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## Report of Independent Auditors

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We have audited the consolidated financial statements prepared by SINGULUS TECHNOLOGIES AG, Kahl am Main, Germany, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from January 1, 2005 to December 31, 2005. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] and the supplementary provisions of the articles of incorporation and bylaws are the responsibility of the Company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to

possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the system of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and the supplementary provisions of the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements, provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, Germany, February 22, 2006

**Ernst & Young AG**

Wirtschaftsprüfungsgesellschaft

Bösser  
Wirtschaftsprüfer  
[German Public Auditor]

Weber  
Wirtschaftsprüfer  
[German Public Auditor]

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According to international standards our report is concentrated on SINGULUS TECHNOLOGIES GROUP.

On the following pages you will find the balance sheets and the income statement of the legal entity SINGULUS TECHNOLOGIES AG in prepared conformity with German accounting principles and translated into English.

The complete German report (HGB) is available on request:

#### **SINGULUS TECHNOLOGIES AG**

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**SINGULUS TECHNOLOGIES AG****Balance Sheets as of December 31, 2004 and 2005**

(according to HGB)

ASSETS	Dec. 31, 2005 [€]	€	Dec. 31, 2004 [€]
<b>A. NON-CURRENT ASSETS</b>			
<b>I. Intangible assets</b>			
Franchises, industrial and similar rights and assets and licenses in such rights and assets		155,949.26	308,488.19
<b>II. Property, plant and equipment</b>			
1. Land, land rights and buildings including buildings on third-party land	19,059,928.64		19,885,364.73
2. Technical equipment and machines	347,047.82		430,043.43
3. Other equipment, furniture and fixtures	2,800,742.91		2,945,133.73
		<b>22,207,719.37</b>	23,260,541.89
<b>III. Leased assets</b>			
1. Shares in affiliates	61,484,817.50		61,497,495.54
2. Loans to affiliates	28,461.83		1,075,401.10
3. Marketable securities held as long-term assets	5,235,662.85		0.00
		<b>66,748,942.18</b>	62,572,896.64
		<b>89,112,610.81</b>	86,141,926.72
<b>B. CURRENT ASSETS</b>			
<b>I. Inventories</b>			
1. Raw materials, consumables and supplies	11,056,127.74		19,917,866.00
2. Work in process	46,606,703.65		54,725,791.28
3. Advance payments	1,232,609.70		872,964.50
4. Advance payments received	-8,986,192.93		-16,329,235.16
		<b>49,909,248.16</b>	59,187,386.62
<b>II. Receivables and other assets</b>			
1. Trade receivables	61,685,097.49		80,821,200.05
2. Receivables from affiliates	7,675,578.29		8,077,294.81
3. Other assets	4,091,658.28		2,144,555.99
		<b>73,452,334.06</b>	91,043,050.85
<b>III. Cash on hand, balances at banks</b>		58,164,920.23	67,053,269.46
		<b>181,526,502.45</b>	217,283,706.93
<b>C. PREPAID EXPENSES</b>		1,887,074.11	2,292,802.96
<b>Total Assets</b>		<b>272,526,187.37</b>	305,718,436.61

**EQUITY AND LIABILITIES**

	Dec. 31, 2005 [€]	€	Dec. 31, 2004 [€]
<b>A. EQUITY</b>			
<b>I. Share capital</b>	34,941,929.00		35,569,389.00
Repayment of share capital	0.00		- 177,402.00
<b>II. Capital reserves</b>	28,406,529.62		28,347,000.14
<b>III. Revenue reserves</b>	118,432,601.39		110,402,591.41
<b>IV. Accumulated profit</b>	1,573,070.99		11,157,790.72
		<b>183,354,131.00</b>	185,299,369.27
<b>B. PROVISIONS</b>			
1. Pension provisions	5,241,847.00		4,799,954.00
2. Tax provisions	123,938.77		5,971,560.27
3. Other provisions	12,830,237.81		19,928,213.55
		<b>18,196,023.58</b>	30,699,727.82
<b>C. LIABILITIES</b>			
1. Bonds	1,007,682.00		1,283,986.05
2. Liabilities to banks	10,343,039.52		14,097,209.91
3. Trade payables	11,483,673.10		17,655,477.49
4. Liabilities to affiliates	25,237,941.64		30,758,067.82
5. Other liabilities	21,860,318.12		24,777,572.78
thereof taxes € 492,263.19 (prior year: € 354,786.62)			
thereof for social security € 639,827.97 (prior year: € 573,930.66)			
		<b>69,932,654.38</b>	88,572,314.05
<b>D. DEFERRED INCOME</b>		1,043,378.41	1,147,025.47
<b>Total liabilities and shareholders' equity</b>		<b>272,526,187.37</b>	305,718,436.61

# SINGULUS TECHNOLOGIES AG

## Income Statements for 2004 and 2005

(according to HGB)

	2005 [€]	€	2004 [€]
1. Revenue	194,952,634.24		382,565,988.96
2. Decrease (-) in finished goods inventories and work in process	-8,119,087.63		-9,194,320.24
3. Other operating income	8,391,053.34		2,706,175.42
		<b>195,224,599.95</b>	376,077,844.14
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased goods	-135,808,548.77		-248,871,131.74
b) Cost of purchased services	-5,934,009.56		-7,927,339.01
5. Personnel expenses			
a) Wages and salaries	-19,227,957.01		-23,971,907.69
b) Social security, pension and other benefit costs thereof for old-age pensions € 882,762.57 (prior year: € 603,534.23)	-3,941,604.73		-6,070,258.68
6. Amortization on intangible assets and property, plant and equipment	-2,135,301.61		-2,353,104.08
7. Other operating expenses	-34,911,891.39		-55,655,217.20
		<b>-201,959,313.07</b>	-344,848,958.40
8. Income from investments thereof from affiliates € 4,193,828.03 (prior year: € 4,214,403.29)	5,017,896.04		4,193,828.03
9. Other interest and similar income thereof from affiliates € 25,287.16 (prior year: € 12,439.67)	2,986,046.46		3,823,171.22
10. Interest and similar expenses	-3,136,405.89		-3,541,154.13
		<b>4,867,536.61</b>	4,475,845.12
<b>11. Profit/loss from ordinary operations</b>		<b>-1,867,176.51</b>	35,704,730.86

	2005 [€]	€	2004 [€]
12. Income taxes	5,055,666.96		- 13,295,988.28
13. Other taxes	- 42,348.46		- 93,161.14
		5,013,318.50	- 13,389,149.42
<b>14. Profit for the period</b>		<b>3,146,141.99</b>	22,315,581.44
15. Accumulated profit of the prior year		11,157,790.72	15,169,306.76
16. Transfer to other revenue reserves		- 12,730,861.72	- 26,327,097.48
<b>17. Accumulated profit</b>		<b>1,573,070.99</b>	11,157,790.72

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