaries	140.0	110.0
Financial income	2.5	4.8
Other operating income	0.3	0.2
Total income	142.8	115.0
Expenses		
Administrative expenses	2.0	3.1
Financial expenses	2.3	1.7
Total expenses	4.3	4.8
Net income	138.5	110.2

Notes to the Financial Statements

1. Notes (in accordance with Article 663b of the Swiss Code of Obligations)

1.1 Guarantees, assets pledged in favour of third parties	31.12.2005	31.12.2004
	MCHF	MCHF
Guarantee Revolving Facility	400.0	400.0
Guarantees in connection with Private Placement (MUSD 100)	131.0	113.3

The guarantee for the Revolving Facility is limited by contract to the distributable reserves of the company.

1.2 Convertible Bond

The terms of the CHF 170,000,000 1% convertible bond 2004–2010, issued on 14 June 2004, are as follows:

Coupon: 1.00% p.a., payable annually on 14 June

Tenor: 6 years (2004–2010)

Early redemption at the option of the issuer: At the principal amount plus accrued interest, if any, subject to a period of not less than 30 days' prior notice

- a) at any time, if 85% or more in aggregate of the principal amount of the Convertible Bond has been converted and/or purchased, or
- b) on or after 14 June 2008 if, within a period of 30 consecutive trading days, the closing price of the registered shares of Geberit AG on the SWX Swiss Exchange for 20 trading days shall have been at least 130% of the conversion price deemed to be in effect on each of such trading days.

Early redemption at the option of holders: At the principal amount plus accrued interest, if any, upon the occurrence of a change in the legal or economic structure of Geberit AG according to the terms of the Convertible Bond.

Redemption: 14 June 2010 at the principal amount

Denomination: CHF 5,000 or multiples thereof

Conversion right:	Bonds of CHF 5,000 each are convertible into 5.03525 registered shares of Geberit AG at any time during the conversion period; fractions exceeding CHF 10.00 will be paid out cash.
Conversion period:	The bonds are convertible from 26 July 2004 up to and including 31 May 2010 or five business days (i.e. the banks in Zurich are open all day) prior to an early redemption.
Conversion price:	CHF 993.00 per registered share of Geberit AG
Dividend rights:	The shares issued upon conversion will have the same rights as the existing shares, in particular with respect to dividend rights.
Reserved share capital:	200,000 shares from the conditional capital
Total included share capital:	Up to a nominal amount of CHF 171,198

1.3 Significant investments

All Group companies are listed in the Consolidated Financial Statements of the Geberit Group (see Note 30).

1.4 Share capital

The share capital of Geberit AG consists of 4,160,000 ordinary shares with a par value of CHF 1.00 each.

1.5 Treasury shares

Treasury shares held by Geberit AG or by companies in which Geberit AG holds a majority interest:

	Number of registered shares	High in CHF	Average in CHF	Low in CHF
Balance at 31 December 2004	66,480			
Purchases	37,922	1,032.94	863.67	784.50
Sales	35,242	1,030.00	887.96	804.40
Balance at 31 December 2005	69,160			

Number of treasury shares held by Geberit AG

The legal reserves for treasury shares were recorded at cost.

1.6 Capital increases

	31.12.2005	31.12.2004
	MCHF	MCHF
Conditional capital	0.2	0.2

The fifth ordinary general meeting, held on 22 April 2004, decided to create a new conditional capital of up to CHF 200,000 through the issue of a maximum of 200,000 new registered shares with a par value of CHF 1.00 each through the exercise of conversion or option rights, e.g. in connection with a Convertible Bond.

On 14 June 2004, a Convertible Bond was issued on the conditions according to section 1.2 in these notes to the financial statements. As per 31 December 2005, no shares have been issued in connection with this conditional capital increase. The usage of the conditional capital is not subject to any time limit.

2. Other disclosures required by the law

2.1 Significant shareholders

According to the information available to the Board of Directors the following shareholders held shares entitling them to more than 5% of the total share capital:

	31.12.2005	31.12.2004
The Capital Group, Los Angeles	> 5%	–

Proposal for the appropriation of available earnings

Proposal by the Board of Directors to the General Meeting

	2005	2004
	CHF	CHF
Available earnings		
Net income	138,491,182	110,234,185
Balance brought forward	8,396,445	9,682,260
Total available earnings	146,887,627	119,916,445
Transfer to free reserves	40,000,000	20,000,000
Proposed dividend	104,000,000	91,520,000
Balance to be carried forward	2,887,627	8,396,445
Total appropriation of available earnings	146,887,627	119,916,445

Dividend payments

The Board of Directors proposes a dividend payment of CHF 25 per share (prior year: CHF 22 per share).

The number of shares is subject to execution of conversion rights derived from the Convertible Bond (see section 1.2) and treasury shares held by Geberit AG. The Board of Directors may adapt the total amount of the proposed dividend to the number of shares with dividend rights at the General Meeting.

Report of the Statutory Auditors



To the general meeting of Geberit AG, Jona

As statutory auditors, we have audited the accounting records and the financial statement (balance sheet, income statement and notes, pages 90 to 94) of Geberit AG for the year ended 31 December 2005.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with the Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'Daniel Ketterer'.

Daniel Ketterer

A handwritten signature in black ink, appearing to read 'Gilles Thiéry'.

Gilles Thiéry

Zurich, Switzerland, 28 February 2006