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REPORT OF THE STATUTORY AUDITORS

with
financial statements
Year ended September 30, 1997
of

ANDREW AG, BACHENBÜLACH

B.
115123 L15-00



Report of the statutory auditors

to the general meeting of

ANDREW AG, BACHENBÜLACH

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, statement of income and notes) of Andrew AG for the year ended September 30, 1997. The audit work was completed on October 17, 1997.

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 auditing standards promulgated by the profession, 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.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with the law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Zurich, February 20, 1998

ATAG Ernst & Young AG



W. Holdener
Certified accountant



R. Schär
Certified accountant
(in charge of the audit)

Enclosures:

- Financial statements (balance sheet, statement of income and notes)
- Proposed appropriation of available earnings

ANDREW AG, BACHENBÜLACH
BALANCE SHEET AS OF SEPTEMBER 30, 1997

	September 30, 1997 <u>CHF</u>	September 30, 1996 <u>CHF</u>
ASSETS		
Current Assets		
Cash and short-term deposits	27'342'073	6'860'825
Accounts receivable		
Trade	39'637'726	39'966'162
Less allowance for doubtful accounts	(1'186'819)	(1'182'958)
Parent company	4'366'681	2'109'209
Affiliated companies	27'308'821	18'063'803
Other	1'389'649	625'392
	<u>71'516'058</u>	<u>59'581'608</u>
Inventories	22'807'333	23'557'282
Prepaid expenses	1'320'680	1'099'623
Total Current Assets	<u>122'986'144</u>	<u>91'099'338</u>
Fixed Assets		
Land and land improvements	1'824'079	1'518'378
Buildings	5'956'786	4'724'661
Equipment	41'506'894	29'825'609
	<u>49'287'759</u>	<u>36'068'648</u>
Less allowances for depreciation	(33'919'594)	(25'416'147)
	<u>15'368'165</u>	<u>10'652'501</u>
Investment	47'889'973	21'589'950
Total Fixed Assets	<u>63'258'138</u>	<u>32'242'451</u>
TOTAL ASSETS	<u>186'244'282</u>	<u>123'341'789</u>

ANDREW AG, BACHENBÜLACH

BALANCE SHEET AS OF SEPTEMBER 30, 1997 (Continued)

	September 30, 1997 <u>CHF</u>	September 30, 1996 <u>CHF</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current liabilities		
Accounts payable		
Trade	12'157'109	8'321'022
Parent company	903'086	120'515
Affiliated companies	473'638	433'478
Other	31'126	141'101
	<u>13'564'959</u>	<u>9'016'116</u>
Advance payment and deferred revenue	245'189	185'746
Accrued taxes	12'987'137	6'490'210
Accrued liabilities	2'828'810	3'196'814
Total current liabilities	<u>29'626'095</u>	<u>18'888'886</u>
Non-current liabilities		
Deferred taxes	272'585	311'215
Lease obligations	145'785	0
Total non-current liabilities	<u>418'370</u>	<u>311'215</u>
Total Liabilities	<u>30'044'465</u>	<u>19'200'101</u>
Stockholders' Equity		
Share capital	17'200'000	17'200'000
Legal reserve	7'100'000	7'100'000
Retained earnings		
Balance brought forward	79'841'688	50'291'228
Net income for the year	52'058'129	29'550'460
	<u>131'899'817</u>	<u>79'841'688</u>
Total Stockholders' Equity	<u>156'199'817</u>	<u>104'141'688</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>186'244'282</u>	<u>123'341'789</u>

ANDREW AG, BACHENBÜLACH

STATEMENT OF INCOME FOR THE YEAR ENDED SEPTEMBER 30, 1997

	<u>1996/97</u>	<u>1995/96</u>
	CHF	CHF
OPERATING INCOME		
Net sales	213'100'576	156'225'987
Cost of sales	<u>150'395'020</u>	<u>112'055'842</u>
Gross Profit	<u>62'705'556</u>	<u>44'170'145</u>
Operating Expenses		
Engineering expenses	2'110'536	1'759'408
Sales and business development	5'678'921	7'635'436
Administrative expenses	5'705'238	4'992'561
Research and development	<u>888'150</u>	<u>546'012</u>
Total Operating Expenses	<u>14'382'845</u>	<u>14'933'417</u>
NET OPERATING INCOME	48'322'711	29'236'728
OTHER INCOME/(EXPENSE)		
Interest expense	(13'559)	(42'593)
Interest income	2'015'226	1'217'991
Gain on exchange and translation	13'629'676	4'366'844
Miscellaneous	<u>203'844</u>	<u>435'513</u>
NET OTHER INCOME	<u>15'835'187</u>	<u>5'977'755</u>
INCOME BEFORE TAXES	64'157'898	35'214'483
Income taxes	<u>12'099'769</u>	<u>5'664'023</u>
NET INCOME FOR THE YEAR	<u><u>52'058'129</u></u>	<u><u>29'550'460</u></u>

ANDREW AG, BACHENBÜLACH

NOTES TO FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 1997

BASIS OF FINANCIAL STATEMENTS

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

Both companies maintain their official accounting records and prepare their financial statements in their local currencies for domestic purposes (Swiss francs 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 financial statements of Andrew Ltd. are prepared in local currency (pound sterling). In the combination, assets and liabilities were translated into Swiss francs at the approximate exchange rates in effect at balance sheet date and the statement of income at the average exchange rate for the year.

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

CONTINGENT LIABILITIES

	September 30, 1997 CHF	September 30, 1996 CHF
Bank and other guarantees on behalf of affiliated company	<u>2'851'566</u>	<u>1'912'708</u>

ANDREW AG, BACHENBÜLACH

NOTES TO FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 1997 (Continued)

DETAILS TO STATEMENT OF INCOME	September 30, 1997 CHF	September 30, 1996 CHF
<u>Cost of sales</u> include the following:		
Materials and goods purchased	112'493'551	92'972'275
Direct labour	5'838'054	4'080'780
Manufacturing expenses	20'890'614	13'982'614
Material control expenses	4'021'330	3'763'467
Quality assurance expenses	886'407	852'300
Technical services expenses	1'154'412	1'267'087
Change in inventories	5'110'652	(4'862'681)
Total	<u>150'395'020</u>	<u>112'055'842</u>
<u>Personnel cost</u> are included in cost of sales and operating expenses at	<u>22'768'131</u>	<u>18'196'414</u>
<u>Depreciation</u> of fixed assets	<u>4'273'587</u>	<u>3'332'697</u>
<u>Gain on fixed asset disposals</u> are included in other income at	<u>150'534</u>	<u>94'360</u>
INVESTMENT		
Andrew Cayman Islands Ltd.		
Activity: Holding Company		
Common stock and additional paid-in capital:		
USD 36'665'305 (1996 - USD 18'300'000)		
100 % owned at cost of	<u>47'889'973</u>	<u>21'589'950</u>
INSURANCE VALUE		
Insurance value of fixed assets including buildings under operating leases	<u>62'475'301</u>	<u>52'650'259</u>

ANDREW AG, BACHENBÜLACH

APPROPRIATION OF RETAINED EARNINGS AS OF SEPTEMBER 30, 1997

(Proposal of the Board of Directors)

	September 30, 1997 <u>CHF</u>	September 30, 1996 <u>CHF</u>
Retained earnings brought forward	79'841'688	51'220'228
Payment of extraordinary dividend	0	(929'000)
Net income for the year	<u>52'058'129</u>	<u>29'550'460</u>
Retained earnings available	<u>131'899'817</u>	<u>79'841'688</u>
 Retained earnings to be carried forward	 <u>131'899'817</u>	 <u>79'841'688</u>