



**PONGS & ZAHN**

AKTIENGESELLSCHAFT

**Financial statements as of December 31, 2004**

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# Management Report for the 2004 business year

## 1. General economic situation

The economy of the Federal Republic of Germany grew by 1.7 % in the total year 2004 compared with the previous year. Once more, the export business accounted by far for the most important impetus in Germany's economy. In spite of the strong Euro, foreign trade business could gain from the heavy growth of the economies in the US, Asia and Eastern Europe.

### Growth of the Gross Domestic Product (GDP) in selected regions of the world

(indicated in % of the previous year's figures, GDP in constant prices based on purchase price parities)

Region / State	2003	2004*)
North America	3.0	4.3
Latin America	1.3	5.0
Western Europe	0.8	2.3
Of which: Euro-Union	0.5	2.0
Central and Eastern Europe	5.2	6.5
Russia	7.3	7.3
Japan	2.5	4.0
Asia minus Japan and China	6.0	5.8
China	9.1	9.0
Total	3.8	4.9

\*) still preliminary estimates

Source: Commerzbank Research

It was regrettably not the first time that the development of domestic demand, which failed to contribute to economic growth for a third year in succession and even decreased by approx. 0.3 % in the year 2004, stood in distinct contrast to the dynamic of the export business. The lowering of income-tax rates in January 2004 did not stimulate an inclination to consume, most probably because the loss of purchasing power due to health reform and rising energy costs, as well as individual uncertainty arising from the unfavourable conditions in the employment market, counteracted the consumers' willingness to spend money.

In the current year, the global economy is forecast to develop slightly less dynamically than in 2004, and the Euro exchange-rate will - even after a forecast insignificant decline - impede export activities. Although the climate for foreign trade might remain comparably favourable, even in spite of the high oil-price level, export growth-rates will fall considerably short of those of 2004. Especially the demand from the United States and from China, where a relaxation of the economic situation can be expected due to measures adopted by the Chinese government to becalm the overheated economy, will develop with less speed. Foreign trade with the other states of the European Currency Union, however, should have a stabilising influence. Hence, one can count on a healthier structure of economic growth: expansion will be distributed less unequally between domestic and foreign trade.

As a result of these estimates, economic experts screwed down their original forecast of a 1.5 % - 2 % increase in the German GDP to approx. 1 % in spring 2005. Unfortunately, the low growth-rate of the total economy will not allow any positive progress in the employment market worth mentioning.

## **2. The markets in which our participations operate and our trade business market**

Our participation companies UNYLON AG and PONACHEM AG operate in the environment of the plastic-producing industry. The majority of the companies in the plastics industry reported satisfactory business development throughout the 2004 calendar year. While the raw-material producers were, more often than not, in the position to pass soaring prices in the raw-material markets on to their customers, the margins of some plastic-processing companies came under pressure - mainly due to long-term existing contracts - whenever they were unable to achieve this.

Further to an appraisal of the German Association of the Plastics Processing Industry based on the first eleven months of the year completed 2004, the German plastics processing industry was able to increase its total sales-value by approx. 3.6 % compared with the previous year, and the plastics industrial segment reported a repeatedly steeply-soaring export turnover. Considering the above-mentioned growth rate, the plastics industry was able to show an outstanding increase - more than twice the German economic average.

Experts' reports still regard the plastics industry as having a high growth-potential. The medium and long-term outlooks for the consumption of plastic materials up to 2010 are very positive. With its predicted annual growth-rate of about 7 %, Asia particularly is assumed likely to develop into one of the most important consumer markets for synthetic materials. Researchers expect America's plastics consumption to increase by 4.5 %, whereby the growth rate in Latin America is forecast to exceed that of the rest of America put together. The lower base-level has, however, also to be considered. In comparison with the increase in the world-wide consumption of plastics, the growth rate in Western Europe will presumably develop a below-average 3.4 % approx., while the markets in Central and Eastern Europe are anticipated to almost double.

Pongs & Zahn AG itself achieved a considerable part of its turnover by its trade business of plastic raw-material and similar industrial products. According to current market research, the market for the distribution of plastic raw material reached growth rates of more than 6 % in the previous business period and thus shows an increase of approximately twice that of the total market. Considered in the aggregate, traders and distributors covered about 22 % of the European market by supplying more than 5.5 mill. tons of polyolefins, styrol-based plastics and the most current engineering plastics. The lion's share, standing at 78 %, however, was created by sales directly from the producer to the processor.

The market for individual financial services, where Axxon Wertpapierhandelsbank AG operates from its offices in Frankfurt a. M., is a rather heterogenous one. Their business covers the segments comprising corporate finance, trade with securities and the consulting of medium-sized companies. In the period under review, the general interest of the market in equity transactions and public offers started to grow again recognisably and a further increase in demand is expected in the current calendar year 2005. The security-trade segment is characterised by keen competition with discount brokers, as their private clients also settle their transactions in securities by telephone or on-line. The total market of this segment rose less than expected last year, whereby we presuppose slightly greater stimulation in the current year 2005.

Close to the end of the last business period, we sold our 25 %-stake in PONAXIS AG, a medium-sized company group specialising in logistic services. Nevertheless, we have secured ourselves the potential for acquiring a repeated stake of 10 % of the PONAXIS stock capital. Whether we will make use of it is not on our agenda at the moment.

### **3. The development of our participation companies in the year under review**

Pongs & Zahn AG has not held a stake of more than 50 % in any of its participation companies since the fourth quarter of 2003, which is why the financial statements since December 31, 2003 have only pertained to one single company.

This management report provides information relating to the business development and outlook for each of our participation companies. All of the operative companies in which we hold a stake are listed in the OTC segment ("Freiverkehr") of the Frankfurt Stock Exchange (i.e. a segment where the shares are traded regularly but where less regulations apply). At the time of the preparation of this management report, none of the companies had published full-year reports in respect of 2004. As a result, our statements concerning the business development of our participation companies in 2004 and the forecast for 2005 are oriented on the disclosures by these companies. Our estimates are made on the basis of these reports and the results of plausibility checks.

In the year under review, Axxon Wertpapierhandelsbank AG once again profited from the slight revival of interest in the capital market and implemented numerous equity measures involving small and micro caps. In 2005, it is anticipated that the capital market will continue to pick up, and there is likely to be an increase in corporate finance activities which Axxon Wertpapierhandelsbank AG will probably participate in. Despite the fact that the development of the "securities trading" division is still moderate, we believe that Axxon's business will pick up, on the whole, compared with 2004. The bank is planning to realise its aim of elevating its status to fully-licensed bank within the current year.

PONACHEM AG, in which we hold a stake of about 42 %, produces high-quality engineering plastic compounds and special yarns on the basis of the synthetic raw materials, polyamide and polypropylene, for various sectors of industry. Its three subsidiaries are located in Bremen, Guben and Hamburg. In addition, the Hamburg head office is responsible for the entire group's commercial transactions.

The report published most recently by PONACHEM AG pertains to the period January to September 2004. During these three quarters, Group sales totalled EUR 48.8 mill. and it anticipates additional sales of approx. EUR 20.0 million the last three months of the financial year under review. The company is aiming to close the year 2004 with a more or less break-even result.

The development of UNYLON AG in 2004 was characterised by the construction of the "Guben II" plant. The modernisation and enlargement of the production facilities in Guben has enabled the Company to establish a solid basis for safeguarding the future growth of the UNYLON Group.

In the years 2003/2004 a total of around EUR 16 mill. was invested in the modernisation and enlargement of the machinery and equipment located in Guben. The technical improvements that have also been made to existing facilities have not only increased output but also enabled the company to extend its product portfolio to include nylon resins with higher viscosity. This provides it with access to new markets for new applications of the material produced in Guben. The new capacities in "Guben II" commenced operation in December 2004 and have been successively incorporated in the marketing process ever since.

The recent press release of UNYLON AG dated January 5, 2005 contains no statement by the managing board with regard to the company's total operating income for 2004 or forecasts for the current year 2005. However, the press release dated October 6, 2004 envisages a consolidated result of about EUR 1.8 mill.

#### **4. The development of Pongs & Zahn AG**

##### **Total revenues**

In the financial year 2004, Pongs & Zahn AG realised sales revenue amounting to EUR 10.0 mill., which is three times as high as the reference figure in the previous year (previous year: EUR 3.0 mill.). EUR 9.3 mill. (previous year: EUR 1.3 mill.) of this revenue consists of commercial transactions involving plastic raw materials and related industrial products, which we effected in our own name and for our own account. EUR 0.7 mill. (previous year: EUR 1.7 mill.) comprises revenues derived from own-account trading in securities. The plans to substantially extend our trading activities were also announced by our CEO at the last annual general meeting, where it was decided – inter alia – to supplement our statutes with regard to the extended scope of our business purpose. The sales revenues that we realised through our trading activities by far exceeded our own expectations for the financial year 2004 .

Other operating revenues totalling EUR 0.8 mill. (previous year: EUR 1.8 mill.) mainly comprise management services rendered to participation companies (EUR 0.5 mill.) and revenues from the disposal of financial assets (EUR 0.14 mill.).

The total other operating expenses amounting to EUR 1.2 mill. could be reduced by 8.1 % compared with the same period last year. They are composed of the following cost types:

Capital market costs:	TEUR	299
Share price and exchange rate differences:	TEUR	242
Legal and advisory costs:	TEUR	167
Advertising and travel costs:	TEUR	119
Miscellaneous (approx. 30 cost types)	TEUR	376

The total revenues of Pongs & Zahn AG comprise of sales revenues and other operating income and amounted to EUR 10.7 mill. in the financial year 2004 (previous year: EUR 4.8 mill.).

##### **Earnings position**

Cost of sales for raw materials, supplies and merchandise goods totalled EUR 8.96 mill. in the period under review, whereby gross income of TEUR 364 was realised with trading activities. The gross profit margin of 3.9 % is still lower than the sector average; to some extent because we pursue a conservative purchasing and sales policy. This involves – on the one hand – hardly ever exposing ourselves to substantial risks arising from changes in the market price situation and, on the other, the fact that we do not take advantage of profit opportunities based on speculative assumptions about future price developments.

Our "securities trading" division reported total expenditure in respect of the book values of sold securities of TEUR 721. Relative to security sales, we therefore realised a negative profit contribution of TEUR -59.7.

Mainly due to the recruitment of additional staff for the distribution of our commodities in the second six months of 2004, personnel expenses increased from TEUR 164 in 2003 to TEUR 271 in the period under review.

Depreciation of financial assets of TEUR 449 (previous year: TEUR 253) was effected in the financial year 2004. TEUR 443 of this total amount comprised a write-down of investments reported under financial assets of AXXON Wertpapierhandelsbank AG, which had been previously been reported at their historic higher acquisition costs.

The net interest income of TEUR 593 at the end of the year ended showed a distinct improvement of the difference between incoming and outgoing interest (previous year: TEUR +209) although interest expenses were essentially higher than those of the previous period due to the bond that we issued in November 2003 (interest expenses arising from this bond in financial year 2003: TEUR 142 / in the financial year 2004: TEUR 850).

Following a tax burden of TEUR 256 (TEUR 188 of which comprising corporation tax and solidarity surcharge) we report a net loss for the year 2004 of TEUR -543 (2003: net income for the year TEUR 634). The audit by the fiscal authorities that had commenced in the first six months of 2003 covering the financial years 1997 to 2000 was terminated in the first quarter of 2005. This external audit ascertained time differences in respect of corporation tax and trade tax within the individual business years, with the result that the fiscal authorities has to make a new assessment. According to notification provided by the competent authority, we can expect the assessment by September 2005. At the present time, we are not able to accurately forecast the extent of possible arrears payments. Based on our internal calculations, we anticipate a tax demand of less than TEUR 70.

## **Asset structure and investments**

A total of EUR 34.6 mill. (previous year: EUR 21.9 mill.) were tied up in our financial assets as of the balance sheet date. Assets that are long term tied up in our company account for 56.0 % (previous year: 36.9 %) as of December 31, 2004, while the 44.0 %-share of current assets including deferred expenses declined compared with the previous year (63.1 %). Thus, the composition of fixed and current assets on the asset side of the balance sheet realigned compared with the strong divergence of long and short-term assets in previous years.

At TEUR 182, inventory comprises plastic commodities.

In order to maximise the margins realised in our trading activities, one of our essential aims is to make use of cash discounts on suppliers' invoices. Since Pongs & Zahn AG does currently draw on any credit lines, we have decided to finance our trading activities – with the exception of business with a few major international clients – by factoring services. Accounts receivables totalled of EUR 2.4 mill. at December 31, 2004.

At EUR 15.1 mill. (previous year: EUR 9.5 mill.), the receivables from companies which we hold a stake in represent the largest share of total receivables and other assets. This item includes an individual receivable amounting to EUR 8.0 mill that is secured by a pledge. Other assets totalling EUR 3.1 mill. comprise more than ten individual items, the largest of which being a loan of EUR 2.3 mill. secured by a pledge.

The item "other securities" comprises a convertible bond issued by our participation company, PONACHEM AG, in the amount of EUR 2.1 mill. and a stock exchange-listed bond issued by PONAXIS AG of EUR 1.95 mill. We accepted the latter in December 2004 as payment of our accounts receivable from our former participation company. All of the PONAXIS-bonds held in our inventory were disposed of via the stock exchange in the first quarter of 2005.

Liquid assets totalled TEUR 335 (previous year: TEUR 92) on the balance sheet date of the year under review.

Prepaid expenses declined to EUR 0.3 mill. (previous year: EUR 0.6 mill.) in the year under review.

## **Financing**

As in previous years, our company has continued to increase its equity funds. The share capital of Pongs & Zahn AG has increased due to two facts: Firstly, in accordance with a resolution of the annual general meeting by EUR 2.7 mill. out of the company's own capital resources. Secondly, the exercise of option rights from our contingent capital II totalling TEUR 330 also contributed to the growth of our share capital. At December 31, 2004, it totalled EUR 30,030,000.00, divided into 5,005,000 no-par-value bearer shares.

Our equity increased by EUR 0.9 mill. to EUR 46.2 mill. (previous year: 45.3 mill.) compared with December 31 of the previous year. It now covers around 75 % of the liability side of the balance sheet, which has risen by EUR 2.3 mill. to EUR 61.8 mill. This solid equity ratio still represents an above-average value for medium-sized German companies.

In the second quarter of 2004 we repatriated another tranche of the option bond that we issued in 2001 maturing in March 2006 at a volume of EUR 0.25 mill. Thus, there are still EUR 2.25 mill. of the original bond volume outstanding.

The bond that we issued in the fourth quarter of 2003, which has a volume of EUR 10 mill. and matures in the year 2011 has been listed in the "official market" ("Amtlicher Markt", i.e. the segment with the strictest rules) of the Frankfurt Stock Exchange since April 1, 2004.

Our company's equity and these two capital market instruments financed 95 % our assets. Basically, our objective is still to achieve independence from classic bank financing in the mid-term. Nevertheless, we do not rule out that we will take recourse to banks for operating loans or the financing of acquisitions in the event that our volume of business grows considerably, to finance new acquisitions and/or to increase existing shareholdings.

As planned, we reduced our liabilities to banks in connection with the repayment of a loan of TEUR 429 to zero in the first six months of the last financial year. Other liabilities totalled EUR 0.6 mill (previous year: EUR 0.7 mill.) as of the balance sheet date.

## **5. Significant events after the balance sheet date**

The subscribed capital of our company increased by EUR 990,000 to EUR 31,020,000.00 between the balance sheet date on December 31, 2004 and March 31, 2005 due to further option rights being exercised during the first quarter of 2005 (please refer to the section entitled "Development of share price and equity items").

In March 2005 of the current financial year, the CEO decided, with the approval of the supervisory board, to increase the volume of our bond 2003/2011 by EUR 5,000,000.00. The original terms of the bond issued in October 2003 – particularly relating to division, interest and maturity – apply in

respect of this increase. The new 5,000 single bonds will also be admitted for trading in the "official market" of the Frankfurt Stock Exchange.

## **6. Outlook report**

### **Framework of economic conditions**

We are making our forecasts of the domestic economic situation in 2005 with very modest expectations. Should the fundamentally pessimistic attitude of private households brighten up in the second half of the current year - which is what the slight rise in demand for long-life consumer goods in recent weeks might be indicating - and should this not just be a passing fancy, recognisably positive increase-rates of the GDP (gross domestic product) might finally set in again, assuming we are spared any more political-military adventures like Iraq. We will continue to rely on the export business of our company in order not to be forced into dependency on the domestic economic situation.

In our opinion, the value of the Euro is over-appreciated. It has gone from one extreme to the other. Thus, the Euro remains an imponderable - especially for companies that are raw-material orientated and operate internationally. It is Pongs & Zahn's philosophy to secure risks from commodity movements with regard to foreign exchange rates by making use of appropriate instruments as long as we cannot achieve invoicing in domestic currency.

### **Sales**

In 2005, we want to double our sales in terms of volume compared to the previous year and intend to achieve a similarly high increase-rate in the forthcoming year too. Being faced with partly heavy fluctuations of market price, we are not in the position to plan sufficiently accurately how far our quantified objectives will also be reflected in our company's turnover figures. We expect, however, to raise our sales value by 80 % against the previous year.

### **Research and Development**

As Pongs & Zahn AG's operations are confined to trade business, we do not have any research and development activities. Nevertheless, we continuously provide our suppliers with our market-related know-how regarding the specific requirements of our customers and current technology trends. We see to it that our recommendations are accepted.

### **Employees**

According to the present state of planning, we maintain a sufficient number of qualified staff capable of realising the ambitious sales target in the current year 2005. Furthermore, we have put our previous year's decision into action and started with our own programme for junior staff-members.

## **Financial investments**

After having sold one of our financial investments in 2004, we do not plan at present to enter new investments outside our core-activity of plastics and plastics-related chemistry. The only exception is our long-term role as an investor in Axxon Wertpapierhandelsbank AG, in which we wish to continue to maintain a significant stake. We intend to strengthen our engagements in both these business-areas in 2005 and 2006.

## **Financing structure**

We plan to expand our medium- and long-term financing platform. After we have made ourselves independent of classical financing through banks, we would like to continue to draw our attention to alternative investment instruments in the near future. Besides a further increase of our stock capital in 2005 by a part-exercise of our option capital to a fully-expected EUR 33 mill., which will consequently expand our total equity to more than EUR 50 mill., the medium term requirement for new funds forecast at about EUR 3 to 5 mill. - subject to the actual development of our turnover - is to be covered in 2005 by a new bond that will be open to the capital market and have a lifetime of up to five years.

Should we be faced with an offer of an attractive acquisition object within our core business, or should this be considered as opportune due to financing structural reasons, we would make use of the authorisation to issue participation rights up to EUR 20 mill. Regarding our financing structure, we will carry on to maintain an equity ratio of more than 70 %.

## **7. Risk Report**

Business activities are always associated with opportunities and risks. The idea is to minimise the probability of the company entering into a dangerous situation while at the same time taking optimal advantage of all opportunities which present themselves. We regard our risk management as an instrument for continually identifying, classifying, monitoring and controlling risks and bringing them to management's attention on regular, updated basis.

As of 31<sup>st</sup> December 2004, Pongs & Zahn AG reports an equity capital of EUR 46.2 mill. (p.y.: EUR 45.3 mill.), equivalent to an equity ratio of 74.8 % (p.y.: 76.1 %). This ratio should represent a solid basis for covering risks. Nevertheless, it is impossible to rule out the occurrence of risks that may lead to a deterioration in the financial position and earnings status of the corporation and the companies within the group.

### **Risks from the composition of participations**

The business activities of Pongs & Zahn AG consist of the acquisition, holding and selling of stakes in medium-sized companies, mainly in the industrial sector.

Assets are shown in the balance-sheet at acquisition costs. As per balance-sheet-day the book-values of the participations are compared with their relevant time-values. Basically, if business situation or future prospects of our participation companies are not satisfactory, a potential risk for depreciation up to zero will occur. On the other side, if the value of the company rises it is not allowed due to

regulations of the German Commercial Law to increase the value of our participations above acquisition costs.

Following the present philosophy of Pongs & Zahn AG we basically enter only such investments which enable us to take an active part in strategic management decisions. Thus, we are of the opinion to clear up this risk already beforehand, e.g. by sitting in the relevant supervisory boards, by analysing business-reports of our participation companies and - if necessary - by taking countermeasures.

### **Risks from the Trade of Plastic Raw Material**

According to its statutes Pongs & Zahn AG also does trade-business in plastic raw materials and in similar industrial products. The raw material markets are subject to cyclical fluctuations. Hence, between the date of the purchase of commodities and their sale, market prices might have moved downwards. In order to obviate that risk we predominately conclude only such purchasing contracts which we have already had a customer order in hand that at least covers our costs of sales. On the other hand, we are, as a result, more unlikely to realise potential chances due to increasing market prices.

### **Risks from our own trade with securities**

Pongs & Zahn AG does its own trade business with securities - albeit to a manageable extent. Current market prices and book values as well as company news of those securities included in our portfolio are continuously under our scrutiny. It is granted that securities that reach a bottom market price threshold ("stop-loss") are being sold from our portfolio. As we mainly avail of stock-listed securities that guarantee a fixed interest rate, we believe we have minimized that risk.

### **Risks from the Financial Situation**

Monitoring and controlling for the purpose of avoiding financial risks occurs through the use of instruments such as medium and short time revolving financial planning with a weekly analysis of plan deviations. Presently, the company itself does not make use of any current accounts and does - more or less - not have any bank liabilities.

Two company bonds account for the main part of our liabilities as of December 31, 2004. The bond with an outstanding amount of EUR 2.25 mill. issued in 2001 and yielding interest of 6% on the nominal value of the bond will be due for repayment in March 2006. Our 8.5% bond 2003/2011 of a total volume of EUR 10.0 mill. has to be redeemed to the bearers of the bond on November 1, 2011. So far, we have paid all interest of these bonds punctually at their respective maturity date. There are no recognizable signs that our obligations for interest payments could be a financial risk for our company.

Our present participation companies in the plastic industry cover their finance requirements by several banks with different maturity dates and by convertible bonds. Nevertheless, it is just possible that companies in which we hold a stake are concerned by the restrictive bank-loan policy that can be observed presently. At present, we do not see any existence-jeopardizing risk from the financial situation which one of our participation companies could be affected by.

## **Risks from the structure of staff**

Among other factors, the success of any enterprise is also dependent of the qualification and the motivation of its employees and its management force. The likelihood of negatively influencing the profitability of the company in case of a manager's long-term non-viability is also dependent on the size of the company and is more likely in small and medium-sized companies than in big multinational companies.

## **Risks from the structure as a holding company / Contingent liabilities**

Pongs & Zahn AG generates a major part of its revenues from pay-backs of their funds tied in its participation companies and by selling stakes. The holding company (Pongs & Zahn AG) as well as the participation companies enter liabilities, a part of which Pongs & Zahn AG has taken guarantees. From the present point of view it is hardly likely that Pongs & Zahn AG will be claimed on for these contingent liabilities.

Pongs & Zahn AG is at any time free to completely or partly sell participations and to enter new stakes - also in business fields different from the current activities.

Berlin, March 2005  
Joachim Schlennstedt  
CEO

# **NOTES TO THE FINANCIAL STATEMENTS OF PONGS & ZAHN AG FOR THE 2004 BUSINESS YEAR**

## **LEGAL BACKGROUND**

The financial statements of Pongs & Zahn AG were prepared in accordance with the rules of the German Commercial Code (HGB) and the Code for public limited companies (AktG). The rules for large public limited companies are applicable according to § 267, para. 3 HGB.

Pongs & Zahn AG has chosen the total expenditure format for preparing the profit and loss accounts.

The stipulation according to § 290 HGB (compulsory preparation of consolidated financial statements including a consolidated management report) does not apply to Pongs & Zahn AG in the 2004 business year. Therefore, the company refrained from preparing consolidated financial statements and a consolidated management report.

Unless otherwise indicated, all amounts are in thousand Euros (TEUR).

## **SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES**

The below specified and essentially unchanged accounting and valuation principles compared to previous year were applied for preparing the financial statements.

The financial statements have been prepared in accordance with the relevant general rules for large public limited companies.

### **Assets**

Fixed assets are valued at their acquisition or manufacturing cost less accumulated depreciation using the straight line method. Assets of low value are being written off completely in the year of acquisition.

Financial assets are valued at their acquisition cost or at their attributable lower value.

Receivables and other assets are stated at their par-value. Doubtful accounts receivable and collection risks on accounts receivable have been taken into account by appropriate accruals.

Stocks and other current asset securities are stated at acquisition costs or at market value, if this is lower.

Discounts on loans are capitalised and written down over the loan period according to schedule.

### **Liabilities**

Tax accruals include the amounts estimated to cover future liabilities. Other accruals include all identifiable risks and contingent liabilities. Accounts payable are stated at their relevant payment amount.

## Foreign Currency Translation

Accounts payable and receivable in other currencies than Euro are valued at cost taking account of any exchange rate difference on the balance sheet date.

## NOTES TO THE BALANCE SHEET

The development of fixed assets is shown in attachment 1 to these notes.

As of December 31, 2004, participations of Pongs & Zahn AG consisted of the following positions:

	Dec. 31, 2004 TEUR	Dec. 31, 2003 TEUR
PONACHEM AG	11,159	11,341
UNYLON AG	5,564	2,030
Axxon Wertpapierhandelsbank AG	2,800	2,520
VERION Private Equity AG	450	0
PONAXIS AG	0	2,456
LAUFARON Immobilien GmbH	0	550
PANTEX Maschinen Leasing + Beteiligungen GmbH	0	24

Attachment 2 to these notes shows a list of the participations in accordance with §§ 287, 285 para. 11 HGB. In addition, the company holds atypical silent partnerships valued at TEUR 14,600.

Trade receivables total TEUR 2,433 and primarily result from our trading business with plastic materials. They are short-termed with a maximum term to maturity of one year.

Receivables from entities with which the company is linked by virtue of participating interests of > 20 % as well as all other assets have a residual maturity of less than one year. Only one claim of TEUR 1,260 exceeds the term of one year. Receivables and other current assets compose as follows:

	Dec. 31, 2004 TEUR	Dec. 31, 2003 TEUR
Trade Receivables (maturity < 1 year)	2,433	103
Receivables from companies in which participations are held (maturity < 1 year)	15,064	9,495
Other current assets (thereof maturity > 1 year: TEUR 1,260 thereof maturity < 1 year: TEUR 1,914)	3,174	19,103

Liquid funds are invested on a short-term basis and are denominated in Euros resp. US-Dollars.

The subscribed share capital of Pongs & Zahn AG amounted to TEUR 30,030 in total as of the balance sheet date. It is divided into 5,005,000 shares payable to the bearer. The accounting par value of each share is Euro 6.00. When compared to the previous year's balance sheet date, the subscribed capital increased by TEUR 4,530. This capital increase consists of the following components:

- Based on the annual general meeting's authorisation of June 21, 2002, the management had decided in 2003 to partly utilise the authorised capital I amounting to 250,000 shares with an issuing value of EUR 6.00 per share and to increase the share capital by TEUR 1,500. The final registration, however, was entered in the business year 2004. Consequently, the 2003 balance sheet just showed the deposit funds for realising the agreed capital increase of TEUR 375 in a separate capital item.
- Pursuant to the annual general meeting's resolution of July 2, 2004, the share capital was increased by TEUR 2,700 by converting part of the company's own capital reserve stated in the annual accounts of December 31, 2003.
- In the financial year 2004, a total of 55,000 bearer shares out of contingent capital II were issued due to option rights being exercised. As a result, the share capital increased by further TEUR 330.

As of December 31, 2004 the contingent capital totalled TEUR 11,154 (previous year: TEUR 10,440). This increase of TEUR 714 in comparison to the previous year resulted on the one hand from those corporation law provisions requiring the contingent capital to be increased by the same proportion as the share capital is being increased from the company's own capital resources (making up for TEUR 1,044) and on the other hand from the reduction due to the above-mentioned stock options being exercised (TEUR -330). The contingent capital I is based on 170,000 bondless warrants, each of which entitles to the subscription of 5.5 Pongs & Zahn AG bearer shares; the contingent capital II is based on 840,000 warrants from the warrant-linked bond 2001/2006, each of which entitles to the subscription of 1.1 Pongs & Zahn AG bearer shares. Thus, the contingent capital furnishes security for a total of 1,859,000 option rights. The general meeting on July 4, 2003 decided in favour of extending the term of these warrants so that both kinds of options can be exercised until December 31, 2008.

On the balance sheet date the authorised capital amounted to TEUR 10,500 (previous year: TEUR 12,000). The reduction of TEUR 1,500 is due to the above-mentioned decision made by the management in the financial year 2003 to utilise part of the authorised capital I.

On December 31, 2004 the capital reserve totalled TEUR 10,311 (previous year: TEUR 13,011). The withdrawal of TEUR 2,700 is based on the decision of the general meeting on July 2, 2004 to increase the share capital by converting part of the company's own capital reserve stated in the annual accounts of December 31, 2003.

Retained earnings totalling to TEUR 3,419 consist of profit carried forward from the previous year (TEUR 3,962) and the result of the reporting year (TEUR -543).

### **Accruals**

Other accruals totalled TEUR 344 (previous year: TEUR 260), TEUR 168 of which relate to outstanding invoices. Furthermore, most of the accruals were set up for outstanding expenses on legal and consulting services, supervisory board remuneration as well as expenses for auditing the annual accounts.

## Liabilities

	Dec 31, 2004	Dec 31, 2003
	TEUR	TEUR
Bonds		
• due within 1 year	0	0
• due within 1 – 5 years	2,250	2,500
• due after 5 years	10,000	10,000
Banks		
• due within 1 year	0	429
Accounts payable		
• due within 1 year	2,330	87
Others		
• due within 1 year	561	651
• due within 1 – 5 years	0	0
• due after 5 years	0	0
<b>Total</b>		
• due within 1 year	2,891	1,167
• due within 1 – 5 years	2,250	2,500
• due after 5 years	10,000	10,000

The bond amounting to a total outstanding volume of TEUR 2,250 (previous year: TEUR 2,500) is due in March 2006 and bears an annual interest rate of 6.0 %. In the financial year 2004 TEUR 250 of this bond were repatriated prior to maturity. The bond amounting to TEUR 10,000 (previous year: TEUR 10,000) concerns the bearer bond issued in the 4th quarter of 2003. It bears an annual interest rate of 8.5 % and matures in 2011.

### Contingent liabilities

Contingencies and commitments were derived from the acceptance of guarantee exposures for direct as well as indirect participation companies, amounting to TEUR 4,968 as of the balance sheet date.

### Other financial liabilities

Rental and lease agreements result in financial obligations of a total of TEUR 46 (previous year: TEUR 10) with residual terms to maturity of up to 24 months.

## NOTES TO THE STATEMENT OF INCOME

Sales revenues of TEUR 9,986 (previous year: TEUR 3,013) primary result from the polymer business and to a small extent from securities trading.

All other operating earnings of TEUR 751 (previous year: TEUR 1,795) comprise two major items: income from management services for participation companies of TEUR 500 and earnings from the disposal of investments totalling TEUR 143.

The other operating expenses of TEUR 1,203 (previous year: TEUR 1,309) include operating, distribution, management, and other costs. This item also contains expenses of TEUR 50 unrelated to the accounting period from a settlement payment due to an acquisition that did not come about.

In 2004 TEUR 2,016 in interest income was earned, the increase of which compared to 2003 (TEUR 1,164) mainly resulted from interest-bearing receivables making up for a higher portion of fixed and current assets.

Depreciation of financial assets and securities held as current assets totalled to TEUR 449 in 2004 compared with TEUR 253 in the previous period.

Interest and similar expenses amounted to TEUR 1,424 following TEUR 955 in the financial year 2003. This increase is due to interest payments for the bearer bond issued in 2003, which in 2004 accrued for an entire financial year for the first time.

Taxes on income and profit with a total amount of TEUR 188 as shown in the statements of income substantially consist of corporation tax plus solidarity surcharge from previous years.

## **OTHER INFORMATION**

Payments totalling EUR 22,500.00 were made to the members of the supervisory board according to the company's statutes during the fiscal year. This amount is included in other operating expenses.

In accordance with § 286 section 4 Commercial Code (HGB) the total remuneration of the CEO is not reported in detail.

An average of 4 staff members was employed in the company during the reporting period.

The company did not receive any announcement according § 21, para. 1 and 2 AktG. As far as disclosures pursuant to § 21 para. 1 or 1a WpHG (Securities Trading Act) are concerned please refer to attachment 4 to the notes\*.

The declaration of compliance as subject to § 161 Corporation Law (AktG) was published on the company's website on December 30, 2004.

\* Attachment 4 has not been translated into English, therefore please refer to the German text.

## MANAGEMENT AND SUPERVISORY BOARD

<b>Management:</b>	<i>until July 2, 2004:</i> Hermann Hönig	<b>Supervisory Board:</b>	<i>until July 2, 2004:</i> Joachim Schlennstedt Chairman
	<i>since July 2, 2004:</i> Joachim Schlennstedt		<i>since July 2, 2004:</i> Hermann Hönig Chairman
			<i>Throughout year 2004:</i> Jürgen Behrenz Deputy Chairman
			Dieter Schulz Board Member

The present CEO, Joachim Schlennstedt, has currently, resp. had the following supervisory board memberships:

Axxon Wertpapierhandelsbank AG, Frankfurt a.M.  
Chairman

h.d.m. logistik ag, Hamburg  
Board member (until legal trade-registration of the merger on to PONAXIS AG on Sep. 21, 2004)

LAUFARON AG, Guben  
Board member

PONACHEM AG, Hamburg  
Board member

PONAXIS AG, Frankfurt a.M.  
Board member (until Oct. 29, 2004)

UNYLON AG, Hamburg  
Board member

UNYLON Polymers AG, Guben  
Board member (since Jan. 26, 2005)

VERION Private Equity AG, Hamburg  
Deputy Chairman (since Sep. 16, 2004)

XENIA AG, Hamburg  
Chairman (since July 2, 2004)

The members of the Supervisory Board have presently, resp. had the following supervisory board memberships:

Hermann Hönig: Heidelberg Treuhand AG, Heidelberg  
Deputy Chairman

LAUFARON AG, Guben  
Deputy Chairman

PONACHEM AG, Hamburg  
Deputy Chairman

UNYLON AG, Hamburg  
Deputy Chairman (until Nov. 15, 2004)  
Chairman (since Nov. 15, 2004)

UNYLON POLYMERS AG, Guben  
Chairman

VERION Private Equity AG, Berlin  
Chairman (until Sep. 16, 2004)

Jürgen Behrenz: Heidelberg Treuhand AG, Heidelberg  
Chairman

## **UTILIZATION OF FINANCIAL RESULT**

CEO proposes to utilize the net income as follows:

Carry-forward of the net profit totalling Euro 3,418,737.23 to new account.

Berlin, March 2005

Pongs & Zahn Aktiengesellschaft

Chief Executive Officer

## Development of fixed assets 2004 (all figures in Euro)

*(Attachment 1 to the Notes)*

Pongs & Zahn AG

	Acquisition costs			Cumulated depreciation			Net book value			
	Carried forward Jan 1, 2004	Additions	Disposals	Final Dec 31, 2004	Carried forward Jan 1, 2004	Depreciation Fiscal year	Disposals	Final Dec 31, 2004	Final Dec 31, 2003	
<b>I. Tangible assets</b>										
Office equipment	142.713,46	4.147,16	1.249,16	145.611,46	123.934,82	11.200,38	1.249,16	133.886,04	11.725,42	18.778,64
<i>Total tangible assets</i>	142.713,46	4.147,16	1.249,16	145.611,46	123.934,82	11.200,38	1.249,16	133.886,04	11.725,42	18.778,64
<b>II. Financial assets</b>										
1. Participations	19.170.858,91	19.921.531,26	4.076.630,22	35.015.759,95	250.650,00	442.371,26	250.650,00	442.371,26	34.573.388,69	18.920.208,91
2. Loans to companies, in which participations are held	3.006.200,00	0,00	3.006.200,00	0,00	0,00	6.200,00	6.200,00	0,00	0,00	3.006.200,00
<i>Total financial assets</i>	22.177.058,91	19.921.531,26	7.082.830,22	35.015.759,95	250.650,00	448.571,26	256.850,00	442.371,26	34.573.388,69	21.926.408,91
	<b>22.319.772,37</b>	<b>19.925.678,42</b>	<b>7.084.079,38</b>	<b>35.161.371,41</b>	<b>374.584,82</b>	<b>459.771,64</b>	<b>258.099,16</b>	<b>576.257,30</b>	<b>34.585.114,11</b>	<b>21.945.187,55</b>

**Separate list of participations  
according to §§ 287, 285 No. 11 of the German Commercial Code (HGB)**

*(Attachment 2 to the Notes)*

As of December 31, 2004

Company	Place of head-office	Capital share in %	Stock-capital		Last available report (profit/loss for the period)
Axxon Wertpapier-handelsbank AG	Frankfurt/M.	30.0 %	TEUR	3,500	TEUR – 878 / 2003
PONACHEM AG	Hamburg	42.0 %	TEUR	18,750	TEUR – 206 / 2003 (of which profit and loss absorption: TEUR – 206)
UNYLON AG	Hamburg	48.0 %	TEUR	8,419	TEUR 1,200 / 2003
VERION Private Equity AG	Berlin	50.0 %	TEUR	1,000	TEUR –71 / 2003

# PONGS & ZAHN AG, Berlin

## Statement of Cash Flows and Consolidated Statement of Cash Flows

(Attachment 3 to the Notes)

The following Statement of Cash Flows was prepared in accordance with DRS 2 and gives evidence about the company's and group's liquidity situation and the financial development (all figures in TEUR)

	Pongs & Zahn AG			
	2004	2003	2002	2001
1. Net income for the year	-543	634	2.146	123
2. Depreciation of fixed assets	11	24	31	41
3. Increase/decrease in accruals	-133	-13	46	-650
4. Other expenses with cash-effect	449	251	1.392	-1.888
5. Profit/loss from the disposal of tangible assets	-90	-1.100	-6.858	0
6. Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investment or financing activities	10.629	-10.003	-8.647	-2.164
7. Increase/decrease in trade payables and other liabilities that cannot be allocated to investment or financing activities	2.153	-5.695	3.132	2.865
<b>8. Cash-flow from ordinary operations</b> (Sum over 1-7)	<b>12.476</b>	<b>-15.902</b>	<b>-8.758</b>	<b>-1.673</b>
9. Proceeds from the disposal of tangible assets	0	18	0	0
10. Payments for investments in tangible assets	-4	-7	-7	-57
11. Proceeds from the disposal of intangible assets	0	0	0	0
12. Payments for investments in intangible assets	0	0	0	0
13. Proceeds from the disposal of financial assets	6.916	23.533	2.111	5.268
14. Payments for investments in financial assets	-19.921	-10.223	-4.522	-14.450
15. Proceeds from the sale of affiliated companies	0	0	12.258	0
16. Proceeds from financial funds within the scope of short-time fund disposition	0	0	762	0
17. Payments for financial funds within the scope of short-time fund disposition	0	0	0	-369
<b>18. Cash-flow from investment activities</b> (Sum over 9-17)	<b>-13.009</b>	<b>13.321</b>	<b>10.602</b>	<b>-9.608</b>
19. Proceeds from increase in equity (Capital increase, outstanding shareholders' contribution)	1.455	375	0	7.433
20. Payments to shareholders and minority stake-holders (dividends, acquisition of treasury stocks, redemption of equity and other distribution payments)	0	0	0	-1.170
21. Proceeds from issuing bonds and (finance) loans	0	4.200	0	5.000
22. Payments for redemption of bonds and (finance) loans	-679	-1.922	-1.993	-703
<b>23. Cash-flow from financial activities</b> (Sum over 19-22)	<b>776</b>	<b>2.653</b>	<b>-1.993</b>	<b>10.560</b>
24. Cash-effective change in financial funds (sum of 8, 18 and 23)	243	72	-149	-721
25. Change in the exchange rate, in the companies included in the consolidation and in financial funds due to valuation		0	0	0
26. Funds at the beginning of the business year	92	20	169	890
27. Funds at the end of the business year (sum over 24 to 26)	335	92	20	169

# PONGS & ZAHN AG, BERLIN

## Balance Sheet as of December 31, 2004

ASSETS	December 31, 2004	Previous Year	EQUITY AND LIABILITIES	December 31, 2004	Previous Year
	Euro	Euro		Euro	Euro
<b>A. FIXED ASSETS</b>			<b>A. EQUITY</b>		
I. TANGIBLE ASSETS			I. SUBSCRIBED CAPITAL	30.030.000,00	25.500.000,00
Office equipment and other equipment	11.725,42	18.778,64	(Contingent Capital Euro 11,154.000.00, p.y.: TEUR 10,440)		
II. FINANCIAL ASSETS			II. CONTRIBUTION PAID-IN FOR RESOLUTION OF CAPITAL INCREASE	0,00	375.000,00
1. Participations	34.573.388,69	18.920.208,91	(trade registered on January 13, 2004)		
2. Loans to entities with which the company is linked by participation	0,00	3.006.200,00	III. CAPITAL RESERVE	10.310.713,93	13.010.713,93
	34.573.388,69	21.926.408,91	IV. REVENUE RESERVES		
	34.585.114,11	21.945.187,55	1. Legal Reserve	143.161,72	143.161,72
<b>B. CURRENT ASSETS</b>			2. Other reserves	2.327.818,27	2.327.818,27
I. Inventory	182.190,71	15.413,47		2.470.979,99	2.470.979,99
II. RECEIVABLES AND OTHER ASSETS			V. RETAINED EARNINGS	3.418.737,23	3.961.718,63
1. Trade receivables	2.433.330,52	103.433,70	- thereof carried-forward Euro 3,961,718.63 (p.y.: TEUR 3,328)		
2. Receivables from entities with which the company is linked by participation	15.063.832,48	9.495.462,30		46.230.431,15	45.318.412,55
3. Other assets	3.173.890,51	19.102.835,54	<b>B. ACCRUALS</b>		
	20.671.053,51	28.701.731,54	1. Tax accruals	68.033,00	284.789,57
III. SECURITIES			2. Other accruals	344.000,00	260.080,00
Other securities	5.693.236,00	8.193.020,50		412.033,00	544.869,57
IV. CASH-IN-HAND AND BANK BALANCES	334.982,13	92.327,02	<b>C. LIABILITIES</b>		
	26.881.462,35	37.002.492,53	1. Bonds	12.250.000,00	12.500.000,00
<b>C. DEFERRED EXPENSES</b>	316.658,78	582.576,56	- thereof convertible Euro 2,250.000.00 (p.y.: TEUR 2,500)		
			2. Bank Liabilities (due < 1 year: Euro 0; p.y.: TEUR 429)	0,00	428.731,66
			3. Trade liabilities (due < 1 year: Euro 2,329.688.20; p.y.: TEUR 88)	2.329.688,20	87.693,68
			4. Other liabilities (due < 1 year: Euro 561,082.89; p.y.: TEUR 651)	561.082,89	650.549,18
			- thereof taxes Euro 43,921.74 (p.y.: TEUR 52)		
			- thereof related to social security Euro 4,925.58 (p.y.: TEUR 2)		
				15.140.771,09	13.666.974,52
<b>BALANCE SHEET TOTAL</b>	<b>61.783.235,24</b>	<b>59.530.256,64</b>	<b>BALANCE SHEET TOTAL</b>	<b>61.783.235,24</b>	<b>59.530.256,64</b>

**PONGS & ZAHN AG, Berlin**  
**Statements of Income for the fiscal period 2004**

	Jan 1 - Dec 31, 2004 Euro	Previous Year Euro
1. Sales revenues	9.985.654,86	3.013.003,85
2. Other operating revenues	750.723,83	1.794.570,04
	10.736.378,69	4.807.573,89
3. Cost of materials		
a) Cost of materials and services	-8.960.939,94	-665.652,72
b) Book value of sold securities	-720.681,02	-1.641.959,98
	-9.681.620,96	-2.307.612,70
Gross Profit	1.054.757,73	2.499.961,19
4. Personnel expenses		
a) Wages and salaries	-251.766,41	-146.247,72
b) Social security expenses	-19.200,44	-17.854,50
	-270.966,85	-164.102,22
5. Depreciation on fixed assets	-11.200,38	-23.683,31
6. Other operating expenses	-1.203.346,47	-1.308.965,51
7. Other interest and similar income	2.016.390,91	1.163.951,36
8. Depreciation of financial assets and securities of current assets	-448.571,26	-252.698,51
9. Expense from profit and loss absorption agreements	0,00	-205.985,07
10. Interest and similar expenses	-1.423.849,08	-955.427,78
<b>11. Result from ordinary activities</b>	<b>-286.785,40</b>	<b>753.050,15</b>
12. Extraordinary revenues	0,00	806,19
13. Extraordinary expenses	0,00	-118.874,86
<b>14. Extraordinary result</b>	<b>0,00</b>	<b>-118.068,67</b>
15. Taxes on income	-188.163,00	-922,45
16. Other taxes	-68.033,00	104,00
<b>17. Profit / loss of the period</b>	<b>-542.981,40</b>	<b>634.163,03</b>
18. Carried-forward profits	3.961.718,63	3.327.555,60
<b>19. Retained earnings</b>	<b>3.418.737,23</b>	<b>3.961.718,63</b>

## Supervisory Board Report

After the Chairman of the Supervisory Board had resigned from his function in mutual agreement with the other members of the Board at the end of the Annual General Meeting (AGM) on July 2, 2004, and after the election of a new member of the Supervisory Board by that AGM, the newly-elected Supervisory Board constituted itself on July 2, 2004. During January 1, 2004 and the termination of the above mentioned AGM Supervisory board met twice and from July 2, 2004 until balance-sheet-date on December 31, 2004, Supervisory Board met another three times.

During the 2004 fiscal year, the Supervisory Board fulfilled its obligations in accordance with both the legal requirements and the statutes of the company. During five meetings in total, the Supervisory Board monitored the situation and the development of the company in detail, as well as the principles of the business policy and significant business transactions. Comprehensive information on the basis of written and oral reports concerning business development and the economic and financial situation of the company were furthermore provided by the CEO. At the meetings and discussions, the Supervisory Board participated in conceiving the strategic objectives and their operative implementation, in particular with regard to the development of sales, expenses and income, liquidity as well as the financing and the business situation of the company and its participation companies. Measures proposed by the Board of Management, which required the approval of the Supervisory Board, were submitted for resolution. On the basis of the results of its examination, the Supervisory Board has no objections to raise with regard to the management of the company.

The annual financial statements prepared by the CEO as of December 31, 2004 as well as the management report of Pongs & Zahn Aktiengesellschaft and the bookkeeping have been audited by the BDP Hanseatische Revisions GmbH, Wirtschaftsprüfungsgesellschaft/ Steuerberatungsgesellschaft, Hamburg. This company was appointed to audit the financial statements at the General Shareholder's Meeting and commissioned by the Supervisory Board. The financial statements were given the auditor's unqualified opinion.

The auditors of the company participated at the annual financial statements meeting of the supervisory board on April 29, 2005 and they reported on significant results of their audits. The Supervisory Board has examined the annual financial statements as well as the management report and agrees on the outcome of the audit. The Supervisory Board approves the financial statements prepared by the CEO which thereby is also ascertained. The proposal of the Board of Management for the appropriation of the net result has been agreed on.

The Supervisory Board would like to thank the management and the company's employees for their excellent work during the 2004 fiscal year.

Berlin, April 29, 2005

The Supervisory Board  
Hermann Hönig  
Chairman

## Audit opinion

"We have audited the annual accounts as of December 31, 2004 including the bookkeeping records prepared by Pongs & Zahn Aktiengesellschaft, Berlin, and the report about the situation of the company for the business year 2004. The CEO of the company is responsible for the bookkeeping and for preparing these documents in accordance with the stipulations of German commercial law. It is our assignment to make an assessment of the annual accounts including the bookkeeping records and the management report about the situation of the company on the basis of the audit we have made.

We have made our audit of the annual accounts and financial statements in accordance with § 317 of the German Commercial Code (HGB) and observing the German principles governing the proper conduct of audits as issued by the German Institute of Auditors (IDW). According to these regulations and principles, the audit must be planned and implemented in such a way that misrepresentations and violations which have substantial impact on the picture of the asset situation, financial position and profitability presented by the annual accounts and the financial statements (in compliance with the principles of proper bookkeeping) and by the management report about the situation of the company are identified with sufficient certainty. Information about the company's business operations and its economic and legal environment as well as expectations about possible mistakes are taken into account when specifying the audit procedures. The effectiveness of the accounting-relevant internal control system and supporting evidence confirming the information provided in the bookkeeping records, annual accounts and financial statements as well as in the management report about the situation of the company are checked mainly by taking random samples in the course of the audit. The audit consists of an evaluation of the accounting principles applied, an analysis of the main elements of company management by CEO and an assessment of the overall presentation of the annual accounts and financial statements as well as of the management report about the situation of the company.. We are of the opinion that our audit forms a reliable enough basis for making a sound judgement.

Our audit has not led to any objections.

Without any qualification of our above mentioned assessment we state that we were not in a position to assess the recoverability of an atypical silent partnership amounting to TEUR 10,000 finally, since the financial statements of this company for the business year 2004 have not been available to us so far.

We are convinced that the annual accounts comply with the principles of proper bookkeeping and provide an accurate and true picture of the asset situation, financial position and profitability of the company. The management report about the situation of the company gives an appropriate overall description of the situation of the company and presents the possible future risks in an accurate way."

BDP  
Hanseatische Revisions GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Martina Hagemeier  
Auditor

Silke Woschnik  
Auditor

Hamburg, April 25, 2005