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**Report of the statutory auditors in accordance with  
Art. 729a of the Swiss Code of Obligations**

on the audit of the financial statements  
as of September 30, 2005 of

**Andrew AG, Bachenbülach**



 **ERNST & YOUNG**

To the Board of Directors of  
**Andrew AG, Bachenbülach**

Zurich, March 3, 2006

## **Report of the statutory auditors in accordance with Art. 729a of the Swiss Code of Obligations**

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) for the year ended September 30, 2005 and in our report dated March 3, 2006 to the general meeting, we have recommended without qualification that the financial statements be approved.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We do not specify here the audit procedures performed, these are documented in our work papers.

In addition, we examined the internal financial reporting documentation (Hyperion Consolidation Package and Excel Consolidation Files) and the material assertions contained therein used by your company to judge its financial position and results of operations. We have no additional comments to make.

Ernst & Young Ltd



**Willi Holdener**  
Swiss Certified Accountant  
(in charge of the audit)



**André Gosteli**  
Swiss Certified Accountant

### **Enclosure:**

- Financial statements (balance sheet, income statement and notes)

ANDREW AG, BACHENBÜLACH

BALANCE SHEET AS OF SEPTEMBER 30, 2005

	September 30, 2005	September 30, 2004
	CHF	CHF
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	13'547'393	1'432'291
Short-term investments	26'112'490	49'771'791
Accounts receivable		
Trade	68'551'336	54'599'767
Less allowance for doubtful accounts	- 2'734'296	- 2'502'578
Parent company	0	432'807
Affiliated companies	92'749'456	99'821'040
Other	1'840'742	1'895'638
	<u>160'407'238</u>	<u>154'246'674</u>
Advance to affiliate	29'963'155	21'758'066
Inventories	32'208'331	33'602'156
Deferred tax	3'276'733	2'116'604
Prepaid expenses	13'329'243	949'668
<b>Total current assets</b>	<u>278'844'583</u>	<u>263'877'250</u>
<b>Fixed assets</b>		
Land and land improvements	2'055'798	2'055'798
Buildings	8'074'414	8'230'511
Equipment	75'155'949	75'592'166
	<u>85'286'161</u>	<u>85'878'475</u>
Less allowances for depreciation	- 68'481'430	- 67'163'215
	<u>16'804'731</u>	<u>18'715'260</u>
Investments	115'346'676	101'256'738
Less allowances for losses	- 62'145'405	- 62'145'405
	<u>53'201'271</u>	<u>39'111'333</u>
Advances to affiliate	0	7'744'417
Intangible assets	8'722'426	10'483'859
Goodwill	7'491'399	9'319'474
<b>Total fixed assets</b>	<u>86'219'827</u>	<u>85'374'343</u>
<b>TOTAL ASSETS</b>	<u>365'064'410</u>	<u>349'251'593</u>

ANDREW AG, BACHENBÜLACH

BALANCE SHEET AS OF SEPTEMBER 30, 2005

	September 30, 2005	September 30, 2004
	CHF	CHF
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable		
Trade	27'412'478	20'559'040
Parent company	10'224'551	103'290
Affiliated companies	70'114'133	79'128'073
Other	3'339	14'520
	<u>107'754'501</u>	<u>99'804'923</u>
Accrued taxes	1'445'518	3'326'804
Advance payments	5'018'318	2'651'008
Deferred liabilities	0	0
Accrued liabilities	17'667'600	15'020'864
<b>Total liabilities</b>	<u>131'885'937</u>	<u>120'803'599</u>
<b>Stockholders' equity</b>		
Share capital	17'200'000	17'200'000
Legal reserve	8'600'000	8'600'000
Available earnings		
Balance brought forward	202'647'994	199'529'568
Loss (-) / net income for the year	4'730'479	3'118'426
	<u>207'378'473</u>	<u>202'647'994</u>
<b>Total stockholders' equity</b>	<u>233'178'473</u>	<u>228'447'994</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>365'064'410</u>	<u>349'251'593</u>

ANDREW AG, BACHENBÜLACH

INCOME STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2004/05	2003/04
	CHF	CHF
<b>OPERATING INCOME</b>		
Net sales	390'064'426	327'942'259
Cost of sales	361'854'035	297'016'393
<b>Gross profit</b>	<b>28'210'391</b>	<b>30'925'866</b>
<b>Operating expenses</b>		
Engineering expenses	712'915	1'783'248
Sales and business development	5'021'307	6'336'377
Administrative expenses	5'349'823	5'930'743
Research and development	2'773'404	4'182'348
<b>Total operating expenses</b>	<b>13'857'449</b>	<b>18'232'716</b>
<b>NET OPERATING INCOME</b>	<b>14'352'942</b>	<b>12'693'150</b>
<b>Other income / expense (-)</b>		
Interest expense	- 117'767	- 1'319
Interest income	1'542'119	1'866'306
Dividend income	0	0
Gain / loss (-) on exchange and translation	- 3'832'726	1'878'446
Amortisation of goodwill	- 1'844'623	- 1'875'837
Allowances for losses on investments	0	- 7'992'235
Miscellaneous	- 5'804'404	- 1'884'837
<b>Net other income / expense (-)</b>	<b>- 10'057'401</b>	<b>- 8'009'476</b>
<b>LOSS (-) / INCOME BEFORE TAXES</b>	<b>4'295'541</b>	<b>4'683'674</b>
Income and capital taxes	- 434'938	1'565'248
<b>LOSS (-) / NET INCOME FOR THE YEAR</b>	<b>4'730'479</b>	<b>3'118'426</b>

## **ANDREW AG, BACHENBÜLACH**

### **NOTES AS OF SEPTEMBER 30, 2005**

#### **Basis of Financial Statements**

The financial statements of Andrew AG incorporate the accounts of Andrew AG, Bachenbülach, Switzerland, and the accounts of Andrew Ltd., Lochgelly, Scotland, a branch of Andrew AG.

Both companies maintain their official accounting records and prepare their financial statements in their own currencies for domestic purposes (euro and pound sterling, respectively). The combined financial statements, prepared in Swiss francs for Swiss reporting purposes, include the accounts of Andrew AG, Bachenbülach, and its branch, Andrew Ltd., Lochgelly. They are prepared in accordance with accounting practices in Switzerland.

All significant balances and transactions between Andrew AG and its branch, Andrew Ltd., Lochgelly, have been eliminated on combination.

#### **Foreign Currency Translation**

The accounting records of Andrew AG are maintained in euros and those of Andrew Ltd. are maintained in pound sterling. In the combination, current asset and liabilities have been translated into Swiss francs at the approximate exchange rates prevailing at the balance sheet date and the statement of income at the average exchange rate for the year. Fixed assets have been translated into Swiss francs at historical rates.

Any translation gains or losses are included in the income statement.

#### **Branch Account**

The branch account included in the financial statements of Andrew AG, Bachenbülach, of CHF 55'351'871 originally amounted to CHF 17'029'023. It represented the net asset value of Andrew Ltd., Lochgelly, acquired from Andrew Corp., USA, in September 1984. In September 1989, the account balance was reduced from an extraordinary dividend declared by Andrew AG and partly remitted to the parent company through the branch in Scotland. In the year ended September 30, 1995, the balance further changed from the transfer of accumulated earnings of the branch and the transfer of advances made by the branch to an affiliated company. Between 2003 - 2005 the balance further changed due to the transfer of the Quasar investment and increased investments into Andrew Ltd.

# ANDREW AG, BACHENBÜLACH

## NOTES AS OF SEPTEMBER 30, 2005 (Continued)

### Goodwill

Andrew AG acquired 100% of the shares of Quasar Technology Ltd. (Quasar), UK, in the amount of CHF 16'425'066 in the financial year 2002. The goodwill amounting to GBP 5'754'384 and all other Balance Sheet items of Quasar have been included in Andrew Ltd.. The goodwill is amortized over a period of 7 years.

Even though Group Management and the Board of Directors are of the opinion that the goodwill position is reasonable and supportable based on the available results, Andrew Corp. has issued a guarantee in the amount of CHF 7'491'399 should this amount become impaired or not be collectible.

The guarantee is also including following balance sheet items should they become impaired or not collectible.

- Intangible Assets CHF 8'722'426
- Investments (net) CHF 53'089'123

### Insurance Value

Insurance value of fixed assets including buildings under operating leases

September 30, 2005	September 30, 2004
CHF	CHF

103'095'515	102'608'871
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# ANDREW AG, BACHENBÜLACH

## NOTES AS OF SEPTEMBER 30, 2005 (Continued)

	September 30, 2005 CHF	September 30, 2004 CHF
<b>Details to Income Statement</b>		
<u>Cost of sales</u> include the following:		
Materials and goods purchased	319'913'191	229'005'052
Direct labour	5'250'381	7'435'797
Manufacturing expenses	26'558'896	39'432'827
Material control expenses	8'995'196	9'148'295
Quality assurance expenses	427'562	681'363
Change in inventories	708'809	11'313'061
Total	361'854'035	297'016'395
<u>Personnel cost</u> are included in cost of sales and operating expenses at	39'698'045	47'060'213
<u>Depreciation</u> of fixed assets	5'909'281	6'955'803
<u>Gains on fixed asset</u> disposals are included in other income at	0	0
<b>Investments</b>		
Andrew Cayman Islands Ltd., Cayman Islands		
Activity: Holding company		
Common stock and additional paid-in capital:		
USD 61'365'836 (2001 - USD 58'365'836, 2003 - USD 3 Mio., 2004 - USD 4 mio.)		
100 % owned at cost of	87'245'359	87'245'359
Andrew Instalacoes e Gerenciamento de Servicos Limitada, Brazil		
Activity: Selling and servicing		
Share capital: BRL 15'065'660		
100 % owned at cost of	9'053'576	9'053'576
Andrew Telecommunications s.r.o.		
Modrice, Czech Republic		
Activity: Supplier of communication systems and services		
Share capital: CKZ 97'700'000 / Euro 3'033'184.25		
100 % owned at cost of	4'957'803	4'957'803
Xenicom Limited, UK		
Activity: Supplier of communication systems and services		
Share capital: GBP 9'497'911		
100 % owned at cost of	14'089'938	