ANNUAL FINANCIAL STATEMENTS BASED ON INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR THE YEAR ENDED 31 DECEMBER 2006

of the company

HERMANN GUTMANN WERKE AG

Nürnberger Straße 57 – 81

91781 Weißenburg, Germany

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Contents

A. Annual financial statements

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COMPANY BALANCE SHEET

All amounts in EURO	notes	31.12.2006	31.12.2005
ASSETS			
Non current assets			
Tangible assets	V.1	16.517.853,67	17.052.686,21
Investments in property	V.2	12.293.895,45	12.309.751,69
Intangible assets	V.3	394.222,00	40.959,00
Investments in affiliates	V.4	4.700.000,00	4.700.000,00
Investments in other undertakings	V.4	2.712.946,00	2.712.946,00
Deferred taxes	V.5	0,00	164.905,98
Other assets	V.6	375.130,00	852.190,50
		36.994.047,12	37.833.439,38
Current assets			
Inventories	V.7	14.048.416,09	10.827.837,12
Trade and other receivables	V.8	18.730.264,13	14.183.948,12
Cash and cash equivalents		272.311,31	174.781,07
		33.050.991,53	25.186.566,31
Total assets		**70.045.038,65**	**63.020.005,69**
EQUITY			
Share capital	V.9	24.285.000,00	24.285.000,00
Reserves	V.10	15.612.518,48	14.578.948,81
Earnings net of tax		2.062.038,01	1.889.701,70
Total equity		41.959.556,49	40.753.650,51
LIABILITIES			
Non current liabilities			
Loans	V.11	302.500,00	412.500,00
Grants for investments in fixed assets	V.12	313.391,56	343.997,80
Deferred tax liabilities	V.13	4.604.526,36	4.838.013,37
Provisions for staff retirement benefits	V.14	1.053.457,00	909.312,00
		6.273.874,92	6.503.823,17
Current liabilities			
Trade and other liabilities	V.15	10.340.817,75	8.264.225,69
Current tax liabilities	V.16	1.541.059,04	1.757.441,16
Loans	V.17	2.099.183,45	1.094.421,55
Provisions	V.18	7.830.547,00	4.646.443,61
		21.811.607,24	15.762.532,01
Total liabilities		28.085.482,15	22.266.355,18
Total equity and liabilities		**70.045.038,65**	**63.020.005,69**

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COMPANY INCOME STATEMENT

All amounts in EURO

	notes	JANUARY 1 – DECEMBER 31 2006	2005
Sales	VI.1	145.381.470,20	107.272.699,91
Cost of sales		121.439.713,50	87.498.041,46
Gross profit		**23.941.756,70**	**19.774.658,45**
Other operating income	VI.2	3.598.516,41	3.054.948,47
Administrative expenses		12.652.459,06	10.642.830,30
Distribution costs		9.872.265,10	8.649.724,39
Other operating expenses		1.066.902,45	721.379,68
Earnings before tax and financial results		**3.948.646,50**	**2.815.672,55**
Financial income		873.958,57	601.544,86
Financial expenses		324.410,98	394.166,69
Earnings before tax		**4.498.194,09**	**3.023.050,72**
Current income tax	VI.6	2.209.695,65	1.186.543,59
Deferred tax	VI.6	118.998,46	-164.905,98
Earnings net of tax		**2.169.499,98**	**2.001.413,11**

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COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserves	Special reserves	O.C.I	Results caried forward	Earnings net of tax	**Total Equity**
Balance at 31/12/2004	**24.285.000,00**	**444.969,35**	**11.372.544,02**	**2.112.481,89**	**2.004,61**	**2.622.404,17**	**40.839.404,04**
1/1/2005-31/12/2005							
Earnings(losses) per income statement		111.711,41				1.889.701,70	
Profit carried forward			2.624.408,78		-2.004,61	-2.622.404,17	
Increase of share stock			-294.693,97				
Distribution of profits (Dividend paid)			-1.689.959,04				
IFRS adjustments			-210.161,83	-13.692,34			
Reduction of deferred taxes			144.260,36	-22.919,82			
Balance at 31/12/2005	**24.285.000,00**	**556.680,76**	**11.946.398,32**	**2.075.869,73**	**0,00**	**1.889.701,70**	**40.753.650,51**
1/1/2006-31/12/2006							
Earnings(losses) per income statement		107.461,97				2.062.038,01	
Profit carried forward			978.037,18	-54.326,32	1.000.000,00	-1.889.701,70	
Increase of share stock				-92.971,70			
Distribution of profits (dividend paid)					-1.000.000,00		
Reduction of deffered taxes			95.368,54				
Balance at 31/12/2006	**24.285.000,00**	**664.142,73**	**13.019.804,04**	**1.928.571,71**	**0,00**	**2.062.038,01**	**41.959.556,49**

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COMPANY CASH-FLOW STATEMENT

	JANUARY 1 – DECEMBER 31	
	2006	**2005**
Profit before interest and tax	4.822.605,07	3.417.217,41
Adjustments for:		
Depreciation and amortisation	4.644.265,37	4.253.535,18
Provisions	3.328.248,39	-420.094,09
Reduction investment grant Brehna	-30.606,24	0,00
(Gain) or Loss from investing activities	0,00	601.544,86
Decrease / (increase) in inventories	-3.220.578,97	-3.221.473,76
Decrease / (increase) in receivables	-4.684.016,01	-203.044,35
Decrease / (increase) in payables (except banks)	2.553.240,53	1.958.550,20
Interest payable		0,00
Less:		
Interest paid	-324.410,98	-394.166,69
Tax paid	-2.902.726,24	-1.933.432,26
Net cash from operating activities (a)	**4.186.020,92**	**4.058.636,50**
Cash Flows from investing activities		
Acquisition of subsidiary	0,00	0,00
Purchase of intangible assets, property, plant and equipment	-4.518.620,36	-4.059.295,58
Proceeds of sale equipment	71.780,77	0,00
Interest received		0,00
Dividend received		0,00
Income for financial assets	463.587,01	
Net cash used in investing activities (b)	**-3.983.252,58**	**-4.059.295,58**
Cash Flows from financing activities		
Proceeds from increase of capital stock	0,00	0,00
Proceeds from borrowings	1.004.761,90	379.034,66
Payments of finance lease liabilities		0,00
Payments of borrowings	-110.000,00	0,00
Dividend paid	-1.000.000,00	-1.689.959,04
Net cash used in financing activities (c)	**-105.238,10**	**1.310.924,38**
Net increase / (decrease) in and cash equivalents (a)+(b)+(c)	**97.530,24**	**-1.311.583,46**
Cash and cash equivalents in beginning of period	**174.781,07**	**1.486.364,53**
Cash and cash equivalents at end of period	**272.311,31**	**174.781,07**

NOTES

I. General information about the company

The **HERMANN GUTMANN WERKE AG** – called HGW - is a public limited company in the sense of German law (AktG).

The company is domiciled in Weißenburg, Nürnberger Straße 57 – 81, 91781 Weißenburg i. Bayern.

The company is listed as HERMANN GUTMANN WERKE AG in the following register in Germany:
'Handelsregister des Amtsgerichts Ansbach, Abteilung B 3621'

The subject of the enterprise is the production of aluminum profiles as well as their subsequent treatment by surface refinement or mechanical treatment up to the assembly of building groups or systems.

II. General information about the financial statements

1. General information

The financial statements on 31 December 2006 have been prepared in accordance with the requirements of IFRS.

Each component of the financial statements can be identified clearly.

The financial statements cover the individual entity HGW.

Balance sheet day is 31 December 2006.

The presentation currency is EURO.

2. Application of the IAS/IFRS

The annual financial statements of Hermann Gutmann Werke AG for the 2006 accounting period (with the transition date being 1.1.2005), which cover the period 1 January to 31 December 2006, have been prepared based on the historical cost principle, amended for the purpose of adapting the specific assets and liabilities to current prices, and the going concern principle and moreover, they are in line with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the relevant interpretations provided by the IASB standards interpretation committee IFRIC.

The financial statements are covered by IFRS 1 'First-time adoption of the IFRS' for the annual financial statements dated 31.12.2006 (reporting date).
The standards taken into account in preparing the company's financial statements are follows:

IFRS 1	First-time adoption of International Financial Reporting Standards
IAS 1	Presentation of financial statements
IAS 2	Inventories
IAS 7	Cash Flow statements
IAS 8	Accounting policies, changes in accounting estimates and errors
IAS 12	Income taxes
IAS 16	Property, plant and equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee benefits
IAS 20	Accounting for government grants and disclosure of government assistance
IAS 21	The effects of changes in foreign exchange rates
IAS 23	Borrowing costs
IAS 24	Related party disclosures
IAS 26	Accounting and reporting by retirement benefit plans
IAS 27	Consolidated and separate financial statements
IAS 32	Financial instruments: disclosure and presentation
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 38	Intangible assets
IAS 39	Financial instruments: recognition and measurement
IAS 40	Investment property

The policies referred to below have been consistently applied to all interim financial statements from the date on which the IFRS were introduced and thereafter.
Preparation of the financial statements in line with IFRS requires use of estimates and the exercise of judgement in implementing company accounting policies. Major assumptions made by management in applying the company's accounting methods are pointed out where this is considered necessary.
The main differences are shown: a) in the table of changes to equity in the transition from the German Accounting Standards to the International Accounting Standards (IAS) and b) in the table of adjustments under the IAS to results.

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Adjustment in equity at start of period

	01.01.06	01.01.05
Equity capital as shown in line with German law	**33.919.180,22**	**33.669.605,10**
Adjustments to International Financial Reporting Standards		
impact from valuation of tangible assets	7.905.644,03	8.127.115,11
impact from other depreciation method	1.761.606,61	1.710.669,85
recognition of deferred taxation	-2.326.084,25	-2.252.067,52
recognition of long-term obligation for compensation to retiring personnel	-255.670,00	-116.572,00
correction investment grant	-343.997,80	-374.604,04
impact from valuation shares	92.971,70	75.257,54
Total of adjustments	**6.834.470,29**	**7.169.798,94**
Invested capital in line with International Financial Reporting Standards	**40.753.650,51**	**40.839.404,04**

Table of changes to result

	2006	2005
total results as shown in line with German law	**2.041.777,41**	**2.122.516,72**
Adjustments to International Financial Reporting Standards		
impact from valuation of tangible assets	-255.480,24	-255.480,24
impact from other depreciation method	205.800,06	82.823,00
recognition of deferred taxation	6.476,54	164.905,98
recognition of long-term obligation for compensation to retiring personnel	32.858,00	-255.670,00
correction investment grant	30.606,24	30.606,24
Total of adjustments	**20.260,60**	**-232.815,02**
Results in line with International Financial Reporting Standards	**2.062.038,01**	**1.889.701,70**

3. Significant accounting policies and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below:

The company makes estimates to consider potential risks concerning provisions and the estimated useful lives of assets.

4. Financial risk management

As a result of its international activities the company is exposed to certain financial risks, i.e. market risk (included price risk for raw material and general price risk), credit risk, cash-flow-risk and interest risk. The company's overall risk management programme focuses to minimise potential adverse effects on the company's financial performance.
Risk management is carried out by the controlling department which identifies and evaluates financial risks in cooperation with the company's operating units. The Board of Directors provides principles and guidance for overall risk management.

The company has no significant concentration of credit risk. Policies are in place to ensure that sales are only made to customers with appropriate credit rating.

Liquidity risk is kept at a low level, as the company maintains sufficient cash and credit lines available.

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III. Exemption from consolidation

The HERMANN GUTMANN WERKE AG is a majority-owned subsidiary of the ALCO HELLAS S.A., Thesi Kirillo, 19300 Aspropyrgos, Greece.

According to IAS 27.10 the parent company HERMANN GUTMANN WERKE AG – at the same time subsidiary of ALCO HELLAS S.A. - does not present consolidated financial statements.

In accordance with IAS 27.37 and IAS 27.41 (c) the investments in subsidiaries (Gartner Extrusion GmbH, Gutmann Aluminium Draht GmbH) are accounted for at cost.

ALCO HELLAS S.A. draws up consolidated financial statements according to IFRS. The consolidated financial statements of ALCO HELLAS S.A. are obtainable for public use in their sites.

HERMANN GUTMANN WERKE AG is parent company of:

Name	Country of incorporation	Proportion of ownership interest	Proportion of voting power
Gartner Extrusion GmbH	Germany	94 %	94 %
Gutmann Aluminium Draht GmbH	Germany	49 %	49 %
Gutmann Immobilien GbR	Germany	94 %	15 %

The Gutmann Immobilien GbR is a non-trading partnerschip under the Civil Code of Germany and the voting power of Hermann Gutmann Werke AG is only 15 %.

IV. Currency

The functional currency is EURO. The company sells goods where the price is denominated in a foreign currency (USD/CHF). At time of initial recognition the foreign currency transaction is recorded by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of transaction.
At balance sheet date the foreign currency monetary items are translated using the closing rate.
Exchange differences are recognised in profit or loss in the period in which they arise.

V. Notes to the balance sheet

1. Tangible Assets

Tangible assets are measured at cost which comprises its' purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent depreciation is deducted.

Subsequent costs such as repairs and maintenances are recognised as an expense as incurred.

The depreciable amount of the assets is allocated over its useful life using the straight-line method. The useful lives are estimated normally with:

• Buildings and technical works	20 – 35 years
• Machinery, technical installations and other mechanical equipment	5 – 15 years
• Transportation equipment	3 – 8 years
• Furniture and fixture	2 – 14 years
• Extrusion dies	2 years

Payments on account and tangible assets in course of construction are rebooked and capitalized as an tangible asset at the moment when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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	Land	Buildings and technical works	Machinery, technical installations and mechanical equipment	Transportation equipment	Furniture and fixtures	Payments on account and tangible assets in course of construction	Total
Book value 01.01.2005	472.812,41	1321.723,00	7.778.369,00	172.202,00	5.842.356,00	1.272.483,16	16.859.945,57
Cost 01.01.2005	472.812,41	2.725.637,20	35.778.188,12	1.446.827,13	40.739.572,66	1.272.483,16	82.277.157,73
Additions	76,56	1.290,54	123.136,74	8.257,54	2.848.344,10	1.078.541,10	4.059.646,58
Disposals	0,00	0,00	177.071,37	0,00	86.093,37	0,00	263.164,74
Reclassification	0,00	0,00	0,00	0,00	63.051,02	-63.051,02	0,00
Cost 31.12.2005	472.888,97	2.726.927,74	35.724.253,49	1.455.084,67	43.564.874,41	2.287.973,24	86.232.002,52
Accumulated depreciation 01.01.2005	0,00	1.403.914,20	27.999.819,12	1.274.625,13	34.897.216,66	0,00	65.575.575,11
Additions	0,00	78.697,54	913.170,74	35.320,54	2.839.366,12	0,00	3.866.554,94
Disposals	0,00	0,00	177.071,37	0,00	85.742,37	0,00	262.813,74
Accumulated depreciation 31.12.2005	0,00	1.482.611,74	28.735.918,49	1.309.945,67	37.650.840,41	0,00	69.179.316,31
Book value 31.12.2005	472.888,97	1.244.316,00	6.988.335,00	145.139,00	5.914.034,00	2.287.973,24	17.052.686,21
Book value 01.01.2006	472.888,97	1.244.316,00	6.988.335,00	145.139,00	5.914.034,00	2.287.973,24	17.052.686,21

Cost 01.01.2006	472.888,97	2.726.927,74	35.724.253,49	1.455.084,67	43.564.874,41	2.287.973,24	86.232.002,52
Additions	0,00	0,00	45.282,06	69.932,40	2.918.764,13	1.270.388,79	4.304.367,38
Disposals	0,00	0,00	73.635,38	74.392,97	15.491.112,23	0,00	15.639.140,58
Reclassification	0,00	0,00	2.368.652,46	0,00	274.579,63	-3.209.319,39	-566.081,30
Cost 31.12.2006	472.888,97	2.726.927,74	38.064.552,63	1.450.624,10	31.267.105,94	349.048,64	74.331.148,02
Accumulated depreciation 01.01.2006	0,00	1.482.611,74	28.735.918,49	1.309.945,67	37.650.840,41	0,00	69.179.316,31
Additions	0,00	78.700,00	953.430,75	48.794,40	3.120.412,70	0,00	4.201.337,85
Disposals	0,00	0,00	1.854,61	74.392,97	15.491.112,23	0,00	15.567.359,81
Accumulated depreciation 31.12.2006	0,00	1.561.311,74	.29.687.494,63	1.284.347,10	25.280.140,88	0,00	57.813.294,35
Book value 31.12.2006	472.888,97	1.165.616,00	8.377.058,00	166.277,00	5.986.965,06	349.048,64	16.517.853,67

2. Investments in property

	Land	Buildings and technical works	Total
Book value 01.01.2005	1.155.280,33	11.510.150,60	12.665.430,93
Cost 01.01.2005	1.155.280,33	11.854.720,00	13.010.000,33
Additions	0,00	0,00	0,00
Disposals	0,00	0,00	0,00
Reclassification	0,00	0,00	0,00
Cost 31.12.2005	1.155.280,33	11.854.720,00	13.010.000,33
Accumulated depreciation 01.01.2005	0,00	344.569,40	344.569,40
Additions	0,00	355.679,24	355.679,24
Disposals	0,00	0,00	0,00
Accumulated depreciation 31.12.2005	0,00	700.248,64	700.248,64
Book value 31.12.2005	1.155.280,33	11.154.471,36	12.309.751,69
Book value 01.01.2006	1.155.280,33	11.154.471,36	12.309.751,69
Cost 01.01.2006	1.155.280,33	11.854.720,00	13.010.000,33
Additions	0,00	176.671,07	176.671,07
Disposals	0,00	0,00	0,00
Reclassification	0,00	172.015,09	172.015,09
Cost 31.12.2006	1.155.280,33	12.203.406,16	13.358.686,49
Accumulated depreciation 01.01.2006	0,00	700.248,64	700.248,64
Additions	0,00	364.542,40	364.542,40
Disposals	0,00	0,00	0,00
Accumulated depreciation 31.12.2006	0,00	1.064.791,04	1.064.791,04
Book value 31.12.2006	1.155.280,33	11.138.615,12	12.293.895,45

The depreciation method used is the same as for tangible assets.

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These assets have been revalued on 31 December 2003 to the fair value of 13.010.000,00 €.

The fair value of the land and building has been determined from market-based evidence by appraisal that was undertaken by a professionally qualified, independent valuer.

The valuation report dates on 24 June 2005. In order to determine the market value the capitalised income approach has been applied.

The revaluation has been recorded in equity ('other comprehensive income').

The net book value without revaluation would have been:

	31.12.2006	**31.12.2005**
Land	842.533,37	842.533,37
Buildings and technical works	8.459.107,72	8.386.628,48

3. Intangible assets

Aquired intangible assets are recognised at cost. These costs are amortised over the estimated definite useful lives using the straight-line method.

The useful lives are estimated with 4 years.

Costs for research and development are recognised as an expense when they are incurred.

Book value 01.01.2005	70.279,00
Cost 01.01.2005	921.086,77
Additions	1.980,00
Disposals	0,00
Cost 31.12.2005	923.066,77
Accumulated depreciation 01.01.2005	850.806,77
Additions	31.301,00
Disposals	0,00
Accumulated depreciation 31.12.2005	882.107,77
Book value 31.12.2005	40.959,00
Book value 01.01.2006	40.959,00
Cost 01.01.2006	923.066,77
Additions	37.581,91
Disposals	0,00
Reclassification	394.066,21
Cost 31.12.2006	1.354.714,89
Accumulated depreciation 01.01.2006	882.107,77
Additions	78.385,12
Disposals	0,00
Accumulated depreciation 31.12.2006	960.492,89
Book value 31.12.2006	394.222,00

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4. Investments in affiliates and other undertakings

Investments in affiliated undertakings and other undertakings are accounted at cost according to IAS 27.37 (a) and IAS 28.13 (b).

Securities of non-current assets, other long term receivables and investments are initially recognised at cost and subsequently at fair value. Gains or losses – as a result of fair-value accounting for available-for-sale-assets - are recorded directly in equity ('other comprehensive income') as long as the asset is not impaired.

	Subsidiaries, affiliated undertakings	Associates, other undertakings	Total
Book value 01.01.2005	5.186.314,73	2.712,946,00	7.899.260,73
Cost 01.01.2005	5.186.314,73	2.712,946,00	7.899.260,73
Additions	0,00	0,00	0,00
Disposals	486.314,73	0,00	486.314,73
Revaluation	0,00	0,00	0,00
Reclassification	0,00	0,00	0,00
Cost 31.12.2005	4.700.000,00	2.712,946,00	7.412.946,00
Accumulated Depreciation 01.01.2005			
Additions			
Disposals			
Accumulated Depreciation 31.12.2005			
Book value 31.12.2005	4.700.000,00	2.712,946,00	7.412.946,00
Book value 01.01.2006	4.700.000,00	2.712,946,00	7.412.946,00
Cost 01.01.2006	4.700.000,00	2.712,946,00	7.412.946,00
Additions	0,00	0,00	0,00
Disposals	0,00	0,00	0,00
Revaluation	0,00	0,00	0,00
Reclassification	0,00	0,00	0,00
Cost 31.12.2006	4.700.000,00	2.712,946,00	7.412.946,00
Accumulated Depreciation 01.01.2006			
Additions			
Disposals			
Accumulated Depreciation 31.12.2006			
Book value 31.12.2006	4.700.000,00	2.712,946,00	7.412.946,00

5. Deferred taxes

Deferred taxes are accounted on temporary differences arising between the tax bases of assets and liabilities and their carrying amount after adjustment to the regulations of IFRS.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised.

	Accelerated depreciation	Provisions	Total
01.01.2005	**81.669,37**	**44.880,22**	**126.549,59**
Charged to income statement	66.473,03	98.432,95	164.905,98
Charged to equity	81.669,37	44.880,22	126.549,59
31.12.2005	**66.473,03**	**98.432,95**	**164.905,98**
01.01.2006	**66.473,03**	**98.432,95**	**164.905,98**
Charged to income statement	0,00	0,00	0,00
Charged to equity	66.473,03	98.432,95	164.905,98
31.12.2006	**0,00**	**0,00**	**0,00**

6. Other assets

	Securities of assets	Other long term receivables	Total
Book value 01.01.2005	772.257,00	51.130,00	823.387,00
Cost 01.01.2005	772.257,00	51.130,00	823.387,00
Additions	0,00	0,00	0,00
Disposals	0,00	0,00	0,00
Revaluation	28.803,50	0,00	28.803,50
Cost 31.12.2005	801.060,50	51.130,00	852.190,50
Book value 31.12.2005	801.060,50	51.130,00	852.190,50
Book value 01.01.2006	801.060,50	51.130,00	852.190,50
Cost 01.01.2006	801.060,50	51.130,00	852.190,50
Additions	0,00	0,00	0,00
Disposals	463.587,01	0,00	463.587,01
Revaluation	-13.473,49	0,00	-13.473,49
Cost 31.12.2006	324.000,00	51.130,00	375.130,00
Book value 31.12.2006	324.000,00	51.130,00	375.130,00

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7. Inventories

Concerning the recognition of raw materials and consumables cost comprises all expenses of purchase. For supplies of aluminium cost is determined by using the average price method. The lower of cost or LME-price is reported.

Cost of conversion for semi-finished and finished products includes direct labour, raw materials, all directly attributable expenses as well as proportionally attributable fixed and variable overheads and depreciation. General administrative overheads and selling costs are not included. Interest on borrowed capital relating to manufacture is not reported as an asset.

	31.12.2006	**31.12.2005**
Finished and semi-finished goods	7.596.378,71	6.798.485,61
Raw and auxiliary materials	6.077.059,95	3.582.071,51
Payments on account	374.977,43	447.280,00
Total	**14.048.416,09**	**10.827.837,12**

8. Trade and other receivables

Trade debtors are recorded at nominal value. Provisions for impairment have been made by means of value adjustments on the basis of past empirical values.

Uncollectible debtors are written off as an expense.

The amount due to impairment or uncollectibility is recorded as administrative expenses.

Other current assets include amounts owed by affiliated undertakings or participated undertakings or loans to members of board of directors with market based interest. No provisions for impairment have been made.

	31.12.2006	**31.12.2005**
Trade debtors	9.823.311,24	6.551.050,08
Less provisions	368.000,00	244.000,00
Trade debtors net	9.455.311,24	6.307.050,08
Of it against affiliated undertakings	811.665,50	641.044,94
Amounts owed by affiliated undertakings	6.000.000,00	4.600.000,00
Amounts owed by participated undertakings	750.000,00	750.000,00
Other receivables	2.366.078,93	2.394.359,74
Of it against affiliated undertakings	22.677,53	29.123,29
Prepaid expenses	158.873,96	132.538,30
Of it to be recovered after more than 12 months	0,00	0,00
Total	**18.730.264,13**	**14.183.948,12**

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9. Share capital

The share capital is completely paid up and recorded at nominal value. The share capital is divided in 24.285.000 units shares. The shares are in the owner's name and have no par value.

10. Reserves

Every public limited company has to allocate 5% of the annual earnings (calculated according to German commercial law) to legal reserves.
The special reserves comprise undistributed earnings.
The other comprehensive income includes gains and losses accruing from revaluation of financial assets and investment properties.
The progression of this position is shown in the following table:

	Land	Building	Securities of non-current assets	Total O.C.I
01.01.2005	192.339,18	1.844.885,17	75.257,54	2.112.481,89
Addition	0,00	0,00	75.915,95	75.915,95
Disposals	0,00	0,00	0,00	0,00
Depreciation revalue	0,00	- 88.335,48	0,00	- 88.335,48
Deferred taxes	0,00	34.009,16	- 58.201,79	24.192,63
31.12.2005	192.339,18	1.790.558,85	92.971,70	2.075.869,73
01.01.2006	192.339,18	1.790.558,85	92.971,70	2.075.869,73
Addition	0,00	0,00	0,00	0,00
Disposals	0,00	0,00	92.971,70	92.971,70
Depreciation revalue	0,00	- 88.335,48	0,00	- 88.335,48
Deferred taxes	0,00	34.009,16	0,00	34.009,16
31.12.2006	192.339,18	1.736.232,53	0,00	1.928.571,71

11. Loans

	31.12.2006	**31.12.2005**
Long-term debt		
Bank loans	302.500,00	412.500,00
Of it to be recovered after more than 12 months	192.500,00	302.500,00

12. Grants for investments in fixed assets

Government grants for investments are presented in the balance sheet as 'grants for investment in fixed assets'. They are recognised as income 'other operating income' on a systematic and rational basis over the useful life of the asset.

	31.12.2006	**31.12.2005**
Grants for investments in fixed assets	313.391,56	343.997,80

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13. Deferred tax liabilities

	Valuation land and building	Valuation shares	Other	Total
01.01.2005	3.598.653,23	47.112,45	1.070.907,15	4.716.672,83
Charged to equity	-98.359,90	11.089,34	208.611,10	121.340,54
31.12.2005	3.500.293,33	58.201,79	1.279.518,25	4.838.013,37
01.01.2006	3.500.293,33	58.201,79	1.279.518,25	4.838.013,37
Charged to equity	-98.359,89	-58.201,79	-76.925,33	-233.487,01
31.12.2006	3.401.933,44	0,00	1.202.592,92	4.604.526,36

14. Provisions for staff retirement benefits

Current obligations towards the company's staff are recognised directly as an expense as soon as they accrue. Post-employment benefits are granted as follows:

The company has committed itself to defined benefit plans. The amount of pension that employees will receive on retirement depends on several factors such as age and years of service.

The calculation on 31 December 2006 was made by an independent, qualified actuary based on IAS 19. The reports' dates are 21 December 2006 and 17 January 2007.

The projected unit credit method was used.

The following assumptions have been made for 31 December 2006:

- Discount Rate — 4,5 %
- Expected Return on plan assets (as far as plan is funded) — 4,5%
- Cost-of-living adjustments of pensions in payment (as far as committed) — 1,75 %
- Probability of disability and death — according to Heubeck Tables 2005 G
- Salary increase rate (as far as committed) — 3 %
- Turnover — 1 – 8 %

The provision recognised in the balance sheet in respect of defined pension plans is the present value of the defined benefit obligation at the balance sheet date.

The company also has defined contribution plans where fixed contributions are paid into a separate entity on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations. The contributions to these separate entities are recorded in salaries as an expense when they are due.

	31.12.2006	**31.12.2005**
Provisions for staff retirement benefits	1.053.457,00	909.312,00

15. Trade and other liabilities

Liabilities are shown in the balance sheet at the amounts repayable.

Debts are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet day.

	31.12.2006	**31.12.2005**
Suppliers	5.634.255,51	2.221.473,75
Advances from trade debtors	1.156.039,41	1.272.580,13
Social securities	7.752,02	617.354,18
Dividends payable	0,00	0,00
Sales tax	1.885.026,99	2.870.024,36
Salaries and Wages	789.936,85	645.830,76
Other creditors	867.806,97	636.962,51
Total	**10.340.817,75**	**8.264.225,69**

16. Current tax liabilities

Provisions for tax include present obligations for real tax expenses concerning financial income of the current year.

	31.12.2006	**31.12.2005**
Current tax liabilities	1.541.059,04	1.757.441,16

17. Loans

	31.12.2006	31.12.2005
Banks	2.099.183,45	1.094.421,55

The loans secured by encumbrances are in the amount of T€ 303.

18. Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, when it is more likely than not that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated.

Provisions have not been discounted as the effect was not material.

	Warranty	Employee	Other	Total
01.01.2005	**627.600,00**	**3.359.809,03**	**564.953,00**	**4.552.362,03**
Liquidation of provision	48.121,88	2.319.165,41	381.496,67	2.748.783,96
Use of provision	56.005.28	146.873,56	25.906,34	228.785,18
Set up of provision	238.300,00	2.701.452,71	131.898,01	3.071.650,72
31.12.2005	**761.772,84**	**3.595.222,77**	**289.448,00**	**4.646.443,61**
01.01.2006	**761.772,84**	**3.595.222,77**	**289.448,00**	**4.646.443,61**
Liquidation of provision	127.941,26	113.662,03	46.042,87	287.646,16
Use of provision	75.231,58	1.759.205,26	87.155,13	1.921.591,97
Set up of provision	417.360,00	4.858.881,52	117.100,00	5.393.341,52
31.12.2006	**975.960,00**	**6.581.237,00**	**273.350,00**	**7.830.547,00**

The company accrues for product warranties at the time the products are sold based on historical claims experience.

Pursuant to collective or individual agreements the company is required to make bonus payments and short term benefits to employees such as holiday entitlements, pre-retirements and overtime payments. The portion for the pre-retirements is due within a maximum period of six years.

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VI. Notes to the income statement

The company classifies expenses by function.

Revenue from sales is recognised when products are delivered to the customer, the customer has accepted the product and when the collectibility of the related receivables is reasonably assured.

Income from participations and securities is recognised when the right to receive payments is established.

Credit interest and similar charges are included in the period which they are paid for according to the agreement.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1. Sales

	2006	2005
Sales of produced goods	121.566.547,53	90.521.882,86
Sales of purchased goods	11.567.799,06	8.001.391,49
Sales of scrap and other	12.247.123,61	8.749.425,56
Net turnover sales	**145.381.470,20**	**107.272.699,91**

2. Other operating income

	2006	2005
Income from rent and services	2.210.045,98	2.038.930,48
Capitalised service	63.759,36	52.132,57
Other income	1.324.711,07	963.885,42
	3.598.516,41	**3.054.948,47**

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3. Depreciation

	2006	2005
Cost of sales	4.144.224,31	3.685.934,89
Administrative expenses	81.673,48	47.286,43
Distribution expenses	418.367,58	520.313,86
	4.644.265,37	**4.253.535,18**

4. Additional disclosure

	2006	2005
Raw materials and consumables used	92.423.157,44	61.611.178,53
Salaries and social securities	31.181.147,86	26.343.188,36
of it for Directors	3.898.509,03	3.378.346,98

5. Leases

The total of lease payments is:

- within 2007 — 428.036,56 €
- later than 2007 and not later than 2011 — 533.362,57 €
- later than 2011 — 0,00 €

The lease payment is mostly for cars and forklifters.

Leases of machinery, technical installations, transportation equipment, furniture and fixtures where the lessor retains all the risks and rewards incidental to the ownership are classified by the company as operating leases.

Lease payments are recognised as an expense on a straight-line basis over the lease term.

6. Tax analysis

The ordinary rate of the corporate income tax is 25 % based on the taxable income and the rate of the solidarity surcharge is 5,5 % based on the corporate income tax.

	income statement	of it paid in 2006	provisions for tax balance sheet	included in deferred tax balance sheet
trade income tax 2006	791.383,55	529.002,00	263.000,00	
corporate income tax 2006	1.168.035,98	838.035,98	330.000,00	
corporate income tax prior year	67.968,69	67.968,69		
solidarity surcharge 2006	58.552,86	40.552,86	18.000,00	
solidarity surcharge prior year	200,73	200,73		
capital returns tax 2006	117.112,77	117.112,77		
solidarity surcharge 2006	6.441,07	6.441,07		
deferred taxes (stock valuation)	125.475,00			125.475,00
other deferred taxes (only under IFRS)	-6.476,54			-6.476,54
	2.328.694,11	**1.599.314,10**	**611.000,00**	**118.998,46**

VII. Other notes

1. Segment reporting

According to IAS 14.3 only companies listed at stock exchange or those that are in progress of issuing shares in public markets have to present segment information.

2. Contingent liabilities

The company has contingent liabilities in respect of long-term hire contracts. The contingent liabilities amount to:

- payable 2007 – 2009 5.992 T€
- payable after 2009 7.968 T€

3. Staff

	Average 2006	Average 2005
Employees	190	183
Workers	385	377
Trainees	34	32
Total number of staff	**609**	**591**

4. Distribution of profit

The assessment basis for cash dividend payable is - corresponding to the articles of association - the balance result which is recorded according to the regulations of German Commercial Law (HGB).

The Board of Directors proposes the balance result of 2.062.038,01 € to be used as follows:

- Distribution to the shareholders 1.000.000,00 €
- Addition to special reserves (retained earnings) 1.062.038,01 €

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5. Related party disclosures

The following are related party transactions and outstanding balances within the Hermann Gutmann Group and are therefore disclosed in the financial statement:

	affiliated undertakings	Associates, other untertakings	members of the board of directors	parents and other related entities	Total
Year 2006					
sales	13.164.892,87	1.574.395,71		1.008.060,88	15.747.349,46
purchase	3.416.118,57	33.722,44		832.073,30	4.281.914,31
interest income	203.150,70	37.500,00	52.561,92		293.212,62
interest expense	81.938,49				81.938,49
receivables	834.343,03	138.775,99		462.071,33	1.435.190,35
loans granted	6.000.000,00	826.134,25	1.244.617,76		8.070.752,01
interest rate	5 %	5 %	5 %		
liabilities	135.490,40	4.664,00		500.000,00	640.154,40
loans received	1.885.000,00				1.885.000,,00
interest rate	3 %				
contingent liabilities	29.400.000,00				29.400.000,00
Year 2005					
sales	10.237.320,93	1.376.671,75		918.461,73	12.532.554,41
purchase	2.447.345,32	22.874,46		310.710,00	2.780.929,78
interest income	217.588,01	40.925,55	52.561,92		311.075,48
interest expense	66.034,91				66.034,91
receivables	670.168,23	54.031,87		295.448,81	1.019.648,91
loans granted	4.600.000,00	788.634,25	1.189.610,28		6.578.244,53
interest rate	5 %	5 %	5 %		
liabilities	167.287,50	1.024,91			168.312,41
loans received	2.870.000,00				2.870.000,00
interest rate	3 %				
contingent liabilities	29.400.000,00				

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Report on the situation of the Hermann Gutmann Werke AG over the finanacial year 2006

I. Business process 2006

General economic development

The world economy was in the year 2006 in a quite good condition. In spite of strongly risen raw material and energy prices a strong growth appeared compared with the easily weakened previous year.

This trend is not at least affected by the strong economic growth in Europe; the biggest growth since the year 2000.

Also the German economy registered an enormous boom after relatively weak years. Beside the strong export further growth impulses came out of the risen investments and the increased private consumer expenditures. Also positive was the recovery of the building industry, where after severals years of permanent decrease the activity arose.

From this macroeconomic development also the aluminum industry had some profit. In relation to the previous year the production of aluminum extruded profiles reached an increase of approximately 10%!

Sales

The sales profits of the Hermann Gutmann Werke AG increased in the financial year to 145,4 millions € (prior year 107,3 milliions €).

This enormous increase in sales is based on a bigger volume (nearly 20%) and on a risen portion of products with higher added value. Furthermore the higher price for the raw material was also responsible for this increase in sales.

The export volume increased to 39,1 millions € (prior year 26,2 millions €), and/or 26,9% of the gross income, which corresponds to an increase of 49,2%.

The section of structural systems increased the turnover to 65,1 millions € (prior year 50,3 millions €). Especially positive is the progression of the business activities in the product range building fittings. Here a superproportional increase could be realized after the decrease of the past years. Also the product range wood aluminium could improve its good market position.

Also the section of the industrial profiles shows a positive trend in sales with 49,2 million € (prior year 36,3 millions €). The main reasons for this favourable development are products with higher added value.

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The section facade with the product ranges complete aluminum systems and composite panel shows a superproportional rise in sales to 18,7 millions € (prior year 11,9 millions €). The product range complete aluminum systems could almost double its sales quantity in relation to the however extremely weak previous year. The further expansion of the business activity within the range compostie panel required the full utilization of the capacity in the second half of the year.

Production

The net production achievement of the presses rose to 22,435 tons (prior year 19,150 tons). This increase is based nearby exclusively on the production of the extrusion press P 4, whose capacity in the previous year was only available on a reduced level.

The production achievement of the anodisation department increased to 2,116 T-square meters (prior year 1,874 T-square meters) and those of the powder coating machine on 892 T-square meters (prior year 844 T-square meters).

Procurement

The further rise of the aluminium price reached temporarily the highest level for many years. In relation to the previous year the aluminium price rose at the LME from USD 1,902 to USD 2,601. In addition a temporary shortage of the offered aluminium billets caused an increase in the premium for reworking.

Also the energy prices continued to rise. Measures for the optimization of the energy consumption were introduced.

Investments

The investments into tangible assets amounted to 4,5 millions € (prior year 4,1 millions €).

Personal

Due to the business activities the number of employees in the annual average rose to 609 (prior year 591). Herein a portion of 34 trainees is contained.

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Other

As a support for the parent company, which is listed at the ASE and has the obligation to provide their financial statement following international accounting standards, for 2006 a year-end closing under this standards will be prepared.

II. Situation of the society

Financial position

The non current assets reduced to 37,0 millions € (prior year 37,8 millions €).

Caused by the enormous expansion of the sales the current assests increased to 33,1 millions € (prior year 25,2 millions €). This increase is due to a rise of the inventories and to an expansion of the trade and other receivables. Furthermore increased the loan given to the subsidiary Gartner Extrusion GmbH.

Financial situation

The financing of the Hermann Gutmann Werke AG and partially the financing of the subsidiary Gartner Extrusion GmbH took place mostly from the cash flow of the society.

Earnings

The balance profit amounts to 2,1 millions € (prior year 1,9 millions €). The earnings before tax increased by 48,8% to 4,5 millions € (prior year 3,0 millions).

The total equity amounts to 42,0 millions € (prior year 40,8 millions). Considering the balance sheet total of 70,0 millions € (prior year 63,0 millions €) the equity ratio is 59,9% (prior year 64,7%).

III. Procedures of special importance

Procedures of special importance did not occur after the conclusion of the financial year.

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IV. Prospective development and risks

The prognoses for economic development for the year 2007 suggest a smaller growth of the economy than in the previous year. In particular a weaker growth is predicted to the building range caused by the pre-drawing effects in private housebuilding of the previous year.

The Hermann Gutmann Werke AG plans an increase in sales to 158,3 millions €. Volume increases are expected in particular within the range of the industrial profiles forced by a strategic reorientation and appropriate investments. Furthermore additional sales are expected from new products.

The start into the year 2007 supports the positive estimates. In all divisions over plan lying business activities and high backlogs suggest a very good operating level also in the next months.

Risks exist from a further rise of the aluminum prices and from a potential conflict in collective negotiations within the metal and electrical industry.

In February 2007

Theodoros Tzortzis Dr. Wolfram Kopperschläger Alexandros Beis

B. Auditor's report

I have audited the annual financial statements, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the **HERMANN GUTMANN WERKE AG** for the business year from January 1 to December 31, 2006. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. My responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on my audit.

I conducted my audit of the annual financial statements in accordance with § 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW - Institute of Public Auditors in Germany). Those standards require that I plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. I believe that my audit provides a reasonable basis for my opinion.

My audit has not led to any reservations.

In my opinion, based on the findings of my audit, the annual financial statements comply with IFRS as adopted by the EU, the legal requirements and supplementary provisions of the articles of incorporation and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these requirements. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Kronach, March 13, 2007

Dipl.-Kfm. Wolfgang Bijok
- Wirtschaftsprüfer -
- German Public Auditor -

[Translator's notes are in square brackets]

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms] as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – expecially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) The liability limitation of § ["Article"] 323 (2)["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client - especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client

b) examination of tax assessments in relation to the taxes mentioned in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)

e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax

b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and

c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisities nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for seven years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.