



Interim report for the first quarter of 2004

Date

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Successful start for the GfK Group

- GfK increased sales by 10.5 per cent to EUR 149.9 million in the first three months of 2004
- EBIT after income from participations rose overproportionately by 64 per cent to EUR 15 million
- 67 per cent of sales target of EUR 650 million for the year as a whole already secured

The first quarter of 2004 has been successful for the GfK Group, with a 10.5 per cent increase in sales to EUR 149.9 million. With an increase of almost 64 per cent to EUR 15.0 million, EBIT after income from participations again rose much more strongly than sales. In the first quarter of 2004, the margin increased to 10 per cent (compared to 6.7 per cent in the same period in the previous year).

The stronger rise in EBIT than in sales resulted both from organic growth and from acquisitions.

GfK GROUP: KEY GROWTH FIGURES ¹⁾

In EUR million	Q1 2003	Q1 2004	Change in %
Sales	135.7	149.9	+10.5
EBITDA	13.5	19.5	+44.4
EBIT	8.2	14.0	+69.7
Net income from participations	0.9	1.0	+10.3
EBIT after income from participations	9.1	15.0	+63.9
Margin in per cent ²⁾	6.7	10.0	
Consolidated total income	4.5	6.9	+51.8
Earnings per share in EUR	0.17	0.26	

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Chairman:
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1) Rounding differences may occur

2) EBIT after income from participations/sales

Consolidated total income increased by almost 52 per cent. Net of tax of EUR 5.4 million and the share of consolidated total income attributable to minority interests of EUR 2.2 million, consolidated total income amounted to EUR 6.9 million.



1. The economy as a whole and the market research sector

There are two sides to the global economy in spring 2004. On the one hand, favourable fundamentals are having a positive effect. Global trade has recovered and the financial position of companies has improved, creating good conditions for investment. Furthermore, China is also driving growth in the global economy.

On the other hand, the high level of personal debt in the USA, the likelihood of interest rate rises and the recent increase in oil prices are having a negative impact on the economy. Taking into account all these factors, economic experts estimate that the global economy, which grew by 2.6 per cent in 2003, will grow by a further 3.4 per cent this year.

The following growth rates are anticipated in the most important regions for GfK:

- an increase of 1.5 per cent in the euro-zone (previous year: 0.4 per cent) and of 1.4 per cent in Germany (previous year: -0.1 per cent). Almost 61 per cent of GfK's sales currently come from the euro-zone, with over half attributable to Germany.
- growth of 4.0 per cent in the USA, an increase of 0.9 percentage points over 2003. Almost 12.5 per cent of GfK sales in the first quarter came from this region.
- economic growth of 6.4 per cent for South-East Asia and 2.5 per cent for Japan. The GfK Group generated 5.9 per cent of its sales in the first three months in Asia and the Pacific.

Overall, this is a good starting point for both the market research sector and the GfK Group to achieve further growth.

2. Economic and financial development of the GfK Group

Compared with the first quarter of financial year 2003, GfK increased its **SALES** by 10.5 per cent to EUR 149.9 million. Organic growth in sales in this period, excluding multi-year contracts with fixed order volumes, amounted to 2.6 per cent. Including these contracts, organic growth stood at 1.9 per cent. The proportion of sales growth attributable to acquisitions accounted for 10.2 per cent.

Negative **CURRENCY EFFECTS**, caused by the rise in the euro against the US dollar, pound sterling and the respective currencies in Eastern Europe and Asia, reduced sales growth in the reporting period by 1.6 per cent, which is 50 per cent below the figure for the corresponding period in 2003.

The current financial year is presently showing a marked reduction in negative currency effects compared to 2003.



INCOME FROM PARTICIPATIONS in the first three months of 2004 amounted to almost EUR 1 million compared with EUR 0.9 million in the same period in the previous year. At EUR 5.5 million, **DEPRECIATION/AMORTIZATION** was only slightly up on the corresponding figure of EUR 5.3 million in 2003.

NET INTEREST INCOME and **NET OTHER FINANCIAL INCOME** totalled EUR -0.5 million, unchanged on the comparable figure for the previous year. **TAXES ON INCOME AND EARNINGS** stood at EUR 5.4 million compared to EUR 3.4 million in 2003. The tax rate was 37.2 per cent, a decrease from 39.4 per cent in the previous year.

3. Investment

GfK's investment in the first three months of 2004 amounted to EUR 31.6 million (previous year: EUR 4.7 million). This related primarily to the acquisition of GfK Arbor, USA, on 1 January 2004, and the simultaneous increase in its holding in m2A, France, to 100 per cent. GfK invested EUR 4.2 million (2003: EUR 4.4 million) in ongoing business activity, of which two thirds related to investment in tangible fixed assets and one third to intangible assets, particularly new software.

In the first three months, GfK carried out its investments within budget and financed its capital expenditure exclusively from cash flow from ongoing activity. It also financed almost a quarter of its acquisitions in the same way.

4. Assets and capital structures

The equity ratio fell slightly from 40.7 per cent as at the year-end 2003 to 40.1 per cent at the end of the first quarter 2004. The GfK Group therefore continues to have a sound equity base for actively implementing the growth strategy it has pursued for many years on a long-term basis.

Shareholders' equity covers 68 per cent of fixed assets. Short-term current assets of EUR 209.6 million are virtually matched by short-term liabilities of EUR 204.6 million.

In the first three months of 2004, GfK achieved **CASH FLOW FROM ONGOING BUSINESS ACTIVITY** of EUR 11.0 million (previous year: EUR -3.6 million). Free cash flow before acquisitions and asset disposals totalled EUR 6.8 million (previous year EUR -8.0 million). In addition to cash flow, GfK has nine figure credit lines, of which only 7 per cent have been used. The GfK Group also has authorized capital with a current market value of EUR 195 million which can be used up until 2007.

After EUR 24.9 million as at 31 December 2003, GfK's net indebtedness now stands at EUR 44.6 million. This is primarily attributable to the



purchase of two companies.

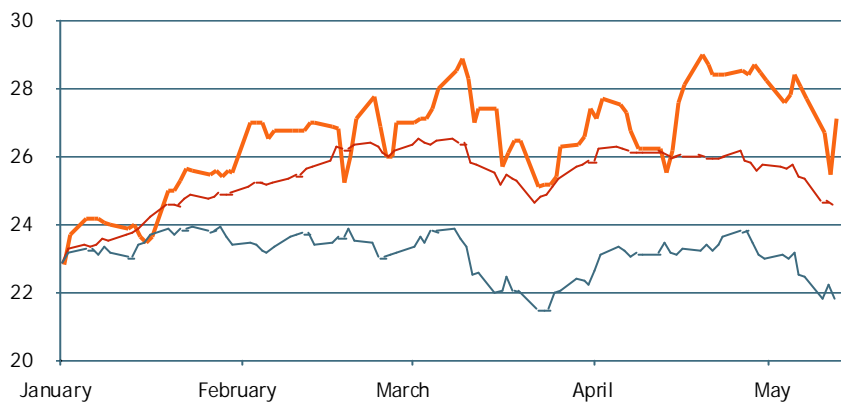
5. GfK shares in the first three months of 2004

Following a favourable start in the first weeks of the new year, growth in the stock markets became more muted as the year progressed. The economic upturn, especially in the USA, has increased the likelihood of interest rate rises by the Federal Reserve.

The German share index (Dax) remains virtually unchanged from the year-end 2003 with an increase of 0.5 per cent at the end of the first quarter 2004. The SDax, on which GfK shares are listed, rose by almost 13 per cent in the same period.

GfK SHARE PRICE PERFORMANCE

GfK share price performance from 1 January 2004 to 12 March 2004 in EUR¹⁾



1) All values are indexed to the GfK share price

● GfK ● Dax ● SDAX

After gaining more than 78 per cent in value in 2003, GfK shares rose a further 24 per cent in the first three months of 2004, significantly outperforming both the Dax and the SDax. The good results for the previous financial year and GfK's plans for 2004 were well received by market analysts, which led to an upwards revision in the target share price.

From EUR 22.82 at the beginning of the year, the GfK share price rose during the first quarter to EUR 29.25, which equates to an increase of over 28 per cent. However, this was unsustainable against the backdrop of generally weak stock markets. Nevertheless, with a closing price of EUR 27.11 as at 12 May 2004, GfK achieved a considerable increase of almost 19 per cent in its share price this year.

6. Growth in the business divisions

All five business divisions have contributed to GfK's growth in sales and income during the first quarter of 2004.

GROWTH IN THE BUSINESS DIVISIONS ¹⁾

In EUR million	Q1 2003	Q1 2004	Change in % ²⁾
CONSUMER TRACKING			
Sales	20.5	21.1	+3.2
Operating profit	-0.8	0.2	+124.0
HEALTHCARE			
Sales	8.5	17.4	+104.4
Operating profit	0.9	2.4	+151.9
NON-FOOD TRACKING			
Sales	39.0	42.0	+7.8
Operating profit	4.9	8.2	+66.7
MEDIA			
Sales	13.8	14.1	+2.1
Operating profit	1.3	1.4	+6.8
AD HOC RESEARCH			
Sales	50.5	53.3	+5.5
Operating profit	1.2	3.2	+176.6
OTHER			
Sales	3.4	2.0	-41.6
Operating profit	0.7	-0.9	-238.7
TOTAL			
Sales	135.7	149.9	+10.5
Operating profit	8.3	14.5	+75.0

1) Figures from the Management Information System

2) Rounding differences may occur

STRUCTURE OF SALES GROWTH BY BUSINESS DIVISION¹⁾

Growth in per cent	Total	Organic	Acquisitions	Currency
Consumer Tracking	+3.2	+4.3	0.0	-1.1
HealthCare	+104.4	+11.9	94.1	-1.6
Non-Food Tracking	+7.8	+5.3	+3.6	-1.1
Media	+2.1	+3.4	0.0	-1.3
Ad Hoc Research	+5.5	-1.1	+8.8	-2.3
Other	-41.6	-40.1	0.0	-1.6
Total	+10.5	+1.9	+10.2	-1.6

1) Figures from the Management Information System

Growth in the **CONSUMER TRACKING** division continues to be highly satisfactory. Sales growth was purely organic and was reduced only slightly by negative currency effects. ConsumerScan business, where the purchasing habits of consumers are determined for fast moving



consumer goods, has shown positive growth. There was also increased demand for analysis of the positioning of own brands and to support trade and industry on the basis of category management.

The **HEALTHCARE** division more than doubled both its sales and profit. It also achieved the highest organic growth of any division. The integration of V2 GfK in the USA, which has been consolidated since 1 July 2003, is progressing particularly well. One focus of the division's activities in 2004 is standardizing research methods and services.

The German health service reform led to advance patient expenditure at the end of 2003. This development had a negative impact on the sales of companies operating in the healthcare segment. Private expenditure on healthcare has since risen again, which has led to increased demand for GfK information services. With its MediScope consumer panel, GfK is the only market research company able to provide information on purchasing habits for over-the-counter medicines in Germany.

The **NON-FOOD TRACKING** division is continuing to build on its successful growth of 2003. With an increase in sales of 7.8 per cent in the first quarter of 2004, the division has already exceeded the target growth of 6 per cent for the year as a whole. With a margin of 19.5 per cent and 67 per cent growth in operating profit to EUR 8.2 million, Non-Food Tracking has clearly outperformed the results for the previous year of EUR 4.9 million. The Non-Food Tracking division collaborates with retail companies in 48 countries and researches sales information for consumer technology markets. The division benefits from both the global business strategy and the pace of technological progress in these markets.

The **MEDIA** division also continued to develop positively, achieving organic sales growth of 3.4 per cent, which was only slightly impacted by negative currency effects. A high level of incoming orders, including from the print media once again, contributed to this pleasing development. The division's success was also attributable to additional orders for new print media concepts.

In March, GfK supplied Decision Craft with 1,000 Telecontrol VIII devices to measure TV ratings in India. The sale of these devices is a major step for GfK towards extending its leading position in TV metering technology in the media research segment. GfK has been commissioned to carry out electronic TV ratings measurement in seven countries. In a parallel move, GfK's technology was recently sold for use in Puerto Rico and Mexico.

The **AD HOC RESEARCH** division has considerably increased its sales and almost trebled its profit. This growth is largely attributable to the takeover of GfK Arbor as at 1 January 2004. In organic terms, growth in



sales and profit within the division was lower than expected. Business development at GfK Custom Research in the USA failed to develop to budget. Due to the high level of orders and the highest level of incoming orders in the history of the company in March of this year, GfK anticipates that future business growth will be as expected.

The **OTHER** division includes GfK Group Services, GfK Data Services and BSP, which provide central services to the Group and to GfK companies and their cooperation partners. The downturn in sales and operating profit is mainly attributable to the anticipated reduction in services supplied to Information Resources GfK by BSP.

7. Growth by region

During the first three months of the current financial year, GfK business growth in Central and Eastern Europe as well as in America and Asia and the Pacific has been particularly pleasing.

GROWTH BY REGION¹⁾

In EUR million	Q1 2003	Q1 2004	Change in % ²⁾
Germany	51.5	51.9	+0.8
Northern Europe	13.8	13.8	-0.2
Western and Southern Europe	50.0	49.0	-2.0
Central and Eastern Europe	5.8	7.6	+30.2
America	7.5	18.8	+150.6
Asia and the Pacific	7.1	8.8	+25.1
Total	135.7	149.9	+10.5

1) Figures from the Management Information System

2) Rounding differences may occur

STRUCTURE OF SALES GROWTH IN THE REGIONS¹⁾

Growth in per cent ²⁾	Total	Organic	Acquisitions	Currency
Germany	+0.8	-1.6	+2.5	0.0
Northern Europe	-0.2	-0.1	0.0	-0.1
Western and Southern Europe	-2.0	-1.6	+0.7	-1.1
Central and Eastern Europe	+30.2	+35.0	0.0	-4.8
America	+150.6	+1.8	+160.9	-12.2
Asia and the Pacific	+25.1	+28.4	+2.0	-5.3
Total	+10.5	+1.9	+10.2	-1.6

1) Figures from the Management Information System

3) Rounding differences may occur



Compared with the same period in the previous year, the GfK companies based in **GERMANY**, GfK's strongest sales region, achieved an increase in sales of 0.8 per cent in the first three months of 2004. This growth is attributable to business from recently acquired companies and is in line with GfK forecasts. The reduction in BSP's data collection for Information Resources GfK has affected sales growth in organic terms. Excluding this expenditure, organic sales growth would have been similar to the previous year. GfK anticipates that the level of incoming orders, which far exceeds expectations, will considerably increase business in the next three quarters.

In **NORTHERN EUROPE** sales were virtually unchanged from the previous year. Business improved in the UK, with Martin Hamblin GfK making a particular contribution to positive business growth through the rise in incoming orders.

In the second largest region for GfK, **WESTERN AND SOUTHERN EUROPE**, sales fell by 2 per cent. Here, the Ad Hoc Research partly failed to achieve the level of growth anticipated by GfK.

GfK achieved extraordinary sales success in **CENTRAL AND EASTERN EUROPE**, with an increase in sales of 30.2 per cent.

With the acquisition of the US company, GfK Arbor, at the start of the year, GfK has once again taken a decisive step towards strengthening its position in the world's largest national market research market, the USA. The rise in sales in **AMERICA** was primarily attributable to this acquisition and to the business success of V2 GfK which was acquired in the second half of 2003. Negative currency effects reduced sales growth by 12.2 percentage points.

Compared with the same period in the previous year, **ASIA AND THE PACIFIC** saw a pleasing sales increase in organic terms of 28.4 per cent. Currency effects reduced this growth by 5.3 percentage points.

8. The GfK Group's expansion strategy

The GfK Group took over the business of Arbor Inc as at 1 January 2004. This represented an important step in GfK's expansion strategy, raising the global profile of the Ad Hoc Research division and expanding its position in the USA.

Founded in 1963 and registered in the Media, PA, USA, the company GfK Arbor provides information and consultancy services in ad hoc research in the US market to its clients from brand name industries and the service sector. It has specialized in communication and brand research and conducts tracking surveys on brand values and dynamics as well as surveys on market segmentation and to evaluate brand and company images. In 2003, the company achieved sales of USD 24.9 million with 92 employees. For 2004, including existing US business activities, GfK anticipates sales of around USD 110 million.



9. Employees

The number of employees in the GfK Group rose by 215 to 5,281 full-time staff in the first three months of the year. Essentially, this is due to the newly acquired company GfK Arbor in the USA, and the takeover in full of m2A in France. The setting up of GfK's own interviewer organisation in Turkey and the further expansion of Non-Food tracking activities in South America also contributed to this rise. 72 per cent of GfK's workforce is now employed outside Germany.

GfK's personnel expenses amounted to EUR 66.5 million in the first three months of 2004 (previous year: EUR 62.3 million). As a result, GfK achieved a marked reduction in the personnel expenses ratio from 45.9 to 44.4 per cent.

10. Research and development

In market research, research and development are mostly implemented as part of client projects.

For example, the use of new hand-held scanners in the online Electronic Consumer Panel has led to an improved service for participants. The scanner serves to identify products whilst all other data is input via PC into an online input template. The connection to the PC as the input medium facilitates rapid, accurate evaluation.

GfK is consistently pursuing its data-based consultancy approach, using existing data for further evaluations, e.g. for researching changes in product placement or optimization of direct marketing activities. GfK can currently draw on panel data from four business sectors and is constantly expanding these services.

For the first time in Germany, a brand ranking has been rewarded with the "best brands 2004" prize. GfK combined the research criteria of economic success (yield-based factor) with success in the minds of consumers (psychological criteria), making "best brands" the first brand ranking which evaluates both current market performance and future market success.

11. Organization and administration

GfK AG acts both as a holding company and as an operating unit. Its operating activities are organized on a matrix basis. There have been no changes during the period under review.

12. Major events since the reporting date (31 March 2004)

At the beginning of April, the Chief Financial Officer, Dr. Merl, left the company. The Supervisory Board has instructed external consultants to find a successor. Dr. Klaus L. Wübbenhorst, the CEO, has assumed this role until an appointment is made.



13. Outlook

As already announced at the accounts press conference on 15 April of this year, GfK anticipates that in 2004 it will achieve rates of sales growth which are higher than those of the market sector. More specifically, based on the same scope of consolidation, GfK anticipates sales growth of 5.8 per cent to EUR 630 million. Including the companies acquired to date during 2004, sales will increase by over 9 per cent to EUR 650 million.

GfK also aims to achieve an increase in EBIT including income from participations which is significantly higher than the growth in sales. The margin, which is the ratio of EBIT including income from participations to sales, should exceed the 12 per cent mark.

Growth during the first four months reaffirms GfK's conviction that these targets can be achieved. At the end of March, 67 per cent of the Group's target sales figure for 2004 of EUR 650 million had either already been invoiced or was posted as an existing or new order. This represents a further increase of 2 per cent compared to the high level achieved in the previous year.

Provisional key dates in the financial calendar

15 June 2004	Annual General Meeting, Nuremberg, Meistersingerhalle
19 August 2004	Interim report as at 30 June*
18 November 2004	Quarterly report as at 30 September*
24 February 2005	Provisional result for financial year 2004*
31 March 2005	Accounts press conference, Nuremberg
31 March 2005	Analysts' conference, Frankfurt/Main
13 May 2005	Quarterly report as at 31 March*
24 May 2005	Annual General Meeting, Nuremberg
12 August 2005	Interim report as at 30 June*
15 November 2005	Quarterly report as at 30 September

*) Publication is schedule for before the start of the trading session.

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Brief description of GfK activities

Consumer Tracking	Information services regarding market and marketing matters relating to day-to-day consumer buying decisions and habits, providing information on almost all fast moving consumer goods plus a large number of slow moving consumer goods and services.
HealthCare	Information services relating to product development, communication, image and price control of medicines, market positioning and customer satisfaction, measuring the unit number and sales of materials and products used by dentists and laboratories as well as measuring the consumption of veterinary medicines.
Non-Food Tracking	Information services regarding marketing, sales, logistics in retail and industry for companies operating in consumer technology markets.
Media	Information services on media consumer behaviour and attitudes. Services include quantitative analyses of viewer, reader and listener reach and qualitative surveys on acceptance, preferences and recall of media content.
Ad Hoc Research	Information services for developing, positioning and maintaining products and services, aimed at optimizing the mix of marketing policy activities and managing product and corporate brands and customer loyalty.

**Consolidated income statement for the first three months
from 01.01.04 to 31.03.2004 in EUR '000 (according to US GAAP, not audited)**

In EUR '000	1-3	% of	1-3	% of		Change
Income statement	2003	sales	2004	sales	abs.	%
Sales	135,698	100.0%	149,946	100.0%	14,248	10.5%
Cost of sales	(98,964)	-72.9%	(104,400)	-69.6%	-5,436	5.5%
Gross income from sales	36,734	27.1%	45,546	30.4%	8,812	24.0%
Selling and general administrative expenses	(29,232)	-21.5%	(31,095)	-20.7%	-1,863	6.4%
Operating income	7,502	5.5%	14,451	9.6%	6,949	92.6%
Other income less other expenses	746	0.5%	(454)	-0.3%	-1,200	-160.9%
EBIT before income from participations	8,248	6.1%	13,997	9.3%	5,749	69.7%
Net income from participations	885	0.7%	976	0.7%	91	10.3%
EBIT after income from participations	9,133	6.7%	14,973	10.0%	5,840	63.9%
Net interest income	(471)	-0.3%	(493)	-0.3%	-22	4.7%
Net other financial income	(32)	0.0%	43	0.0%	75	-234.4%
Result from ongoing business activity	8,630	6.4%	14,523	9.7%	5,893	68.3%
Taxes on income and earnings	(3,401)		(5,401)		-2,000	58.8%
Tax rate		39.4%		37.2%		
Consolidated total income before minority interests	5,229	3.9%	9,122	6.1%	3,893	74.5%
Minority interests' share of total income	(689)	-0.5%	(2,231)	-1.5%	-1,542	223.8%
Consolidated total income	4,540	3.3%	6,891	4.6%	2,351	51.8%
Earnings per share (EUR)	0.17		0.26		0.09	
For information:						
Personnel expenses	(62,267)	-45.9%	(66,509)	-44.4%	(4,242)	6.8%
Depreciation/amortization	(5,275)	-3.9%	(5,524)	-3.7%	(249)	4.7%
EBITDA	13,523	10.0%	19,521	13.0%	5,998	44.4%

Consolidated balance sheet
as at 31 March 2004 in EUR '000 (according to US GAAP, not audited)

Assets	31/12/2003	31/03/2004
Intangible assets	189,136	217,176
Tangible assets	66,095	66,310
Financial assets	29,760	27,154
Fixed assets	284,991	310,640
Inventories	1,406	1,450
Trade receivables	125,487	119,114
Other accounts receivable and other assets	13,197	16,545
Securities	7,538	8,634
Liquid funds	53,241	54,342
Current assets	200,869	200,085
Deferred taxes	8,327	8,158
Prepaid expenses	7,816	8,401
Total assets	502,003	527,284
of which short-term	210,352	209,587
Shareholders' equity and liabilities		
Subscribed capital	66,872	66,872
Capital reserve	87,098	87,098
Retained earnings	53,062	59,843
Other comprehensive income	-2,887	-2,183
Shareholders' equity	204,145	211,630
Minority interests	25,488	26,054
Provisions	74,742	75,151
Financial liabilities	66,607	88,268
Trade payables	28,156	21,443
Liabilities on orders in progress	62,677	62,312
Other liabilities	30,515	32,673
Provisions and liabilities	262,697	279,847
Deferred taxes	9,088	9,365
Deferred income	585	388
Total liabilities	297,858	315,654
of which short-term	198,178	204,596
Shareholders' equity and liabilities	502,003	527,284
Equity ratio	40.7%	40.1%



**Changes of consolidated shareholders' equity
(according to US GAAP, not audited)**

	No. of shares (in thousands)	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income			Valuation from cash flow hedges	Total
					Difference from currency conversion	Market valuation of securities	Differences from pension valuation		
As at 01/01/2003	26,122	66,872	87,098	27,357	191	-14	0	181,504	
Consolidated total income after tax				4,540				4,540	
Other changes				-180				-180	
Other comprehensive income					-1,909	8		-1,901	
As at 31/03/2003	26,122	66,872	87,098	31,717	-1,718	-6	0	183,963	
Dividend				-5,224				-5,224	
Consolidated total income after tax				28,782				28,782	
Other changes				-2,213				-2,213	
Other comprehensive income					-1,296	43	90	-1,163	
As at 31/12/2003	26,122	66,872	87,098	53,062	-3,014	37	90	204,145	
Consolidated total income after tax				6,891				6,891	
Other changes				-110				-110	
Other comprehensive income					795	1	-92	704	
As at 31/03/2004	26,122	66,872	87,098	59,843	-2,219	38	-2	211,630	

Consolidated funds statement
from 01.01.04 to 31.03.04 in EUR '000 (according to US GAAP, not audited)

	1-3 2003	1-3 2004
Consolidated total income before minority interests	5,229	9,122
Write-down/write-up of intangible assets	1,722	1,789
Write-down/write-up of tangible assets	3,552	3,735
Write-down/write-up of financial assets	0	0
Changes in deferred taxes	89	545
Income from companies valued at equity, not affecting payment	-730	904
Profit/loss from the disposal of fixed assets	26	-8
Net interest income affecting payment	473	549
Increase/decrease in provisions	1,823	92
Other revenue/expenses not affecting payment	-194	-1,704
Increase/decrease in inventories, receivables and other assets not attributable to investment or financing activities	1,158	3,713
Increase/decrease in liabilities and other liabilities not attributable to investment or financing activity	-16,719	-7,695
a) Cash flow from ongoing business activity	-3,571	11,042
Cash outflows for investment in intangible assets	-1,171	-1,257
Cash outflows for investment in tangible assets	-3,289	-2,989
Cash outflows for the acquisition of consolidated companies and other business units	-223	-27,335
Cash outflows for investment in other financial assets	-35	-4
Cash inflows from disposals of intangible assets	0	0
Cash inflows from disposals of tangible assets	125	119
Cash inflows from the disposal of consolidated companies and other business units	0	0
Cash inflows from disposals of other financial assets	57	71
b) Cash flow from investment activity	-4,536	-31,395
Cash outflows to company owners	0	0
Cash inflows from/outflows to minority interests	-28	-1,673
Net interest income	-473	-549
Cash inflows from the raising of loans	4,881	27,273
Cash outflows from the repayment of loans	-2,771	-4,334
c) Cash flow from financing activity	1,609	20,717
Changes in liquid funds affecting payment (total of a), b) and c))	-6,498	364
Changes in liquid funds owing to exchange gains/losses, scope of consolidation and valuation	-712	737
Liquid funds at the start of the period	45,167	53,241
Liquid funds at the end of the period	37,957	54,342



Calculation of net indebtedness and free cash flow in EUR '000

Calculation of net indebtedness

(in EUR '000)	31/12/2003	31/03/2004
Liquid funds	53,241	54,342
Short-term securities	7,538	8,634
Liquid funds and short-term securities	60,779	62,976
Liabilities to banks	44,962	66,375
Pension obligations	19,045	19,343
Liabilities under leases	17,087	17,336
Other interest-bearing liabilities	4,558	4,557
Interest-bearing liabilities	85,652	107,611
Net indebtedness	-24,873	-44,635

Calculation of free cash flow

(in EUR '000)	31/03/2003	31/03/2004
Consolidated total income before minority interests	5,229	9,122
Write-down/write-up of intangible assets	1,722	1,789
Write-down/write-up of tangible assets	3,552	3,735
Write-down/ write-up of financial assets	0	0
Other	1,488	378
Cash flow before working capital	11,991	15,024
Change in working capital	-15,562	-3,982
Cash flow from ongoing business activity	-3,571	11,042
Capital expenditure	-4,460	-4,246
Free cash flow before acquisitions, other investments and asset disposals	-8,031	6,796
Acquisitions	-223	-27,335
Other financial investments	-35	-4
Asset disposals	182	190
Free cash flow after acquisitions, other investment and asset disposals	-8,107	-20,353



Notes to the consolidated financial statements of GfK AG as at 31 March 2004

1. Accounting and valuation methods

The consolidated financial statements of GfK AG as at 31 March 2004 have been prepared according to the same US GAAP accounting and valuation methods as the consolidated financial statements as at 31 December 2003.

As at 31 December 2003, the GfK Group applied Accounting Principles Board (APB) Opinion No. 25 and the associated interpretations to depict the existing Stock Option Plan in the consolidated financial statements. According to APB 25, expenditure for employee stock options with no intrinsic value on the balance sheet date cannot be recognized. Therefore, the consolidated total income reported in the consolidated financial statements as at 31 December 2003 does not contain any expenditure for employee stock options.

The following table shows the effects on consolidated total income and the earnings per share had SFAS 123 been applied to all issued options.

	1-3/2003	1-3/2004
Consolidated total income in EUR thousand	4,540	6,891
Plus: Personnel expenses (after taxes) in connection with stock-based compensation if APB 25 is applied, in EUR thousand	0	0
Less: Total personnel expenses (after taxes) in connection with stock-based compensation if the accounting method based on fair values (SFAS 123) is applied, in EUR thousand	-955	-797
Pro-forma consolidated total income in EUR thousand	3,585	6,094
Earnings per share in EUR	0.17	0.26
Pro-forma earnings per share in EUR	0.14	0.23
Earnings per share (fully diluted) in EUR	0.17	0.26
Pro-forma earnings per share (fully diluted) in EUR	0.14	0.23

2. Scope of consolidation and major acquisitions

The number of fully consolidated companies has risen compared with 31 December 2003 from 92 to 96:

The newly acquired GfK Arbor, LLC, Media, USA was consolidated for the first time at 1 January 2004. As part of an asset deal, the entire business of Arbor Inc., Media, USA was transferred to this company.



GfK US Custom Research Holding GmbH (formerly GfK International Consultancy & Development GmbH) in Nuremberg, which was not previously consolidated because of its minor importance, acts as holding company for the company, and so was also consolidated for the first time at 1 January 2004. Both companies are part of the Ad Hoc Research division.

In view of the expansion of its activities, GfK Marketing Services South Africa (Proprietary) Limited, Sandton, South Africa, was consolidated for the first time at 1 January. The company, which operates in the Non-Food Tracking segment, had not previously been consolidated because of its minor importance.

Also consolidated for the first time at 1 January 2004, subsequent to GfK increasing its stake, was m2A S.A., Saint Aubin, France. The company, which operates in the HealthCare segment, was previously classified as an associated company.

The purchase price of these acquisitions totalled EUR 26,618 thousand. The resulting goodwill of EUR 25,741 thousand accrues to the Ad Hoc Research and HealthCare segments.