The Gourmet Entertainment Company

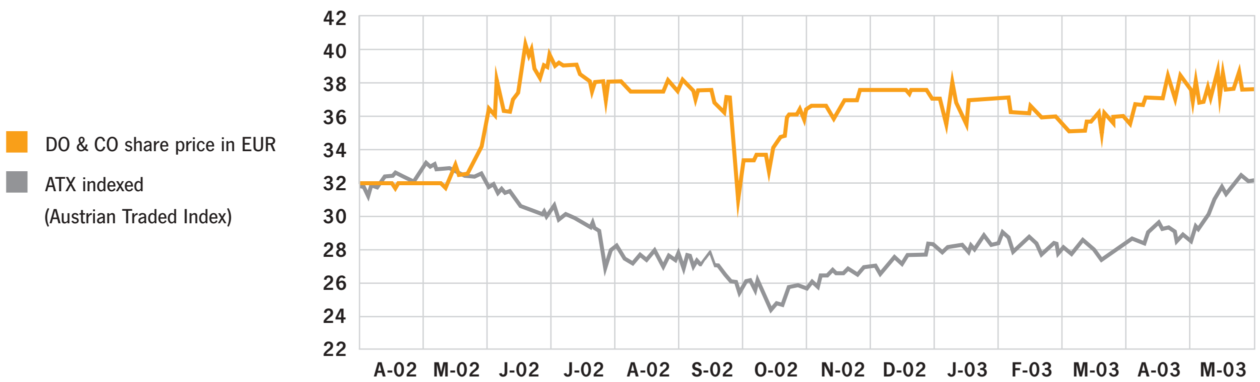


NEW YORK • MIAMI • LONDON • BARCELONA • MILAN • BERLIN • FRANKFURT • MUNICH • SALZBURG • VIENNA

Annual Report 2002/2003

DO & CO
INTERNATIONAL

DO & CO share price (from April 2002)



Details on DO & CO stock

Securities code .... DOC
Securities no 081880
ISIN Code AT0000818802
Trading segment .... Official Trading
Market segment .... Prime Market
Contained in the following indices .... WBI, ATX Prime
No. of individual shares 1,624,000
Listed nominal value .... EUR 11,802,068
Initial listing .... 30 June 1998
In free float .... 23.3 %

relevant information on the capital market

Phone .... +43 (1) 74000-191
Fax .... +43 (1) 74000-194
e-mail .... investor.relations@doco.com
Reuters Code .... DOCO.VI
Bloomberg Code .... DOC AV
Homepage of Vienna Stock Exchange .... www.wienerboerse.at

Divisions 2002/2003

Business Year (April - March)		Airline Catering	International Event Catering	Restaurants & Bars	Total
Sales	in m €	43.94	29.98	20.67	94.59
EBITDA	in m €	3.80	4.58	1.68	10.06
Depreciation/ amortization*	in m €	-3.26	-2.13	-1.10	-6.49
EBIT	in m €	0.54	2.45	0.58	3.57
EBITDA margin	in %	8.6 %	15.3 %	8.1 %	10.6 %
EBIT margin	in %	1.2 %	8.2 %	2.8 %	3.8 %
Employees		459	144	359	962
Share in consolidated sales	in %	46.5 %	31.6 %	21.9 %	

*...Includes amortization of goodwill

Sales by division in EUR millions

Owing to the automatic calculation aids used, calculation differences may arise when adding up rounded figures and percentages and when converting to Euro figures.

Key Figures of the DO & CO group in accordance with IAS

		2002/2003	2001/2002	2000/2001
Sales	in m €	94.59	91.83	89.69
Sales change to previous year	in %	3.0 %	2.4 %	21.8 %
EBITDA	in m €	10.06	10.45	8.89
EBITDA change to previous year	in %	-3.7 %	17.6 %	-9.3 %
EBITDA margin	in %	10.6 %	11.4 %	9.9 %
EBIT	in m €	3.57	3.48	3.34
EBIT change to previous year	in %	2.6 %	4.2 %	-41.1 %
EBIT margin	in %	3.8 %	3.8 %	3.7 %
Result from ordinary business	in m €	3.33	2.21	3.16
Consolidated result	in m €	2.10	1.00	1.67
Employees		962	914	835
Equity [1]	in m €	30.90	33.34	33.36
Equity ratio	in %	52.1 %	50.6 %	50.5 %
Net debts	in m €	-6.25	-5.19	1.02
Net gearing	in %	-21.4 %	-17.0 %	3.3 %
Working Capital	in m €	1.91	-2.95	-3.34
Operational cash-flow	in m €	9.58	8.50	3.83
Investments in tangible assets	in m €	2.19	2.20	15.34
Amortization/depreciation	in m €	-6.49	-6.97	-5.55
Free cash-flow	in m €	1.96	6.90	-11.88
ROS	in %	3.5 %	2.4 %	3.5 %
Capital Employed	in m €	27.44	31.08	36.56
ROCE	in %	12.1 %	10.5 %	10.9 %
ROE	in %	11.5 %	9.3 %	10.0 %

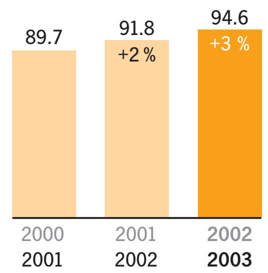
[1] Adjusted to take designated dividend payments into account

Key figures per share

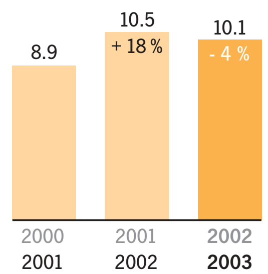
		2002/2003	2001/2002	2000/2001
EBITDA	in EUR	6,32	6,43	5,55
EBIT [1]	in EUR	3,08	2,97	2,84
Earnings [2]	in EUR	2,16	1,77	1,80
Dividend [3]	in EUR	0,50	0,50	0,50
Equity	in EUR	18,32	18,85	19,46
High [4]	in EUR	40,15	32,40	43,80
Low [4]	in EUR	31,00	15,70	21,50
Year-end [4]	in EUR	36,56	32,00	27,50
PER high		18,6	18,3	24,4
PER low		14,4	8,9	12,0
PER year-end		16,9	18,1	15,3
Dividend yield	in %	1,4 %	1,6 %	1,8 %
Number of shares year-end	in T	1.624	1.624	1.624
Market capitalization year-end	in m EUR	59,37	51,97	44,66

[1] Adjusted to take goodwill amortization into account,
[2] Adjusted to take goodwill amortization and result from extraordinary activities into account,
[3] proposal to the General Meeting of Shareholders 2002/2003,
[4] Closing price

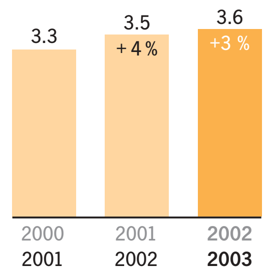
Sales in EUR millions



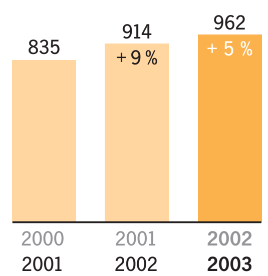
EBITDA in EUR millions



EBIT in EUR millions



Employees



Contents

History of DO & CO

1981 Founding of company: Opening of first restaurant in Vienna

1983 Launch of party services

1987 Launch of airline catering for Lauda Air

1989 Gourmet kitchen on Dampfmühlgasse in Vienna put into operation

1990 Opening of the DO & CO restaurant in the Haas Haus on Stephansplatz in downtown Vienna

1991 Assumed responsibility for the organization and logistics of the City Hall Festival

1992 Launch of international event catering at Formula 1 Grand Prix on Hungaroring in Hungary

The first of three IFCA Golden Mercury Awards for DO & CO (from the International Flight Catering Association)

1995 Gourmet kitchen put into operation at the Malpensa Airport in Milan

Opening of DO & CO restaurant at Casino Baden

1997 Establishment of DO & CO Restaurants & Catering AG

1998 Opening of AIOLI Restaurant on Stephansplatz in downtown Vienna

Gourmet kitchen at Salzburg Airport put into operation

Initial Public Offering of 735,000 shares of DO & CO stock and listing on the Vienna Stock Exchange, with about 45 % of the share capital going to private investors

1999 Establishment of DO & CO subsidiary AIOLI – Vienna Airport Restaurants & Catering GmbH

Gourmet kitchen at JFK Airport in New York City put into operation

2000 Gourmet kitchens put into operation in Miami, Munich and Frankfurt

2001 Gourmet kitchen in Berlin put into operation

2002 Acquisition of K.u.K. Hofzuckerbäcker Ch. Demel´s Söhne GmbH and its subsidiary Café Griensteidl

2003 Launch of event catering at the Albertina

Message from the Management Board

Ladies and Gentlemen

The global business climate was exceedingly difficult again in business year 2002/2003. Economic activities were shaped worldwide by political and economic instability and a definite cyclical downturn. A lack of business stimuli, hesitancy to invest and restrained private consumption hung like a pall over the economy, as did the poor state of the financial markets, fear of terror, the Iraq war and most recently the lung disease SARS. Repeated downward revisions of the forecasts underscored the economic trends throughout the year, doing nothing to bolster confidence. Already hypersensitive, the capital markets reflected this uncertainty, the leading exchanges reacting with price losses for the third year in succession.

Developments in international aviation continued to be overshadowed by the horrendous events of 11 September 2001. Signs of an incipient recovery in European air travel were erased by the war in Iraq and SARS. In just two years the global airline industry had sustained losses greater than the profits it had been able to earn the previous 45 years. Putting aircrafts in hangars and making massive cuts in the civil aviation workforce did not suffice as a response to the crisis. The ongoing adjustments of capacity to the unsatisfactory demand has resulted in a continuous pruning of route systems and the elimination of flights. This situation is further exacerbated by the fare wars raging between the no-frills airlines and the full-service carriers.

Despite this unfavorable business environment, DO & CO was able to turn the crisis into an opportunity. We quickly responded to the changing competitive conditions and continued our controlled expansion, guided, as always, by the principles of sound stewardship. At the forefront of all our actions was our unquestioned dogma of achieving growth on a solid and healthy financial base, with the object of creating value, sustaining it and increasing it while avoiding risky, imprudent experiments. At the end of the day those who find timely responses to new challenges and take suitable steps to increase efficiency are the ones who will reap commensurate success. Even under difficult conditions, we are intent on remaining successful, both for the company itself and for our shareholders, employees, customers and suppliers.

Success does not just happen. It is the result of hard work, the relentless pursuit of goals and visions, and the ability to seize opportunities as they present themselves.

Against this backdrop, we are all the more pleased that DO & CO continued its tradition of past years again in 2002/2003 and increased its sales (+3.0 % to EUR 94.59 million), EBIT (+2.6 % to EUR 3.57 million) and profit from ordinary activities (+50.7 % to EUR 3.33 million). EBITDA was the only key figure to decline, falling by a slight EUR 0.39 million to EUR 10.06 million. DO & CO thus surpassed its results of the previous business year.

DO & CO is commencing its third decade in business. A small delicatessen business with adjoining restaurant has grown into an international group, a global gourmet entertainment company. In 1998 we took the proceeds from our Initial Public Offer and began to expand and gain a global presence in the market with a network of ideal business outlets in high-frequented locations. We meet the needs and demands of our airline and event catering clients with eight gourmet kitchens and two coordination offices. Spread over the three core divisions Airline Catering, International Event Catering and Restaurants & Bars, the risk profile of DO & CO has improved greatly and reflects the broad base of our business activities and clientele. While DO & CO may not emerge from a general economic downturn completely unscathed, it is well cushioned by three different business segments, which are clearly distinguishable from each other. Airline Catering accounts for 46.5 % of consolidated sales, International Event Catering for 31.6 % and Restaurants & Bars for 21.9 %. International business constitutes 56.1 % of consolidated sales if Restaurants & Bars, which produces its sales solely in Austria, is left out of the picture for a moment.

From our beginnings as the caterer of a single airline, we now cater fifteen carriers from our various business locations. In event catering, a service we have been providing worldwide since 1992, our activities run the gamut from the Formula 1 and major sports events to corporate events involving more than 10,000 guests or private occasions for just a handful of people. Some 1,700 events in business year 2002/2003 alone, this is a figure that speak for itself. Restaurants & Bars, the original line of business and flagship of DO & CO, is still strictly Austrian in focus. However, with the acquisition of Demel and Cafe Griensteidl as well as the opening of the new business location at the Albertina, this division now offers the highest in culinary quality at eight establishments. Its share in consolidated sales rose from 16.9 % in 2001/2002 to 21.9 % in the year under review.

This growth is the result of our consistent internal goals. We strive daily for top quality and uniqueness in our products and services and have established and are safeguarding our premium brands DO & CO, Demel, and Aioli in the markets. We also encourage the development of our employees as the most essential assets of DO & CO and the corporate culture they sustain as irreplaceable and distinct values of our company as well as taking on the challenge of constant creativity and innovation.

Ultimately everything revolves around people, product and service. Here, we have to keep a step ahead of the competition at all times. The key is to anticipate and understand industry trends and the needs and demands specific customers make on design and product and to meet these requests with the highest standards of quality.

What direction will the company be moving in the years ahead? Since its listing on the stock exchange in 1998, DO & CO has achieved impressive growth for a young company and successfully internationalized its operations. Sales have increased in this period by 93.0 %, rising from EUR 49.01 million to EUR 94.59 million. Six new businesses have been opened at prime international locations. Business activities in twenty countries on three continents have increased our scope of operation and the Restaurants & Bars Division has also expanded considerably. With the exception of the acquisition of Demel, growth at DO & CO in the past has been organic in nature. The company has now attained a large enough scale that it faces new challenges and opportunities for which organic growth can be supplemented by sensible acquisitions and the founding of partnerships to allow DO & CO to expand further.

New trends and approaches are called for, especially in Airline Catering following the latest developments in air travel. Quality and price requirements being placed on airline meals signal a possible concentration on core skills in the industry, a move away from universal providers towards the separation of production and logistics (creation of new partnerships). Running in the same vein is the discussion about the need for providing catering on short-distance flights, an area where the no-frills airlines have already gone in other directions. Logistics and consulting will also take on a new importance for customers.

Based on current market assessments, we do not expect fundamental conditions to improve in business year 2003/2004. In light of the still poor cyclical situation on the markets and the enormous volatility, our prediction about the course of business this year is very cautious. Sales should remain about the same as last year. Our main focus will therefore be on stringent cost management and controlled growth. This means that we will continue to seize opportunities as they present themselves in this crisis in pursuing our vision of becoming the world's Number 1 in gourmet entertainment catering.

With best regards,

The Management Board of DO & CO Restaurants & Catering AG

Franz Kubik | Attila Dogudan | Michael Dobersberger

Corporate Boards

THE MANAGEMENT BOARD

Attila DOGUDAN
Chairman of the Management Board

Franz KUBIK
Member of the Management Board and CFO

Michael DOBERSBERGER
Member of the Management Board

THE SUPERVISORY BOARD

Waldemar JUD
Chairman of the Supervisory Board

Werner SPORN
Deputy Chairman of the Supervisory Board

Georg THURN-VRINTS
Member of the Supervisory Board

Christian KONRAD
Member of the Supervisory Board
(since 10 July 2002)

Party in Monaco

exclusive by **DO & CO**

Profile of DO & CO

- **Premium caterer** and **global gourmet entertainment company** with a focus on three core segments: Airline Catering – International Event Catering – Restaurants & Bars

- **Locations worldwide** and gourmet kitchens in Miami, New York, Milan, Berlin, Frankfurt, Munich, Salzburg and Vienna as well as organizational offices in London and Barcelona

- As a **global** group, DO & CO has been operating for several year on **three continents** in the following countries, among others: Austria, Belgium, Canada, France, Germany, Great Britain, Hungary, Italy, Japan, Malaysia, Monaco, Portugal, Spain, Switzerland, and the United States

- DO & CO has a brand portfolio segregated by **clear brand positioning**; with its premium brands **DO & CO**, **Demel** and **Aioli** it offers exclusive gourmet entertainment, exclusive confectionery and high quality catering

- DO & CO has been listed in the prime market of the Vienna Stock Exchange since 30 June 1998; in 2002/2003, DO & CO stock was among the top performers in the prime market, with its **share price** ending the year **+14.3 %** higher

- In the business year under review, DO & CO and its 962 employees generated **total sales of EUR 94.59 million**. Since its IPO in 1998, the company has **nearly doubled** its sales in just five years, increasing them by 93.0 %

- Airline Catering is the frontrunner among the three divisions in terms of sales with a share of **46.5 %**, followed by International Event Catering with **31.6 %** and Restaurants & Bars with **21.9 %**

- The ownership of the **share capital** of DO & CO (divided into 1,624,000 individual bearer shares) is currently as follows: Attila Dogudan Privatstiftung has a **51.6 %** stake, Raiffeisen-Holding Niederösterreich-Wien has a **25.1 %** stake, and the remaining **23.3 %** of the shares are in free float

Overview of the Divisions

AIRLINE CATERING

“The only real restaurant in the sky“
Since 1987

46.5 % of total sales – sales leader among the divisions

The Airline Catering Division first began as a close collaboration with Lauda Air and has since evolved into the group sales leader among the three divisions, accounting for 46.5 % of total consolidated sales. Its keen attention to quality and service was developed into a special overall service approach that more and more airlines are appreciating and that passengers have singled out for numerous awards and prizes. Airline Catering worked hard in business year 2002/2003 to attract new airline customers and to expand its services for existing customers to new locations. All in all, it added five further carriers to its clientele, won over existing customers for two additional destinations, and extended one of its contracts to 2006.

Airline Catering

Share in total sales: 46.5 %

Employees: 459

Sales 2002/2003: EUR 43.94 million

Products & services:
- Board meals and beverages
- Extensive development of complete service approaches
- Cabin crew training
- Menu planning and menu design
- Flying DO & CO chef on long-distance flights operated by Lauda Air

Customers: 15 Airlines

Strategy:
- To offer a unique quality product tailored to the needs of Economy and Business Class passengers
- To build a global network of gourmet kitchens with an eye to achieving optimum cooperation with existing airline customers and to winning over new customers
- To provide consulting on onboard services
- To expand the customer network by winning over existing DO & CO customers for services at new locations

Business locations:
Miami, New York, Milan, Berlin, Frankfurt, Munich, Salzburg, Vienna

The airline clientele of DO & CO currently includes the following carriers: Lauda Air, Lauda Air Italy, British Airways, Turkish Airlines, Iberia, Austrian Airlines, Air Mauritius, South African Airways, Finnair, Emirates Airlines, Styrian Spirit, Crossair/Swiss, Luxair, Royal Air Maroc and Air Alps.

VG Airlines/Delsey Airlines, which became a new customer of DO & CO in New York on 23 May 2002, discontinued its flight operations a matter of months later, on 23 October 2002.

Highlights 2002/2003

- Stepped-up efforts to internationalize: DO & CO scored another success at its Milan location; in July 2002 DO & CO added South African Airways and Emirates Airlines as new customers; Emirates Airlines operates four flights a week to Dubai on an Airbus 330; in January 2003 Turkish Airlines followed suit; already a customer at the Vienna location, this carrier now has its seven weekly flights from Milan to Istanbul also catered by DO & CO
- In November 2002 the company scored another victory on the highly competitive New York market; DO & CO now caters six Finnair flights a week from New York to Helsinki
- Thanks to its fine performance in Milan, DO & CO won over South African Airways as a customer at its New York location starting in December 2002; it now caters seven weekly flights for this carrier from New York to Johannesburg
- The successful partnership with Air Mauritius ex Vienna was extended by another three years
- Since March 2003, DO & CO has also been catering Styrian Spirit with approximately 60 departures a week from Graz, Vienna and Linz to Frankfurt, Düsseldorf and Stuttgart as well as to charter destinations in the summer months

INTERNATIONAL EVENT CATERING

"The Global Gourmet Entertainment Company"
Since 1983

The International Event Catering Division first began as a national party service and has been operating globally since 1992. DO & CO caters events of all conceivable sizes, from family celebrations to large-scale events involving more than 10,000 guests. It offers a full range of services, from food preparation to the organization and marketing of entire events. For years now, DO & CO has been in charge of numerous major sports events in this segment. Most prominent among them are the Formula 1, tennis and golf tournaments and famous ski races.

Catering events of all conceivable sizes

Developments at International Event Catering were shaped in business year 2002/2003 by restraint on the part of Austrian consumers and margin-squeezing price dumping by several competitors. There was also a worldwide decline in attendance at major sports events. In spite of the still poor economic climate, DO & CO continued to be successful on the German market, where it catered a host of prestigious events. The division remained the second strongest segment in the group in terms of sales.

Highlights 2002/2003:

- 10th year of catering Formula 1; DO & CO caters 15 of the 17 Grands Prix
- Catering of numerous model presentations for the automobile industry
- From late June to early September 2002: In charge of the City Hall Festival, one of Europe's largest open air events; the organizer, stadt wien marketing service gmbh, counted over 600,000 guests from Austria and abroad
- October 2002: Catering of the VIP area at the Tennis Masters Series Tournament in Madrid
- November 2002: Catering of the VIP area at the "Volvo Masters Andalucia" Valderrama golf tournament
- January 2003: In charge of the VIP area at the Hahnenkamm Races in Kitzbühel
- DO & CO staged a total of some 1,700 events in the business year under review

International Event Catering

Share in total sales: 31.6 %

Employees: 144

Sales 2002/2003: EUR 29.98 million

Products & services:
- The range extends from mere food and beverage preparation to assuming responsibility for organizing and marketing entire events
- Events for anywhere from 2 to over 10,000 people

Strategy:
- To continue establishing the DO & CO brand in the Austrian, German and US market
- To focus on services as a total supplier and event organizer

Business locations:
Operates worldwide from businesses in Miami, New York, Milan, Berlin, Frankfurt, Munich, Barcelona, Salzburg and Vienna

RESTAURANTS & BARS

"Best tastes of the world"
Since 1981

The Restaurants & Bars Division is the segment in which DO & CO first started in business. It is the flagship of the group and has been the pivot of brand and product development since the company was founded in 1981. DO & CO´s Restaurants & Bars are synonymous with the best in culinary quality and unique diversity.

Capacity utilization remains high at existing locations

Activities at Restaurants & Bars were dominated this past business year by the reintegration of Demel production operations into the main Demel location on Kohlmarkt and the opening of the new location at the Albertina. Capacity was well utilized at the existing restaurants.

Restaurants & Bars

Share in total sales: 21.9 %

Employees: 359

Sales 2002/2003: EUR 20.67 million

Products & services:
- International and traditional cuisine at the DO & CO Restaurant in the Haas Haus on Stephansplatz
- Southern European flair and Mediterranean cuisine at Aioli
- Sophisticated international bar atmosphere at the Onyx Bar
- Dinner & Casino at the restaurants and bars in Casino Baden
- Small hot and cold gourmet specialties at the Vienna Casino
- Finest in patisserie arts at Demel on Kohlmarkt
- Viennese coffeehouse flair at Café Griensteidl
- Delicious art at the café/restaurant in the Albertina
- The various restaurants and bars as venues for press conferences and special events

Strategy:
- Research and Development center and creator of ideas for new products
- Marketing instrument and standard bearer for the group and original brand development
- Development of human resources

Business locations:
Vienna, Baden

DEMEL

A further jewel of Vienna's first district was added to the crown of already existing DO & CO restaurants and bars in 2002 with the acquisition of the renowned confectionary Demel. A Vienna institution for over 200 years, this fine cake and pastry shop on Kohlmarkt is synonymous with the best in patisserie products and is a charming venue for events of all kinds. Nearby Café Griensteidl on Michaelerplatz, for its part, is a typical Viennese coffeehouse, an integral and indispensable part of the city's literature and history.

In the second half of the year under review, the dessert and confectionery production operations were moved back to the main Demel location on Kohlmarkt to guarantee top quality and the freshest goods every day while also being able to respond flexibly to requests from customers.

Following the renovation, patrons can now watch the confectioners in action through the windows of a unique glassed-in bakery extending over several stories. Their artistry and precision is evident as they produce typical Demel specialties like Napoleons, delightful small cakes and biscuits, or homemade confectionery.

The challenge in the near future will be to expand existing lines of business and implement new ideas like a Demel Shop or a shop-in-shop concept and launch new products while all the while preserving the venerable tradition of this institution. Special events business is to be further developed. The restructuring of online sales will also go forward. An internal campaign for apprentices will be launched with the goal of passing on specialized skills and recruiting from the company's own ranks.

DO & CO in the Albertina

In mid-March the Albertina, one of Vienna's oldest and most famous buildings, opened its doors again after an extensive renovation that has lent it new luster. The Albertina houses one of the world's largest and most valuable graphics collections, with works by famous artists from all periods of art history. Besides its graphics collection, the Albertina has a photography collection and a diverse architectural collection while also staging special exhibitions on an ongoing basis.

These artistic treasures and the Albertina as synthesis of arts are now complemented by illustrious culinary offerings.

Fine arts meet fine dining

Since March 2003, DO & CO has been responsible for the catering of special events in the staterooms of the Albertina. Along with the state reception hosted by the Austrian president to mark the opening, DO & CO has already staged several special events at this venue. This gives DO & CO yet another permanent location for events in downtown Vienna.

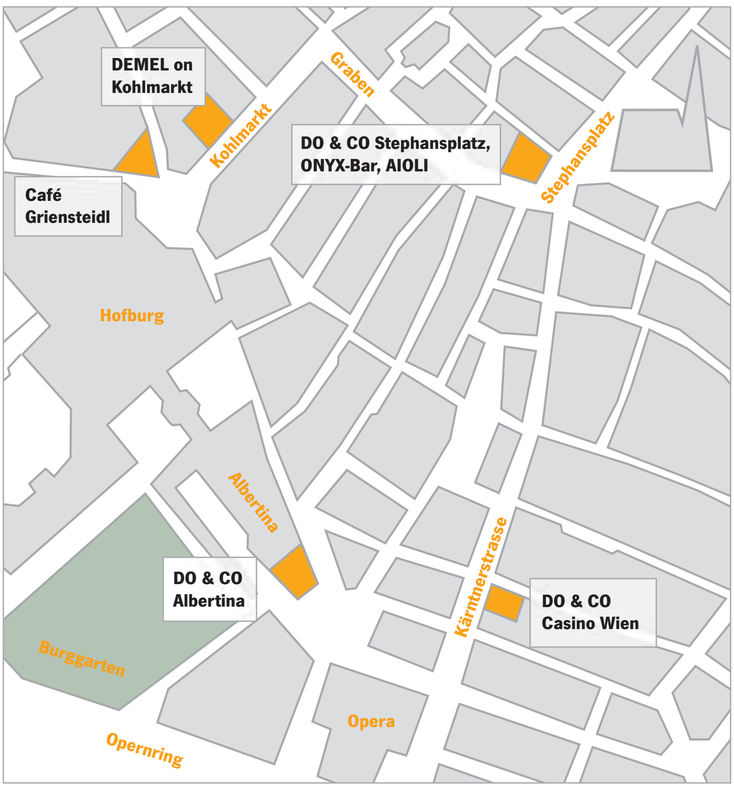
Moreover, the new DO & CO restaurant in the Albertina, directly across from the State Opera, is a unique symbiosis of art and culinary delights. Along with some of the world's greatest artworks, DO & CO treats patrons to some of the best culinary arts the city has to offer.

The restaurant strikes the same delicate balance as the Albertina between modern and historical, opening up a unique world of the culinary arts with seating for 60, a kitchen that allows patrons to watch the chefs' artistry unfold, and a stone bar as well as a large terrace for the summer months. The style of the restaurant – modern elegance – matches the design and superb architecture of the museum and the tradition of the historical palace. DO & CO will be offering its usual excellent quality and perfect service at this location.

Highlights 2002/2003:

- Integration of the Demel production operations in the main building on Kohlmarkt; the kitchen has a glass wall through which patrons can watch the skilled Demel pastry chefs in action
- Crowd pleasing display of culinary skills at Demel on the "Night of the Museums"
- Preparations for opening up the first Demel Shop in Italy
- Launch of business activities in event catering at the Albertina

"DO & CO Mile" in downtown Vienna



Patisserie Viennoise

"handmade by
Demel and **DO & CO**"

Product

Catering is often thought of simply as the art of providing perfect food, beverages and service. Of course this is the core business and as such should never be forgotten or neglected. However, the catering and event management industry now faces new challenges. Consumer needs are in constant flux due to short-lived trends, an increased sensitivity to quality and creativity, and a growing demand for entertainment. Culinary offerings and services, in turn, have to be updated continuously and quickly. As a result, the requirements of customers and sponsors also change rapidly. It is no longer enough to offer "just" the best catering product.

Besides these general societal trends, changing economic conditions and their effects on consumer behavior also require a realignment of the products on offer as well as flexibility to respond quickly and correctly with a product that fits both the market and current demand.

Gourmet Entertainment...

New strategic direction for products, carefully aligned with market & demand

...is one way DO & CO has responded. The product continues to focus on the core business, top quality food, beverages and service. However, this core is now embedded in an event setting and atmosphere that match customers, target group and situation and a unique marketing approach. In other words, gourmet entertainment is the sum total of individual product elements – culinary performances of the best quality and perfect personal service, a pleasant yet also entertaining environment, the right atmosphere created by appropriate music and unusual artistic and culinary achievements. And it is much more than that. Gourmet entertainment embodies all the impressions conveyed by architecture, light, and décor.

To give this total experience the finishing touches, small elements the guest would not expect at the venue are incorporated in the whole. A chef who speaks to patrons in the language associated with the product being offered or menus that entertain guests with games and little gifts. All these are elements and impressions that customers often find memorable.

The guests at an event are the best promoters of all. Deliver an event that comes alive to them and they will pass on their stories to others. This approach is more valuable than a complicated marketing strategy or any fancy promotion plan. This is the highest value the company can generate for customers, partners and sponsors.

To achieve this, DO & CO develops a customized plan for the entire event, applying an all-encompassing theme to all elements, enhanced by perfect execution and logistics. With brands, markets and segments mutually enriching each other, the DO & CO creative team develops and implements just the unusual ideas that are needed and stages them to perfection. The success of our product development and performance depends on our guests passing on their stories of what they experience at our events; this is our ultimate goal.

Product Development

For DO & CO, the first step in creating a successful product is to understand and recognize exactly what the customer needs and wants from our approaches and products. Whenever a customer inquiry comes in or a partnership with a customer is established, we discuss all relevant factors in great detail: situation and setting, invitation list, details of place and time as well as the occasion, goals to be achieved and corporate and brand image, plus any special requests customers may have. We then devise a basic plan specially tailored to the customer.

Despite the difficult economic climate, our product remains unique thanks to our "Best of..." strategy

The DO & CO creative and development teams are made up of customer consultants, chefs, employees of the audio-visual department, logistics experts, internal trend scouts and many others. In the year under review, they faced the dual challenge of determining the changed needs in the current economic environment and of continuing to develop a unique product for DO & CO customers. This had to be done within the given budget and profitability parameters and in accordance with the corporate principle of achieving the "Best of...." design, creativity and innovation.

The DO & CO product is the sum total of a number of perfect individual products: the freshest raw ingredients, new dishes created in-house, new tableware and presentation approaches and unconventional menu cards. Combining decoration and architecture with culinary and musical entertainment, DO & CO creates an atmosphere corresponding to the chosen theme. It then teams up these factors with innovative logistics and perfect execution to create a synthesis of arts that constitutes the incomparability of the DO & CO product.

Efforts to respect the different cultures at the DO & CO branches bear fruit in the form of creative product development. They also have the function of monitoring product authenticity.

As the diagram shows, cross-fertilization between the DO & CO segments is central to product development and implementation. Design ideas and products from one business segment often serve as the basis for revolutionary innovations in another segment.

Restaurants & Bars acts as the Research and Development center for new developments and also runs an initial check on the product by monitoring customer reactions. The product life cycle often continues with the use of the product in the Event Catering segment adapted to fit a specific customer or a broader customer segment in Airline Catering.

Sometimes this order is reversed, with a product developed for Airline Catering turning out to be ideal for the Event Catering and Restaurants & Bars segments.

The DO & CO Brands

The strength of the DO & CO brand portfolio has proved to be a crucial competitive advantage in price-sensitive markets. DO & CO is clearly positioned as a premium brand, Aioli as a brand for the young and dynamic with a controlled policy of aggressive pricing, and Demel as a traditional brand standing for superior quality and culinary skills. Thanks to this approach, DO & CO has been able to pursue a pricing strategy tailored to customer needs, the given segment, and market requirements without jeopardizing the quality image of the brand portfolio. In fact, existing DO & CO customers are displaying an increasing degree of brand loyalty, and new customers can be won over who prefer products with the DO & CO quality image to a market driven by price sensitivity and sameness.

Strong brands provide a clear competitive advantage

Another strategy begun in 2001/2002 continued to be highly successful in the year under review. It involves making available the brand as a marketing and communication instrument to customers particularly in the Airline Catering segment but also in International Event Catering. The DO & CO brands are widely known and readily recalled as symbols of top quality and innovative product development. These traits have given DO & CO customers a substantial competitive advantage over the competition.

DO & CO brands serve as a marketing instrument for customers

Gourmet entertainment, innovative product development and the strengths of the DO & CO brand portfolio are the three factors that distinguish the DO & CO product from catering products in the narrower sense. Customer satisfaction therefore means surpassing customer expectations to such an extent that these factors constitute the incomparable DO & CO experience and provide guests with a story to tell others.

Brand	Premium	Premium	Young & Dynamic
Market Segment	Top Segment	Top Segment	Broad Segment
Core Skill	Exclusive Gourmet Entertainment	Exclusive Confections	High Quality Catering and Restaurant with Agressive Price Policy
Potential	Premium Customers and Consumers Worldwide	Premium Customers and Consumers Worldwide	Broad-based Quality Market

Employees

In the year under review, DO & CO Restaurants & Catering AG had 962 permanent employees (376 females and 586 males). This increase of 5.3 % on business year 2001/2002 came about primarily because of the first full-year inclusion of Demel in the consolidated accounts. The company also had 255 part-time employees (previous year: 229). DO & CO values its employees and the corporate culture they sustain as irreplaceable corporate assets. The company therefore feels it has a responsibility to give all employees a work environment where they can be personally productive. It seeks to offer them opportunities to fulfill their own expectations and goals as well as achieve success for themselves and the company.

DO & CO employees are irreplaceable company assets

DO & CO paid even closer attention in the year under review to the development of human resources. The goal of these systematic and tailor-made measures is to provide employees with the fundamental skills they need to assume responsibility in their job areas and to make their own personal contribution to the company's success.

With the growth and increasing internationalism of DO & CO, a further aspect has taken on enormous significance for conveying the incomparability and uniqueness of the company from another perspective, namely coordinating the workforce in its worldwide efforts on behalf of DO & CO.

Crew Control

Our objective is to create and develop for each customer a product tailored to the situation, occasion, personality and corporate and brand image. This also means being understanding of other cultures and countries and showing appropriate respect for them. Product authenticity is safeguarded by having DO & CO employees who speak the language of the given country convey and preserve a cultured atmosphere in keeping with the setting and the guests.

Working together with DO & CO employees from different branches and cultures is meant to be a mutually enriching cultural experience for the company. This cooperation is also desirable as a mean of maintaining consistently high international DO & CO standards and of ensuring that the long-standing and unique corporate culture of DO & CO is disseminated to new branches and new employees.

To this end, DO & CO employees have to be networked worldwide. The company also has to meet the tough challenge of staffing logistics. This task is performed by the DO & CO Crew Control Department. This coordination involves the DO & CO employees at the international branches as well as freelancers worldwide and the students at DO & CO partner educational institutions for catering and hotel management

Crew Control Tasks

- To coordinate and process staffing requests from the event managers
- To jointly select and determine the international DO & CO teams (service, cooks, setup and strike crews, event managers, technicians, etc) based on the requirements (languages, cultures, etc) and capacities of the individual branches
- To coordinate the assignments of employees and freelancers worldwide as regards availability and individual employee preferences
- To make the arrangements for the assignments (travel, accommodations, transportation, etc)
- To attend to the personal needs of all DO & CO employees in event preparation and on-site

(Johnson & Wales University in Miami, Maastricht Hotel Management School, Escola Universitària de Turisme i Direcció Hotelera Barcelona).

In performing its duties, the Crew Control Team is on hand at the individual branches and at DO & CO events worldwide. Thanks to the personal commitment of employees on this team, everything runs optimal and cost efficiently, and the DO & CO staff is assured optimum working conditions on site.

Greater focus on staff development

Human Resources Development

The individuality of each employee contributes much to the success of DO & CO. It is the diversity of people and cultures and the wide range of personalities that ultimately allow a unique product to be created for the customer and the guests. It is these same factors that assure the incomparable staging and execution of DO & CO events worldwide, in the cabins of DO & CO partner airlines and in numerous restaurants and bars.

Aware of these unique human traits and the sometimes hidden and thus still undeveloped potential of its employees, DO & CO has begun to pay closer attention to a very important aspect of its business, the development of human resources.

The company seeks to create the right basic conditions to ensure the continuous personal development of each employee. This enables and motivates employees to commit themselves to goals on their own and within the team, to take personal responsibility, to do their job independently and enthusiastically and to contribute their own creativity to a process of constant improvement. This policy also means the company has to recognize and develop employees' skills and potential in a timely manner so they can be given attractive opportunities to realize their full potential in carefully designed developmental and advanced training programs.

In our view, staff development is successful if it stimulates, supports and demands this constant process of development with professional procedures, suitable structures, institutionalized processes and efficient measures. Yet it must also create awareness in employees about their own personal responsibility and trigger their willingness and sense of initiative to pursue further personal development.

Based on these premises, the company launched a human resources development project in the year under review. Following a phase of extensive analysis, this project took an initial step toward creating new communication structures and programs for personal development.

Human Resources Development

- **Unit Manager Special**
  Unit managers are taught special skills by internal experts
- **Trainee Program for Catering and Restaurant Managers**
  A practical two-year training program in which participants become versed in all the relevant business areas and then specialize in either of the two segments International Event Catering and Restaurants & Bars
- **Training Programs at the Academy**
  Basic and advanced training courses for permanent staff and freelancers at the DO & CO Academy
- **Individual Career Counseling within the Group**
  Analysis of strengths and skills followed by an optimum job assignment within the group

”**ladies** and **gentlemen** are serving **ladies** and **gentlemen**”

The **DO & CO** Spirit

Markets/Customers/Partnerships

Markets

Over the past several years, DO & CO has built up a worldwide network of businesses in lucrative markets based on customer needs and prevailing demand. The company now runs eight gourmet kitchens around the globe in Miami, New York, Milan, Frankfurt, Berlin, Munich, Salzburg and Vienna and two organizational offices in London and Barcelona. These units are responsible for providing ideal global service to DO & CO airline and international event catering customers. DO & CO expanded its business activities worldwide in the year under review, providing superb DO & CO quality and gourmet entertainment to clients in over 20 countries.

International market presence and market development based on local knowledge of customers

The internationalism of the company and a product and brand portfolio tailored to the needs of global customers are but two of the factors involved in the optimum development of global markets. Market penetration becomes all the deeper with the awareness of being the best partner for the customer locally, a partner that recognizes, understands and respects each customer's special needs, and develops a custom product to fit local requirements. The cultural diversity within the company helps keep everyone aware that a global network must never be allowed to destroy the respect shown to local requirements and needs.

The success DO & CO has had in cooperating with customers worldwide on an international and national basis has strengthened its resolve to continue in future to follow its principle of being a "global partner with a local understanding of the customer." This applies to its international market presence and business locations as well as to its individual service to customers and partners locally.

Customers

DO & CO enlarged its clientele again in the year under review. For example, Turkish Airlines, already a customer in Vienna, is now also catered in Milan; South African Airways and Emirates Airlines were won over as new customers in Milan. In the International Event Catering and Restaurants & Bars segments, the breadth of the company's business activities is reflected in the diversity of customers from the worlds of sports, business, politics, film, and media as well as a multitude of private clients.

Passenger surveys confirm excellent results and increased value for customers and for DO & CO

The success DO & CO has had in acquiring new accounts is based on a successful strategy. It delivers such a perfect performance in the first collaboration that the customer can be won over for further locations or events. The company pays close attention to joint product development, the optimum choice of product in line with the customer's budget, and full service for the customers, from product and logistics plan to successful execution. These efforts explain the high level of customer satisfaction with the first collaboration and lay the groundwork for future cooperation.

The company positions itself as a "no headache company." Not only can it assure quality in product and execution worldwide, it has a solid financial basis. This creates a level of trust with DO & CO customers that allows them to concentrate on their core business, making our service all the more valuable for them.

In recent years, success at one location or event has often had a "multiplication effect", opening the way to cooperation in further locations or segments. The collaboration with British Airways is a prime example. It began initially in Vienna in 1999 and has since been extended to DO & CO business locations in Miami, Berlin, Frankfurt and Munich and to joint product development in London. Other examples are South African Airways (initially in Milan and now also in New York) and Turkish Airlines (in Vienna first and now also in Milan) in the Airline Catering segment or the development of the Formula 1 partnership (from one Grand Prix in Hungary in 1992 to 15 Grands Prix worldwide in the year under review).

"We are ladies and gentlemen serving ladies and gentlemen"

For DO & CO, customer satisfaction means forging close, long-term partnerships with its customers. We do this by focusing on our customers' needs globally and locally and by offering a full product portfolio featuring superb quality and excellent service worldwide. We also do it by creating value for customers and by having DO & CO employees show respect for the customer at all times in strict adherence to the company's guiding principle: "We are ladies and gentlemen serving ladies and gentlemen."

Strategic Partnerships

Value is created in long-term, global partnerships based on quality

The company's strategy is to build up long-term, global partnerships based on quality that enable it to achieve its corporate goals and to create value for customers, shareholders and employees. In its product partnerships, DO & CO seeks to make its brands even better known through joint brand marketing and the reciprocal use of branding as a sign of quality. It also adds new dimensions to the DO & CO brands by creating new products and taking a joint approach to marketing. Three further objectives of cooperation in product creation and in the servicing of existing and potential new clients are maximum customer satisfaction, larger market shares, and increased sales.

A central DO & CO value is reflected in the company's "Best of..." strategy. We not only practice it, we want to be able to guarantee it. That means teaming up with strong partners to supply us with raw ingredients and merchandise. Top quality ingredients, optimum logistics and the use of state-of-the-art technologies form the basis of DO & CO supplier partnerships. Reliability, on-time delivery yet flexibility up to the last minute are the special traits that characterize the company's international and local suppliers, along with consistent quality and innovative products.

Raiffeisen-Holding NÖ-Wien is a strong strategic partner of DO & CO

Raiffeisen-Holding Niederösterreich-Wien

On transferring K.u.K. Hofzuckerbäcker Ch. Demel's Söhne GmbH to DO & CO, Raiffeisen-Holding Niederösterreich-Wien also acquired a stake in DO & CO. In the process, DO & CO gained a strong strategic partner, as regards economics and product. In business for more than a century now, Raiffeisen-Holding NÖ-Wien is an impressive player in the Austrian economy and is represented at over 1,000 locations in Austria and abroad by its group undertakings. It is a strong Austrian partner for DO & CO, capable of offering a wealth of services plus greatly expanded marketing channels full of new sales opportunities. Business at Raiffeisen-Holding NÖ-Wien revolves around Austrian companies involved in the processing of agricultural goods and the marketing of the resulting products. This supports the DO & CO strategy of providing products and services of the best quality and utilizing only the freshest and finest ingredients.

This supplement to the food and luxury food segment enables both companies to purchase products directly, process them to perfection and guarantee Austrian quality from producer to end consumer. The Raiffeisen-Holding NÖ-Wien and DO & CO partnership is not only a win-win situation for both, it greatly benefits the end consumer and takes a bit of Austrian culture out into the world. DO & CO is proud to have Raiffeisen-Holding NÖ-Wien at its side as a strong Austrian partner. This partner, in turn, has shown its confidence in DO & CO also acquiring a stake in DO & CO last year.

DO & CO and Coca-Cola

In the year under review, DO & CO pulled off a great coupe in its efforts to establish product partnerships when it signed a worldwide cooperation agreement with Coca-Cola in October 2002. Coca-Cola, one of the world's best known brands and a pioneer in the restaurant and catering sector teams up here with the brand image of DO & CO as a high quality supplier of innovative gourmet entertainment. Together they will develop products and services in the DO & CO segments Restaurants & Bars and International Event Catering as well as in Airline Catering and in future lines of business.

As an initial step, DO & CO is serving Coca-Cola products at all its activities and in all segments. In exchange, DO & CO has been awarded the status of preferred partner. This means it has access worldwide to events sponsored by Coca-Cola, such as world championships, the Olympics, etc. The first joint product was created in the DO & CO Onyx Bar and was called "Cuba Libre Nights", a series of five events with the themes "Cuba Libre", "Halloween" and "Flower Power" plus "Turkey in the House" and "Santa Claus". There are plans to continue these kinds of joint event series.

DO & CO is now a "preferred partner" of Coca-Cola

Together the two firms will develop a culture of perfect service for catering and special events. Beyond that, the partners will create the ultimate in culinary experiences utilizing innovative ideas to link the brands Coca-Cola and DO & CO. In the process, customers from both Coca-Cola and DO & CO will receive optimum service with an approach tailored to customer needs and activities and a singular, innovative product design.

The Coca-Cola and DO & CO brands team up for the ultimate culinary experience

DO & CO is an international company with a focus on understanding and serving local customers. As such, it can offer Coca-Cola, a company firmly established in 200 countries, a valuable bridge between international network and a high level of local relevance for customers and consumers. DO & CO is very proud to be among the few companies worldwide that Coca-Cola has selected as a close cooperation partner.

Environment and Hygiene

The Environment

Protecting the environment is one of our responsibilities to society

Conducting business globally brings with it global responsibilities for DO & CO employees to customers, partners and shareholders but also to society as a whole. DO & CO accepts those responsibilities as a production and processing company that generates solid waste and waste water and consumes natural resources. Implementing appropriate environmental protection measures is a central task of the DO & CO Department of Environment and Hygiene. Thanks to the consciousness raising of recent years among DO & CO employees and suppliers, there is a great sensitivity toward environmental concerns in all business areas and operational processes. This has allowed the company to improve its environmental measures continuously in daily business and in an array of environmental projects. It has reduced residual waste, introduced recycling and improved waste-water values.

Hygiene

Constant monitoring assures the highest standards

DO & CO also feels great responsibility to customers and consumers in the field of hygiene, the second area covered by the DO & CO Department of Environment and Hygiene. “Food Hygiene” is the term the company uses for all activities required to produce a high quality product that is absolutely safe and healthy. To assure its high standards of product hygiene, DO & CO constantly monitors the production processes and meticulously checks all high-risk process steps. Regular microbiological examinations conducted on the dishes coupled with constant staff training and self-inspections at our locations worldwide are methods we use to guarantee the flawless functioning of the HACCP (Hazard Analysis Critical Control Points) system in all areas. The successful hygiene inspections by airline customers at our locations furnish proof of how well this system works.

Projects for 2003/2004

- A cost-benefit analysis will be conducted on a project for extracting water from biowaste; the goal is to reduce the volume of biowaste by 70 % through dewatering and thereby reduce waste disposal costs
- Continuation of the conversion of the fleet to biodiesel
- The goal is to receive the “Ecological Profit Vienna Award” just as we did in 2001; environmental data on water, residual waste, hazardous waste, electricity, natural gas and heating and process heat are being recorded, evaluated and examined for potential savings; after evaluating the cost-benefit ratios involved, we will draw up and implement improvement measures on the basis of this information.
- Continuation of the implementation of a standard hygiene standard (HACCP) for our airline catering businesses as well as large-scale events; carefully planned training courses for staff at all levels of the company to strengthen their understanding of hygiene

Successes in 2002/2003

- Our continued effort to switch from plastic packaging to “eco-boxes” has further reduced the volume of residual waste by about 15 %
- Residual waste was further reduced by getting the suppliers involved and having them make more extensive use of large containers and reusable containers
- Specific training courses have been conducted for staff aimed at continuously improving the environmental standards

"**Tastes** of the **World**"

Gourmet Entertainment
from **DO & CO**

Key Figures of DO & CO

Divisions 2002/2003

Business Year (April - March)		Airline Catering	International Event Catering	Restaurants & Bars	Total
Sales	in m €	43.94	29.98	20.67	94.59
EBITDA	in m €	3.80	4.58	1.68	10.06
Depreciation/ amortization*	in m €	-3.26	-2.13	-1.10	-6.49
EBIT	in m €	0.54	2.45	0.58	3.57
EBITDA margin	in %	8.6 %	15.3 %	8.1 %	10.6 %
EBIT margin	in %	1.2 %	8.2 %	2.8 %	3.8 %
Employees		459	144	359	962
Share in consolidated sales	in %	46.5 %	31.6 %	21.9 %	

*...Includes amortization of goodwill

Key Figures of the DO & CO group in accordance with IAS

		2002/2003	2001/2002	2000/2001
Sales	in m €	94.59	91.83	89.69
Sales change to previous year	in %	3.0 %	2.4 %	21.8 %
EBITDA	in m €	10.06	10.45	8.89
EBITDA change to previous year	in %	-3.7 %	17.6 %	-9.3 %
EBITDA margin	in %	10.6 %	11.4 %	9.9 %
EBIT	in m €	3.57	3.48	3.34
EBIT change to previous year	in %	2.6 %	4.2 %	-41.1 %
EBIT margin	in %	3.8 %	3.8 %	3.7 %
Result from ordinary business	in m €	3.33	2.21	3.16
Consolidated result	in m €	2.10	1.00	1.67
Employees		962	914	835
Equity [1]	in m €	30.90	33.34	33.36
Equity ratio	in %	52.1 %	50.6 %	50.5 %
Net debts	in m €	-6.25	-5.19	1.02
Net gearing	in %	-21.4 %	-17.0 %	3.3 %
Working Capital	in m €	1.91	-2.95	-3.34
Operational cash-flow	in m €	9.58	8.50	3.83
Investments in tangible assets	in m €	2.19	2.20	15.34
Amortization/depreciation	in m €	-6.49	-6.97	-5.55
Free cash-flow	in m €	1.96	6.90	-11.88
ROS	in %	3.5 %	2.4 %	3.5 %
Capital Employed	in m €	27.44	31.08	36.56
ROCE	in %	12.1 %	10.5 %	10.9 %
ROE	in %	11.5 %	9.3 %	10.0 %

[1] Adjusted to take designated dividend payments into account

Management Report 2002/2003

HIGHLIGHTS

New airline customers (eg South African Airways)

- New airline customers help to offset cyclically related declines in business

Diversification and broadening of the customer base increased sales by 3.0 % while improving the EBIT by 2.6 %

- Sales rose by 3.0 % to EUR 94.59 million
- EBITDA fell by 3.7 % to EUR 10.06 million
- EBIT increased by 2.6 % to EUR 3.57 million
- Per share profit 1 of EUR 2.16 (previous year: EUR 1.77)

Solid financial management is a competitive advantages for future strategies

- Equity ratio of 52.1 % (previous year: 50.6 %)
- Net gearing of -21.4 % (previous year: -17.0 %)

Coca-Cola

- Conclusion of a worldwide cooperation agreement

Demel

- First synergy effects from the integration of production operations at the main Demel location on Kohlmarkt

Albertina

- Event catering in the state-rooms since March 2003

DO & CO Stock/Investor Relations

- The Investor Relations pages on the DO & CO Internet site was resdesigned
- 5th year of being listed on the Vienna Stock Exchange
- One of the top performers with price gains of +14.3 % since 1 April 2002 (ATX: -10.8 %)
- Market capitalization totaled EUR 59.37 million as of 31 March 2003

Ownership Structure

- Raiffeisen-Holding Niederösterreich-Wien has a 25.1 % stake in share capital

[1] Adjusted to take account of goodwill amortization and result from extraordinary activities into account

Economic Environment

Global economic conditions in the year under review were shaped by a host of negative factors that are casting deep shadows on the global economic climate. There is little potential for improvement in this climate in the foreseeable future. Poor international business trends, a lack of economic stimuli plus the weak state of the financial markets and the beginnings of the Iraq war were just four of the key milestones. The logical consequences have been waning consumer confidence in economic growth and negative effects on purchasing behavior. This trend is evident from the repeated downward revisions in forecasts for global economic growth from over 3.0 % to a disappointing 1.7 % most recently.

The US gross domestic product grew by 2.4 %, supported by recent government economic policies featuring a repeated lowering of the key interest rates and tax relief to safeguard disposable incomes. Nonetheless, the critical situation on financial markets and the ongoing loss of wealth by US households on the exchanges have clearly caused consumer confidence to dwindle and have shaken up private consumption, always a robust force in the past. A return to the high growth rates of the 1990s appears unrealistic in the medium term.

Real economic growth in the euro area drops to 0.8 %

The euro area was not able to escape the pull of the general economic trend in the year under review. The sharp decline in real economic growth from 3.5 % to 1.5 % in 2001 continued again in 2002 with a further drop to 0.8 %. Developments in Western Europe were shaped by declining consumption, a slowdown in economic growth (half that of the previous year) and no change in the low level of investments whereas the countries of Central and Eastern Europe continued to generate positive economic stimuli.

With 0.9 % growth, Austria remained at about the same level as the previous year. Private demand hit a five-year low in the first half of 2002. The unemployment rate rose from 6.1 % in 2001 to 6.9 % in the year under review, but remained far below the European average of 9.0 %. A far-reaching recovery of the domestic labor market is not likely in 2003 either. The government deficit of 0.6 %, for its part, was much better than the euro area average of 2.2 %.

Economic Growth & Forecast

Economic growth figures in 2002 for markets relevant to DO & CO varied as much as the forecasts for 2003

USA	+2.4 %	(forecast for 2003: +1.9 %)
Germany	+0.2 %	(forecast for 2003: +1.0 %)
Italy	+0.4 %	(forecast for 2003: +1.0 %)
Spain	+2.0 %	(forecast for 2003: +2.4 %)
Great Britain	+1,8 %	(forecast for 2003: +2.0 %)
EEU	+0.8 %	(forecast for 2003: +1.3 %)

Developments in the Airline Industry

The airline industry continued to reel in 2002 from the repercussions of the horrendous events of 9/11. Global losses in 2001 and 2002 totaled about USD 30 billion. That means the losses from these two years exceeded the profits the industry had earned the previous 45 years. Since 9/11, carriers have taken more than 400 aircraft out of service and slashed 200,000 jobs (400,000 jobs in the civil aviation sector).

Further loses are expected for 2003. The IATA (International Air Traffic Association) sees no substantial relief in sight in the years ahead in light of the increased safety requirements and higher oil prices coupled with competitive pressure from no-frills airlines and shrinking passenger figures.

Aircraft industry not hit as hard in Europe as in the USA

The US aviation industry was devastated by developments in the wake of 9/11 and had one of its worst years ever in 2002. European carriers were also hit by the aftermath of these tragic attacks, sustaining losses of EUR 3.2 billion. In contrast to the American market, several European carriers recorded profits in 2002 but last year was not a good one in Europe either. Europe's 30 largest airlines have some 15 million people on their flights, as the number of passengers carried by the major airlines in 2002 fell from 302 million to 287 million.

Aviation in general faced several potential threats whose ramifications were reflected in the earnings situations of the airlines. Not only is the passenger mix on European routes worsening, consumers are tending towards low-cost travel and their sensitivity to airline fares is growing. Other threats include rising insurance costs (the insurance premiums for the terror and war risk increased by USD 1.7 billion to USD 7.0 billion) and competition from no-frills airlines.

Passenger figures at Vienna Airport rose in 2002 by 1.0 %

Developments in 2002 were dominated by the strong growth of the low-cost segment. The growing market for low-cost travel and cheap-fare airlines posed a serious challenge to full-service carriers. It was the year that no-frills carriers finally came into their own in Europe, too. The crisis in the aviation industry had varying effects on the different low-fare carriers. Not all of them saw business develop as well they had hoped.

Demand has been on the decline at airlines since the start of 2003, a trend clearly reflected in the advance bookings. The number of scheduled flights booked in Austria fell by 8.5 % in March and charter bookings were down by 30 % to 40 % as compared with the same period the year before. And even before the Iraq War broke out, various airlines issued profit warnings. The poor state of the economy and the consumer behavior ensuing from it have led to substantial declines in the number of passengers, as have the Iraq War and the effects of the lung disease SARS. As a result, airlines have to keep adapting capacities to the unsatisfactory demand by eliminating flights and pruning their route networks.

In the difficult global climate of 2002, most Austrian airports fared quite well. Innsbruck and Linz were the only two that recorded a decline in passenger figures (-2.2 % and -9.9 %, respectively). Vienna was one of the few European airports to increase its total number of passengers, by 1.0 % to 11.97 million. It managed to do so thanks to its role as a hub between East and West and the strong upsurge in transit passengers.

Key Figures for the European Airports

Takeoffs and landings (total)	-3.3 %
Number of passengers (total)	-1.5 %
Vienna	+1.0 %
London	-3.2 %
Copenhagen	+0.9 %
German airports	-2.8 %
Zurich	-15.3 %

Sales

For the group as a whole, DO & CO recorded a 3.0 %, or EUR 2.76 million, increase in sales to EUR 94.59 million (previous year EUR 91.83 million) despite the difficult economic conditions in the year under review. A close examination of the various divisions reveals three key factors influencing the diverging trends in the individual segments. The first two were the ongoing changes in the airline industry and the restraint on the part of consumers. The third was the acquisition of K.u.K. Hofzuckerbäcker Ch. Demel´s Söhne GmbH in the fourth quarter of the previous business year.

Sales by Division

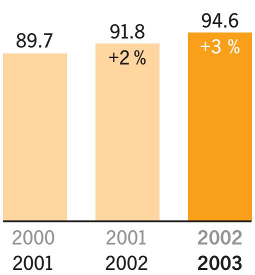
Business year (April – March)	2002 / 2003 in € millions	2001 / 2002 in € millions	Change in € millions	Change in %	2000 / 2001 in € millions
Airline Catering	43.94	44.37	-0.43	-1.0 %	41.27
International Event Catering	29.98	31.96	-1.98	-6.2 %	34.16
Restaurants & Bars	20.67	15.50	5.17	+33.4 %	14.26
Group sales	**94.59**	**91.83**	**2.76**	**+3.0 %**	89.69

Airline Catering continued to make the biggest contribution to group sales of all the divisions, accounting for 46.5 % of the total (previous year: 48.3 %). Annual sales declined slightly in the period under review, falling by EUR 0.43 million, or 1.0 %, to EUR 43.94 million.

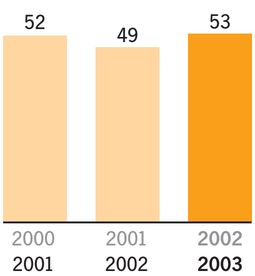
International Event Catering accounted for 31.6 % (previous year: 34.8 %) of consolidated sales. Sales were down by EUR 1.98 million, amounting to EUR 29.98 million.

Restaurants & Bars had a 21.9 % share in total sales. This was achieved through an increase in sales of 33.4 %, or EUR 5.17 million, to EUR 20.67 million (previous year: EUR 15.50 million).

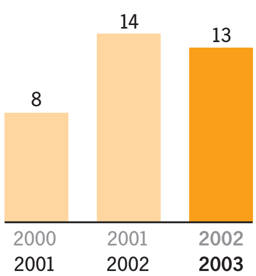
Sales in EUR millions



Austria Sales in EUR millions



Germany Sales in EUR millions



The improvement is largely attributable to the first full-year inclusion of Demel in the group accounts in business year 2002/2003.

The diversification into three business segments (Airline Catering, International Event Catering, Restaurants & Bars) pursued for years and the constant broadening of the customer base proved particularly beneficial in the year under review. These policies reduced the company's dependence on a handful of key accounts while also being reflected in the geographic distribution of the sales produced.

Diversification reduces dependence on main customers

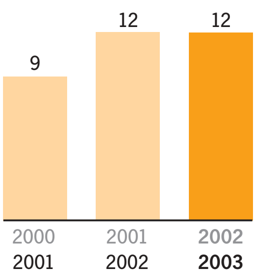
DO & CO has been operating for several year on three continents in the following countries, among others: Austria, Belgium, Canada, France, Germany, Great Britain, Hungary, Italy, Japan, Malaysia, Monaco, Portugal, Spain, Switzerland, and the United States.

An analysis of sales by region for all three divisions reveals that business in the EU makes up the lion's share of the total at 83.3 % (previous year: 82.3 %). Italy, Germany and Austria are the largest national markets owing to the locations of DO & CO businesses. Outside Europe, sales on the still difficult US market remained practically unchanged at 12.5 % of total consolidated sales (previous year: 12.9 %) thanks to the welcome addition of new customers to the clientele.

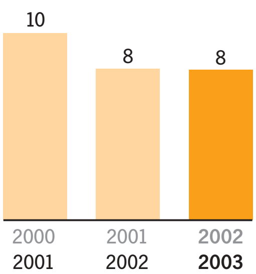
At this point it should be noted that the Restaurants & Bars Division generated its sales solely on the Austrian market. If the sales of Restaurants & Bars are excluded for a moment from the analysis, it becomes clear that DO & CO further increased the portion of sales it produced abroad in the year under review to 56.1 % (previous year: 55.7 %). In other words, the group earned more than half of its sales outside Austria.

Sales by division
in EUR millions

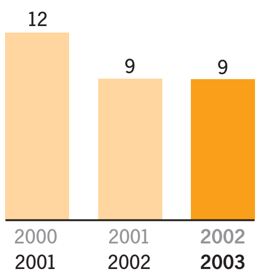
USA
Sales in EUR millions



Italy
Sales in EUR millions



Other Countries
Sales in EUR millions



Profit and Assets

In business year 2002/2003, the DO & CO group increased its earnings before interest and tax (EBIT) following goodwill amortization by 2.6 %, or EUR 0.09 million, from EUR 3.48 million to EUR 3.57 million. EBITDA declined by a moderate EUR 0.39 million, or 3.7 %, to EUR 10.06 million, leaving the EBITDA margin at a high level of 10.6 % (previous year: 11.4 %). The increase in EBIT and the stable trend for the EBIT margin (unchanged against the previous year at 3.8 %) can be ascribed to a reduction in depreciation compared with the previous business year.

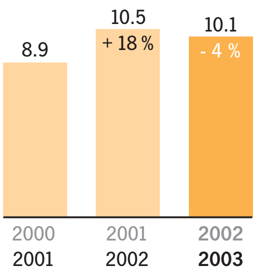
Group

Business year (April – March)	2002 / 2003 in € millions	2001 / 2002 in € millions	Change in € millions	Change in %	2000 / 2001 in € millions
Sales	94.59	91.83	2.76	+3.0 %	89.69
EBITDA	10.06	10.45	-0.39	-3.7 %	8.89
Depreciation/amortization *	-6.49	-6.97	0.48	+6.9 %	-5.55
EBIT	3.57	3.48	0.09	+2.6 %	3.34
EBITDA margin	10.6 %	11.4 %			9.9 %
EBIT margin	3.8 %	3.8 %			3.7 %
Employees	962	914	48	+5.3 %	835

*...Includes amortization of goodwill

Two factors make it difficult to compare the various income statement items with business year 2001/2002. The first is the already described shift in the various divisions' shares in total sales as a result of the Demel acquisition. The second pertains to unavoidable cost increases arising from the current economic situation, e.g. insurance premiums to cover the increased risks of terrorism. Costs of material and of outside services declined while staff costs and other operating expenses increased.

EBITDA
in EUR millions



The result from financial activities in business year 2002/2003 improved substantially against the previous year, amounting to EUR -0.24 million instead of EUR -1.27 million. The figure from the corresponding period the previous year contained one-time effects related to the acquisition of K.u.K. Hofzuckerbäcker Ch. Demel´s Söhne GmbH. In business year 2000/2001 the company recorded a result from financial activities of EUR -0.18 million. This shows that the financial result for 2002/2003 was able to be brought back to a comparable level.

The increase in EBIT and the improved financial result in business year 2002/2003 brought about a substantial rise in the result from ordinary activities of EUR 1.12 million to EUR 3.33 million (previous year: EUR 2.21 million).

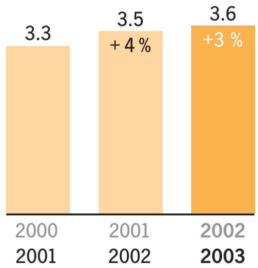
The amount spent on income tax rose from EUR 0.85 million to EUR 1.28 million due to the much improved untaxed result and changes in deferred taxes. The taxation ratio (ratio of tax costs to untaxed income) was substantially reduced in business year 2002/2003 to 38.4 % (previous year: 50.9 %). This decline is primarily attributable to EUR 1.34 million in goodwill amortization with no effect on taxes (previous year: EUR 1.34 million).

Equity ratio climbs to 52.1 %

Investments in tangible fixed assets totaled EUR 2.19 million, putting them very close to the previous year's (EUR 2.20 million). What makes this figure all the more remarkable is that it contains the expenditures for shifting Demel production operations in the fourth quarter. Depreciation declined from EUR 6.97 million to EUR 6.50 million because the company kept fixed asset expenditures at a low level as compared to the high figures of business years 1999/2000 and 2000/2001. Another major reason for the decline is the absence of the one-time effects from the previous year.

As regards consolidated shareholders' equity, it should be noted that the consolidated profit of EUR 2.10 million was accompanied by a decline in equity from EUR 33.34 million to EUR 30.90 million due to the effects of the lower USD/EUR exchange rate on the consolidation of the US subsidiaries. The equity ratio amounted to 52.1 % (previous year: 50.6 %) following adjustments for planned dividend payments and less the book values of goodwill based on the lower balance sheet total.

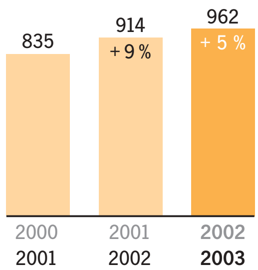
EBIT in EUR millions



Net debts in business year 2002/2003 furnishes further proof of sound financial management. This figure amounted to EUR -6.25 million (previous year: EUR -5.19 million), leading to yet another improvement in the gearing ratio from -17.0 % to -21.4 %. DO & CO was able to accomplish this by virtue of its always prudent approach to finances. This policy has turned out to be an essential competitive advantage for future strategies in the extremely difficult economic climate that has been prevailing for some time now.

The return on capital employed rose from 10.5 % to 12.1 % in business year 2002/2003. This increase came about from the improved result coupled with the reduction in capital employed from EUR 31.08 million to EUR 27.44 million.

Employees



Cash flows from operating activities increased from EUR 8.50 million to EUR 9.58 million as against cash flows from investing activities of EUR 7.62 million. The resulting free cash flow totaled EUR 1.96 million in business year 2002/2003 (previous year: EUR 6.90 million).

For detailed information on employees, please refer to pages 16 and 17.

The following segment reporting in accordance with IAS 14 deviates somewhat from the specifications in the International Accounting Standards (IAS) because certain group companies conduct business in several segments, making it impossible to report solely on a segment basis.

Airline Catering

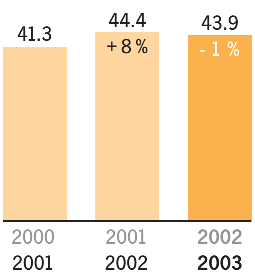
Airline Catering remained the sales leader among the divisions, recording 46.5 % (previous year: 48.3 %) of total group sales at its locations in Miami, New York, Milan, Berlin, Frankfurt, Munich, Salzburg and Vienna. Although the airline industry faced an array of problems in business year 2002/2003, DO & CO succeeded with its unique quality in adding new airline customers to its clientele while expanding service to existing customers to further locations. With this international broadening of its customer base, DO & CO successfully countered the plunge in airline business brought on initially by 9/11 and then by the Iraq war, mounting fears of terrorist attacks and the sharp cutbacks by all airlines in response to these events.

Airline Catering

Business year (April – March)	2002 / 2003 in € millions	2001 / 2002 in € millions	Change in € millions	Change in %	2000 / 2001 in € millions
Sales	43.94	44.37	-0.43	-1.0 %	41.27
EBITDA	3.80	3.73	0.07	+ 1.9 %	3.15
Depreciation/amortization *	-3.26	-3.57	0.31	+ 8.7 %	-3.06
EBIT	0.54	0.16	0.38	+237.5 %	0.09
EBITDA margin	8.6 %	8.4 %			7.6 %
EBIT margin	1.2 %	0.4 %			0.2 %
Employees	459	485	-26	-5.4 %	469
Share in consolidated sales	46.5 %	48.3 %			46.0 %

*...Includes amortization of goodwill

Sales in EUR millions



Sales were virtually stable at EUR 43.94 million (previous year: EUR 44.37 million). This represents a slight decrease of EUR 0.43 million, or 1.0 %. The decline would have been much larger without the acquisition of new airlines, details of which are outlined below.

DO & CO has had South African Airways and Emirates Airlines as new customers at its Milan location since the second quarter (July to September) of the year under review and has been catering Finnair in New York since November. South African Airways was so pleased by the service it was receiving in Milan that it also became a customer in New York shortly thereafter, in December. The fourth quarter was dominated by the launch of service for Turkish Airlines in Milan and by product development for the new Austrian airline Styrian Spirit. The latter is catered by Aioli, a further brand in the DO & CO brand portfolio. Thus DO & CO was responsible in business year 2002/2003 for the board product of fifteen airlines at select locations.

Unfavorable climate for the airline industry

In light of the stagnating or declining sales with existing customers, effective cost-cutting became an even bigger challenge than in previous years. The situation was exacerbated when business at the New York location was affected for the second time in a row by the bankruptcy of an airline. VG/Delsey Airlines announced insolvency in the year under review following on the heels of Air Afrique in business year 2001/2002. Another detrimental factor especially in the Airline Catering Division was the increase in insurance premiums to cover the heightened risk of terrorism. Nonetheless, the division improved EBITDA in the period under review by 1.9 % to EUR 3.80 million (previous year: EUR 3.73 million). A concomitant increase in EBIT of EUR 0.38 million to EUR 0.54 million (previous year: EUR 0.16 million) raised the EBIT margin from 0.4 % to 1.2 %.

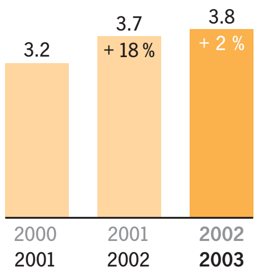
Forecast for business year 2003/2004:

- The already unfavorable climate has further deteriorated due to the lung disease SARS and the uncertainty it has caused among air passengers
- Efforts will be made to broaden the international customer base even more

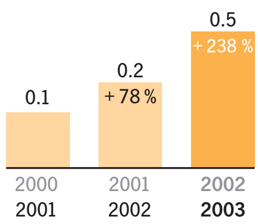
Competitive advantage of DO & CO:

- Focus on achieving the best product quality without compromises
- Innovative product ranges
- Dual-brand strategy: DO & CO and Aioli

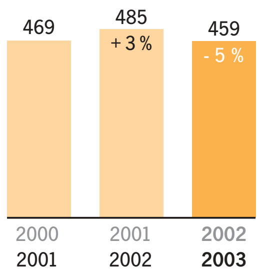
EBITDA in EUR millions



EBIT in EUR millions



Employees



International Event Catering

Sales at International Event Catering fell by 6.2 % to EUR 29.98 million (previous year: EUR 31.96 million). Restraint on the part of consumers shaped business in this division. A quarter-by-quarter analysis of the segment clearly indicates a sharp decline of 11.5 % in sales up to mid-year. This drop was partially offset already in the second half of the business year by stronger sales. The general downward trend still persisting is less a result of cutbacks at smaller events for private customers than of budgets reduced for cost-cutting reasons at international companies and their large-scale events. This situation is affecting sports events as well as corporate events.

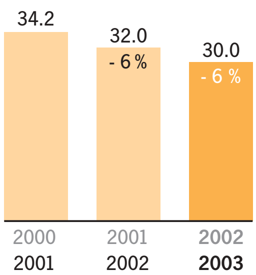
International Event Catering

Business year (April – March)	2002 / 2003 in € millions	2001 / 2002 in € millions	Change in € millions	Change in %	2000 / 2001 in € millions
Sales	29.98	31.96	-1.98	-6.2 %	34.16
EBITDA	4.58	5.47	-0.89	-16.3%	4.65
Depreciation/amortization *	-2.13	-2.74	0.61	+22.3 %	-2.05
EBIT	2.45	2.73	-0.28	-10.3 %	2.60
EBITDA margin	15.3 %	17.1 %			13.6 %
EBIT margin	8.2 %	8.5 %			7.6 %
Employees	144	143	1	+0.7 %	118
Share in consolidated sales	31.6 %	34.8 %			38.1 %

*...Includes amortization of goodwill

DO & CO nevertheless maintained its sales at a high level in Austria and abroad, staging some 1,700 events in business year 2002/2003 (previous year: approx 1,800). The contracts included the prestigious ATP Tennis Tournament in Madrid and President Suite at the "Volvo Masters Andalucia" golf tournament in Valderrama as well as numerous presentations in connection with new car model launches. The division also handled the VIP area at the Hahnenkamm Races in Kitzbühel and the night slalom in Schladming as well as catering for the Grands Prix for the 10th year. Together, these events added a further sheen to the international reputation of the DO & CO brand.

Sales in EUR millions



Overlooking the excelent performances of business years 2000/2001 and 2001/2002 for a moment, sales in the period under review were far higher than in business year 1999/2000 (EUR 25.43 million). This indicates that the demand for high quality event catering continues to be strong even in a difficult economic climate. It also shows that DO & CO has adopted the right strategy in refusing to engage in the price dumping practiced by several of its competitors and in focusing on bottom-line results instead.

"Profit over sales" is the guiding principle

DO & CO was true again in business year 2002/2003 to its principle of "profit over sales". It countered the aggressive price slashing of other catering companies by adhering to its quality standards and to the credible and sustainable price policy associated with them. Long-time customers rewarded this course of action by hiring DO & CO in increasing numbers as a global gourmet entertainment company to handle the complete staging of their special events.

The cooperation agreement DO&CO concluded in the year under review with Coca-Cola should also be mentioned in this same context. With its new status of preferred partner, DO & CO will in future have worldwide access to events sponsored by Coca-Cola, eg world championships, Olympic Games, etc.

EBIT margin stabilizes at 8.2 %

This consistent price policy naturally means temporary reductions in sales in tight economic times, as it did in business year 2002/2003 (-6.2 %). EBITDA consequently fell by EUR 0.89 million, or 16.3 %, to EUR 4.58 million (previous year: EUR 5.47 million). Thanks to its strategy, DO & CO nevertheless stabilized its EBIT margin at 8.2 % (previous year: 8.5 %) on an EBIT of EUR 2.45 million (previous year: EUR 2.73 million) despite declining sales.

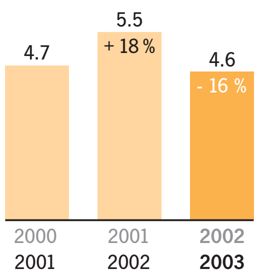
Forecast for business year 2003/2004

- Increase in sales activities with no change in pricing policy
- The number of major events are expected to remain unchanged, though the number of guests at sports and corporate events will continue to decline.
- Continual expansion of presence in international markets

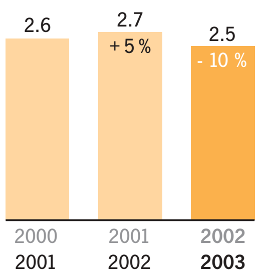
Competitive advantage of DO & CO

- Maximum flexibility and consistent adherence to the highest quality standards
- As a no headache partner, DO & CO not only gives top priority to meeting customer expectations in full, it creates additional benefits for its customers.
- Global business operations based out of the eight gourmet kitchens

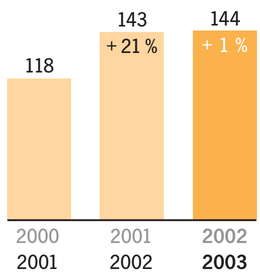
EBITDA in EUR millions



EBIT in EUR millions



Employees



Restaurants & Bars

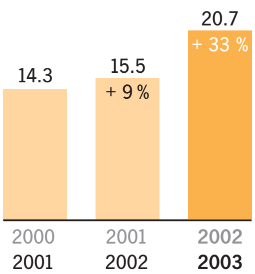
This division had two primary goals in business year 2002/2003: to maintain the high utilization of capacity at the existing restaurants and bars and to integrate Demel, which it had acquired on 1 January 2002. The generally good progress made in achieving these goals was marred somewhat by the fact that the outdoor restaurant on Stephansplatz had to remain shut down the entire season even though the division had all the requisite permits. The opening was prevented by an unwarranted cut-off of the electricity, water and sewage lines and thereafter by the need to temporarily shut down the third floor restaurant for a brief period during the summer months. Capacity at the Casino Baden location (with restaurants and bars plus special events center) was superbly utilized once again despite slight decreases in sales.

Restaurants & Bars

Business year (April – March)	2002 / 2003 in € millions	2001 / 2002 in € millions	Change in € millions	Change in %	2000 / 2001 in € millions
Sales	20.67	15.50	5.17	+33.4 %	14.26
EBITDA	1.68	1.25	0.43	+34.4 %	1.09
Depreciation/amortization *	-1.10	-0.66	-0.44	-66.7 %	-0.44
EBIT	0.58	0.59	-0.01	-1.7 %	0.65
EBITDA margin	8.1 %	8.1 %			7.6 %
EBIT margin	2.8 %	3.8 %			4.6 %
Employees	359	286	73	+25.9 %	248
Share in consolidated sales	21.9 %	16.9 %			15.9 %

*...Includes amortization of goodwill

Sales in EUR millions



In the second half of the year (October to March), Demel production operations were re-integrated into the main Demel location on Kohlmarkt. The renovation required for this step was completed in January 2003. The impressive baking kitchen will further improve quality and lead to lasting cost reductions for the Restaurants & Bars Division.

On taking over Demel, Restaurants & Bars increased its share in group sales from 16.9 % to 21.9 % as expected. Sales in business year 2002/2003 totaled EUR 20.67 million following the previous year's EUR 15.50 million. This represents an increase of 33.4 %, or EUR 5.17 million.

The division has a new location in the Albertina and catered its first events in the state-rooms of this famous Viennese museum in March. The final preparations were also made for the imminent opening of the Albertina cafe & restaurant operations. With this new location, Restaurants & Bars adds to its significance as an Research & Development center for the DO & CO group.

The division increased EBITDA by EUR 0.43 million, or 34.4 %, to EUR 1.68 million (previous year: EUR 1.25 million) through careful cost management and the utilization of synergies as well as through nonrecurring effects. Owing to higher depreciation from the acquisition of Demel, EBIT fell by a slight EUR 0.01 million, or 1.7 %, to EUR 0.58 million (previous year: EUR 0.59 million).

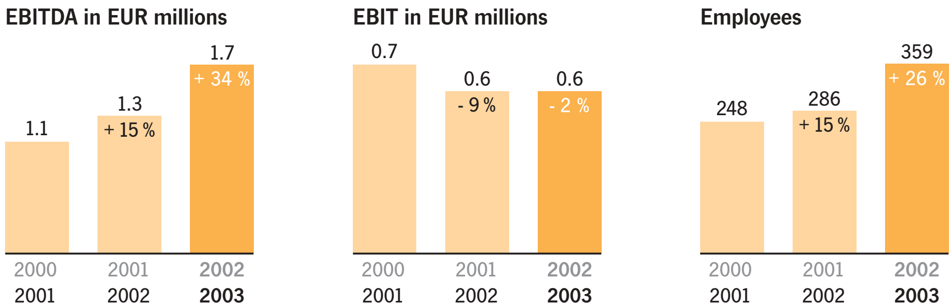
EBITDA increased by 34.4%

Forecast for business year 2003/2004

- Further utilization of synergy effects arising from Demel acquisition
- Opening of a new location, the café and restaurant in the Albertina, a unique venue in downtown Vienna

Competitive advantages of DO & CO

- With the acquisition of Demel, high quality patisserie products were added to the existing Research & Development center with the brands DO & CO and Aioli.
- Businesses all unique and in prime locations



Stock/Investor Relations

The year under review was dominated by the generally weak exchanges and negative performances by the leading stock markets for the third year in a row. Even various reductions in key interest rates by central banks did nothing to dispel the gloom on the capital markets in any lasting way. The leading international exchanges closed the year 2002 with losses once again. The Dow Jones fell by -16.8 %; the Dow Jones Euro Stoxx 50 by -37,3 %; the FTSE by -24.5 %; and the DAX by -42.9 %. Prices took an especially sharp plunge internationally in the second and third quarters of 2002 to regain some ground over the past several months. Against this difficult backdrop, the Vienna Stock Exchange was the only one to hold its own quite impressively, closing the trading year with 0.9 % higher.

DO & CO stock chalked up gains of 14.3 % despite the weakness of stock markets

There are a number of reasons for the prolonged downward trend on the international stock markets. Besides economic development flagging worldwide and the general concern about the direction the global economy is heading, the gloom and uncertainty on the international capital markets have been further deepened by meager company profits, downward revisions in profit forecasts by international corporations as well as company failures and accounting manipulations. Political tension in the Middle East and the Iraq war have only added to the dark mood, as has the recently emerging lung disease SARS.

Financial calendar

18 June 2003
Annual business results for 2002/2003

9 July 2003
General Meeting of Shareholders

11 July 2003
Dividend ex day

31 July 2003
Dividend payout

28 August 2003
Business results for the first quarter
(April to June 2003)

20 November 2003
Business results for the first half year
(April to September 2003)

19 February 2004
Business results for the first three quarters
(April to December 2003)

DO & CO Stock

Unlike many other listed stocks, DO & CO shares fared quite well in the market despite adverse conditions. The share price at the start of the business year on 2 April 2002 was EUR 32.00 and hit its annual peak of EUR 40.15 on 17 June 2002.

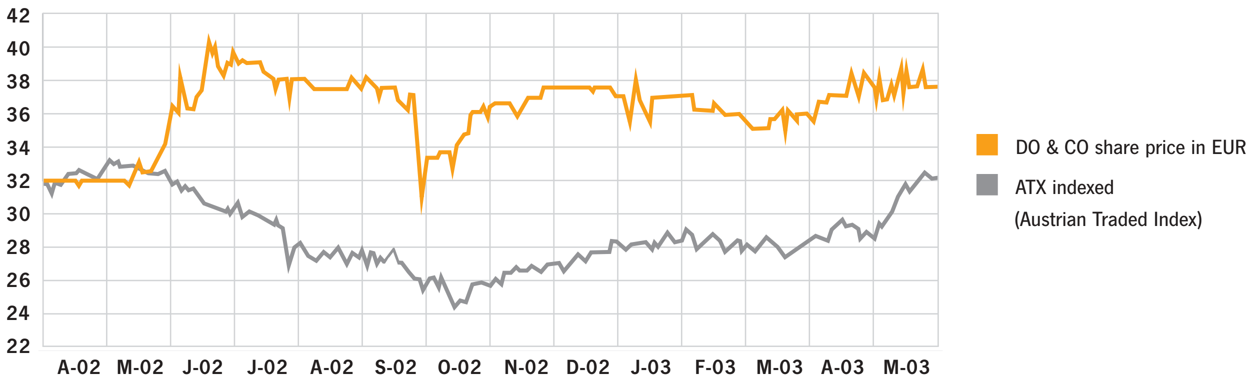
On 30 December 2002, the stock was trading at EUR 35.50. In other words, the stock price rose by 10.9 % in the first nine months of the trading year whereas the ATX sustained a loss of 11.8 % for the same period and the ATX Prime a loss of 10.2 %. DO & CO shares emerged from the trading year 2002 as the number two best performing stock. After stabilizing in a corridor between EUR 36.00 to EUR 38.00 in the fourth quarter, the stock closed out the business year on 31 March 2003 at a price of EUR 36.56. This corresponds to a market capitalization of EUR 59.37 million.

Thus the stock gained a total of 14.3 % over the business year as a whole. The level of prices on the ATX, in contrast, declined by 10.8 % during the same period and the ATX Prime by 8.7 %. The performance of DO & CO in the year under review was certainly a solid one considering the negative trends on the stock markets and the difficult business environment for the catering industry as it struggled with the airlines crisis and the cyclical slump.

Dividend Distribution

The Management Board of DO & CO Restaurants & Catering Aktiengesellschaft will propose to the General Meeting of Shareholders that a dividend of

DO & CO share price (from April 2002)



Key figures per share

		2002 / 2003	2001 / 2002	2000 / 2001
EBITDA	in EUR	6.32	6.43	5.55
EBIT [1]	in EUR	3.08	2.97	2.84
Earnings [2]	in EUR	2.16	1.77	1.80
Dividend [3]	in EUR	0.50	0.50	0.50
Equity	in EUR	18.32	18.85	19.46
High [4]	in EUR	40.15	32.40	43.80
Low [4]	in EUR	31.00	15.70	21.50
Year-end [4]	in EUR	36.56	32.00	27.50
PER high		18.6	18.3	24.4
PER low		14.4	8.9	12.0
PER year-end		16.9	18.1	15.3
Dividend yield	in %	1.4 %	1.6 %	1.8 %
Number of shares year-end	in T	1,624	1,624	1,624
Market capitalization year-end	in m EUR	59.37	51.97	44.66

[1] Adjusted to take goodwill amortization into account, [2] Adjusted to take goodwill amortization and result from extraordinary activities into account, [3] proposal to the General Meeting of Shareholders 2002/2003, [4] Closing price

Details on DO & CO stock

Securities code .... DOC
Securities no 081880
ISIN Code AT0000818802
Trading segment .... Official Trading
Market segment .... Prime Market
Contained in the following indices .... WBI, ATX Prime
No. of individual shares 1,624,000
Listed nominal value .... EUR 11,802,068
Initial listing .... 30 June 1998
In free float .... 23.3 %

relevant information on the capital market

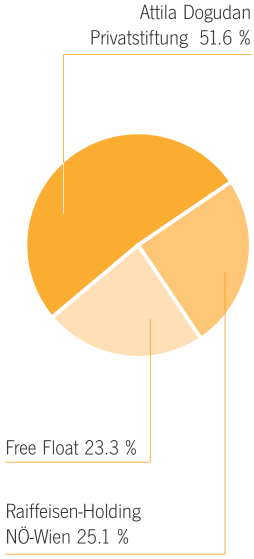
Phone .... +43 (1) 74000-191
Fax .... +43 (1) 74000-194
e-mail .... investor.relations@doco.com
Reuters Code .... DOCO.VI
Bloomberg Code .... DOC AV
Homepage of Vienna
Stock Exchange .... www.wienerboerse.at

EUR 0.50 per share be distributed for the business year 2002/2003. This corresponds to a dividend yield of 1.4 % in relation to the closing price on 31 March 2003.

Stock Buyback and Authorized Capital

Stock buyback program ended with identical maturity

On 4 January 2002, the Management Board exercised the right conferred upon it on 11 July 2001 at the General Meeting of Shareholders to buy back company shares and launched a stock buyback program. This program was ended on 30 September 2002 with identical maturity. During this period, the company bought back 97,392 shares, or 6.0 % of the share capital, at a weighted average price of EUR 35.38 per share, thus in total for a price of EUR 3.45 million. DO & CO refrained from buying back further shares in light of the persistently high price level of the stock. Instead the company availed itself of the promise made by Attila Dogudan Privatstiftung in the course of the acquisition of K.u.K. Hofzuckerbäcker Ch. Demel´s Söhne GmbH to be liable for shortfalls. In exercise of the authorization unanimously approved on 10 July 2002 at the Fourth General Meeting of Shareholders to acquire treasury stock as defined in Section 65.1.8 Stock Corporation Act, these shares were utilized as acquisition currency to represent the purchase price for the acquisition of K.u.K. Hofzuckerbäcker Ch. Demel´s Söhne GmbH. A corresponding announcement in accordance with Section 4 paragraph 2 Disclosure Ordinance was made on 2 October 2002 in Wiener Zeitung.



Further, the Management Board was authorized at the General Meeting of Shareholders on 10 July 2002 once again to acquire treasury stock as defined in Section 65.1.8 Stock Corporation Act, the maximum number of shares to be acquired limited to 10 % of the share capital and the authorization to be in force for a period of 18 months. By the end of the period under review, the Management Board had not yet availed itself of this right. Moreover, the Management Board was given the right until 30 June 2007 to increase the share capital on approval by the Supervisory Board by up to a further EUR 5,901,034.13 in exchange for cash contributions and/or contributions in kind through the issuance of up to 812,000 shares of ordinary stock. The Management Board did not avail itself of this right in the year under review.

Changes in the Ownership Structure

Raiffeisen-Holding Niederösterreich-Wien announced in June 2002 that it had acquired a total stake of 15 % in the share capital of DO & CO Restaurants & Catering Aktiengesellschaft and announced in October that it had increased that stake to over 25 % by acquiring a further stake of over 10 %. A corresponding announcement regarding the attainment of the qualified interest was placed in Wiener Zeitung by DO & CO on 4 October 2002.

Investor Relations

The DO & CO group is certainly unique as a global gourmet entertainment company with the core segments airline catering, international event catering, restaurants & bars, and logistics and consulting. Without ever compromising its commitment to top quality products and services for its premium brands DO & CO, Aioli and Demel, the Group has grown continually and in a controlled manner over the years.

Today it is a visible and formidable player on the global market thanks to its uniqueness. The traits that make the DO & CO group so unique also make it difficult sometimes for analysts and investors to benchmark it against other seemingly comparable companies.

Straightforward and substantive information for investors

We will therefore give more priority than ever before to delivering clear, straightforward reports with substantive information and to communicating effectively with our private and institutional investors. Beside our quarterly reports and presentations of business results, this process includes informing the financial community on an ongoing basis, talking with our investors on the phone and improving our Internet site to ensure interested target groups quick and ready access to current and relevant information. We are also represented on the board of the C.I.R.A. (Circle Investor Relations Austria).

Corporate Governance

On 1 October 2002 a Code for Corporate Governance was issued in Austria to provide guidelines for good company management in line with generally accepted international standards. Specifically, the code sets down the division of powers between the supervisory board, the management board and the shareholders of joint stock companies, particularly stock corporations. Austrian companies now have one year to evaluate the Corporate Governance Code on a voluntary basis and submit their own views on it. At present the code is neither a law nor an ordinance.

Review of the Corporate Governance Code by the Supervisory Board and the Management Board

To treat the subject with the seriousness it deserves, the Supervisory Board and the Management Board of DO & CO Restaurants & Catering AG passed a resolution at the Supervisory Board meeting on 17 February 2003 stating that the boards would examine the code and its implementation thoroughly. The Supervisory Board and the Management Board of DO & CO constantly exchange views on the further strategic direction the company should take, doing so even outside the regular supervisory board meetings. Because of the small supervisory board (four members), this sharing of views on corporate strategies can be done more flexibly at DO & CO. The company has therefore decided not to form the committees set forth in the Corporate Governance Code.

Both the Supervisory Board and the Management Board of DO & CO set great store by the principles of good corporate governance and by full transparency in the way the company is setup and run. Compliance with the laws governing corporations, the capital market and the stock exchange, with the provisions of the DO & CO Compliance Code in implementation of the Issuers Compliance Ordinance and with the regulations of the Prime Market are indispensable aspects of company management and supervision for the boards of DO & CO. For that reason, DO & CO Restaurants & Catering AG already complies to the letter with a large part of the regulations making up the Corporate Governance Code and will continue to do so. This applies in particular to the immediate disclosure of facts that could influence the stock price, the publication of quarterly reports within two months and of annual financial statements within four months, the application of the international accounting standards (IFRS, previously known as IAS) and much more.

Outlook

As already mentioned in the Message from the Management Board, the management of DO & CO does not anticipate any improvement in the difficult market conditions for business year 2003/2004. In a climate rife with economic uncertainties, fear of terrorism and political instabilities, there is still no sign of an economy or sector emerging as a viable engine to bring about a lasting global economic recovery. The repeated downward revision in forecast data is another indication that economic conditions will remain tough throughout the current business year. As things stand now, no letup is expected in the current situation until the first quarter of 2004 at the earliest.

Increased pressure on the cost structures and yields of the airlines

The negative trend that has set in over the past two years in air travel will continue in the current year. Pressure is increasing on cost structures and airline yields due to declining passenger figures and the need to prune and adapt route networks to the change in consumer demand. Adding to this pressure are SARS and the bitter fight between low-fare carriers and established airlines for every single passenger. The carriers' rigorous cost management is evident from the quality and price demands they make on airline meals and service schemes and from the discussions on whether catering is even required on short-distance flights. The dire situation faced by the industry is underscored by profit warnings many airlines issued at the start of the year and first quarter reports in 2003. No far-reaching recovery of the aviation industry is expected this year.

This changed and still changing environment is an additional challenge that DO & CO is fully prepared to meet. We already proved in business year 2002/2003 that we can and will utilize this crisis as an opportunity. On the one hand the company has to cushion the trends in the airline sector by winning over new carriers as customers and by extending its catering services for existing customers to other company locations. We are confident we will succeed in doing so again in business year 2003/2004.

This requires focusing even more intently on constantly improving the onboard product, already made so distinctive from that of other caters by its quality and uniqueness. On the other hand, DO & CO has to anticipate trends in airline catering and devise appropriate responses in consulting and in its overall approaches.

Sound pricing policy instead of price dumping that annihilates margins

The tough economic conditions are also being felt at International Event Catering. Faced with the need to manage costs even more stringently themselves, global companies are being more selective about allocating budgetary resources to large-scale corporate and sporting events. We will nonetheless abide by our sound pricing policy and not engage in the margin-squeezing price dumping practiced by some of our competitors.

Even in these times when the numbers of guests are declining at large scale events, we uphold our principle of "profit over sales." As a "no headache partner" and a global gourmet entertainment company DO & CO will continue in future to meet customer requests with superior quality responses. Professional global sales activities and a further strengthening of the DO & CO brand internationally should help to safeguard business results in the current year for International Event Catering.

Careful attention to increasing and utilizing synergies

DO & CO's goal in the Restaurants & Bars Division is to maintain the high level of capacity utilization at existing locations again in the current business year. Parallel to integrating Demel into the group economically and structurally, close attention will be paid to further increasing and utilizing synergy effects in the top-line confectionery segment. With the official opening of the DO & CO restaurant in the Albertina in June 2003, the division's share in total group sales is expected to increase even further.

As we expect no improvement in the global economic situation in business year 2003/2004 based on current market assessments, we predict total sales will be on a par with the year under review. It is all the more important for us to continue our measures already launched in accordance with our principle of "profit over sales".

Poised to face tough times thanks to liquidity surplus

Our goal is to safeguard the earning power of DO & CO in lasting ways. Efficiency enhancing measures will be part of these efforts, as will cost reductions, flexibility with regard to staff and continued steps to ensure solid group liquidity. Cash and cash equivalents at DO & CO far exceed financial liabilities. With this liquidity surplus, we are poised to weather any future economic storms. That also puts us in a position to seize sensible opportunities that arise in the crisis and for DO & CO to continue developing by undergoing controlled growth.

Franz KUBIK Attila DOGUDAN Michael DOBERSBERGER

Report of the Supervisory Board

The Supervisory Board performed its duties under the law and the articles of association in business year 2002/2003 in five meetings. The Management Board reported regularly in writing and orally to the Supervisory Board on the progress of business and the situation of the company. The meetings focused on deliberations of the future corporate strategy and discussions of further possible international acquisitions.

Beyond that, the Management Board provided the Supervisory Board with immediate information in writing and orally about special courses of events. The chairmen of the Supervisory and Management Boards also met individually to instruct each other and deliberate with each either.

At the General Meeting of Shareholders on 10 July 2002, Christian Konrad was appointed a member of the Supervisory Board of DO & CO Restaurants & Catering AG.

The annual financial statements plus notes of DO & CO Restaurants & Catering Aktiengesellschaft as of 31 March 2003 along with the Management Report were prepared in accordance with Austrian accounting regulations and audited by PFK CENTURION Wirtschaftsprüfungsgesellschaft m.b.H. The audit with its final result gave rise to no objections and the auditor issued an unqualified opinion on these documents. The consolidated financial statements as of 31 March 2003 plus notes were prepared again in accordance with International Financial Reporting Standards (IFRS, previously known as IAS, International Accounting Standards) and were also audited by CENTURION Wirtschaftsprüfungsgesellschaft m.b.H.

The Supervisory Board approved the financial statements for 2002/2003 after examining the documents. They are thus adopted in accordance with Section 125 (2) Stock Corporation Act.

Furthermore, the Supervisory Board examined the proposal for the appropriation of profit of DO & CO Restaurants & Catering Aktiengesellschaft. At the General Meeting of Shareholders, a proposal will be made to distribute a dividend of EUR 0.50 per share entitled to a dividend from the total balance-sheet profit of EUR 13,688,124.47 and to carry the remaining amount forward to new account.

The Supervisory Board proposes, in accordance with Section 270 (1) Austrian Commercial Code, that CENTURION Wirtschaftsprüfungsgesellschaft m.b.H. be appointed as auditor for business year 2003/2004.

Vienna, 12 June 2003

Waldemar Jud
Chairman of the Supervisory Board

Consolidated Financial Statements 2002/2003

of the DO & CO group prepared in accordance with IAS

Balance Sheet as of 31 March 2003

ASSETS

Notes No.		31 March 2003 in TEUR	31 March 2002 in TEUR
	Intangible assets	2,160	3,470
	Tangible assets	28,628	35,823
	Investments	446	467
(1)	Fixed assets	31,234	39,760
(2)	Other long-term assets	470	431
	Long-term assets	**31,704**	**40,191**
(3)	Inventories	2,494	2,441
(4)	Trade accounts receivable	7,660	9,866
(4)	Other short-term accounts receivable and assets	2,733	3,274
(5)	Cash and cash equivalents	10,903	5,194
	Current assets	**23,789**	**20,775**
(6)	Deferred taxes	2,255	2,228
	Total assets	**57,748**	**63,195**

LIABILITIES AND SHAREHOLDERS' EQUITY

Notes No.		31 March 2003 in TEUR	31 March 2002 in TEUR
	Capital stock	11,802	11,802
	Capital reserves	13,081	13,081
	Revenue reserves	5,973	5,543
	Foreign currency translation reserve	-919	3,089
	Treasury stock	0	-23
	Consolidated result	2,103	1,001
	Minority interests	-325	-344
(7)	**Shareholders' equity**	**31,715**	**34,150**
(8)	Long-term provisions	3,033	4,189
(9)	Other long-term liabilities	1,932	1,943
	Long-term liabilities	**4,966**	**6,132**
(10)	Short-term provisions	7,553	13,655
(11)	Short-term financial liabilities	4,650	0
(12)	Trade accounts payable	6,601	6,445
(12)	Other short-term liabilities	2,263	2,813
	Current liabilities	**21,067**	**22,913**
	Total liabilities and shareholders' equity	**57,748**	**63,195**

The following Notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

Income Statement

for Business Year 2002 / 2003

Notes No.		2002/2003 in TEUR	2001/2002 in TEUR
(13)	**Sales**	**94,586**	**91,826**
(14)	Other operating income	2,987	2,283
(15)	Costs of materials and services	-28,403	-29,334
(16)	Payroll costs	-37,430	-34,693
(17)	Depreciation of tangible fixed assets and amortization of intangible fixed assets	-5,156	-5,635
(18)	Amortization of goodwill	-1,336	-1,337
(19)	Other operating expenses	-21,679	-19,631
(20)	**EBIT – Operating result**	**3,569**	**3,479**
(21)	Financial result	-241	-1,271
	Result from ordinary business activities	**3,328**	**2,208**
(22)	Extraordinary result	0	-541
(23)	Income tax	-1,279	-848
	Result after income tax	**2,049**	**819**
(24)	Minority interests	54	181
	Consolidated result	**2,103**	**1,001**

		in EUR	in EUR
(25)	**Earnings per share before amortization of goodwill and result from extraordinary activities**	**2.16**	**1.77**
(25)	**Earnings per share**	**1.32**	**0.62**
(26)	**Planned or paid-out dividend per share**	**0.50**	**0.50**

The following Notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

Cash - Flow Statement

	in TEUR	2002/2003	2001/2002
	Result from ordinary business activities	**3,328**	**2,208**
+	Depreciation and amortization	6,492	6,971
-/+	Gains/losses from disposals of fixed assets		
+/-	Earnings from associated companies	-3	2
-	Other non cash income	-45	-1
-/+	Increase/decrease in inventories and short-term accounts receivable	2,928	3,987
+/-	Increase/decrease in provisions	-763	1,040
+/-	Increase/decrease in trade accounts payable and other liabilities	-230	-2,981
+/-	Currency-related changes in non fund assets	5,189	-305
+/-	Change in adjustment items from debt consolidation	-4,621	9
+/-	Payment flows from extraordinary activities	0	-541
-	Income tax payments	-2,745	-2,727
	Cash-flow from operating activities	**9,578**	**8,502**
+	Incoming payments from disposals of tangible and intangible fixed assets	16	2
-	Outgoing payments for additions to tangible and intangible fixed assets, including the acquisition of subsidiaries (changes to the scope of consolidation)	-7,578	-1,408
-	Incoming payments for disposals of long-term investments	-15	-109
-/+	Increase/decrease in long-term liabilities	-38	-86
	Cash-flow from investing activities	**-7,615**	**-1,601**
-	Dividend payment to shareholders	-763	-812
+/-	Payment flows from the acquisition of Treasury stock	23	-23
+/-	Increase/decrease in short-term financial liabilities	4,650	-5,728
	Cash-flow from financing activities	**3,910**	**-6,563**
	Total cash-flow	**5,873**	**338**
	Cash and cash equivalents at the beginning of the year	5,194	4,708
	Effects of exchange rate changes on cash and cash equivalents	-164	8
	Change to cash and cash equivalents as a result of changes in the scope of consolidation	0	141
	Cash and cash equivalents at the end of the year	10,903	5,194
	Change in funds	**5,873**	**338**

Subsidiaries

of DO & CO Restaurants & Catering AG as of 31 March 2003

Company	Place of registration	Country	Share of stock in %	Controlling company[1]	Currency	Nominal capital TDC[2]	
Companies included in full in the consolidated accounts							
DO & CO Party-Service & Catering GmbH	Vienna	A	100.0	DCAG	EUR	36	3)
DO & CO im Haas Haus Restaurantbetriebs GmbH	Vienna	A	100.0	DCAG	EUR	36	3)
DO & CO Catering-Consult & Beteiligungs GmbH	Vienna	A	100.0	DINV	EUR	36	
DO & CO - Salzburg Restaurants & Betriebs GmbH	Salzburg	A	100.0	DCAG	EUR	36	3)
DO & CO - Baden Restaurants & Veranstaltungs GmbH	Baden	A	100.0	DCAG	EUR	36	3)
DO & CO Albertina GmbH	Vienna	A	100.0	DCAG	EUR	35	3)
AIOLI - Vienna Airport Restaurants & Catering GmbH	Schwechat	A	100.0	DCAG	EUR	36	3)
AIOLI Restaurants & Party-Service GmbH	Vienna	A	100.0	DCAG	EUR	36	3)
K.u.K. Hofzuckerbäcker Ch. Demel's Söhne GmbH	Vienna	A	100.0	DCCC	EUR	799	4)
B & B Betriebsrestaurants GmbH	Vienna	A	100.0	DCAG	EUR	36	3)
Cafe-Restaurant & Catering im Casino Wien GmbH	Vienna	A	100.0	DCCC	EUR	35	4)
DO & CO (Deutschland) Holding GmbH	Berlin	D	100.0	DINV	EUR	25	
DO & CO München GmbH	Schwaig/ Oberding	D	100.0	DDHO	EUR	25	5)
DO & CO Frankfurt GmbH	Kelsterbach	D	100.0	DDHO	EUR	25	5)
DO & CO Berlin GmbH	Berlin	D	100.0	DDHO	EUR	25	5)
DO & CO Italy S.r.l.	Milan	I	100.0	DCAG	EUR	1,275	
DO & CO Restauración & Catering España, S.L.	Barcelona	E	100.0	DINV	EUR	3	
DO & CO International Catering Ltd.	London	GB	100.0	DCAG	EUR	30	6)
DO & CO International Investments Ltd.	London	GB	100.0	DCAG	EUR	0	6)
DO & CO Holdings USA, Inc.	Wilmington	USA	90.0	DINV	USD	100	
DO & CO Miami Catering, Inc.	Miami	USA	90.0	DHOL	USD	1	
DO & CO New York Catering, Inc.	New York	USA	90.0	DHOL	USD	1	
DO & CO International Catering USA, L.L.C.	Wilmington	USA	100.0	DCAG	USD	1	7)
Companies included at equity in the consolidated accounts							
DO & CO – LAUDA-AIR Restaurants, Catering & Handling GmbH	Vienna	A	50.0	DCAG	EUR	150	
Companies not included in the consolidated accounts							
Giava Demel S.r.l.	Milan	I	50.0	DCCC	EUR	30	

1) DCAG = DO & CO Restaurants & Catering AG
DCCC = DO & CO Catering-Consult & Beteiligungs GmbH
DHOL = DO & CO Holdings USA, Inc.
DINV = DO & CO International Investments Ltd.
DDHO = DO & CO (Deutschland) Holding GmbH

2) TDC = in thousands of domestic currency units

3) There is a profit transfer agreement between these companies and DO & CO Restaurants & Catering AG.

4) There is a profit transfer agreement between these companies and DO & CO Catering-Consult & Beteiligungs GmbH.

5) There is a profit transfer agreement between these companies and DO & CO (Deutschland) Holding GmbH.

6) The nominal capital was initially paid in GBP.

7) DO & CO International Catering USA, L.L.C. was liquidated.

Notes

In application of the provision of Section 245a of the Austrian Commercial Code, these financial statements of DO & CO Restaurants & Catering AG as of 31 March 2003 were prepared in accordance with the provisions of the guidelines of the International Accounting Standards Board (IASB) and the interpretations of the Standing Interpretations Committee (SIC) in effect on the reporting date. They are also in accord with the guidelines of the European Union regarding consolidated accounting (Directive 83/349/EEC).

I. General information

1. Basic Principles

DO & CO Restaurants & Catering AG is an international catering group with headquarters in Vienna, Austria. It conducts business in three segments: airline catering, international event catering and restaurant & bars.

If not already subject to audit under national law, the financial statements of all domestic and foreign companies included in the consolidated accounts were audited by independent auditors who issued unqualified opinions of them in each case. The financial statements of all subsidiaries included in the consolidated accounts were all properly prepared in accordance with the parent's standard group-wide accounting and valuation principles as stipulated in the International Financial Reporting Standards (IFRS; formerly known as International Accounting Standards (IAS)), with items required by national law being retained if of negligible significance.

2. Consolidation Principles

2.1. Scope of Consolidation

The scope of consolidation was determined in accordance with the principles of IAS 27 (Consolidated Financial Statements). In accordance therewith, eleven domestic and eight foreign subsidiaries were included in the consolidated accounts as of 31 March 2003 along with DO & CO Restaurants & Catering AG. All these subsidiaries are wholly-owned directly or indirectly by the company. The group has a 90 % stake in three foreign companies included in full in the consolidated accounts.

One domestic company which is jointly managed (associated company) and in which the company has a 50 % stake was included in the consolidated accounts at equity. A 50 % stake in an associated company acquired by the group in the year under review was not included in the consolidated accounts owing to its insignificance.

The scope of consolidation (including DO & CO Restaurants & Catering AG) developed as follows in the year under review:

Scope of Consolidation	Included in full	Included at equity
As of 1 April 2002	21	1
Included in the consolidated accounts for the first time in the business year (wholly-owned): ▪ Cafe-Restaurant & Catering im Casino Wien GmbH	1	0
Founded in the business year (wholly-owned): ▪ DO & CO Albertina GmbH ▪ DO & CO Restauración & Catering España, S.L.	2	0
Liquidated in the business year (wholly-owned): ▪ DO & CO International Catering USA, L.L.C.	-1	0
As of 31 March 2003	**23**	**1**
Of which foreign companies	11	0

The initial consolidation was carried out at the date of acquisition or at the reporting date close in time to the attainment of domination and control if the effects thereof were immaterial as compared with the date of acquisition.

Taking into consideration consolidation-related operations, the effects the changes in the scope of consolidation had on the consolidated income statement and the consolidated balance sheet as at 1 April 2002 or at the time of initial or final consolidation were as follows:

in TEUR	Assets		Liabilities
Fixed assets	-30	Shareholders' equity	-49
Current assets	101	Provisions	101
		Liabilities	19
Total	**71**	**Total**	**71**

in TEUR	2002/2003
Sales revenues	934
EBITDA	-82
EBIT – Operating result	-87

2.2. Consolidation Methods

The initial consolidation was carried out on 1 April 1997 or at the later date of acquisition or at the reporting date close in time if the effects thereof were immaterial as compared with the date of acquisition. With fully consolidated associated companies, capital was consolidated on the basis of the proportional present value of the equity interest. In the process, the book value of the equity interest was offset against the subsidiary's proportional share in shareholders' equity allocable to the interest at the time of acquisition ("purchase method"). The remaining differences carried as assets were recorded as goodwill unless allocable to the newly valued assets and were amortized over their expected useful life of five to nine years.

Differences totaling TEUR 22 carried as assets were charged to the accounts in the year of the initial inclusion of the subsidiaries in a way that affected profit and loss.

Differences carried as liabilities which surpassed the applicable current market values of the acquired assets and which did not result from negative expectations regarding future earnings were recorded as of the reporting date as TEUR 62 in a way that affected profit and loss. Of this total, TEUR 42 was charged in business year 2002/2003 for the first-ever inclusion of Cafe-Restaurant & Catering im Casino Wien GmbH. Additions to goodwill totaling TEUR 336 pertained to the change in the difference carried as assets from K.u.K. Hofzuckerbäcker Ch. Demel's Söhne GmbH, Vienna, first-ever included in the consolidated accounts in the previous year in an amount equal to the counter-performance rendered for the acquisition of this company and taking into account the goodwill already reported in the previous year. Declines in goodwill were recorded to the extent that the acquisition cost had to be reduced or written off as the result of the capitalization of other identifiable assets, particularly deferred taxation on the assets side realizable at a later date.

The differential amounts from capital consolidation carried forward as of 31 March 2003 were as follows:

in TEUR	31 March 2003	31 March 2002
Capitalized goodwill	1,729	2,729

The capital of the associated company was likewise consolidated on the basis of the proportional current value of the equity interest, with any national valuation methods retained which had immaterial effects on the annual profit/loss included proportionally in the consolidated financial statements.

Minority interests in the equity of fully consolidated subsidiaries which exceeded these shareholders' proportional share in equity due to incurred losses are offset against the consolidated equity and reported separately.

In the course of debt consolidation, receivables and payables between consolidated companies were offset. Moreover, sales revenues and other income from deliveries and services between the fully consolidated companies have been offset against the corresponding expense items. Any interim results in fixed and current assets from deliveries and services within the group were eliminated except those of negligible significance. Discounts applied to determine the current value of future payments and other one-sided entries affecting profit/loss were adjusted in the consolidated financial statements.

2.3. Currency Translation

The annual financial statements of the foreign subsidiaries were translated in accordance with the functional currency principle as stipulated in IAS 21 (The Effects of Changes of Foreign Exchange Rates). The functional currency of all companies is the national currency of their country of registration since the subsidiaries are independent financially, economically and organizationally in their conduct of business.

The annual financial statements of three foreign subsidiaries with their registered place of business outside the territory of the member states of the European Union were translated in accordance with the principle of the modified current rate method. The balance sheet items were valued at the mean rate on the reporting date of 31 March 2003. Income and expenses in the Income Statement were translated at the annual average rate.

Translation differences on the reporting date arising from the balance sheet were allocated to shareholders' equity without affecting profit. Translation differences between the reporting date rate within the balance sheet and the average rate in the income statement were offset in shareholders' equity.

The movements in fixed assets were presented at average rates. Changes in the mean of the buying and selling price of foreign exchange as of the balance sheet date compared with that of the previous year and differences arising from the application of average rates were separately recorded in the consolidated assets schedule as “currency changes”.

Non-realized translation differences in conjunction with monetary items which are economically allocable to a share in an associated company, particularly borrowings under company loans issued to American subsidiaries, were allocated with no effect on profit or loss to an adjustment item for translation differences and recorded under shareholders‘ equity.

The US dollar was the only functional currency of companies outside the EU. The US dollar exchange rate applied in currency conversion developed as follows:

in EUR	Reporting Date		Annual Average Rate	
	31 March 2003	31 March 2002	2002/2003	2001/2002
1 US-Dollar	0.91785	1.14561	0.99743	1.13624

3. Accounting and Valuation Principles

Intangible Fixed Assets and Tangible Fixed Assets

Acquired intangible assets are shown at the cost of acquisition less scheduled amortization.

Tangible fixed assets are recorded at their cost of acquisition or manufacture less scheduled, allocated depreciation or less unscheduled and continued depreciation. Scheduled depreciation was effected on a straight-line basis. Assets added in the first half of the financial year were always written down at the full annual rate of depreciation; those added after 30 September 2002 were written down at half the annual rate.

The following service life figures based on expected economic or technical usefulness were applied in the main to the scheduled, straight-line depreciation and amortization of fixed assets:

a) Intangible fixed assets	2.0	to	25.0	years
b) Land and buildings	25.0	and	40.0	years
c) Buildings on land owned by others	5.0	to	10.0	years
d) Plant and machinery:	2.0	to	10.0	years
e) Other production plant and office equipment	1.5	to	10.0	years

Assets of minor value are immediately written down to a token amount during the year of acquisition to the full extent permitted by tax law. In the schedule of changes in fixed assets, assets of minor value are recorded as a disposal on expiration of a period of assumed usefulness of 3 years.

Government grants and building cost subsidies by third parties (investment grants) are recorded under liabilities and are written down in a way affecting profit/loss in accordance with the useful life of the subsidized asset.

Leased tangible fixed assets deemed economically to be asset purchases involving long-term financing and a transfer of substantially all the risks and rewards incident to asset ownership (finance lease) were recorded under assets at their present value in accordance with IAS 17 (Leases). Amortization is scheduled and undertaken in accordance with the useful economic life of the assets. Payment obligations arising from the future leasing rates were appropriately discounted and recorded under trade payables.

Assets showing signs of diminished value and present values of future payment surpluses under the book values are written down in accordance with IAS 36 (Impairment of Assets) to a value obtainable if they were sold singly or to the liquidation value.

Shares in Associated Companies and Other Financial Assets

The shares in associated companies were valued at equity unless of minor significance.

The securities carried under fixed assets as cover for long-term personnel provisions were valued at the cost of acquisition or the lower applicable market value.

Inventories

Inventories were valued at cost of acquisition or the lower market value on the reporting date. The cost of acquisition was determined primarily using the moving average price method. The quantities were determined by physical stock-taking conducted very close to the balance sheet date.

Trade Accounts Receivable and Other Assets

Accounts receivable and other assets were carried as assets at their nominal value unless, in the case of discernible specific risks, suitable value adjustments were made and the lower applicable value was to be applied. Non-interest or non-interest-bearing receivables were recorded at their discounted present value. Foreign-currency items from the financial statements of individual companies included in the consolidated accounts were largely valued at the foreign-exchange buying rate as of the reporting date unless the price of acquisition was below the foreign-exchange buying rate as of the reporting date with the deviations being not insubstantial.

Current Financial Assets

Current financial assets (cash in hand and at banks) were recorded under cash and cash equivalents and, in the case of receivables expressed in foreign currency, valued at the current market rates.

Deferred Taxes

Deferred taxes were allocated in accordance with IAS 12 (Income Tax) for all temporary valuation and accounting differences between the values applied in the individual companies' balance sheets under commercial law and under tax law as well as for consolidation operations if the latter were not permanent in nature. The value adjustments were calculated on the basis of the usual national income tax rate of the group company involved at the time of the reversal of the value difference. Capitalized deferred taxes on loss carry-forwards were recorded to the extent that they can be expected to be realized in the future within a foreseeable period.

Prepaid Expenses or Deferred Income

Prepaid expenses or deferred income are carried under other receivables and liabilities. These items pertain to expenditures or incoming payments received prior to the reporting date but intended for a certain time after that date.

Provisions for Severance Payments and Similar Types of Payments

The projected benefit obligation method was applied in calculating Austrian group companies' obligations to employees under the law or collective agreements to set up a one-time severance payment to be paid out on dismissal or retirement. In the process, the projected benefits were determined on the basis of the previous year's calculation applying an imputed rate of 4.5 % pa, expected pay raises (2 % pa) and a retirement age of 60 for female employees and 65 for male employees.

A provision for long-service anniversaries primarily for employees at domestic companies was recorded under liabilities as an obligation similar to severance pay. This provision was determined on the basis of the same calculation factors applied to severance provisions. The present value of these provisions was determined in an expertise and recorded under liabilities taking into account a discount for age-related fluctuation. Performance-based severance obligations of foreign companies were provided for in accordance with comparable methods unless contribution-based retirement pension systems were involved, as with US subsidiaries in particular.

Other Provisions

Other long and short-term provisions take account of all discernible risks and uncertain liabilities up to the reporting date in an amount deemed most probable after careful analysis of the situation.

Liabilities

Liabilities have been valued at acquisition cost, the nominal value or the higher repayment value. Foreign currency liabilities were valued at the selling rate applicable on the reporting date.

Estimates

To a certain extent, consolidated financial statements require that estimates and assumptions be made which affect the balance-sheet assets and liabilities involved, information on other obligations as of the reporting date, and the presentation of income and expenses during the period reviewed. The amounts actually realized in the future could diverge from these estimates.

II. Notes to the Balance Sheet and the Income Statement

II.1. Notes to the Balance Sheet

(1) Fixed Assets

in TEUR	31 March 2003	31 March 2002
Intangible assets	2,160	3,470
Tangible assets	28,628	35,823
Investments	446	467
Total	**31,234**	**39,760**

A breakdown of the fixed asset items summarized in the consolidated balance sheet and changes in them during business year 2002/2003 are shown in the attached assets schedule. Changes in the scope of consolidation from acquired additions were reported separately. Translation adjustments are the amounts resulting from the translation of assets of foreign subsidiaries at the different reporting-date rates prevailing at the beginning and end of the year under review and from the use of the average rate.

The intangible fixed assets recorded pertain to goodwill from the capital consolidation as well as other rights, in particular trademark titles and software licenses. The group had no company-produced intangible fixed assets eligible for capitalization in the year under review.

The land included under tangible fixed assets has a value of TEUR 3,185 (previous year: TEUR 3,975). The company effected unscheduled depreciation in business year 2002/2003 amounting to TEUR 10 (previous year: TEUR 253).

The following amounts were recorded under tangible fixed assets (other production plant and office equipment) based on finance lease agreements the company entered into:

in TEUR	31 March 2003	31 March 2002
Acquisition costs	2,299	2,299
Accumulated depreciation	1,033	574
Book value	1,266	1,725

Obligations from the use of property, plant and equipment not reported in the balance sheet pertain to lease or rental agreements on movables and to leases on real estate and were as follows:

in TEUR	31 March 2003	31 March 2002
In the following business year	4,529	4,500
In the next five business years	22,066	21,163

Other production plant and office equipment includes standard values of TEUR 166 (previous year: TEUR 153) for tableware, cutlery, table linen and containers. The standard values were carried under assets at the companies producing sales in the Restaurant & Bars Division.

Income from an equity interest in an associated company valued at equity amounted to TEUR 3 in business year 2002/2003 (previous year: expenses of TEUR 2).

The fixed-interest securities were valued at their cost of acquisition or the lower prices from previous years and serve as cover for the severance payment obligations in accordance with the provisions of Austrian tax law. At book value, the holdings remained unchanged at TEUR 385; the sale value of these securities amounted to TEUR 407 (previous year: TEUR 387). The other securities carried under fixed assets were valued at acquisition cost.

(2) Other Long-term Assets

in TEUR	31 March 2003	31 March 2002
Other long-term assets	470	431
Total	**470**	**431**

Other long-term assets of subsidiaries included in the consolidated accounts pertain primarily to capitalized advance income tax payments by DO & CO Restaurants & Catering AG due to the latter having a business year that diverges from the calendar year and to deposit payments put down for leased facilities.

(3) Inventories

in TEUR	31 March 2003	31 March 2002
Raw materials and supplies	584	640
Goods	1,910	1,800
Total	**2,494**	**2,441**

Goods purchased for resale included TEUR 1,093 (previous year: TEUR 1,052) in standard-value items for tableware, cutlery, table linen, serving aids, and containers. The standard values were carried as assets at the companies in the International Event Catering segment.

(4) Trade Accounts Receivable and Other Short-Term Accounts Receivable and Assets

The current assets with a residual term of less than a year can be summarized as follows:

in TEUR	31 March 2003	31 March 2002
Trade accounts receivable	**7,660**	**9,866**
Accounts receivable from group companies	0	25
Accounts receivable from associated companies	8	0
Other accounts receivable and assets	2,289	2,791
Prepaid expenses and deferred charges	435	458
Total of other current accounts receivable and other current assets	**2,733**	**3,274**
Total	**10,393**	**13,140**

(5) Cash and Cash Equivalents

in TEUR	31 March 2003	31 March 2002
Cash, checks	153	97
Cash at banks	10,750	5,097
Total	**10,903**	**5,194**

(6) Deferred Taxes

Deferred taxes carried on both sides of the balance sheet result from the following temporary accounting and valuation differences between the reported book values and the corresponding bases of assessment for taxation:

in TEUR	31 March 2003		31 March 2002	
	Assets	Liabilities	Assets	Liabilities
Intangible fixed assets	302	-37	353	-763
Property, plant and equipment	235	-547	192	-17
Financial assets	26	-1,018	47	
Inventories		-62		-77
Accounts receivable	25		2	-251
Cash and cash equivalents				-4
Provisions	814			
Accruals	570	-1	246	-1
Liabilities	1,433		805	
Total deviations in balance sheet	**3,405**	**-1,665**	**1,644**	**-1,114**
Tax losses carried forward	5,146		6,232	
Valuation discount for capitalized deferred tax	-4,642		-4,534	
Offsetting of differences with the same tax authorities	-1,655	1,655	-1,114	1,114
Total	**2,255**	**-10**	**2,228**	**0**

No deferred taxes were capitalized in these consolidated financial statements for differences on the asset sides and for tax loss carry-forwards totaling TEUR 4,642 (previous year: TEUR 4,534). On the reporting date of business year 2002/2003, tax severance provisions from domestic subsidiaries included in the consolidated accounts were transferred to shareholder's equity with no effect on taxes. By availing itself of this one-time tax relief, the company realized deferred tax claims totaling TEUR 212 with an effect on profits.

(7) Shareholders' Equity

The consolidated shareholders' equity developed as follows in the business years 2001/2002 and 2002/2003:

in TEUR	Capital Stock	Capital reserves	Revenue reserves	Foreign currency translation reserve	Treasury stock	Consolidated result	Minority interests	Total
As of 31 March 2001	**11,802**	**13,081**	**4,704**	**3,080**	**0**	**1,667**	**-161**	**34,174**
Consolidated result 2001/2002						1,001	-183	818
Dividend payments 2000/2001						-812		-812
Profit carried forward 2000/2001			855			-855		0
Currency translation				9				9
Changes in treasury stock					-23			-23
Other changes			-16					-16
As of 31 March 2002	**11,802**	**13,081**	**5,543**	**3,089**	**-23**	**1,001**	**-344**	**34,150**
Consolidated result 2002/2003						2,103	19	2,122
Dividend payments 2001/2002						-763		-763
Profit carried forward 2001/2002			237			-237		0
Currency translation				-4,008				-4,008
Changes in treasury stock					23			23
Other changes			193					193
As of 31 March 2003	**11,802**	**13,081**	**5,973**	**-919**	**0**	**2,103**	**-325**	**31,715**

The capital stock of DO & CO Restaurants & Catering AG totals EUR 11,802,068.26 and is divided into 1,624,000 individual bearer shares endowed with voting rights. The Management Board was again authorized at the General Meeting of Shareholders on 10 July 2002 to increase the capital stock up to 30 June 2007 by as much as EUR 5,901,034.13 in exchange for cash contributions and/or contributions in kind even to the exclusion of the right to subscribe (authorized capital).

The shares of DO & CO Restaurants & Catering AG have been trading in the Prime Market segment of the Vienna Stock Exchange (Wiener Boerse AG) since 1 January 2002. The majority shareholder of DO & CO Restaurants & Catering AG is Attila DOGUDAN Privatstiftung. Raiffeisen-Holding Niederösterreich-Wien holds a stake of 25.1 %, and the remaining shares are in free float.

The paid-in surplus contains tied-up capital reserves of TEUR 13,081 (previous year: TEUR 13,081) from capital increases in accordance with Austrian corporation law.

Besides accumulated profit reserves, the revenue reserve item contains revenue reserves in the amount of the tax investment allowances taken advantage of as recorded in the individual financial statements of domestic companies. No deferred tax provision for these untaxed reserves was formed. Moreover, this item contains legally stipulated revenue reserves of individual companies included in the consolidated accounts as well as all revenue reserves at subsidiaries not eliminated in the course of capital consolidation.

Minority interests include the direct 10 % minority interest in the equity of the fully consolidated DO & CO Holdings USA Inc. and the indirect minority interests in its subsidiaries (DO & CO New York Catering Inc., DO & CO Miami Catering Inc.).

(8) Long-term Provisions – Schedule of Provisions

The composition of and changes in long-term provisions as of the reporting date were as follows:

in TEUR	As of 31 March 2002	Currency changes	Changes in scope of consolidation	Consumed	Release	Allocation	As of 31 March 2003
Provisions for severance payments PBO	1,322	0	12	94	4	293	1,529
Provision for long-service anniversary payments PBO	712	0	6	21	3	122	817
Provisions for deferred tax	0	0	0	0	0	10	10
Other provisions	2,155	0	0	377	1,156	56	678
Total	**4,189**	**0**	**18**	**492**	**1,164**	**481**	**3,033**

The values of provisions for severance payments and for long-service anniversary payments were calculated as of the reporting date along actuarial lines in expert opinions applying the projected benefit obligation method and the same interest rate and pay increase rate as in the previous year, namely 4.5 % pa and 2 %, respectively.

in TEUR	Severance payment provision		Long-service anniversary provision	
	31 March 2003	31 March 2002	31 March 2003	31 March 2002
Present value of obligations (PBO) on 1 April	1,322	1,049	712	571
Change in scope of consolidation	16	213	7	73
Long-service anniversary expenses	205	170	145	131
Interest expenses	44	31	32	26
Severance payments	-69	-142	-23	-21
Result along actuarial lines	11	2	-57	-67
Present value of obligations (PBO) on 31 March	**1,529**	**1,322**	**817**	**712**

Other long-term provisions include primarily expenses related to the spin-off of the logistics unit and to a commitment to cover losses which exceed the existing capital share in an associated company.

(9) Other Long-term Liabilities

in TEUR	31 March 2003	31 March 2002
Trade accounts payable	1,437	1,723
Other liabilities	103	97
Deferred income	392	124
Total	**1,932**	**1,943**

Significant other long-term liabilities with a remaining term of more than one year result in an amount equal to the current market values for liabilities from finance lease agreements for movables, from a construction cost grant and from the advance of a discount for a promise to take beverages. The change affecting profit/loss is effected in each case in accordance with the remaining term of the liability.

(10) Other Short-term Provisions – Schedule of Provisions

in TEUR	As of 31 March 2002	Currency changes	Changes in scope of consolidation	Consumed	Release	Allocation	As of 31 March 2003
Tax provisions	3,098	0	28	1,839	24	454	1,717
Other personnel provisions	2,943	-14	46	2,738	245	3,326	3,319
Deliveries and services not yet invoiced	339	-4	2	395	54	693	581
Other provisions	7,275	-66	10	6,079	467	1,264	1,937
Total	**13,655**	**-83**	**85**	**11,050**	**790**	**5,737**	**7,553**

Provisions for personnel expenses pertain largely to provisions totaling TEUR 697 (previous year: TEUR 653) for pro rata special payments due to having a business year not coinciding with the calendar year as well as to provisions totaling TEUR 1,812 (previous year: TEUR 1,520) for vacation not yet taken as of the reporting date and to other provisions totaling TEUR 810 (previous years: TEUR 770) for performance-linked components of pay.

(11) Short-term Financial Liabilities

in TEUR	31 March 2003	31 March 2002
EUR cash advance	4,650	0
Total	**4,650**	**0**

Financial liabilities outstanding as of the reporting date resulted from the euro cash advance taken out at Bank Austria Creditanstalt AG, with an interest rate averaging 3.7 %.

(12) Trade Accounts Payable and Other Short-Therm Liabilities

in TEUR	31 March 2003	31 March 2002
Trade accounts payable	**6,601**	**6,445**
Amounts owed to group companies	0	143
Amounts owed to associated companies	33	12
Advance payments received on orders	177	807
Other liabilities	1,858	1,656
Deferred income	195	195
Total other short-term liabilities	**2,263**	**2,813**
Total	**8,864**	**9,258**

Other liabilities with a remaining term of less than one year totaled TEUR 1,858 (previous year: TEUR 1,656) and resulted primarily from amounts owed to tax authorities for value-added tax and other payment-related taxes, from liabilities to social insurance funds and from liabilities to service providers in an amount equal to current remuneration payments.

Contingent Liabilities

in TEUR	31 March 2003	31 March 2002
Guarantees	575	633

The amounts recorded here pertain to bank guarantees to secure claims in connection with leases and to secure reimbursed advance tax payments from the Italian fiscal authorities.

II.2. Notes to the Income Statement

The consolidated income statement was prepared in accordance with the total cost method.

(13) Sales

in TEUR	2002/2003	2001/2002
Airline Catering	43,936	44,372
International Event Catering	29,981	31,954
Restaurants & Bars	20,669	15,500
Total	**94,586**	**91,826**

Realized sales were defined for primary segment reporting in accordance with the internal report structure. Regionally, sales were divided according to the place of performance by the companies of the DO & CO group ("Management Approach" in accordance with IAS 14). As regards the detailed presentation of the sales revenues, please refer to segment reporting on pages 28 and 29.

(14) Other Operating Income

in TEUR	2002/2003	2001/2002
Accounting gains from the disposal of fixed assets	7	2
Income from the release of provisions	1,926	670
Release of provisions for bad debts	247	219
Insurance payments	41	40
Rent income	131	180
Exchange rate differences	2	506
Other operating income	632	664
Total	**2,987**	**2,283**

(15) Costs of Materials and Purchased Services

in TEUR	2002/2003	2001/2002
Costs of materials (including goods purchased for resale)	22,868	24,030
Costs of services	5,535	5,304
Total	**28,403**	**29,334**

(16) Payroll Costs

in TEUR	2002/2003	2001/2002
Wages	23,280	21,720
Salaries	6,021	5,566
Expenses for severance payments	317	336
Expenses for legally mandated social security contributions and for related costs	7,139	6,570
Other social expenses	674	502
Total	**37,430**	**34,693**

(17) Amortization of Intangible Fixed Assets and Depreciation of Tangible Fixed Assets

in TEUR	2002/2003	2001/2002
Scheduled amortization and depreciation	5,146	5,381
Unscheduled amortization and depreciation	10	253
Total	**5,156**	**5,635**

(18) Goodwill Amortization

in TEUR	2002/2003	2001/2002
Amortization of goodwill	1,336	1,337
Total	**1,336**	**1,337**

The recorded amortization of goodwill from the capital consolidation was calculated on the basis of an assumed useful life of five to nine years.

(19)) Other Operating Expenses

The composition of other operating expenses was as follows:

in TEUR	2002/2003	2001/2002
Taxes other than those included under income tax	490	353
Rentals, leases, and operating costs (including airport fees and charges)	9,546	7,860
Travel and communication expense	2,843	3,051
Transport, vehicle expense and maintenance	3,231	2,854
Insurance	866	461
Legal, auditing and consulting expenses	1,495	1,618
Rest of other operating expenses	923	1,259
Losses on bad debts, value adjustments and other losses	616	572
Exchange rate differences	973	3
Accounting losses from the disposal of fixed assets	54	832
Other administrative expenses	643	769
Total	**21,679**	**19,631**

(20) EBIT – Operating Result

EBIT increased by TEUR 90, or 2.6 %, rising against the previous year from TEUR 3,479 to TEUR 3,569. EBIT is analyzed in detail in the Management Report.

(21) Financial Result

in TEUR	2002/2003	2001/2002
Result from investments		
Result from investments	-87	-4
Of which from associated companies	3	-2
Total result from investments	**-87**	**-4**
Result from other financial activities		
Income from other securities carried under fixed assets	23	15
Other interest received and similar income	178	126
Other interest paid and similar expenses	-355	-1,408
Total result from other financial activities	**-154**	**-1,268**
Total	**-241**	**-1,271**

The result from investing activities was TEUR -87 (previous year: TEUR -4) and resulted primarily from the elimination of DO&CO International Catering USA, L.L.C. from the consolidated accounts.

(22) Extraordinary Result

in TEUR	2002/2003	2001/2002
Extraordinary expenses	0	541
Total	**0**	**541**

The extraordinary expenses of the previous year totaling TEUR 541 resulted from the disposal of an investment in K.u.K. Hofzuckerbäcker Ch. Demel's Söhne GmbH.

(23) Income Tax

in TEUR	2002/2003	2001/2002
Income tax expenses	508	1,697
thereof non periodic	90	0
Deferred tax	771	-849
Total	**1,279**	**848**

This item contains the income tax paid by and owing to DO & CO Restaurants & Catering AG and its individual subsidiaries and the provisions for deferred taxes.

The TEUR 90 in tax expenses not relating to the period resulted from a tax audit of the Austrian group companies for the years 1999 to 2001. The DO & CO group had an effective tax burden of 38.4 % (previous year: 50.9 %), ie defined as a ratio of total tax expenses to profit before tax. The reasons for the difference between the Austrian corporate tax rate of 34 % and the reported consolidated tax rate were as follows:

in TEUR	2002/2003	2001/2002
Consolidated result before tax	**3,328**	**1,667**
Tax expense at tax rate of 34 %	**1,131**	**567**
Non-temporary differences, and tax expenses and income from prior periods	-141	-406
Losses for witch no deferred tax provisions were created	223	750
Changes in tax rates	66	-63
Effective tax burden	**1,279**	**848**
Effective tax rate	**38.4 %**	**50.9 %**

(24) Minority Interests

Minority interests in the annual loss of fully consolidated companies amounted to TEUR 54 (previous year: TEUR 181).

in TEUR	2002/2003	2001/2002
Share of annual result going to minority interests	54	181
Total	**54**	**181**

III. Other Information

(25) Earnings per share

The number of issued shares as of 31 Mach 2003 totaled 1,624,000. As of the reporting date, the company had no Treasury stock (previous year: 750).

	2002/2003	2001/2002
Issued shares (number of individual shares)	1,624,000	1,623,250
Weighted shares (number of individual shares)	1,592,545	1,623,953
Earnings per share before amortization of goodwill and extraordinary result (in EUR)	**2.16**	**1.77**
Earnings per share (in EUR)	**1.32**	**0.62**

Based on the consolidated result of TEUR 2,103 (previous year: TEUR 1,001) , the earnings per share amounted to EUR 1.32 (previous year: EUR 0.62). The earnings per share based on the adjusted consolidated result of TEUR 3,439 (previous year: TEUR 2,878), ie on taking into account non recurring expenses and amortization of goodwill, amounted to EUR 2.16 (previous year: EUR 1.77).

As part of a stock buyback program approved by the General Meeting of Shareholders on 11 July 2001, the company purchased a total of 97,392 shares in the period from 4 January 2002 to 30 September 2002 in exchange for about TEUR 3,450. This amounts to an average share price of EUR 35.38. This 6.0 % of the total share capital was used as acquisition currency for acquiring all shares in K.u.K. Hofzuckerbäcker Ch. Demel´s Söhne GmbH. A 4.0 % stake of the total share capital was transferred on implementation of the guarantee rendered by Attila Dogudan Privat-stiftung.

(26) Proposal for Appropriation of Profit

According to the provisions of the Stock Corporation Act (AktG), the annual financial statements of DO & CO Restaurants & Catering AG as of 31 March 2003, drawn up in accordance with the Austrian accounting regulations, form the basis for the distribution of a dividend. These financial statements show a balance sheet profit of EUR 13,688,124.47. The Management Board therefore suggests to the General Meeting of Shareholders that a dividend of EUR 0.50 per share be distributed on the capital stock of EUR 11,802,068.26 and that the remaining profit be carried forward to new account.

(27) Cash-Flow Statement

The cash flow statement was presented in accordance with the indirect method, whereby the fund of cash and cash equivalents corresponds to the cash in hand and at banks. Income tax payments are presented separately in the cash flow from operating activities. Incoming and outgoing interest payments were also carried under current business activities. The dividend payments to shareholders of DO & CO Restaurants & Catering AG were recorded as part of the financing activities.

(28) Financial Instruments

Financial instruments are claims to payment as a result of a contractually based economic operation (IAS 32). They include what are considered “original” financial instruments, namely, trade receivables and payables and also financial receivables and financial debts. They also include derivative financial instruments used as hedging transactions to hedge currency risks and interest risks. There were no claims or obligations arising from derivative transactions at the reporting date.

The level of the original financial instruments results from the balance sheet. The accounting principles used are indicated for the individual balance sheet items. The receivables carried as assets and reduced by value adjustments represent the maximum solvency and default risk. The credit risk arising from the investment of cash and cash equivalents and securities is slight since the securities carried as fixed assets are held exclusively by Austrian companies and the contractual partners all have excellent credit ratings.

The recorded book values for cash and cash equivalents, short-term investments and short-term receivables and liabilities correspond in the main to the current market values due to the short maturities involved. Insignificant price risks exist only in the fixed-interest securities carried as fixed assets. There were outstanding financial debts from a euro cash advance as of the reporting date, which could pose an interest risk depending on how money market interest rates develop. Virtually all of the other receivables and liabilities resulting from operations had a remaining term of less than one year and posed no interest risk of material significance.

Currency risks exist in all cases in which receivables and liabilities are invoiced in a currency other than the local currency of the company. The company strives to use the foreign currency in internal Group deliveries and services as a counter-balance to minimize the currency risk as long as no closed foreign exchange positions arise when receivables in a foreign currency are offset against liabilities equivalent as regards term and amount in the same currency.

The US dollar is the main source of currency risks in respect of trade receivables, with a share of 19 % (previous year: 14 %). The British pound accounted for 1 % of these risks (previous year: 3 %). The US dollar also accounts for 12 % (previous year: 21 %) of the currency risks in respect of trade payables. Investments at any given group company are made almost exclusively within that company’s own currency area so that no currency risks arise in this respect.

(29) Subsequent Events

Events occurring after the reporting date which are significant to the valuation on the balance sheet date, eg pending legal cases, claims for damages and other obligations or threats of losses, and which are required to be posted to the accounts or divulged in accordance with IAS 10 (Events after the Balance Sheet Date), were taken into account in these consolidated financial statements of DO & CO Restaurants & Catering AG or are unknown.

(30) Information on Corporate Boards and Employees

The average number of employees was as follows:

Number	2002/2003	2001/2002
Workers	809	777
Salaried employees	153	137
Total	**962**	**914**

On average, another 255 people worked part-time in addition to the workers indicated (previous year: 229).

The following individuals served as members of the corporate boards of DO & CO Restaurants & Catering AG in business year 2001/2002:

Management Board

Attila DOGUDAN, Vienna, Chairman
Michael DOBERSBERGER, Vienna
Franz KUBIK, Langenzersdorf

The emoluments for the members of the Management Board in the year under review totaled TEUR 514 (previous year: TEUR 395).

Supervisory Board

Waldemar JUD, Graz, Chairman
Werner SPORN, Vienna, Deputy Chairman
Georg THURN-VRINTS, Poysbrunn
Christian KONRAD, Vienna, since 10 July 2002
(entered in the Commercial Register on 24 August 2002)

The members of the Supervisory Board received remuneration totaling TEUR 15 for business year 2001/2002 in accordance with a resolution by the General Meeting of Shareholders dated 10 July 2002.

Vienna, 22 May 2003

The Management Board:

Attila DOGUDAN e.h.
Vorsitzender

Franz KUBIK e.h.

Michael DOBERSBERGER e.h.

Schedule of Changes in Fixed Assets

As of 31 March 2003

in TEUR	Cost of Acquisition						
	as of 31 March 2002	Addition to scope of consolidation	Translation differencies	Additions Reclassifi-cations	Disposals Reclassifi-cations	divestitures	As of 31 March 2003
I. Intangible assets							
1. Industrial property rights and similar rights and benefits	3,091	2	-2	6	0	12	3,086
2. Goodwill	8,017	0	0	336	0	5,595	2,758
	11,109	**2**	**-2**	**342**	**0**	**5,607**	**5,844**
II. Tangible assets							
1. Land and buildings including buildings on third-party land	32,918	0	-4,182	707	27	78	29,393
2. Plant and machinery	6,968	1	-134	373	0	158	7,050
3. Other production-plant and office equipment	17,839	13	-881	1,104	11	435	17,650
4. Payments on account and assets in course of construction	309	0	-50	9	-38	0	229
	58,034	**14**	**-5,246**	**2,193**	**0**	**672**	**54,322**
III. Investments							
1. Investments in group companies	35	-35	0	0	0	0	0
2. Investments in associated companies	8	0	0	18	0	0	26
3. Securities held as long-term investments	430	0	0	0	0	0	430
4. Other loans	3	-3	0	0	0	0	0
	475	**-38**	**0**	**18**	**0**	**0**	**455**
Total	**69,618**	**-22**	**-5,248**	**2,552**	**0**	**6,279**	**60,622**

Accumulated Amortization/Depriciation						Book Value	
As of 31 March 2002	Addition to scope of consolidation	Translation differencies	Depreciation/ amortization during the year	Disposals	As of 31 March 2003	As of 31 March 2003	As of 31 March 2002
2,350	1	-1	315	11	2,655	431	741
5,288	0	0	1,336	5,595	1,029	1,729	2,729
7,638	**1**	**-1**	**1,651**	**5,606**	**3,684**	**2,160**	**3,470**
7,184	0	-339	1,469	51	8,263	21,130	25,735
4,661	0	-59	789	151	5,240	1,810	2,307
10,367	7	-358	2,573	406	12,182	5,469	7,472
0	0	0	10	0	10	219	309
22,211	**7**	**-755**	**4,840**	**608**	**25,695**	**28,628**	**35,823**
0	0	0	0	0	0	0	35
0	0	0	0	0	0	26	8
9	0	0	0	0	9	421	421
0	0	0	0	0	0	0	3
9	**0**	**0**	**0**	**0**	**9**	**446**	**467**
29,858	**8**	**-756**	**6,492**	**6,214**	**29,388**	**31,234**	**39,760**

Auditor's Opinion

and Auditor's Report

To the Management Board of DO & CO Restaurants & Catering AG

We have audited the consolidated financial statements as of 31 March 2003 of DO & CO Restaurants & Catering AG, consisting of balance sheet, income statement, cash flow statement and notes. The Company's management is responsible for the preparation and content of these consolidated financial statements. Our responsibility is to express an opinion on these financial statements based on our audits. Some of the sets of financial statements of subsidiaries included in the consolidated financial statements were audited by other auditors. Our opinion as regards these subsidiaries is based exclusively on the confirmations by these other auditors.

We conducted our audits in accordance with the International Standards on Auditing of the International Federation of Accountants (IFAC) and in accordance with generally accepted standards in Austria for properly auditing financial statements. These standards require that we plan and perform the audit of the consolidated financial statements to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation financial statement.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the actual assets and financial position of DO & CO Restaurants & Catering AG and their subsidiaries as of 31 March 2003 and the consolidated results of their operations and their cash flows for the financial year 2002/2003 in conformity with International Financial Reporting Standards (IFRS; previously known as International Accounting Standards [IAS]), with the particularity that the information relating to segment reporting in accordance with IAS 14 deviates from the provisions of the standards in that it is only conditionally possible to furnish this information due to the fact that the individual companies conduct operating activities in more than one segment.

In accordance with the provisions of Austrian commercial law, there is an obligation to examine the Management Report on the group and to determine whether the legal requirements for exemption from preparing consolidated financial statements in accordance with Austrian law are met. We confirm that the legal requirements for exemption from the obligation to prepare a set of consolidated financial statements and Management Report on the group in accordance with Austrian commercial law are met. The consolidated financial statements and the Management Report on the group are in conformity with the Seventh EC Directive.

Vienna, 26 May 2003

PKF CENTURION
Wirtschaftsprüfungsgesellschaft mbH
Member Firm of PKF International

Irene Linsbauer mp — Christian Hofer mp

Certified Public Accountants and Tax Consultants

Significant Differences

Between Austrian Accounting Standards and IAS

Goodwill from the capital consolidation: The Austrian Commercial Code allows offsetting against reserves with no effect on profit and loss while IAS 22 requires goodwill to be capitalized and amortized over its expected life.

Deferred tax: According to IAS, deferred tax must be shown in the balance sheet for all temporary differences between the balance sheet as prepared in accordance with tax law and the balance sheet as prepared in accordance with IAS, with the currently valid tax rate applied. In deviation from Austrian commercial law, IAS also requires that deferred tax be shown under assets for tax losses carried forward if they can be utilized for future taxable profits.

Other provisions: The Austrian Commercial Code bases these on the principle of business prudence and caution whereas IAS relies on the determinability of the payment obligations to be provided for and the degree of probability of their occurrence. IAS does not permit provisions for expenses yet Austrian commercial law does.

Personnel provisions: According to IAS, personnel provisions (severance payment provisions, provisions for long-service anniversary bonuses) are calculated according to the projected benefit obligation method based on the current capital market interest rate and taking into account future rises in pay. Austrian commercial law, for its part, uses the “part value” method applying an imputed interest rate of usually 4 %.

Sale of available financial assets: According to the Austrian Commercial Code, short-term financial assets are to be valued at the market value, at most however at the cost of acquisition. IAS calls for the market values to be applied.

Valuation of foreign currency items: Receivables and liabilities in foreign currency are always valued at the reference date rate as of the balance sheet date so that every fluctuation in the currency is recorded in a way that affects profit/loss. This differs from the Austrian Commercial Code which requires that only non realized losses be shown in the balance sheet in accordance with the imparity principle. Translation differences from debt consolidation in conjunction with loans within the group are recognized in accordance with IAS as non realized exchange rate gains or losses and recorded under equity in a way that does not affect profit/loss.

Extraordinary result: According to IAS, the only profits or losses to be recorded as an extraordinary result are ones which clearly differ from the ordinary business activities and which are not likely to occur frequently or regularly.

Extended disclosure obligation: Under IAS, the items in the balance sheet, income statement, cash flow statement and the changes in equity must be explained in detail in the notes. Further information obligations exist in particular with regard to the business segments and derivative financial instruments.

Company Overview by Region

DO & CO INTERNATIONAL
DO & CO Restaurants & Catering AG

- **Austria**
  - **DO & CO Stephansplatz** Restaurantbetriebs GmbH
  - **DO & CO Party-Service & Catering** GmbH
  - **AIOLI** Restaurants & Party-Service GmbH
  - **DO & CO Salzburg** Restaurants & Betriebs- GmbH
  - **K.u.K. Hofzuckerbäcker Ch. Demel´s** Söhne GmbH
  - **AIOLI-Vienna Airport** Restaurants & Catering GmbH
  - **DO & CO Baden** Restaurants & Veranstaltungs GmbH
  - **DO & CO Catering-Consult** & Beteiligungs GmbH
  - **B & B Bistro im Büro** Betriebsrestaurants GmbH
  - **DO & CO Lauda-Air** Rest., Cat. & Handl. GmbH (50%)
  - **Cafe in the Casino Wien** Restaurants & Catering GmbH
  - **DO & CO Albertina** GmbH
- **USA**
  - **DO & CO Holdings USA** Inc. Wilmington
  - **DO & CO New York** Catering Inc. New York
  - **DO & CO Miami** Catering Inc. Miami
- **Germany**
  - **DO & CO Deutschland Holding** GmbH
  - **DO & CO München** GmbH
  - **DO & CO Berlin** GmbH
  - **DO & CO Frankfurt** GmbH
- **Great Britain**
  - **DO & CO London** International Catering Ltd.
  - **DO & CO International** Investments Ltd., London
- **Italy**
  - **DO & CO Italy** S.r.l., Milan
  - **Giava Demel** S.r.l., Milan
- **Spain**
  - **DO & CO España** Rest. & Catering, S.L., Barcelona

Financial Statements 2002/2003

of DO & CO Restaurants & Catering AG in accordance with the Austrian Commercial Code

Balance Sheet as of 31 March 2003

of DO & CO Restaurants & Catering AG

ASSETS

in TEUR	31 March 2003	31 March 2002
Intangible assets	13	36
Tangible assets	229	270
Investments	30,490	32,652
Fixed assets	**30,732**	**32,957**
Trade accounts receivable	140	72
Receivables from group companies	13,856	14,782
Receivables from associated companies	8	0
Other receivables and assets	1,774	1,573
Receivables and other assets	**15,779**	**16,427**
Marketable securities	**0**	**23**
Cash and checks in hand, cash at banks	**4,645**	**14**
Current assets	**20,424**	**16,464**
Prepaid expenses and deferred charges	**7**	**5**
Total assets	**51,162**	**49,426**

LIABILITIES

in TEUR	31 March 2003	31 March 2002
Capital stock	11,802	11,802
Capital reserves	13,081	13,081
Revenue reserves	73	65
Treasury stock	0	23
Retained earnings	13,688	12,390
Shareholders' equity	**38,644**	**37,362**
Untaxed reserves	**25**	**34**
Provisions for severance payments	294	254
Provisions for taxes	1,630	2,449
Other provisions	2,427	3,513
Provisions	**4,352**	**6,216**
Bank loans and overdrafts	4,650	0
Trade accounts payable	107	357
Accounts payable to group companies	3,110	5,280
Accounts payable to associated companies	33	12
Other liabilities	242	165
Liabilities	**8,141**	**5,814**
Total Shareholders' equity and liabilities	**51,162**	**49,426**
Contingent liabilities	**1,825**	**2,311**

Income Statement

for Business year 2002/2003 of DO & CO Restaurants & Catering AG

in TEUR	2002/2003	2001/2002
Sales	**5,800**	**5,742**
Other operating income	445	806
Costs of materials and services	-433	-314
Payroll costs	-4,362	-4,577
Amortization and depreciation	-154	-151
Other operating expenses	-2,064	-1,531
Operating result	**-770**	**-26**
Income from equity interests	5,509	7,164
Income from other securities	5	3
Other interest and similar income	1,018	1,073
Expenses from investments and marketable securities	-2,446	-77
Expenses from cooperations	-542	0
Interest and similar expenses	-361	-2,265
Financial result	**3,183**	**5,898**
Result from ordinary business activities	**2,413**	**5,872**
Taxes on income	-376	-1,124
Result after income tax	**2,037**	**4,748**
Write-back of reserve for treasury stock	23	0
Write-back of untaxed reserves	9	0
Allocation to untaxed reserves	-8	0
Allocation to reserve for treasury stock	0	-23
Annual result	**2,061**	**4,725**
Profit carried forward from previous year	11,627	7,666
Retained earnings	**13,688**	**12,390**

The annual financial statements, along with the condensed management report, of DO & CO Restaurants & Catering Aktiengesellschaft, were prepared in accordance with the Austrian accounting regulations. The audit of these documents by PKF CENTURION Wirtschaftsprüfungsgesellschaft m.b.H. resulted in an unqualified opinion. These statements will be submitted together with their accompanying documents to the Commercial Registry of the Commercial Court of Vienna under Commercial Registry Number 156765 m.

Proposal for Appropriation of Profit

According to the provisions of the Stock Corporation Act (AktG), the annual financial statements of DO & CO Restaurants & Catering AG as of 31 March 2003, drawn up in accordance with the Austrian accounting regulations, form the basis for the distribution of a dividend. These financial statements show a balance sheet profit of EUR 13,688,124.47. The Management Board therefore suggests to the General Meeting of Shareholders that a dividend of EUR 0.50 per share be distributed on the capital stock of EUR 11,802,068.26 and that the remaining profit be carried forward to new account.

Vienna, 21 May 2003

The Management Board of DO & CO Restaurants & Catering AG

Business Locations

Austria

DO & CO Restaurants & Catering AG
Stephansplatz 12
A-1010 Vienna
Tel: +43 (1) 74 000-144
Fax: +43 (1) 74 000-194
headoffice@doco.com

DO & CO Party-Service & Catering GmbH
Dampfmühlgasse 5
A-1110 Vienna
Tel: +43 (1) 74 000-120
Fax: +43 (1) 74 000-131
partyservice@doco.com

DO & CO im Haas Haus Restaurantbetriebs GmbH
Stephansplatz 12
A-1010 Vienna
Tel: +43 (1) 535 39 69
Fax: +43 (1) 535 39 59
stephansplatz@doco.com

K.u.K. Hofzuckerbäcker Ch. Demel´s Söhne GmbH
Kohlmarkt 14
A-1010 Vienna
Tel: +43 (1) 535 17 17-0
Fax: +43 (1) 535 17 17-26
ademel@demel.at

Café Griensteidl
Michaelerplatz 2
A-1010 Vienna
Tel: +43 (1) 535 26 92-0
Fax: +43 (1) 535 26 92-14
griensteidl@demel.at

DO & CO - Baden Restaurants & Veranstaltungs GmbH
Kaiser-Franz-Ring 1
A-2500 Baden
Tel: +43 (2252) 43 502-0
Fax: +43 (2252) 43 502-430
baden@doco.com

DO & CO - Salzburg Restaurants & Betriebs GmbH
Wilhelm-Spazier-Straße 8
A-5020 Salzburg
Tel: +43 (662) 83 990
Fax: +43 (662) 83 990-660
salzburg@doco.com

AIOLI Restaurants & Party-Service GmbH
Stephansplatz 12
A-1010 Vienna
Tel: +43 (1) 532 03 73
Fax: +43 (1) 532 05 75
aioli@doco.com

Café-Restaurant & Catering im Casino Wien GmbH
Kärtner Straße 41
A-1010 Vienna
Tel: +43 (1) 512 48 36-195
Fax: +43 (1) 512 77 94
casino.wien@doco.com

DO & CO Albertina GmbH
Albertinaplatz 1
A-1010 Vienna
Tel: +43 (1) 532 96 69
Fax: +43 (1) 74 000-194
albertina@doco.com

Italy

DO & CO Italy S.r.l.
Strada Provinciale 52
I-21010 Vizzola Ticino VA
Tel: +39 (0331) 230 270
Fax: +39 (0331) 230 401
milan@doco.com

Spain

DO & CO Restauracion & Catering España, S.L
Joan d'Alos, 36
E-08034 Barcelona
organization@doco.com

GB

DO & CO International Catering Ltd.
First Floor – Trafalgar House – 11 Waterloo Place
London SW1Y 4 AU, GB
Tel: +44 (20) 797 615 92
Fax: +44 (20) 797 615 89
london@doco.com

USA

DO & CO Miami Catering, Inc.
1160 Milan Dairy Airport Loop
Miami, Florida 33126, USA
Tel: +1 (305) 418 2006
Fax: +1 (305) 418 2350
miami@doco.com

DO & CO New York Catering, Inc.
149-32, 132nd Street Jamaica,
New York 11430, USA
Tel: +1 (718) 529 4570
Fax: +1 (718) 529 4560
newyork@doco.com

Germany

DO & CO Berlin GmbH
An der Spreeschanze 2-4
D-13599 Berlin
Tel: +49 (30) 337 730-0
Fax: +49 (30) 337 730-31
berlin@doco.com

DO & CO Frankfurt GmbH
Langer Kornweg 38
D-65451 Kelsterbach
Tel: +49 (6107) 9857-0
Fax: +49 (6107) 9857-50
frankfurt@doco.com

DO & CO München GmbH
Lohstraße 36
D-85445 Schwaig/Oberding
Tel: +49 (8122) 90 998-0
Fax: +49 (8122) 90 998-80
munich@doco.com

Glossary of Key Figures

EBITDA Margin
Consists of EBITDA (earnings before interest and tax plus depreciation and amortization) divided by sales

EBIT Margin
Consists of EBIT (earnings before interest and tax) divided by sales

ROS – Return on Sales
The return on sales, i.e. the ratio of the result on ordinary activities to sales

Net Debts
Interest-incurring debt less cash and cash equivalents

Gearing Ratio
Indicates financial management as the ratio between net debts and equity (adjusted by dividend payments and book values for goodwill)

ROE – Return on equity
The ratio of the result after income tax and before amortization of goodwill and the result from extraordinary activities to common equity after dividend distribution

Capital Employed
Equity after dividend payments less the book values of goodwill plus borrowed capital and net debts and less financial investments

ROCE – Return on capital employed
Shows return on capital invested by juxtaposing EBIT before amortization of goodwill and extraordinary result and less the adjusted taxes with the average capital employed

Free Cash-Flow
Cash from operating activities plus cash from investing activities

Working Capital
Is the surplus of current assets in excess of short-term borrowed capital

Equity Ratio
Shows the relationship of equity capital, adjusted by dividend payments and book values for goodwill, to total capital

Imprint

Owner and Publisher:
DO & CO Restaurants & Catering AG
Stephansplatz 12
A-1010 Vienna

Investor Relations Information:
DO & CO Restaurants & Catering AG
Investor Relations
Franz Kubik
Isabel Eissler
Tel. +43 (1) 74 000-191

Project Team:
Design & Text:
Franz Kubik
Isabel Eissler
Christian Bayer
Ingrid Gillich
Bettina Höfinger
Christoph Zinke

Graphics & Layout:
Michael Juren
Tom Linecker

Lithography & Printed by:
Stavros Vrachoritis Ges.m.b.H.,
Druckerei Odysseus, Erlaaer Strasse 20
A-1230 Vienna, Austria