

AUDITED FINANCIAL
STATEMENTS
Group and AG

CONSOLIDATED PROFIT AND LOSS STATEMENT GROUP

for the period October 1, 2005 to September 30, 2006 (with prior year comparison)

(IN € 000S; AS PER IAS / IFRS)

2005/06

2004/05

page

	2005/06	2004/05
<u>164</u> 1. Net sales	517,575	564,950
<u>165</u> 2. Increase / (decrease) in inventory of finished goods and work in process	(3,431)	1,193
3. Other own costs capitalized	71	0
<u>165.f.</u> 4. Other operating income	13,116	14,496
<i>Total revenue</i>	<u>527,331</u>	<u>580,639</u>
<u>166.f.</u> 5. Cost of raw materials, supplies and purchased goods and services	(212,171)	(230,926)
<u>167</u> 6. Personnel expenses	(174,178)	(190,416)
<u>168</u> 7. Expenses for scheduled depreciation	(29,692)	(35,134)
<u>169.f.</u> 8. Other operating expenses	(79,333)	(87,695)
9. <i>Results from ordinary business activities</i>	<u>31,957</u>	<u>36,468</u>
<u>170</u> 10. Other interest and similar income	216	447
<u>170</u> 11. Interest and similar expenses	(9,605)	(10,865)
<u>170</u> 12. Gains / (losses) related to foreign exchange movements	(552)	(185)
13. <i>Earnings before taxes</i>	<u>22,016</u>	<u>25,865</u>
<u>171.ff.</u> 14. Taxes on income	(10,185)	(10,017)
15. <i>Net income</i>	<u>11,831</u>	<u>15,848</u>
Of which related to –		
Shareholders of schlott gruppe AG	11,831	15,828
Minority shareholders	0	20

CASH FLOW STATEMENT GROUP

for the period October 1, 2005 to September 30, 2006 (with prior year comparison)

(IN € 000S; AS PER IAS / IFRS)	2005/06	2004/05
CASH FLOW FROM ORDINARY BUSINESS ACTIVITIES		
RESULTS FROM ORDINARY BUSINESS ACTIVITIES, INCLUDING FOREIGN EXCHANGE GAINS/(LOSSES)	31,405	36,283
Depreciation of fixed assets	29,692	35,134
Decline in value of fixed assets as per IAS 36	0	627
Increase in value of fixed assets	(680)	(529)
Increase/(decrease) in provisions	(3,612)	(2,699)
(Gains)/losses from disposals of fixed assets	(530)	(459)
RESULTS PRIOR TO CHANGES IN NET CURRENT ASSETS	56,275	68,357
(Increase)/decrease in inventory and supplies	2,882	(1,870)
(Increase)/decrease in accounts receivable	(6,518)	7,348
Increase/(decrease) in accounts payable	3,794	(376)
(Increase)/decrease in other net current assets	(913)	1,298
CASH FLOW FROM CURRENT BUSINESS ACTIVITIES	55,520	74,757
(Payments)/receipts in income taxes	(5,511)	(3,733)
NET CASH FLOW FROM ORDINARY BUSINESS ACTIVITIES	50,009	71,024
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments in property, plant and equipment	(50,226)	(33,473)
Receipts from disposals of property, plant and equipment	15,864	1,757
Investments in intangible assets	(1,952)	(528)
Receipts from disposals of intangible assets	3,908	7
Receipts from disposals of financial assets	0	25
Acquisitions of subsidiaries	(11,362)	(259)
Receipts from disposals of subsidiaries	150	38
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(43,618)	(32,433)
CASH FLOW FROM FINANCING ACTIVITIES		
Distributions to shareholders and minority interests	(6,204)	(5,571)
Receipts from taking out loans	35,745	14,000
Repayments of debentures and loans	(22,661)	(49,551)
Increase / (decrease) in short-term liabilities to banks	(4,358)	12,335
Receipts from other long-term liabilities	724	16
Repayments of other long-term liabilities	(450)	(938)
Interest paid	(7,999)	(9,023)
NET CASH FLOW FROM FINANCING ACTIVITIES	(5,203)	(38,732)
NET INCREASE / (DECREASE) IN CASH	1,188	(141)
CHANGES DUE TO EXCHANGE RATES AND VALUATIONS	(145)	148
CASH AT THE BEGINNING OF THE PERIOD	1,838	1,831
CASH AT THE END OF THE PERIOD	2,881	1,838

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY GROUP

as per September 30, 2006 (with prior year comparison)

(IN € 000S; AS PER IAS / IFRS)	Subscribed Capital	Capital Reserves	Other Earnings Reserves
Balance on October 1, 2004	18,570	58,352	31,115
Valuation of marketable securities and cash flow hedges	0	0	0
Differentials from translation of foreign currencies	0	0	0
Gains and losses not recognized in profit and loss statement	0	0	0
Net income for the period	0	0	0
Total net income for the period	0	0	0
Dividends	0	0	0
Issuance of employee shares	0	359	0
Additions to earnings reserves	0	0	4,500
	0	359	4,500
Balance on September 30, 2005	18,570	58,711	35,615
Balance on September 30, 2005	18,570	58,711	35,615
Valuation of marketable securities and cash flow hedges	0	0	0
Differentials from translation of foreign currencies	0	0	0
Gains and losses not recognized in profit and loss statement	0	0	0
Net income for the period	0	0	0
Total net income for the period	0	0	0
Dividends	0	0	0
Issuance of employee shares	43	(43)	0
Additions to earnings reserves	0	0	7,200
	43	(43)	7,200
Balance on September 30, 2006	18,613	58,668	42,815

Translation Reserve	Valuation Reserve	Retained Earnings	Shareholders schlott gruppe AG	Minority Shareholders	Total
(307)	(1,040)	28,831	135,521	(23)	135,498
0	(1,482)	0	(1,482)	0	(1,482)
114	0	100	214	1	215
114	(1,482)	100	(1,268)	1	(1,267)
0	0	15,828	15,828	20	15,848
114	(1,482)	15,928	14,560	21	14,581
0	0	(5,571)	(5,571)	0	(5,571)
0	0	0	359	0	359
0	0	(4,500)	0	0	0
0	0	(10,071)	(5,212)	0	(5,212)
(193)	(2,522)	34,688	144,869	(2)	144,867
(193)	(2,522)	34,688	144,869	(2)	144,867
0	2,846	0	2,846	0	2,846
147	0	(3)	144	0	144
147	2,846	(3)	2,990	0	2,990
0	0	11,831	11,831	0	11,831
147	2,846	11,828	14,821	0	14,821
0	0	(6,204)	(6,204)	0	(6,204)
0	0	0	0	0	0
0	0	(7,200)	0	0	0
0	0	(13,404)	(6,204)	0	(6,204)
(46)	324	33,112	153,486	(2)	153,484

CONSOLIDATED BALANCE SHEET GROUP *as per September 30, 2006 (with prior year comparison)*

ASSETS (IN € 000S; AS PER IAS / IFRS)		2005/06	2004/05
Seite	A. LONG-TERM ASSETS		
174 ff.	I. INTANGIBLE ASSETS		
	1. Goodwill	89,575	87,796
	2. Other intangible assets	2,650	1,853
	3. Down payments	33	103
		92,258	89,752
176 ff.	II. PROPERTY, PLANT AND EQUIPMENT		
	1. Land, land rights and buildings, including buildings on land owned by others	145,972	148,860
	2. Technical plant and machinery	139,351	135,154
	3. Other plant, machinery and business equipment	21,734	24,770
	4. Down payments and plant under construction	35,308	11,432
		342,365	320,216
178	III. FINANCIAL ASSETS		
	1. Shares in affiliated companies	209	29
	2. Shares in other companies	194	214
		403	243
179	IV. INVESTMENT PROPERTIES	7,627	8,005
179	V. LONG-TERM RECEIVABLES AND OTHER ASSETS	67	62
179	VI. DEFERRED TAXES	1,077	455
	<i>Total long-term assets</i>	443,797	418,733
	B. SHORT-TERM ASSETS		
180	I. INVENTORY		
	1. Raw materials and supplies	13,464	13,290
	2. Work in process: goods and services	7,138	10,772
	3. Finished goods	839	764
		21,441	24,826
180 f.	II. SHORT-TERM RECEIVABLES AND OTHER ASSETS		
	1. Accounts receivable	57,667	49,888
	2. Tax refunds	254	1,344
	3. Other assets	5,239	6,106
		63,160	57,338
181	III. CASH AND CASH EQUIVALENTS	2,881	1,839
182	IV. DEFERRED CHARGES	1,693	1,791
	<i>Total short-term assets</i>	89,175	85,794
		532,972	504,527

A. SHAREHOLDERS EQUITY

I. RELATED TO SHAREHOLDERS

OF SCHLOTT GRUPPE AG

1. Subscribed capital	18,613	18,570	182 ff.
2. Capital reserves	58,669	58,711	184
3. Earnings reserves	42,769	35,422	184
4. Valuation reserves	324	(2,522)	185
5. Retained earnings	33,112	34,688	

II. MINORITY SHAREHOLDERS

Total shareholders equity

B. LONG-TERM DEBT

I. LONG-TERM FINANCIAL LIABILITIES

1. Due to banks	115,297	107,375	185 f.
2. Other long-term liabilities	1,683	893	

II. LONG-TERM PROVISIONS

1. Provisions for pension and similar liabilities	22,833	22,850	187 ff.
2. Other long-term provisions	7,194	7,711	

III. DEFERRED TAXES

IV. LONG-TERM DEFERRED ITEMS

Total long-term debt

C. SHORT-TERM DEBT

I. SHORT-TERM FINANCIAL LIABILITIES

1. Due to banks	78,745	71,928	191 f.
2. Down payments received	413	2,347	
3. Accounts payable	45,141	42,966	
4. Due to affiliated companies	32	31	
5. Due to participations	0	20	
6. Other liabilities	27,031	20,901	

II. SHORT-TERM PROVISIONS

1. Provisions for taxes	10,055	9,265	192 ff.
2. Other provisions	36,183	39,671	

III. SHORT-TERM DEFERRED ITEMS

Total short-term debt

DEVELOPMENTS IN FIXED ASSETS AND VALUE ADJUSTMENTS GROUP

for the period October 1, 2005 to September 30, 2006

ACQUISITION AND MANUFACTURING COSTS

	Oct. 1, 2005	Translation Differences	Additions	Disposals	(Eliminations) Additions Consolidation	Transfers	Sept. 30, 2006
<i>(IN € 000S; AS PER IAS / IFRS)</i>							
I. INTANGIBLE ASSETS							
1. Goodwill	87,796	0	1,923	144	0	0	89,575
2. Other intangible assets	17,436	2	1,919	5,547	(153) 4,942	86	18,685
3. Downpayments	111	0	33	8	0	(103)	33
	105,343	2	3,875	5,699	(153) 4,942	(17)	108,293
II. PROPERTY, PLANT AND EQUIPMENT							
1. Land, land rights and buildings, including buildings on land owned by others	235,567	253	454	14,263	(2,811) 17,081	13	236,294
2. Technical plant and machinery	468,572	374	18,081	6,767	(16,270) 9,246	5,567	478,803
– of which leased	2,485	0	747	0	2,584	(152)	5,664
3. Other plant, machinery and business equipment	79,675	67	1,826	2,024	(3,987) 1,710	120	77,387
4. Downpayments and plant under construction	11,432	1	29,866	0	(341) 33	(5,683)	35,308
	795,246	695	50,227	23,054	(23,409) 28,070	17	827,792
III. FINANCIAL ASSETS							
1. Shares in affiliated companies	29	0	0	0	180	0	209
2. Shares in other companies	214	0	0	0	(20) 0	0	194
	243	0	0	0	(20) 180	0	403
IV. INVESTMENT PROPERTIES							
	26,766	0	0	0	0	0	26,766
	927,598	697	54,102	28,753	(23,582) 33,192	0	963,254

VALUE ADJUSTMENTS

REMAINING BOOK VALUE

Oct. 1, 2005	Translation Differences	Additions	Dissolutions	(Eliminations) Additions Consolidation	Value Decreases (Increases)	Transfers	Sept. 30, 2006	Sept. 30, 2006	Sept. 30, 2005
0	0	0	0	0	0	0	0	89,575	87,796
				(126)					
15,583	3	1,342	1,639	896	0	(24)	16,035	2,650	1,853
8	0	0	8	0	0	0	0	33	103
				(126)					
15,591	3	1,342	1,647	896	0	(24)	16,035	92,258	89,752
				(1,226)					
86,707	38	5,641	1,064	906	(680)	0	90,322	145,972	148,860
				(11,365)					
333,418	198	17,505	4,924	4,691	0	(71)	339,452	139,351	135,154
1,426	2	301	0	660		(152)	2,237	3,427	1,059
				(3,370)	0				
54,905	46	4,826	1,839	990	0	95	55,653	21,734	24,770
0	0	0	0	0	0	0	0	35,308	11,432
				(15,961)					
475,030	282	27,972	7,827	6,587	(680)	24	485,427	342,365	320,216
0	0	0	0	0	0	0	0	209	29
0	0	0	0	0	0	0	0	194	214
0	0	0	0	0	0	0	0	403	243
18,761	0	378	0	0	0	0	19,139	7,627	8,005
				(16,087)					
509,382	285	29,692	9,474	7,483	(680)	0	520,601	442,653	418,216

DEVELOPMENTS IN FIXED ASSETS AND VALUE ADJUSTMENTS GROUP

for the period October 1, 2004 to September 30, 2005

ACQUISITION AND MANUFACTURING COSTS

	Oct. 1, 2004	Translation Differences	Additions	Disposals	(Eliminations) Additions Consolidation	Transfers	Sept. 30, 2005
(IN € 000S; AS PER IAS / IFRS)							
I. INTANGIBLE ASSETS							
1. Goodwill	86,176	0	1,620	0	0	0	87,796
2. Other intangible assets	18,090	0	425	620	(388)	(71)	17,436
3. Downpayments	8	0	103	0	0	0	111
	104,274	0	2,148	620	(388)	(71)	105,343
II. PROPERTY, PLANT AND EQUIPMENT							
1. Land, land rights and buildings, including buildings on land owned by others	229,825	382	5,060	537	(1)	838	235,567
2. Technical plant and machinery	462,289	271	13,498	16,124	(757)	468	468,572
– of which leased	3,233	0	0	61	0	(686)	2,486
3. Other plant, machinery and business equipment	84,484	73	3,508	8,620	(171)	401	79,675
– of which leased	41	0	0	0	(41)	0	0
4. Downpayments and plant under construction	1,671	0	11,401	4	0	(1,636)	11,432
	778,269	726	33,467	25,285	(929)	71	795,246
III. FINANCIAL ASSETS							
1. Shares in affiliated companies	54	0	0	25	0	0	29
2. Shares in associated companies	245	0	0	245	0	0	0
3. Shares in other companies	214	0	0	0	0	0	214
4. Loans to associated companies	1,050	0	0	1,050	0	0	0
	1,563	0	0	1,320	0	0	243
IV. INVESTMENT PROPERTIES							
	26,788	0	5	27	0	0	26,766
	910,894	726	35,620	27,252	(1,317)	0	927,598

VALUE ADJUSTMENTS

REMAINING BOOK VALUE

Oct. 1, 2004	Translation Differences	Additions	Dissolutions	(Eliminations) Additions Consolidation	Value Decreases (Increases)	Transfers	Sept. 30, 2005	Sept. 30, 2005	Sept. 30, 2004
0	0	0	0	0	0	0	0	87,796	86,176
				(237)					
14,989	1	1,508	612	0	0	(66)	15,583	1,853	3,101
8	0	0	0	0	0	0	8	103	0
				(237)					
14,997	1	1,508	612	0	0	(66)	15,591	89,752	89,277
80,956	43	5,762	531	0	422 (116)	171	86,707	148,860	148,869
				(635)					
324,824	81	22,355	15,279	2,610	0	(538)	333,418	135,154	137,465
1,399	0	369	49	0	0	(294)	1,426	1,060	1,834
				(143)					
57,699	36	5,162	8,177	0	(119)	447	54,905	24,770	26,785
15	0	5	0	0	0	(20)	0	0	26
14	0	0	0	0	0	(14)	0	11,432	1,657
				(778)	422				
463,493	160	33,279	23,987	2,610	(235)	66	475,030	320,216	314,776
0	0	0	0	0	0	0	0	29	54
203	0	0	203	0	0	0	0	0	42
0	0	0	0	0	0	0	0	214	214
0	0	0	0	0	0	0	0	0	1,050
203	0	0	203	0	0	0	0	243	1,360
					205				
18,530	0	347	27	0	(294)	0	18,761	8,005	8,258
				(1,015)	627				
497,223	161	35,134	24,829	2,610	(529)	0	509,382	418,216	413,671

PROFIT AND LOSS STATEMENT AG

for the period October 1, 2005 to September 30, 2006 (with prior year comparison)

(IN € 000S; AS PER HGB)

2005/06

2004/05

Seite

		2005/06	2004/05
226f.	1. Net sales	4,300	4,771
227	2. Other operating income	6,039	6,607
228	3. Personnel expenses		
	a) Wages and salaries	(2,376)	(4,216)
	b) Social security, pension and other benefits	(657)	(677)
228	4. Depreciation		
	of intangible assets and property, plant and equipment	(920)	(808)
229	5. Other operating expenses	(5,630)	(5,026)
229	6. Income from participations	171	118
229	7. Income from marketable securities and from loans	1,473	1,445
229	8. Other interest and similar income	4,373	3,482
229	9. Income from profit absorption agreements	23,432	27,041
229	10. Interest and similar expenses	(6,993)	(6,950)
229	11. Expenses from loss absorption agreements	(180)	(754)
	12. <i>Results from ordinary business activities</i>	23,032	25,033
230	13. Taxes on income	(7,593)	(10,598)
	14. Other taxes	(8)	(7)
	15. <i>Net income</i>	15,431	14,428
230	16. Profit carried-forward	21,900	20,876
	17. Additions to other earnings reserves	(7,500)	(7,200)
	18. <i>Retained earnings</i>	29,831	28,104

CASH FLOW STATEMENT AG

for the period October 1, 2005 to September 30, 2006 (with prior year comparison)

(IN € 000S; AS PER HGB)

2005/06

2004/05

	2005/06	2004/05
NET INCOME FOR THE PERIOD	15,431	14,428
Depreciation of fixed assets	920	808
Increase / (decrease) in provisions	1,040	6,293
Other non-cash expenses / (income)	(547)	0
(Gains) / losses from disposals of fixed assets	(12)	(11)
(Increase) / decrease in inventory, accounts receivable and other assets that are not attributable to investment or financing activities	169	(321)
Increase / (decrease) in accounts payable and other liabilities that are not attributable to investment or financing activities	(3,495)	10,353
CASH FLOW FROM CURRENT BUSINESS ACTIVITIES	13,506	31,550
Receipts from disposals of fixed assets	24	17
Investments in property, plant and equipment	(34)	(28)
Investments in intangible assets	(1,640)	(53)
Receipts from disposals of financial assets	0	1,956
Investments in financial assets	(10,811)	(259)
CASH FLOW FROM INVESTMENT ACTIVITIES	(12,461)	1,633
Receipts from capital contributions	312	0
Distributions to shareholders and minority interests	(6,204)	(5,571)
Repayments of financial credits	(1,280)	(1,280)
Group financing	6,149	(26,315)
CASH FLOW FROM FINANCING ACTIVITIES	(1,023)	(33,166)
NET INCREASE / (DECREASE) IN CASH	22	17
CASH AT THE BEGINNING OF THE PERIOD	24	7
CASH AT THE END OF THE PERIOD	46	24

EQUITY AND LIABILITIES (IN € 000s; AS PER HGB)**2005/06****2004/05**

page

A. SHAREHOLDERS EQUITY

I. SUBSCRIBED CAPITAL	18,613	18,570	217 ff.
II. CAPITAL RESERVES	50,046	49,777	219
III. EARNINGS RESERVES			220
Other earnings reserves	50,316	42,817	
IV. RETAINED EARNINGS	29,831	28,104	220
	148,806	139,268	

B. PROVISIONS

1. Provisions for pension and other liabilities	1,521	1,153	220
2. Provisions for taxes	8,283	6,077	221
3. Other provisions	1,131	2,665	221
	10,935	9,895	

C. LIABILITIES

1. Due to banks	38,317	43,261	222 f.
2. Accounts payable	169	297	
3. Due to affiliated companies	107,545	105,240	
4. Other liabilities			
of which for taxes	€ 000s 346		
(previous year	€ 000s 64)		
of which for social			
security contributions	€ 000s 0		
(previous year	€ 000s 33)		
	10,627	275	
	156,658	149,073	
	316,399	298,236	

MOVEMENT OF FIXED ASSETS AND VALUE ADJUSTMENTS AG

for the period October 1, 2005 to September 30, 2006

(IN € 000S; AS PER HGB)	ACQUISITION AND MANUFACTURING COSTS				
	Oct. 1, 2005	Additions	Capitalizations post tax audit	Disposals	Sept. 30, 2006
I. INTANGIBLE ASSETS					
1. Concessions, industrial proprietary rights and similar rights and assets, including licenses of such rights and assets	136	1,640	0	0	1,776
2. Goodwill	9,904	0	0	0	9,904
	10,040	1,640	0	0	11,680
II. PROPERTY, PLANT AND EQUIPMENT					
1. Other plant, machinery and business equipment	467	32	0	87	412
2. Assets of immaterial value	0	2	0	2	0
	467	34	0	89	412
III. FINANCIAL ASSETS					
1. Shares in affiliated companies	145,576	20,864	547	0	166,987
2. Loans to affiliated companies	31,420	0	0	0	31,420
	176,996	20,864	547	0	198,407
	187,503	22,538	547	89	210,499

VALUE ADJUSTMENTS

REMAINING BOOK VALUE

Oct. 1, 2005	Allocations	Dissolutions	Sept. 30, 2006	Sept. 30, 2006	Sept. 30, 2005
77	175	0	252	1,524	59
9,076	662	0	9,738	166	828
9,153	837	0	9,990	1,690	887
268	81	76	273	139	199
0	2	2	0	0	0
268	83	78	273	139	199
0	0	0	0	166,987	145,576
0	0	0	0	31,420	31,420
0	0	0	0	198,407	176,996
9,421	920	78	10,263	200,236	178,082