DEWB

Annual Report 2006

The 2006 business year of DEWB AG

Facts and figures (figures in TEUR)

	2006 IFRS	2005 IFRS	2004 IFRS	2003 HGB
Income from investment business	17,707	38,018	13,922	30,487
EBITDA	4,130	13,393	–3,085	5,263
EBIT	3,467	1,949	–13,187	36
Earnings after taxes	3,107	1,119	–13,218	–1,574
Earnings per share (in Euros)	0.20	0.07	–0.92	–0.12
Shareholders‘ equity per share (in Euros)	2.57	2.63	2.61	2.83
Share price as of 31.12. (in Euros)	2.46	3.90	2.38	3.10
No. of shares as of 31.12.	15,230,00	15,230,000	15,230,000	13,227,818
Invested capital as of 31.12.	40,818	52,439	82,232	81,265
New investments	9,009	7,247	15,747	19,179
No. of portfolio companies	12	15	21	30

Contents Annual Report DEWB AG 2006

Dear Shareholders,

DEWB posted another positive result for the 2006 business year. The proceeds from sales of investments reached 17.5 million Euros, the earnings after taxes 3.1 million Euros. After 2005 therefore we can look back on another successful business year.

One of the key projects in 2006 was the planned disposal of our investment in KSW Microtec AG. Instead of the exit being realised DEWB acquired the other shareholder's stake at the end of the year within the framework of a leveraged buyout and now holds 100 percent of the company via a subsidiary. This approach is a very good example of our way of working which is geared towards maximising the value of the investment portfolio. The challenge in this respect was to change over from a strategy previously pursued by the company of aiming to maximise the sales price, towards an approach that provided for an attractive cost price for the acquisition. One of the reasons for the change in strategy was the loss of two key clients could not be offset in full during the course of the year and which had a significant effect on the purchase price offers in the transaction process. Furthermore, the co-shareholder was adamant about selling its shareholding in the company during 2006 which offered DEWB itself the full opportunity to raise this value potential. The prospects for the RFID market, associated with KSW Microtec AG's position in this technology field which is reflected in innovative products and highly efficient production of technologies, provide an excellent basis for increasing the value of the company significantly in the short term. As a result DEWB's shareholders will be able to participate in full in the growth in value of KSW Microtec AG which will be additionally leveraged through the financing of the acquisition by way of a loan. Our aim is to exploit the potential of KSW Microtec AG to optimum effect and to make it more visible through a targeted strengthening of the marketing and distribution activities in order to prepare the company in the best way possible for the exit which is planned for no later than 2008.

NOXXON Pharma AG reported its greatest operating success to-date back in March – the conclusion of a strategic alliance with the world's largest pharmaceutical company. NOXXON will be developing product candidates for new medicines for Pfizer using its Spiegelmer technology. In this respect, Pfizer will be able to supply NOXXON with up to three targets per year over a period of five years. In addition, Pfizer has been granted a license for the drug NOX-B11, a Spiegelmer developed at NOXXON for the treatment of obesity. NOXXON will receive payments in advance, milestone payments and royalties for the co-development of and license for NOX-B11 when the products are marketed. Pfizer has also taken a stake in NOXXON by way of a capital increase.

The development of our share price in the year just past has provided little cause for satisfaction. The share price was significantly affected by both a ruling from the Federal German Supreme Court (BGH) which had rejected a claim by a DEWB shareholder for payment from the former controlling company JENOPTIK AG on the basis of a previous control and transfer agreement, as well as the announcement by JENOPTIK AG of its intention to further reduce its shareholding in DEWB.

from left to right: Falk Nuber, Bertram Köhler, Mirko Wäckerle

If our investments develop as anticipated, in particular those in KSW Microtec AG and NOXXON Pharma AG, then the low share prices of 2006 are not expected to be repeated. At the beginning of 2007 the Management Board of DEWB acquired its first share positions.

We were well advanced with the examination of a number of new investments but deferred other acquisitions due to the purchase of the remaining shares in KSW Microtec AG. On the basis of the return to an increase in deal flow in 2006 we also expect future attractive investment opportunities in the areas within our technology focus.

Your

Falk Nuber *Member of the Management Board*	Bertram Köhler *Member of the Management Board*	Mirko Wäckerle *Member of the Management Board*

Dear Shareholders,

In the business year just past the Supervisory Board of Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft AG carefully examined the company's situation as well as its future positioning.

In 2006 the Supervisory Board held five meetings on a rotation basis. At these meetings the Management Board provided the Supervisory Board with detailed information on the progress of business and the company's situation. In addition, the Chairman of the Supervisory Board and his deputy were kept regularly informed of the business situation in between the meetings. Business decisions that require the approval of the Supervisory Board were examined and discussed in detail with the Management Board.

In addition to the current business, the focus of the activity was on advising the Management Board on strategic decisions, in particular on the leveraged buyout of KSW Microtec AG.

DEWB not only aimed at realising the sale of investments but also the acquisition of new investments in technology companies. The acquisition of two new investments was postponed in agreement with the Supervisory Board when the opportunity arose for DEWB to acquire the remaining shares in KSW Microtec AG. This enabled the company both to secure the potential value arising from KSW Microtec AG as well as to simultaneously post another positive result.

In the 2006 fiscal year the company moved into new business premises appropriate to the personnel structure. The number of full-time employees reduced from 8 to 7.

The Supervisory Board regularly discussed the Corporate Governance rules and their implementation within the company. The Conformity Declaration for 2006 was agreed at the meeting dated 7 March 2006. The company follows the current version of the recommendations of the Corporate Governance Code dated 12 June 2006 with just two exceptions which have been set out in the Conformity Declaration.

With the exception of the Personnel Committee the Supervisory Board did not establish any committees.

The accounting in the year covered by the report as well as the annual financial statements as at 31 December 2006 prepared on 26 February 2007, together with the management report, were audited by the firm of auditors and tax consultants Hellinger Hahnemann Schulte-Gross GmbH, Stuttgart, which awarded the clean opinion on 26 February 2007. A copy of the annual financial statements, the management report and the auditors' report were sent to each member of the

Supervisory Board and discussed in detail at the meeting on 26 February 2007. At this meeting the auditor reported on the main results of his audit. The independent verification of the annual financial statements and the management report by the Supervisory Board based on the audit report did not lead to any objections. The annual financial statements of Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft AG as at 31 December 2006, prepared by the Management Board, were therefore approved by the Supervisory Board and consequently have been confirmed in accordance with § 172 Clause 1 AktG (Companies' Act). The Management Board proposed to the Supervisory Board that the profit for the 2006 business year being allocated in full to the retained earnings in accordance with the statutes. The Supervisory Board agreed with this proposal. Consequently, no proposal with regard to the allocation of profits will be submitted to the Annual General Meeting.

There were no changes on the Management Board of the company in 2006. The Supervisory Board did not appoint a spokesperson for the Management Board.

With effect from 30 December 2006 the current Chairman of the Supervisory Board, Mr. Alexander von Witzleben resigned his membership of the Supervisory Board. The previous Vice Chairman, Dr. Eckart von Reden, was elected as the new Chairman by the Supervisory Board and Prof. Dr. Gerhard Fettweis as the new Vice Chairman. As a result, of the six members of the Supervisory Board appointed in accordance with the terms of the statutes, one position to be nominated by the employees of the company and one position by the shareholders are vacant. The Supervisory Board has decided to propose to the 2007 Annual General Meeting that in future the statutes of the company should provide for a Supervisory Board comprising three members.

The Supervisory Board would like to thank the Management Board and the employees of the company for their performance during the course of the business year just past.

Jena, February 2007

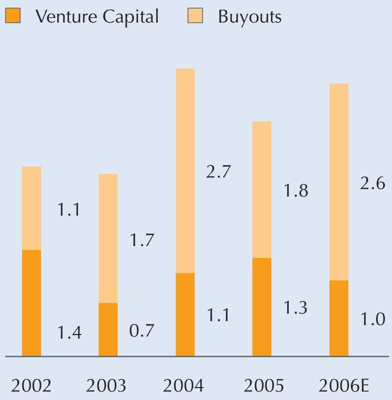
For the Supervisory Board

Eckart v. Reden

Dr. Eckart von Reden
Chairman of the Supervisory Board

General situation of the German investment sector.

Development of gross investments by the members of the BVK
(in billion EUR)



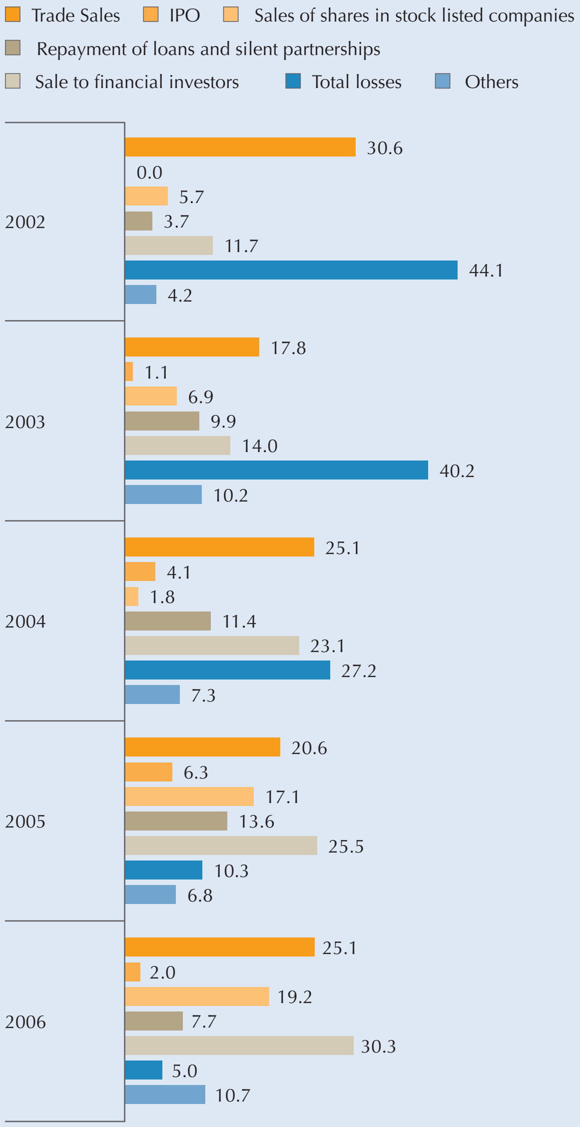
Source: BVK

Investment volume continues to rise. Investments by members of the Federal Association of German Capital Investment Companies (Bundesverbandes Deutscher Kapitalbeteiligungsgesellschaften, BVK) in 2006 rose by almost 50 percent concerning the buyouts by comparison with the previous year, whilst venture capital recorded a fall of 18 percent. The total investment by members of the BVK in 2006 was 3.6 billion Euros.

The focus of the venture capital investments which combine seed, start-up, expansion, bridge, turnaround and replacement capital financing remained on expansion financing both in terms of volume as well as the number of companies financed. The proportion of later financing phases of the total venture capital investments was in excess of 70 percent. At the same time there was a sharp increase in investments in the early phases. The survey by the Venture Capital Panel of FHP Private Equity Consultants and VDI showed that in 2006 127 start-ups received capital financing in first rounds whilst in 2005 the figure was just 35. An important role in that process play public investors such as for example the High-tech Start-up Fund of the KfW.

Trade sales and sales to other investment companies are the key exit channels. Exits in 2006 were dominated by sales of investments to financial investors, particularly to other investment companies. Another important exit channel was sales to strategic investors, so-called trade sales.

Development of the utilisation of the exit channels (figures in %)



Quelle: BVK

Despite a sharp increase in the number of IPOs and a further improvement in the IPO environment compared with 2005, this exit channel played only a minor role. The exit volumes of IPOs more than halved as against 2005. However, we did note an increase in the volume of sales of stock listed investments. The stock market exit channel has a delayed effect for investment companies since what frequently occurs with IPOs is that only a minimal number of shares are placed and a lock-up period is required of the financing banks and investors.

Increased activities in fundraising. In 2006 German investment companies further strengthened their activities in raising new funds. Following the very weak years from 2002 to 2004 there have been signs of increasing capital flows into German investment funds since 2005. According to a study by the BVK published in January 2007 the majority of German investment companies are in the process of fundraising or making preparations to raise new funds. The focus in this respect is on early phase funds and small to medium buyout funds.

Strategy and positioning of DEWB.

Business model.

Investment in technology companies. DEWB invests in strong growth technology companies in order to increase the value of its investments after holding them for three to seven years and then realising these investments by way of a sale. Typically, DEWB acquires a significant minority stake in the shareholders' equity of non stock listed companies through capital increases. In certain situations DEWB also grants loans to companies in which it has an investment. The amount of an investment is normally between 1 and 7 million Euros and can also be higher in individual cases. The funds generated by DEWB from the share sales are invested in new holdings. Since 2005 DEWB has been acknowledged as an open investment company in accordance with § 16 Clause 1 of the Investment Companies' Act.

Concentration on success-related factors. An investment can be divided up into the investment phase, the support phase and the sale of investments known in the sector as an exit. In each of these phases there are key factors that determine the success of an investment. In the investment phase these include, in addition to the marketable technology and a target company's business model, in particular the quality of the management team and the contractual terms under which an investment is made. In order to reduce the risks of an investment DEWB aims for example to divide the total amount invested into several tranches which are only paid providing that specified success criteria are met. Other elements of the contract normally include liquidation preferences as well as rights of information and co-determination which extend over and beyond the general provisions of company law. In this context it is important to DEWB for the agreements with the other shareholders in the company to have a balanced structure in order to ensure parallel interests between financial investor, other shareholders and management. In the support phase DEWB assists its investments in particular through providing business management and legal know-how as well as strategic contacts from its network. The key factors for success in the sale of companies, in addition to the proper preparation of the investments, the structure of the transaction and the way in which the sales negotiations are conducted, are the choice of the right exit channel and the optimal potential buyers. This is an area in which DEWB has experts who possess years of experience, including experience in complex transactions. Since the year 2000 27 companies have been sold with a transaction volume in excess of 250 million Euros. In this context use was made of all the main exit channels, IPOs, trade sales and buy-backs. On average, since it began in the investment business, DEWB has generated proceeds of 45.2 million Euros per annum through corporate transactions, with an average portfolio volume of 87.9 million Euros.

Focus on optical technologies and sensor systems. DEWB specialises in investing in high-tech companies in the area of optical and optic-related technologies as well as sensor systems in Germany, Austria and Switzerland and consequently is positioned in one of the most promising growth areas in this region. Optical technologies utilise light (photons) as a "tool", information or energy medium. They cover the full range of technologies for light

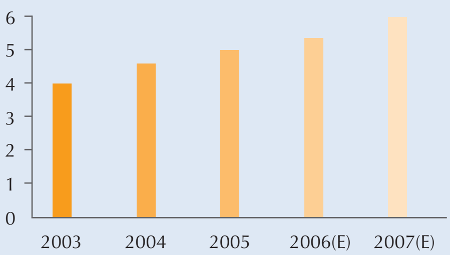
- generation, e.g. lasers, bulbs,
- manipulation, e.g. lenses, gratings,
- transfer, e.g. optical fibre ,
- conversion, e.g. solar cells, LED,
- storage, e.g. CD, DVD, holograms,
- visualisation, e.g. displays and
- exploitation, e.g. water sterilisation using UV rays

As an "enabling technology" optical technologies offer a significant number of potential applications in various sectors and are increasingly replacing conventional technologies. Examples of this are the use of lasers in materials processing, new display technologies and optical storage media. The potential offered by optical technologies is still a long way from being fully exploited. Technological advances are opening up an increasing number of new applications that would be inconceivable without the use of optical technologies.

Seen from the technical viewpoint the wavelength of light is just one section of the electromagnetic spectrum that ranges from radio waves to infrared and UV radiation, up to highenergy X-ray radiation. DEWB's technological know-how extends beyond the boundaries of light. That is why attractive investment opportunities are also being evaluated in associated fields. Thanks to the use of optical technologies in the manufacture of semiconductors and the increasing utilisation of semiconductor technologies in the manufacture of optical components, DEWB has also gained an understanding for developments in the semiconductor sector and derivative technologies such as MEMS.

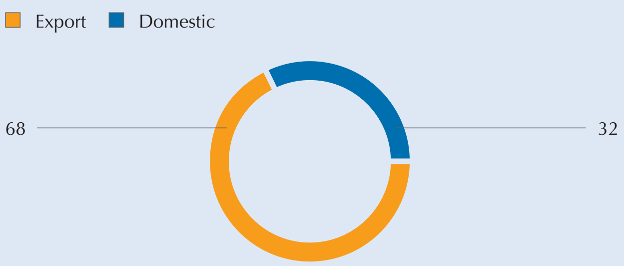
The region of Germany/Austria/Switzerland is one of the world leaders in the target sectors in terms of technology and economics. German companies have a global market share of approx. 40 percent in laser sources for materials processing. Germany is also the Number 1 in sensor systems ahead of the USA and Japan. This is an industry with strong growth and a high export quota.

Development of sales of lasers and optical components in German industry (figures in billion EUR)



Source: Spectaris, May 2006

Distribution of sales 2006(E) (figures in %)



Source: Spectaris, May 2006

The German optical industry is characterised by medium-sized companies and has a large number of company start-ups. Domestic and foreign strategic investors are targeting this field of technology in particular in the search for investment opportunities, creating a functioning M&A market which offers good exit opportunities. For an investment company with the type of profile which DEWB possesses this offers a very attractive environment.

Jena is undoubtedly the most important of the nine "competence centres for optical technologies in Germany". At its location and throughout the German-speaking region DEWB maintains a strong sector network and consequently is ideally placed for promising investments in innovative and strong growth companies and assisting them in achieving their growth.

Portfolio.

The DEWB portfolio comprises 12 investments in the technology fields of Optic/Optical-related technologies/Sensor systems, biotechnology and IT. The value of these investments as of 31 December 2006 totalled 40.8 million Euros (31 December 2005: 52.4 million Euros).

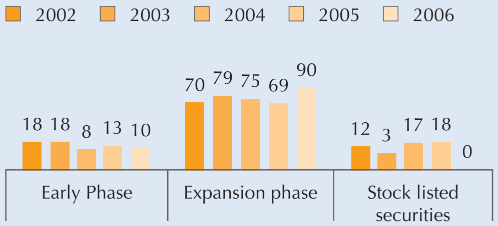
Selected investments of DEWB as of 31 December 2006

	share in %
Optic/Optical-related technologies/Sensor systems	
KSW Microtec AG*	100.0
OLPE Jena GmbH	44.8
µ-sen Mikrosystemtechnik GmbH	40.2
SensorDynamics AG	9.8
Biotechnology	
EPIDAUROS Biotechnologie AG	75.4
Integrated Genomics, Inc.	75.2
NOXXON Pharma AG	61.8
Sloning BioTechnologie GmbH	14.3
IT	
4flow AG	44.4
iTAC Software AG	7.6
IVISTAR Kommunikationssysteme AG	29.3
DEWB-IT GmbH	100.0

** via Erste DEWB Vermögensverwaltungs AG*

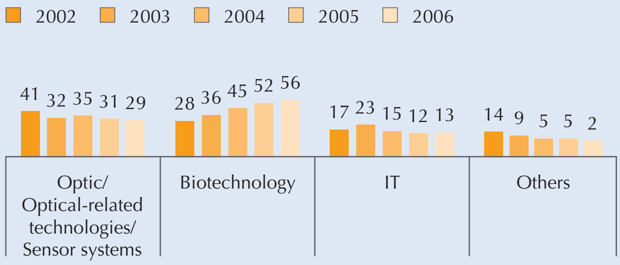
The development of the portfolio structure by financing phase over the last five years can be seen from the diagram below:

Invested capital by financing phase (figures in %)



The main emphasis of the DEWB portfolio is on investments in the expansion phase which accounts for 90 percent of the invested capital. The stock listed securities derived from the exits of Munich Biotech AG and OASIS Silicon-Systems Holding were sold in the 2006 business year. As of the reporting date the DEWB portfolio did not contain any stock listed investments.

Invested capital by technology (figures in %)



Over the last years the proportion of biotechnology investments in the portfolio increasedas a result of the increased demand for capital and the longer period over which these investments were held. The quota of investments taken by Optic/Optical-related technologies/Sensor systems remained at approx. 30 percent. DEWB will not be making any new investments in the biotechnology area. Consequently the proportion of biotechnology investments will reduce over the longer term viewpoint. As a result of the capital demand in particular from NOXXON Pharma AG and the faster than anticipated exits from Optics/Optical-related technologies/ Sensor systems and IT investments, the proportion of biotechnology investments as a share of the overall portfolio will remain at the same high level for the time being.

DEWB will continue to purposefully develop its portfolio companies and prepare them for exits. The portfolio companies are expected to reach their exit maturity stage within the next 3 years.

In December 2006 DEWB increased its shareholding in KSW Microtec AG, Dresden, (KSW) from 29.7 percent to 100 percent via a leveraged buyout. KSW is a worldwide leader in the development and manufacture of intelligent electronic transponders, so-called smart labels and inlays. These electronic transponders are based on the Radio Frequency Identification (RFID) technology. Unlike the previous standard object labelling using barcodes, the data on objects fitted with RFID transponders can be automatically transmitted to a scanning device, analysed and managed on a decentralised basis without any visual contact and offer a high storage capacity. Smart labels are used e.g. in product identification and security (merchandise labelling, library management, animal identification), access controls (tickets, ID cards), electronic payment systems (credit cards) as well as in logistics management systems (luggage logistics, supply chain management). KSW is the world's first provider able to supply a flexible, active RFID label in credit card format – initially with integrated temperature sensor system – that provides for low cost, continual cool chain monitoring. The so-called Vario-Sens label is suitable for use on flexible surfaces such as e.g. blood bags and food packaging and is equipped with a paperthin, ecofriendly, lithiumfree battery. KSW successfully combines high-end wafer technology, highly efficient assembly technologies as well as extensive design know-how and has been able to establish itself in the market as one of the most efficient and simultaneously most flexible manufacturers of RFID inlays.

After reporting sales growth of over 100 percent in the 2005 business year, sales in the business year just past fell slightly to just under 10 million Euros due to the loss of two major clients. One of these clients accounted for approx. 70 percent of sales in 2005. Thanks to the acquisition of several new key clients the company was able to compensate for the majority of the associated lost sales and reduce its dependency upon individual clients. The company reported an EBITDA of approx. 3 million Euros. On the basis of KSW's positioning in the RFID market, which combines numerous innovative products with leading production technologies, DEWB expects KSW Microtec AG to post an average sales growth of 30 percent over the coming years, with a high level of profitability. To this end in particular the sales activities will be clearly strengthening . In addition to the raise in value created by the growth, the development in the value of the shareholding in the company will be increased for DEWB through the gradual reduction in the loan used for the acquisition.

Using its proprietary Spiegelmer technology, NOXXON Pharma AG in Berlin has created a unique, innovative platform for the development of medicines within a comparatively short period of time. Spiegelmers are a new generation of aptamers which possess greater biostability. In March 2006 Noxxon concluded a strategic alliance with the world's largest pharmaceuticals company, Pfizer. Pfizer will for example be commissioning Noxxon to develop up to three Spiegelmers per annum on pharmaceutical targets of its choice over a period of up to five years. In addition, Noxxon has granted Pfizer an exclusive license for its NOX-B11 agent, a Ghrelin antagonist developed at Noxxon for the treatment of obesity. The preclinical and clinical development of NOX-B11 will be carried out by Pfizer. The target start date for the clinical studies with NOX-B11 is 2008. Both contracts entail upfront payments, milestone payments and royalties for the marketing of the products. Pfizer has also taken a stake in Noxxon by way of a capital increase. In the lead-up to the contracts being concluded with Pfizer DEWB exercised existing conversion rights in order to increase its shareholding from 23 percent to over 60 percent.

In addition to the Ghrelin binding agent NOX-B11, licensed to Pfizer, Noxxon has developed other Spiegelmers. The aim is for two of the drug candidates to be further developed by Noxxon itself up to the clinical Phase II:

- NOX-A12 is an anti-angiogenic drug used in the treatment of diabetic retinopathy (macula degeneration);
- NOX-E36 is a Spiegelmer targeted at lupus nephritis which is intended to provide for the very first treatment of this previously untreatable auto-immune disease (inflammatory disease of the kidneys).

All the Spiegelmers developed at Noxxon are in a preclinical stage. The commencement of clinical Phase I is planned for the second half of 2008. In parallel with the clinical trials Noxxon is pursuing its aim of concluding additional alliances with pharmaceutical and biotech companies for which Noxxon is licensing or developing Spiegelmers for the partners' relevant targets. The financing of the clinical trials is to be provided by way of a financing round. DEWB will be investing in this at a level disproportionately below its shareholding in Noxxon.

The company 4flow AG also posted a successful and profitable 2006 with sales growth in excess of 25 percent to 4.7 million Euros. At the end of 2006 the management of the company exercised a call option which it had been granted at the time of a previous capital increase. DEWB's stake in 4flow is accordingly now 44.4 percent. The company specialises in providing consulting and software for logistics and supply chain management. 4flow vista is the first integrated standard software for logistics planning and optimisation. With 4flow turn the company now also offers webbased standard software for inventory optimisation through dynamic order planning. 4flow's clients are large and medium-sized companies in the automotive and chemicals industry, mechanical engineering, trading, high-tech and telecommunication companies as well as logistics service providers.

In 2006 Dr. Michael Lutz took over the management of EPIDAUROS Biotechnologie AG (Epidauros). Building on the patent portfolio created over the past years and its know-how in the field of gene typing, this will create a more powerful commercially-orientated approach for Epidauros. In addition to the services and consulting in the area of gene typing for the development of clinical medicines, the company is now also pursuing application developments for diagnostics. This will expand the use of the patent portfolios in strategic terms and open up additional marketing potential. The manager has participated in a financing round together with DEWB and consequently invested in the company. DEWB's shareholding is now 75.4 percent.

DEWB invested approx. 9 million Euros. In the year covered by the report DEWB invested 9.0 million Euros (previous year: 7.2 million Euros). The funds were invested into the existing portfolio. The examination of some new investments was already well advanced. Contract negotiations had already been held with two potential investments. As a result of the acquisition of the shares in KSW Microtec in the year covered by the report these acquisitions were postponed.

Team.

Experienced team and established network. The team of investors is the key factor in the success of any investment business. It must take the right investment and exit decisions and negotiate corresponding contracts that must be able to safeguard the interests of the investor in respect of the holdings, provide active support for the investments as well as structuring complex transactions. In this context very high demands are placed on each member of the team. A good example of this is the successful changeover from a structured sales process at KSW Microtec to an investment position. The challenge lay in the utilisation of a tight time-frame in which the task was to optimise the cost price and develop the associated financing using a different strategy.

DEWB's interdisciplinary team combines commercial, legal and financing know-how with a distinctive technical understanding of the technologies on which the investment is focused. The team has been working together for seven years in the investment business and has accumulated extensive experience in the acquisition, development and sale of companies. DEWB's concentration on Optic/Optical-related technologies and Sensor systems will impact on the structural composition of the team. DEWB's activities are strengthened by an established, comprehensive sector network, providing scientific and industrial expertise and generating a qualified deal flow. This creates the ideal conditions for DEWB to successfully develop the portfolio, pursue new investment opportunities as well as structure and conclude exits.

Track record. DEWB has been actively involved in the investment business since the end of 1997. Since then a total of nearly 350 million Euros has been invested in 52 investment holdings and revenues in excess of 400 million Euros generated from sales of shareholdings, capital repayments and interest payments. Since it started in the investment business the company has achieved a multiple of 1.3 and an Internal Rate of Return (IRR) of 17 percent.

Presentation of the situation

Accounting in accordance with IFRS

Since its annual financial statements as of 31 December 2005 DEWB has been reporting its financial figures in accordance with the regulations of the International Financial Reporting Standards (IFRS). Differences from the accounting in accordance with HGB (German Commercial Code) arise in particular in the valuation of portfolio companies and the way in which changes in value are shown.

The IFRS stipulate that the figures for financial investments available for sale are shown at their fair value. Consequently the historic acquisition cost do not form the upper limit for the valuation. DEWB applies this higher valuation to its non stock listed investments if it has been realised by an external party, for example in a financing round during which new investors provide the majority of the financing. Stock listed securities are shown at their closing price on the balance sheet qualifying date. Appreciations in value which exceed the acquisition costs are shown in a revaluation reserve in the shareholders' equity, without affecting the results, until realised in an exit.

Losses arising from a change in the fair value of investments are recorded directly in the shareholders' equity. The result is realised on the exit or if objective information leads to the conclusion that a reduction in value has occurred.

Earnings situation

In the 2006 business year DEWB generated 17.5 million Euros from sales of shareholdings. The sale of the stock listed securities in MediGene AG and SMSC accounted for 8.7 million Euros of this figure, with 8.8 million Euros coming from trade sales. The trade sales primarily resulted from the sales of shares in KSW Microtec AG to Erste DEWB Vermögensverwaltungs AG and unique m.o.d.e. AG. In the previous year the proceeds from share sales totalled 37.5 million Euros. These were generated primarily from the sales of shares in Oasis SiliconSystems AG. Comparisons with periods in previous years are only of limited relevance at DEWB as a result of the business model. Significant fluctuations in revenues and financial results are a characteristic feature of the investment business since sales and consequently the realisation of earnings from share sales arise on an irregular basis.

Between February and April 2006 DEWB sold MediGene shares via the stock market at an average sale price of 8.69 Euros and therefore around the highs for the year 2006. The company generated a gross result of 1.2 million Euros from these sales.

The shares in SMSC were subject to a lockup period up to 30 March 2006. The share price came under strong pressure from mid March 2006 and in the 2nd quarter of the year weakened from 33 US dollars to below 21 US dollars at certain points. DEWB began placing its SMSC shares for sale following the end of the lockup period. In anticipation of a recovery in the price it initially only placed one third of the portfolio for sale in the 2nd quarter and the remaining shares in the 3rd and 4th quarter. At an average sale price of 27.55 US dollars the SMSC shares were also sold at the top end of the prices in the year covered by the report. The gross result generated from the SMSC sale totalled 2.0 million Euros.

Within the framework of the leveraged buyout of KSW Microtec AG, DEWB sold its shares in KSW Microtec to the purchasing company, generating a gross result of 2.1 million Euros from the transaction. The management of 4flow AG exercised a call option which it had been granted and purchased approx. 21 percent in the company from DEWB. unique m.o.d.e. AG was sold in December 2005 to the Jenoptik Group, affecting the results in the year covered by the report.

The company generated a gross result of 5.3 million Euros in the investment business (2005: 2.8 million Euros). DEWB succeeded in realising a positive result from every one of the exits in the year covered by the report. The value adjustments in the investment business in the 2006 business year, at 0.7 million Euros, were significantly lower than the previous year's figure of 11.2 million Euros. These were applied predominantly to the adjustment in the value of a claim against a company which was in insolvency, as well as against DEWB-IT GmbH. In the previous year the value adjustments primarily affected an investment in the biotech area.

The management costs in the year covered by the report, at 1.9 million Euros, were 14 percent lower than the figure for 2005. The management costs in the previous year had already been adjusted by the costs for restructuring and structure costs which will no longer be incurred in the future.

DEWB consequently posted an EBIT (earnings before interest and taxes) of 3.5 million Euros compared with 1.9 million in the previous year. The marked improvement in the financial result by comparison with the previous year, of –0.3 million Euros (2005: –0.8 million Euros) reflects the sharp reduction in the level of DEWB's debt. The liquidation of deferred taxes produced a tax income of 0.1 million Euros. DEWB posted earnings after taxes of 3.1 million Euros for the 2006 business year (previous year: 1.1 million Euros). This corresponds to earnings per share of 0.20 Euros (2005: 0.07 Euros) based on the 15,230,000 bearer no-par shares issued.

Asset situation

The DEWB balance sheet total as of 31 December 2006 was 51.2 million Euros compared with 66.8 million Euros as of 31 December 2005. Short-term receivables arising from the investment business were 3.6 million Euros lower in the year covered by the report, primarily resulting from the repayment of loans issued. Value adjustments to loans were required in the sum of 0.7 million Euros. Long-term assets, which include the financial investments of the investment business, represent the main portion of DEWB's assets. The investments in, as well as long-term claims against, portfolio companies are combined within the financial investments of the investment business. In the year covered by the report the figure fell to 39.6 million Euros as against 47.7 million Euros as of 31 December 2005. In this context, investments in the sum of 8.6 million Euros were offset by disposals arising from sales in the sum of 16.4 million Euros and net changes in values in the sum of –0.6 million Euros.

Deferred tax assets totalled 2.8 million Euros as of 31 December 2006. Deferred tax assets and deferred tax liabilities arising from temporary differences produced virtually a zero balance since these involved equal amounts. Deferred tax assets arising from losses carried forward were capitalised in the sum of 2.8 million Euros. These relate to a fiscal loss carried forward in the sum of 44.0 million Euros as of 31 December 2006 and were set aside on the basis of results forecasts and a tax rate of 25 percent. Since DEWB qualifies as an investment company it is not subject to business tax. Business tax was therefore not taken into account when valuing the deferred tax assets.

Profits generated from sales of shares in incorporated companies by incorporated companies in Germany are fundamentally not subject to taxation under § 8b Corporation Tax Act (Körperschaftsteuergesetz, KStG). The exemption under § 8b Clause 7 KStG, according to which profits from short-term results of trading for own account by finance companies are to be taxed according to the German Banking Act (Kreditwesengesetz, KWG) was interpreted by the tax authorities in a letter from the Federal Ministry for Finance dated 25 July 2002 to the effect that the disclosure of investments under current assets is a sufficient indication of the intention to generate short-term profits from trading for own account. DEWB considers the acquisition, development and sale of investments to be its operating business and therefore shows these investments under current assets in the relevant annual financial statements for taxation purposes correctly in accordance with German commercial law. Consequently, in the opinion of the tax authorities the profits derived from the sale of investments are subject to corporation tax.

Cash inflows arising from the sales of investments were also utilised in 2006 for further repayments of bank loans. Liabilities to banks as of 31 December 2006 totalled 9.6 million Euros (31 December 2005: 19.6 million Euros). 5.0 million Euros of this are of a long-term nature resulting from agreements with JENOPTIK AG arising from the year 2005. Net financial liabilities therefore fell from 9.3 million Euros at the start of the year to 3.3 million Euros as of the balance sheet qualifying date.

The shareholders' equity fell slightly by 2.4 percent compared with the previous year, to 39.2 million Euros. A large proportion of the profits realised in the year covered by the report had already been taken into account in the shareholders' equity as of 31 December 2005, as a revaluation reserve and consequently did not increase the shareholders' equity. The revaluation reserve, which shows the difference between the fair value and the acquisition cost of investments up to the date of their realisation in the form of an exit, fell slightly into the red at –0.4 million Euros. The increases in the value of portfolio companies shown as of 31 December 2005 were realised in full in the year covered by the report. In determining the fair values, appreciations and reductions in value in the business year virtually offset each other. As a result of the continued reduction in the level of debt the shareholders' equity capital quota increased to 76.5 percent (previous year: 60.1 percent). Based on the 15.23 million shares issued the shareholders' equity per share is 2.57 Euros (31 December 2005: 2.63 Euros).

Liquidity situation

In the operating business DEWB posted a cash flow of 5.8 million Euros in the 2006 business year (previous year: 28.4 million Euros). The company received additional 0.5 million Euros as the final payment from a real estate fund. DEWB used 10.5 million Euros to repay loans. As of 31 December 2006 the liquidity totalled 6.3 million Euros.

Supplementary report

No events having a significant effect on the asset, financial and earnings situation occurred after the balance sheet qualifying date.

Remuneration for the Executive Board

The remuneration for the Executive Board contains a fixed and a variable component. The variable payment is divided into a component for achieving individual targets as well as a share in the net result for the year. The targets forming the basis for calculating payments are set by the Supervisory Board. The fixed component is paid on a monthly basis and includes a company vehicle which is also available for private use.

The members of the Executive Board received the following payments in the 2006 business year:

Figures in TEUR

	Bertram Köhler	Falk Nuber	Mirko Wäckerle
Fixed payment	125	125	125
Profit-related payment	50	50	50
Benefits for insurance premiums, private use of a company vehicle	13	21	12

DEWB share.

DEWB is a stock listed investment company. The shares are continually traded on the Frankfurt Stock Exchange and on XETRA under ISIN DE0008041005 and authorised for trading on the Prime Standard. In order to secure good tradability on the part of the share DEWB has had a designated sponsor since 2002.

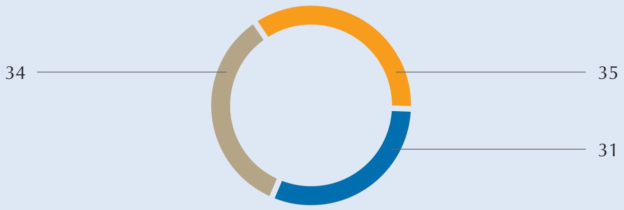
The development of the DEWB share price in 2006 was very unsatisfactory. One of the reasons for this is likely to have been the special effect of the ruling by the Federal Supreme Court (BGH) on 8 May 2006. This ruling rejected a claim in which a DEWB shareholder had filed a demand for payment from the former controlling shareholder JENOPTIK AG for shares tendered to JENOPTIK AG in connection with an earlier dependency agreement, a right which had been reserved for the then entitled shareholders. 2 million DEWB shares were traded on the Stock Exchange on the date the ruling was announced. This represents a volume many times the normal daily turnover and the share subsequently suffered a significant loss in value. Further losses followed in the second quarter in line with a broad fall in the equity markets. However, by contrast to the market as a whole, the DEWB share only managed a small recovery in the price during the further course of the year. This may also have been due to the announcement by the former majority shareholder JENOPTIK AG of its intention to further reduce its shareholding in DEWB for strategic reasons. As of the year end, in combination with the report of the leveraged buyout of KSW Microtec AG, the share price showed a positive development.

DEWB AG vs and Prime All Share Index 01.01.06 to 31.12.06 (figures in EUR)

The free float of DEWB AG shares increased significantly in 2006. Whilst JENOPTIK AG and JENOPTIK Pension Trust e.V. together still held around 65 percent of the shares in DEWB at the beginning of 2006, as of the year end JENOPTIK AG only maintained a shareholding of approx. 11 percent. JENOPTIK Vermögensverwaltungsgesellschaft mbH has reduced its stake in DEWB to less than 5 percent.

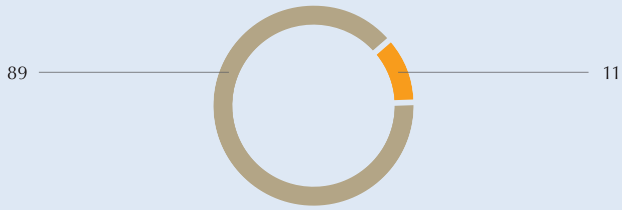
31.12.2005 (figures in %)

JENOPTIK AG · JENOPTIK Vermögensverwaltungsgesellschaft mbH · Free-float



31.12.2006 (figures in %)

JENOPTIK AG · Free-float



Risk report.

Highly volatile business model. DEWB's business model can lead to significant fluctuations in sales, results and cash flows. The period between the investment in and sale of an investment is several years. Sales and profits are only realised when the shares in an investment are sold. The associated transactions are often complex and it is not possible to plan the timing precisely. Consequently, years of strong sales and earnings can quickly be followed by years of weak sales and earnings. The associated uncertainty of the forecast cash flows is countered by having a sufficient liquidity reserve and lines of credit.

There are risks for DEWB in particular in the failure of the business models of investment companies. If the investment holdings do not achieve the planned sales and income levels, targeted at the time of the investment, then the proceeds from the sale on exit can be below the acquisition costs. The level of the proceeds from sales is also subject to market fluctuations resulting from, amongst other things, changes in the willingness of participants in the capital markets to take risks and changes in interest rate levels. Risks arising from technology, market opportunities and the liquidity situation of the investments as well as changes in the current market valuations are taken into account during regular reviews of the valuation rates applied and any loss risks identifiable in this respect are shown through value adjustments. Nevertheless, the possibility cannot be ruled out that the development by individual investments will fail to meet expectations or that the proceeds from sales will not reach the anticipated level. The assumptions drawn can also be over-pessimistic. In individual cases it is possible for the book value to be over or understated.

Additional risks can arise from concentrating investments on just a few investment holdings. As a general rule DEWB does not invest more than seven million euros in one individual investment. As of the qualifying date 31 December 2006 the DEWB portfolio included two investments with a higher value, NOXXON Pharma AG and Erste DEWB Vermögensverwaltungsgesellschaft AG.

DEWB's business model is to invest in growth companies. The associated opportunity to generate high profits as the value of the investment holdings increase is set against the risk of the amount received on an exit being less than the amount invested. In order to limit the risks DEWB has implemented a sophisticated risk management system at three levels: the single investment, the investment portfolio and the DEWB as a whole.

Risk management at the investment level. The acquisition of an investment requires risk-minimisation processes during the actual acquisition phase itself. As such, DEWB concentrates its investments on its core area of technological expertise in optical technologies. This significantly reduces the risk of bad investments. Another provision for risks comes from the design of the investment contracts. As a fundamental rule dilution protection is agreed for subsequent financing rounds and liquidation preference given to the capital provider in the distribution of the exit proceeds.

The investment amount is frequently divided into a number of tranches, the due payment of which is dependent upon certain targets (milestones) being achieved. The volume of an investment depends upon an investment holding's development phase. A maximum of 3 million euros is invested in the early phases which entail greater risk, a maximum of 7 million euros per commitment normally being invested for expansion financing.

During the support phase the aim is to increase the value of the investments through active coaching and to counter undesirable developments at an early stage. The focus of investments on the German-speaking region provides close ties and geographic vicinity with the investments, ensuring a smooth, fast and flexible exchange of information. This is a key factor in success, particularly with investments in the early phases of development. The investment controlling is based on monthly reports by the investment holdings. Including quality-related and non-financial criteria in the controlling gives DEWB an early warning system, enabling it to identify undesirable developments in good time and to take the corresponding countermeasures.

Risk management at the investment portfolio level. The sectors on which DEWB's investments are focused entail a high level of technological and market risk. In addition, with biotechnology companies that develop new active agents for medicines there is the risk of clinical trials proving unsuccessful. This can mean the failure of a business model and consequently for DEWB a total loss of its investment.

By focusing on Optics/Optical-related technologies/Sensor systems DEWB is investing in technologies with a range of applications in many different sectors, providing for a systematic reduction in the risks by creating portfolios with a diversified sector structure. DEWB is currently over-weighted in biotechnology, a situation which it intends to reduce over the coming years through exits and new investments in Optics/Optical-related technologies/Sensor systems.

DEWB is aiming for a high proportion of late phase financing in its portfolio. The business models and technologies that require financing in this growth phase are proved and tested and already reporting the first successes in the market. Investments in these companies entail a markedly lower risk than commitments in the early phase.

Risk management at the level of DEWB. Strategic and operational controlling is applied in order to monitor DEWB's attainment of both long and short-term targets. The development of the situation relating to the net assets, financial and earnings position is presented and analysed in up-to-date reports and forecasts, published monthly. This enables the Executive Board to respond at any time to current developments and risks.

No legal risks at present. There are currently no legal risks arising from contract errors or claims for damages against DEWB. An application for granting legal aid for a lawsuit against DEWB by the administrator of Data Disc Robots GmbH was rejected by the District Court of Gera as well as by the Jena Superior District Court on appeal. Having examined the content of the intended lawsuit DEWB sees no risk of damages. DEWB regularly conducts asset and liability proceedings resulting from the business model from which the possibility of risks arising in the future cannot be completely ruled out.

Low overall risk. There is no identifiable risk to the survival of the company through insolvency or over-indebtedness. As of the balance sheet qualifying date DEWB had liquid assets in the sum of 6.3 million Euros and is in a position to meet its short and medium-term payment obligations.

Forecast report.

The focus of the activity in the coming business year will be on the development of the portfolio companies in order to increase its net asset value through active management of the investments.

DEWB will also actively develop exit opportunities for portfolio companies in 2007. These will include KSW Microtec AG. Since KSW Microtec AG offers significant value potential through development of the company DEWB will work primarily on strengthening the market position and growing the operating business. The decision on the company's exit will depend above all on whether the purchase prices offered appropriately reflect the potential. If it does not appear appropriate to realise the exit of KSW Microtec AG in the 2007 business year the proceeds and results from sales of companies are expected to be down on the figures for the previous year.

The aim with other investments is to achieve a critical mass for the market, improve the market position or to implement strategic technology additions through targeted M&A transactions. This will make the companies attractive to strategic investors or ready for an IPO. In this respect it is very difficult to forecast the timing and volumes of exits as a result of the complexity of the transactions. The aim for NOXXON Pharma AG is to conclude a financing round in the first quarter 2007. The intention here, based on the Spiegelmer platform, is to finance the drug development of one to two drug candidates through to Phase II. As an alternative, the possibility of an exit through the sale to a drug development company would also be examined for this investment.

In 2006 the deal flow was significantly increased through the aggressive search for potential acquisitions in our target technologies, aided by a marketing campaign. On this basis DEWB also anticipates attractive investment opportunities in its focal areas of Optics/Optical-related technologies/ Sensor systems in the future. In order to be in a position to fully exploit the growing number of attractive investment opportunities independently of coinciding inflows from share sales, there will be a need to expand the investment funds.

Jena, 26 February 2007

Bertram Köhler Falk Nuber Mirko Wäckerle

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Balance Sheet as at 31 December 2006 and 2005 (IFRS)

Figures in TEUR

ASSETS	Notes No.	31.12.2006	31.12.2005
A. Short-term assets		**7,900**	**16,880**
Cash and cash equivalents		6,307	10,525
Receivables from goods and services		43	613
Short-term receivables from the investment business		1,186	4,771
Other short-term assets	3	364	971
B.Long-term assets		**43,277**	**49,900**
Financial investments of the investment business	4	39,632	47,668
Other long-term financial assets	5	771	663
Tangible assets	6	38	71
Deferred tax assets	7	2,836	1,498
Total assets		**51,177**	**66,780**

Figures in TEUR

LIABILITIES	Notes No.	31.12.2006	31.12.2005
A. Short-term liabilities		**6,517**	**16,162**
Short-term liabilities to banks		4,630	9,637
Liabilities from goods and services		11	406
Provisions for pensions	10	581	597
Short-term provisions	8	1,097	1,741
Other short-term liabilities		198	3,781
B. Long-term liabilities		**5,500**	**10,500**
Long-term liabilities to banks	9	5,000	10,000
Other long-term liabilities		500	500
C. Shareholders‘ equity		**39,160**	**40,118**
Subscribed capital	11	15,230	15,230
Capital reserve	14	45,752	45,752
Revaluation reserve	15	–411	3,654
Retained earnings		–21,411	–24,518
Total liabilities		**51,177**	**66,780**

Income statement 2006 and 2005 (IFRS)

Figures in TEUR

	Notes No.	2006	2005
Income from the investment business	16		
Income from share sales		17,496	37,455
Interest and dividend income		211	563
Expenses for share sales	17	11,756	23,968
Value adjustments in the investment business		651	11,238
Gross profit from the investment business	**18**	**5,300**	**2,812**
Administrative expenses	19	1,881	2,197
Other operating income	20	159	6,107
Other operating expenses	21	111	4,773
Earnings before interest and tax (EBIT)		**3,467**	**1,949**
Financial Result	22	–288	–844
Earnings before taxes		**3,179**	**1,105**
Taxes on income and earnings	23	72	-14
Earnings after taxes		**3,107**	**1,119**
Earnings per share – undiluted (in Euros)	24	0.20	0.07
Earnings per share – diluted (in Euro)	24	0.20	0.07
Weighted number of shares – undiluted		15,230,000	15,230,000
Weighted number of shares – diluted		15,230,000	15,230,000

Statement of changes in shareholders‘ equity 2006 and 2005 (IFRS)

Figures in TEUR

	Subscribed capital	Capital-reserve	Revaluation-reserve	Own shares	Retained earnings	Shareholders‘ equity
Balance as of 01.01.2005	**15,230**	**43,252**	**7,042**	**–128**	**–25,637**	**39,759**
Transactions with Shareholders		2,500				2,500
Change in value of own shares				128		128
Change in revaluation reserve			–3,388			–3,388
Net result					1,119	1,119
Balance as of 31.12.2005	**15,230**	**45,752**	**3,654**	**0**	**–24,518**	**40,118**
Change in revaluation reserve			–4,065			–4,065
Retained earnings					3,107	3,107
Balance as of 31.12.2006	**15,230**	**45,752**	**–411**	**0**	**–21,411**	**39,160**

Statement of cash flows 2006 and 2005 (IFRS)

Figures in TEUR

	2006	2005
Net result	3,107	1,119
Cash flow from the investment business		
Profit from the sale of investments	–5,981	–13,715
Receipts from the sale of investments and the repayment of loans	12,971	38,331
Payments for Investments	–4,371	–6,847
Value adjustments to investments	651	11,186
Depreciation on fixed assets	12	206
Profits/losses from the sale of fixed assets	–22	50
Other non-cash expenses and income	20	–1,795
Changes in other operating assets and liabilities		
Receivables from goods and services	–15	0
Other receivables and assets	–32	–300
Provisions	–261	419
Liabilities from goods and services and other liabilities	–299	–255
Cash flow from operating activities	**5,780**	**28,399**
Receipts from the sale of tangible assets	26	17
Payments for investments in tangible assets	0	–13
Receipts from the disposal of financial assets	562	1,335
Payments for investments in financial assets	–100	0
Cash flow from investing activities	**488**	**1,339**
Receipts from the sale of own Shares	0	226
Repayments of loans	–10,486	–22,977
Payments for finance leases	0	–96
Cash flow from financing activities	**–10,486**	**–22,847**

Change in cash and cash equivalents	**–4,218**	**6,891**
Cash and cash equivalents at beginning of the period	10,525	3,634
Cash and cash equivalents at end of the period	**6,307**	**10.525**

Payments for taxes	75	0
Payments for interests	632	1,410
Receipts from interests	359	664

1. Based and methods

Business activity of the company

The company is registered under the name of „Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG" (hereafter referred to in short as „DEWB AG" or the „Company") in the Jena Commercial Register, number HRB 208401 in Germany. The companies registered offices are in Jena.

The subject of the business activity is the acquisition, holding, management and sale of risk capital investments, primarily in technology-related sectors, as understood by § 1a Clause 2 of the Investment Companies' Act (UBGG).

Application of the International Financial Reporting Standards

These individual annual financial statements of DEWB AG were produced in accordance with the International Financial Reporting Standards (IFRS) of the IASB, taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). All standards to be applied for the 2006 business year were taken into consideration. No accounting or valuation methods that do not comply with the IFRS were used.

These annual financial statements contain the following accounting and valuation methods which deviate from German law:

- Accounting for deferred taxes in accordance with the balance sheet-orientated liability method; capitalization of deferred tax claims arising from fiscal losses carried forward; accentual of effective income taxes
- Valuation of the pension provisions in accordance with the Projected Unit Credit Method, taking into account future payroll developments
- Valuation of financial instruments with the exception of loans and claims issued or of financial investments held-to-maturity at the fair value, if this can be reliably determined, with the resultant changes in value treated as not affecting the results

2. Accounting and valuation methods

Bases

In order to improve the clarity and transparency of the annual financial statements individual items in the balance sheet and statement of income are shown combined and explained in the Notes.

Unless specified otherwise all amounts are stated in thousand Euros (TEUR).

Assets and liabilities with a residual period of less than one year are shown as temporary items. The residual period is always calculated starting from the balance sheet qualifying date.

Cash and cash equivalents

Cash and cash equivalents are valued at the amortised costs. Inventories in foreign currencies are shown at the exchange rate on the balance sheet qualifying date. Cash and cash equivalents – with the exception of cash and cash equivalents balances in the sum of TEUR 32 (previous year: TEUR 33) – are exclusively credit balances with banks with immediate availability.

Receivables from goods and services and other receivables

Receivables are shown at amortised costs. Default risks may arise particularly in connection with claims arising from the investment business. Identifiable credit rating risks and payment delays are taken into account through corresponding value adjustments.

Original financial assets

Original financial assets cover the shares in the investment business (unlisted and listed shares in other companies) and other financial assets.

Financial assets are capitalized at procurement costs on the settlement date, i.e. the date the asset is created or transferred. Long-term, low or non-interest bearing loans are shown at their cash value.

The follow-up valuation is governed by the category in which the financial assets are to be allocated in accordance with IAS 39. Financial assets that have been allocated to the held-to-maturity category are shown at amortised costs as at the balance sheet qualifying date. If the realizable as at the balance sheet qualifying date amount falls below the book value, value adjustments are applied, affecting the results. DEWB AG assigns other loans to the held-to-maturity category.

DEWB AG assigns shares in the investment business, shares in associated companies and other investments to the available for sale category. These are shown at the fair value as at the balance sheet qualifying date, providing these can be reliably determined. There is frequently no fair value available from market transactions for investments in unlisted companies. The methods used for company valuations – particularly in the case of young companies with fluctuating earnings – do not provide a reliable market value as there is considerable uncertainty about the reliability of the assumptions upon which the valuation calculations are based. Values that can be objectively ascertained either from binding purchase offers or similar agreements with third parties (e.g. capital increases) are considered as being able to be reliably determined. Until such an event arises the investments will continue to be valued at the amortised costs. In this context it is only model-orientated value calculations that do not produce reliable values.

Positive and negative changes in value are applied to the revaluation reserve in the shareholders' equity, without affecting the results. The liquidation of the reserves affecting the results is carried out either on the sale or a sustained fall in the market value below the book values. Providing there is objective evidence of a reduction in value this is not allocated to the revaluation reserve but instead recorded as affecting the results.

Derivative financial instruments

DEWB AG was the holder of convertible debentures and convertible bonds which have been issued by investment holdings. These instruments represent combined financial instruments and, at the time of the addition, are divided into two components of loan claim (basic transaction) and conversion right (embedded derivative). The two components are to be shown separately in the accounts.

The valuation of the two components at the time of the addition is carried out at the fair value. The fair value of the loan claim is calculated as a cash value of the anticipated payments. In this context, the company applies a standard market interest rate that would have to be paid for a comparable loan without a conversion right. The fair value of the conversion right is determined as the residual value of the procurement costs for the combined instrument, less the fair value of the loan claim.

In the follow-up valuation the loan claim, as a financial instrument in the held-to-maturity category, is valued at amortised costs. The conversion rights relate to unlisted shareholders' equity instruments and must therefore be valued at the amortised costs. The derivative is deleted from the accounts on the date the conversion right is exercised.

DEWB AG uses derivative financial instruments as hedging transactions for controlling risks arising from currency fluctuations. Within the framework of the cash-flow hedging currency risks are secured for future variable cash flows. The changes in the fair value of the derivative financial instruments used are recorded. The changes in the fair value are recorded directly in the shareholders' equity for financial instruments to be categorized as effective.

The purpose of the fair value hedging is to protect against currency risks for assets and liabilities in the balance sheet through the use of hedging transactions. A profit or loss resulting from the change in the fair value is recorded immediately in the statement of income, affecting the results.

Fixed assets

Material assets which are used in the business operation for more than one year are valued at their procurement costs less scheduled, straight-line depreciation. The useful lives applied as a basis reflect the anticipated useful lives in the company. The useful life for operating and business equipment is 3 to 10 years.

Liabilities

Liabilities are valued at the amortised costs.

Provisions

The valuation of the pension provisions is based on the accrued cash value method for defined benefit retirement pension plans as stipulated in IAS 19. The interest portion contained in the pension costs is shown as interest costs in the financial result.

Other provisions are set aside if there is a liability to third parties arising from a past and if this is likely in future to lead to an asset outflow and this amount can be reliably estimated. If no provision was able to be set aside because one of the above-mentioned criteria had not been met, the corresponding liabilities are shown under contingent liabilities.

The rate applied for the valuation of the provisions is reviewed at each balance sheet qualifying date.

Deferred tax items

Deferred taxes are set aside in accordance with IAS 12 for differences in valuation between the fiscal balance sheet and the IFRS balance sheet. Tax losses carried forward which can probably be utilized in the future, are capitalized at the amount of the deferred tax claim.

Realisation of income and costs

Proceeds from sales or other operating income are realised when the service is rendered or on transfer of the risk to the recipient of the service resp. the purchaser. Standard market purchases and sales are shown in the accounts as at the settlement date.

Operating expenses have an effect on the results on the utilisation of the service or on the date these are incurred. Interest income and costs are recorded in the period they arise. Dividends are recorded as income on the date the legal entitlement arises.

Financing costs

Borrowing costs are recorded as costs.

Use of estimates

The preparation of the annual financial statements to a certain extent requires assumptions and estimates which affect the valuation rate for assets and liabilities as well as the amounts shown for expenses and income. The valuation of shares in particular is carried out on the basis of planning statements and forecasts. The assumptions and estimates are made on the basis of current knowledge. The actual developments can deviate from these assumptions and estimates.

Segment reports

At DEWB AG the investment business is run internally on an integrated basis, i.e. without any segmentation into individual areas or regions. DEWB AG generates its sales primarily through the sale of investments. The portfolio companies are predominantly domestic, technology-orientated growth companies. The regional origin of the share purchaser does not give rise to differences in risk for the company's business activity. As a result of this integrated structure no distinction is drawn between individual segments.

3. Other short-term assets

Other short-term assets comprise the following:

Other short-term assets (figures in TEUR)

	31.12.2006	31.12.2005
1. Tax claims due	118	189
2. Other short-term receivables	108	683
3. Short-term claims against affiliated companies	91	22
4. Short-term claims arising from loans	30	12
5. Accruals and deferrals	17	65
Balance sheet valuation of other short-term assets	**364**	**971**

Reductions in value in the sum of TEUR 651 (previous year: TEUR 1,449) were recorded for short-term claims arising from the investment business in the business year.

4. Financial investments of the investment business

The financial investments of the investment business comprise the following:

Financial investments of the investment business (figures in TEUR)

	31.12.2006	31.12.2005
1. Investments in unlisted companies	33,454	34,005
2. Investments in listed companies	0	9.292
3. Long-term receivables from the investment business	6.178	4.371
Balance sheet valuation of financial invest-ments of the investment business	**39,632**	**47,668**

Investments in the investment business were financed entirely out of liquid assets.

Investments in unlisted companies

Increases in fair value in the total sum of TEUR 1,592 (previous year: TEUR 1,119) were recorded in the business year. Value reductions applied to investments in unlisted companies, to be taken into account as affecting the results, totalled TEUR 0 (previous year: TEUR 9,771). The requirement for value reductions in the previous business year resulted from significant financial difficulties resp. a reduction in the anticipated cash flows of the company's portfolio investments. Reductions in the fair value rate in the sum of TEUR 2,150 (previous year: TEUR 0) were taken into account in the revaluation reserve.

Investments in listed companies

Investments in listed companies are regularly shown at their fair value. The changes in the fair value are recorded in the revaluation reserve. During the course of the disposal of investments in listed companies the revaluation reserve for changes in the fair value of listed investments was liquidated in the amount of TEUR 3,087. Appreciations in value in the sum of TEUR 76 (previous year: TEUR 2,695) increased the shareholders' equity in the business year, without affecting the results. Reductions in the fair value of the investments in listed companies in the total sum of TEUR 714 (previous year: TEUR 53) were recorded directly in the shareholders' equity during the business year and reductions in the sum of TEUR 28 in the shareholders' equity carried out independently of investment sales and affecting the results.

5. Other long-term financial assets

Other long-term financial assets comprise the following elements:

Other long-term financial assets (figures in TEUR)

	31.12.2006	31.12.2005
1. Other investments	445	445
2. Other loans	247	193
3. Long-term tax claims	28	0
4. Shares in affiliated companies	25	25
5. Long-term claims against affiliated companies	17	0
6. Other long-term claims	9	0
Balance sheet valuation of other long-term financial assets	**771**	**663**

6. Fixed assets

The development of the book values and procurement costs of the assets shown under fixed assets in the business year was as follows:

Fixed assets (figures in TEUR)

	Other equipment, business and office equipment
Procurement/manufacture costs	
01.01.2006	382
Disposals	145
31.12.2006	**237**
Depreciation	
01.01.2006	311
Additions	12
Disposals	124
31.12.2006	**199**
Book value 31.12.2006	**38**
Book value 31.12.2005	**71**

7. Deferred tax assets

The deferred tax assets shown are itemised as follows:

Deferred tax assets (figures in TEUR)

	31.12.2006	31.12.2005
Deferred tax assets on temporary differences		
of which:		
Recorded against tax costs	292	408
Offset by deferred tax liabilities arising from temporary differences		
Recorded against tax costs	–206	–564
Recorded against shareholders' equity	0	–1,218
Deferred tax assets arising from losses carried forward	2,750	2,872
Balance sheet valuation of deferred tax assets	**2,836**	**1,498**

The deferred tax assets are calculated on temporary differences resulting from rate and valuation differences in the individual balance sheet items. The current rate of corporation tax, 25 percent (previous year: 25 percent) was taken into account when calculating the deferred tax claims and liabilities. No account was taken of the solidarity surcharge in view of the uncertainty with regard to its permanent nature.

The tax on business earnings has also been excluded from the calculation of the deferred taxes. The company submitted an application in 2004 for categorization as an investment company (UBG) and as a result of being granted this categorization in 2005 was exempted from business tax with effect from 1 January 2006. The effective tax rate for the year 2006 for the calculation of the deferred taxes arising from temporary differences and losses carried forward is therefore 25 percent (previous year: 25 percent).

As at the balance sheet qualify date the company had a corporation tax loss carried forward in the sum of approx. 44 million Euros (previous year: approx. 46 million Euros) which has not yet been utilised. The loss carried forward is available for offsetting against future profits and can be carried forward for an unlimited period.

It is anticipated that approx. 11 million Euros (previous year: approx. 11.5 million Euros) of the tax loss carried forward will be utilised within the planning timeframe. A deferred tax claim in the sum of 2.7 million Euros (previous year: 2.8 million Euros) was shown in the accounts for this utilizable portion of the loss carried forward. No account was taken of the additional remaining loss carried forward in the sum of approx. 33 million Euros.

The deferred taxes are recorded in the statement of income as tax income and expenses. One exception to this is deferred taxes on temporary differences which were recorded directly in the shareholders' equity. Corresponding items are fluctuations in the fair value of original financial assets, primarily investments in listed and unlisted companies, recorded in the revaluation reserve without affecting the results.

In accordance with IAS 12.61 actual tax income is charged or credited to the shareholders' equity if it relates to items which are credited or charged directly to the shareholders' equity in the same period.

8. Short-term provisions

The development of the provisions for the year 2006 is shown below:

Short-term provisions (figures in TEUR)

	Status as at 01.01.2006	Addition	Utilisation	Liquidation	Status as at 31.12.2006
Liabilities arising from structural adjustment	462	0	0	20	442
Payment liabilities in connection with company sales	400	0	400	0	0
Provisions for personnel	280	162	242	0	200
Outstanding invoices	219	282	323	2	176
Annual financial statements	167	122	157	10	122
Others	213	151	191	16	157
Total	**1,741**	**717**	**1.313**	**48**	**1,097**

The payment outflow for the provisions shown is expected to take place within one year.

Provisions for personnel essentially entail employee bonus claims and holiday entitlements.

9. Long-term bank liabilities

In 2002 DEWB used a bank loan to repay a large portion of the liabilities arising from the cash management with JENOPTIK AG. The bank liabilities as at 31 December 2006 are valued at EUR 9.6 million and have residual periods of up to one year. In 2005 the company entered into an agreement with JENOPTIK AG which guarantees a longer residual period for a portion of these liabilities in the sum of EUR 5 million (previous year: EUR 10 million).

10. Provisions for pensions

Provisions for pensions include an individual commitment to a former senior employee.

The amount of the provision is dependent upon the number of years' service rendered. Under IAS 19 this commitment is to be categorised as a defined benefit commitment. The promised benefits are valued yearly by applying the Projected Unit Credit Method. Actuarial gains or losses are taken into account in full in the year they arise. There are no plan assets available to cover the liabilities.

In the 2005 and 2006 business years the development of the provisions for pensions was as follows:

Provisions for pensions (figures in TEUR)

	31.12.2006	31.12.2005
Carried forward	597	612
Liquidation (previous year: addition)	–16	102
Utilisation through settlement	0	–117
Total	**581**	**597**

The costs included in the statement of income, arising from the allocation to the pension provision, comprise the following:

Provisions for pensions (figures in TEUR)

	2006	2005
Past service costs	0	46
Interest costs arising from interest paid on the pension liabilities	24	28
Payment of past service costs	0	161
Realisation of actuarial profits	–40	–133
Total	**–16**	**102**

The actuarial profits resulted from the change in valuation assumptions in the sum of TEUR 39 and a difference between the empirical values and actual values in the sum of TEUR 1.

The years' service costs and the actuarial profits are shown as personnel costs, the interest costs arising from interest paid on the pension liabilities, as interest costs.

The following assumptions were used as a basis for calculating the pension liabilities:

Pension liabilities (figures in %)

	2006	2005
Interest rate	4.25	4.00
Pension dynamic	2.0	2.50
Accrued benefit dynamic	2.50	2.50
Fluctuation rate	n/a	n/a

The Heubeck 2005 G guideline tables were used as a biometric basis for calculation purposes.

11. Subscribed capital

The authorised capital is in the sum of EUR 15,230,000 (previous year: TEUR 15,230) and is divided into 15,230,000 bearer no-par shares.

12. Authorised capital

The Executive Board was authorised by the resolution passed at the Annual General Meeting on 26 May 2004, with the consent of the Supervisory Board, to increase the share capital up to 25 May 2009 by up to EUR 6,600,000 through the single or repeat issue of new non-par bearer shares entitled to share in the profits, from the commencement of the business year of their issue, in return for cash investment and/or investment in kind („Authorised Capital 2004“). The Executive Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders‘ purchase option right

a) in order to exclude fractional amounts from the purchase option right.

b) if the issue amount for the new shares does not fall significantly below the stock market price and the shares issued in accordance with § 186 Clause 3 Para. 4 AktG to the exclusion of the purchase option right, does not exceed a total of ten hundredths of the share capital, either on the date this comes into force or on the date this authorisation is exercised. The shares that were or are to be issued for servicing option notes or convertible debentures are to be offset against this figure providing the promissory notes have been issued in corresponding application of § 186 Clause 3 Para. 4 AktG to the exclusion of the purchase option right and the company‘s own shares which are sold by the company to the exclusion of the statutory purchase option right in accordance with § 186 Clause 3 Para. 4 AktG.

c) insofar as it is necessary in order to grant holders of option notes or creditors of convertible debentures that are issued by the company or its successor group company, a purchase option right to new shares in the scope to which they would have been entitled after exercising the option or conversion rights or after fulfilling conversion obligations.

The Executive Board is also authorised, with the consent of the Supervisory Board, to exclude the purchase option right for increases in capital in return for investments in kind. Furthermore, the Executive Board is authorised to define the additional content of the share rights and the conditions for the issue of shares, with the consent of the Supervisory Board.

13. Conditional capital

The share capital is conditionally increased by up to EUR 6,600,000 through the issue of up to 6,600,000 new no-par shares, entitled to participate in profits, with effect from the commencement of the business year in which they are issued („Conditional Capital 2004“). The purpose of the conditional increase in capital is to grant shares to the shareholders or creditors of option notes or convertible debentures which are issued by the company or a subsidiary group company up to 25 May 2009 in accordance with the authorisation granted at the Annual General Meeting dated 26 May 2004, providing the issue is made in return for a cash investment.

It will only be carried out providing option or conversion rights arising from the above-mentioned promissory notes are exercised or conversion obligations arising from such promissory notes are fulfilled. The Executive Board is authorised, with the consent of the Supervisory Board, to define the further details for implementing the conditional increase in capital. As at 31 December 2006 the company had not issued any option notes or convertible debentures, consequently there are no conversion or purchase option rights applicable to the conditional capital.

The resolution passed at the Annual General Meeting dated 15 June 2006 furthermore authorized the Executive Board to purchase up to 1,523,000 of the company‘s own shares up to 14 December 2007.

14. Provision for capital

The provision for capital includes TEUR 15,858 (previous year: TEUR 15,858) which was generated through the issue of shares above the nominal amount or the book value. In addition, the provision for capital takes into account payments from shareholders in the form of loan conversions.

15. Revaluation reserve

Elements of the revaluation reserve are the changes in the fair value of the investments held, taken into account without affecting the results and the deferred taxes recorded directly for these items in the shareholders' equity and adjustments for actual taxes.

In the business year the provision for revaluations was reduced by TEUR 4,065. For unlisted investments the shareholders' equity was reduced by TEUR 1,677 as a result of changes in value and disposals through sales of shares in investment holdings. Accruals and deferrals for actual taxes on earnings led to an increase of TEUR 147 in the revaluation reserve. The balance of changes in market prices and sales of listed investments led to an increase of TEUR 3,753 in the revaluation reserve. The deferred taxes recorded directly in the shareholders' equity produced an increase of TEUR 1,218 in the revaluation reserve.

16. Proceeds from investment business

The proceeds from share sales reduced in the business year by TEUR 19,959 or 53 percent, to TEUR 17,496. Income from interest and dividend payments fell by TEUR 352 or 63 percent.

17. Expenses for share sales

The costs for share sales reduced from TEUR 23,968 by TEUR 12,212 or 51 percent, to TEUR 11,756. As the result of share sales a total of TEUR 4,206 was recorded in the result for the period on liquidation of the revaluation reserve.

Reductions were applied to the values of investment holdings in the total sum of TEUR 651. This corresponds to a reduction of TEUR 10,587 or 94 percent, by comparison wit the previous year.

In the business year the company generated profits in the sum of TEUR 5,740 (previous year: TEUR 13,487) arising from the sale of investments in listed and unlisted companies.

18. Gross profit from the investment business

In the business year the company posted a gross profit from the investment business in the sum of TEUR 5,300 (previous year: TEUR 2,812).

19. Administration costs

Administration costs reduced from by TEUR 316 or 14 percent compared with the previous year, from TEUR 2,197 to TEUR 1,881. The figure includes schedules depreciation on fixed assets in the sum of TEUR 10.

20. Other operating income

Other operating income (figures in TEUR)

	2006	2005
Income from the disposal of fixed assets	30	1
Income from the liquidation of provisions – relating to other periods	28	37
Income from leasing	2	100
Income from the termination of finance leasing	0	2,637
Settlement payment JENOPTIK AG	0	2,500
Settlement for services to investment holdings	0	500
Income from the disposal of own shares and other securities	0	103
Income from services	0	41
Others	99	188
Total	**159**	**6,107**

21. Other operating expenses

Other operating expenses are shown in the sum of TEUR 111 (previous year: TEUR 4,773) as at the balance sheet date 31 December 2006. In the 2005 business year other operating expenses included restructuring costs in the sum of TEUR 4,151 as well as costs for the acceptance of finance guarantees in the sum of TEUR 500.

22. Financial result

Financial result (figures in TEUR)

	2006	2005
Income from financial asset loans	17	19
Income from other financial assets	113	269
Other interest and similar income	263	585
Other interest and similar expenses	–681	–1,717
Total	**–288**	**–844**

23. Taxes on income and earnings

Expenses for taxes in the business year are itemised according to the respective origin of the taxes on earnings, as follows:

Taxes on income and earnings (figures in TEUR)

	2006	2005
Deferred tax claims arising from temporary differences		
Change in the deferred tax assets	116	1.738
Change in the deferred tax liabilities	–358	–692
Deferred tax assets arising from the change in losses carried forward	122	–166
Tax refunds for previous years	–2	–894
Claim for payment of corporation tax credit	–27	0
Current taxes on income and earnings	74	0
Accrued and deferred taxes on earnings on items shown in the shareholders' equity not affecting the results	147	0
Expenses for taxes (previous year: income from tax) as per statement of income	**72**	**–14**

The calculation for the respective business years set out below shows the conversion from the anticipated tax costs resp. income to the actual tax income shown.

In order to calculate the anticipated tax cost resp. income, the effective tax rate of 26.38 percent (taking into account corporate tax at 25 percent, 5.5 percent solidarity surcharge, in prev. year: 39.11 percent taking into account the tax on business earnings – tax factor 415 percent) applicable for the company in the 2005 business year, was multiplied by the result before taxes as per the statement of income in accordance with IFRS.

Taxes on income and earnings (figures in TEUR)

	2006	2005
Result before taxes	3,179	1,105
Anticipated tax costs at 26.38% (previous year: 39.11%)	838	432
Changes in the anticipated tax costs		
Non-deductible expenses	33	114
Tax-free income	–8	–132
Income from the liquidation of the provision for revaluations affecting the result	–381	0
Effects of changes in tax rates	–12	–7
Value adjustment to deferred taxes on losses carried forward	0	500
Deduction of loss	–235	0
Taxes for previous years	–114	–894
Capitalisation of cash value of corporate tax credit	–27	0
Other tax effects	–22	–27
Tax costs (previous year: tax income) as per statement of income	**72**	**–14**

24. Earnings per share

The earnings per share reflect the net result divided by the weighted average of shares issued. It is calculated as follows:

Earnings per share

	2006	2005
Net surplus/net loss (TEUR)	3.107	1.119
Weighted number of shares issued	15,230,000	15,230,000
Earnings per share (EUR)	0.20	0.07

In the 2005 and 2006 business years the company had not issued either any options or other financial instruments which had the potential for a dilution effect on the shareholders, consequently the diluted earnings per share correspond to the undiluted figure in amount terms.

25. Other information

Other financial liabilities

As at the balance sheet date the company had the following liabilities arising from current operating lease agreements and other long-term agreements:

Other financial liabilities (figures in TEUR)	
With a residual period of up to one year	139
With a residual period of 2 to 5 years	152
With a residual period of more than 5 years	0
Total	**291**

Liabilities arising from rental and leasing agreements are shown under operating lease agreements. Additional payment liabilities in the sum of TEUR 580 comprise financing commitments in the investment business, TEUR 477 of which are due to affiliated companies.

The payments are due within a period of one year.

DEWB has liabilities arising from guarantees in the sum of TEUR 4,701 (previous year: TEUR 6,424).

Collateral in the form of pledged shares in a portfolio company was set aside for third party liabilities in the sum of TEUR 10,000.

Risk management objectives and methods

For the presentation of the company's risk management objectives and methods we refer to the explanatory notes in the management report.

Details on closely associated persons

Closely associated persons as understood by IAS 24 are shareholders of the company who exercise significant influence, portfolio companies controlled by the company as well as members of the Executive Board or Supervisory Board. As at the balance sheet qualifying date 31 December 2006 none of the shareholders exercised significant influence on the company in accordance with IAS 28. As at 31 December 2005 JENOPTIK AG and JENOPTIK Vermögensverwaltungsgesellschaft mbH exercised signficant influence on the company. Bank liabilities of the company in the sum of TEUR 9,630 (previous year TEUR 19,637) are guaranteed by the shareholders. The exemption of one shareholder from liability to third parties gave rise to a liability item in the sum of TEUR 500 from the year 2005.

Portfolio companies are to be classed as closely associated persons providing an actual controlling arrangement exists. All business events with these companies are conducted under standard market terms and conditions. Investment shareholdings were sold to closely associated portfolio companies for TEUR 6,566. Loans in the total sum of TEUR 9,156 were issued for the purpose of financing the purchase prices as well as for the acquisition of additional investment shareholdings from third parties. As at the balance sheet qualifying date claims against closely associated portfolio companies totalled TEUR 6,277 (previous year: TEUR 936). Costs for value impairments to irrecoverable claims were recorded in the sum of TEUR 82 (previous year: TEUR 400). Loans were converted in the sum of TEUR 6,377 (previous year: TEUR 1,003). Earnings in the sum of TEUR 2,638 were generated from business transactions with closely associated portfolio companies.

The total emoluments of the Executive Board in the business year as understood by §§ 325 Clause 2a), 285 No. 9a) were in the sum of TEUR 571 (previous year: 458). Provisions for pensions in the sum of TEUR 581 (previous year: 597) exist for previous members of the Executive Board. The itemisation of the individual emoluments of the Executive Board members in accordance with §§ 325 Clause 2a), 285 P. 1 No. 9a P. 5 to 9 HGB is shown in the remuneration report contained in the management report.

The members of the Supervisory Board receive a fixed annual payment in the sum of EUR 20,000 per member for their activity, this sum being reduced by 50 percent in years during which the annual financial statements of the company fail to show a net surplus after taking into account the remuneration for the Supervisory Board. The Chairman of the Supervisory Board receives double this amount and the

Vice Chairman of the Supervisory Board one and a half times this amount. For the 2006 business year the remuneration for the Supervisory Board was EUR 20,000 per member, with the Chairman receiving EUR 40,000 and the Vice Chairman EUR 30,000. For its activity in the 2005 business year the Supervisory Board received payments totalling TEUR 150 in the 2006 business year.

Personnel costs

Personnel costs (figures in TEUR)

	2006	2005
Wages/salaries	920	1,483
Social security deductions and costs for retirement provision and support	48	252
	968	1,735
of which for retirement provision	0	98

Employees

An average of 5 personnel were employed throughout the year.

List of shareholdings

A full list of shareholdings in other companies in accordance with § 285 No. 11 HGB is deposited with the Jena Commercial Register, HRB 208401.

Notified investments (details in accordance with § 160 Clause 1 No. 8 AktG)

JENOPTIK AG, Jena, informed us in accordance with § 21 Clause 1 WpHG that on 25 April 2006 its investment fell below the investment threshold of 25 percent of the voting rights in our company. On 25 April 2006 JENOPTIK AG, Jena, held 23.08 percent of the voting rights in our company. 4.20 percent of the above-mentioned voting rights are to be assigned JENOPTIK AG, Jena, in accordance with § 22 Clause 1 No. 2 and 3 WpHG. These shares were transferred for precautionary reasons to Mitarbeitertreuhand e.V., Jena (formerly: JENOPTIK Pension Trust e.V., Jena) which owns the shares and holds them as a special trustee asset for the account of JENOPTIK AG.

Mitarbeitertreuhand e.V., Jena (formerly: JENOPTIK Pension Trust e.V., Jena) informed us in accordance with § 21 Clause 1 WpHG that on 19 December 2006 its investment fell below the investment threshold of 5 percent of the voting rights in our company. On 19 December 2006 Mitarbeitertreuhand e.V., Jena held 4.20 percent of the voting rights in our company.

BWInvest Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, informed us in accordance with § 21 Clause 1 WpHG that the share of voting rights in what was then SüdKA Südkapitalanlagengesellschaft mbH, Frankfurt am Main fell below the threshold of 5 percent of the voting rights in our company on 22 March 2005. On 22 March

2005 SüdKA Südkapitalanlagengesellschaft mbH, Frankfurt am Main held 4.514 percent of the voting rights in our company. The disclosure obligation of BWInvest Baden-Württembergische Investmentgesellschaft mbH, Stuttgart results from the merger of SüdKA Südkapitalanlagengesellschaft mbH, Frankfurt am Main and Baden-Württembergische Kapitalanlagegesellschaft mbH, Stuttgart and the simultaneous change of name to BWInvest Baden-Württembergische Investmentgesellschaft mbH. On 16 January 2007 BWInvest Baden-Württembergische Investmentgesellschaft mbH, Stuttgart held 1.97 percent of the voting rights in our company.

UNIVERSAL-INVESTMENT-GESELLSCHAFT mbH, Frankfurt am Main informed us in accordance with § 21 Clause 1 WpHG that on 19 December 2006 its investment exceeded the investment threshold of 5 percent of the voting rights in our company. On 19 December 2006 UNIVERSAL-INVESTMENT-GESELLSCHAFT mbH, Frankfurt am Main held 5.15 percent of the voting rights in our company.

Conformity Declaration for the German Corporate Governance Code

Executive Board and Supervisory Board of DEWB AG have declared that they follow the recommendations of the current version of the „Government Committee of the German Corporate Governance Code“ with the exception of the published points. The shareholders can access this declaration via the company‘s Internet site.

Fee for auditing the annual financial statements

A provision in the sum of TEUR 71 was set aside for the auditing of the annual financial statements in accordance with the Commercial Code and the International Financial Reporting Standards.

Other payments to the auditors of the financial statements totalled TEUR 6 in the business year.

Executive bodies of the company

Executive Board
The following were appointed to the Executive Board in the business year:

Bertram Köhler
Member of the Executive Board

Falk Nuber
Member of the Executive Board

Mirko Wäckerle
Member of the Executive Board

Supervisory Board
The members of the Supervisory Board in the business year were:

Alexander von Witzleben
(1 January to 30 December 2006)
Chairman up to 30 December 2006
Chairman of the Executive Board of JENOPTIK AG

Dr. Eckart von Reden
Chairman since 31 December 2006
Former Board Spokesperson of the Deutsche Ausgleichsbank
(Vice Chairman: 1 January to 30 December 2006)

Prof. Dr. Gerhard Fettweiss
Holder of the Vodafone Foundation Chair
Mobile Communication Systems at the TU Dresden

Prof. Dr. Dr. h.c. mult. Johann Löhn
President of the Steinbeis-Hochschule Berlin

Christiane Bednarek
(Employee representative)
Investment Manager

Alexander von Witzleben resigned from his position on the Supervisory Board with effect from 30 December 2006. The previous Vice Chairman Dr. Eckart von Reden took over as Chairman of the Supervisory Board. The change had no effect on the remuneration for the Supervisory Board in the 2006 business year.

Other mandates of the DEWB executive bodies on Supervisory Boards and other controlling committees

Executive Board

Bertram Köhler
- 4flow AG
  (Member of the Supervisory Board)
- Integrated Genomics Inc.
  (Member of the Board of Directors)
- NOXXON Pharma AG
  (Chairman of the Supervisory Board)
- KSW Microtec AG
  (Member of the Supervisory Board)

Falk Nuber
- EPIDAUROS Biotechnologie AG
  (Chairman of the Supervisory Board)
- Sensor Dynamics AG
  (Member of the Supervisory Board)
- Erste DEWB Vermögensverwaltungs AG
  (Chairman of the Supervisory Board)
- JENOPTIK siebente Vermögens AG
  (Member of the Supervisory Board)
- Zweite DEWB Vermögensverwaltungs AG
  (Chairman of the Supervisory Board)
- KSW Microtec AG
  (Member of the Supervisory Board)

Mirko Wäckerle
- Integrated Genomics Inc.
  (Member of the Board of Directors)
- IonGate Biosciences GmbH
  (Member of the Advisory Board)
- Erste DEWB Vermögensverwaltungs AG
  (Member of the Supervisory Board)
- JENOPTIK siebente Vermögens AG
  (Member of the Supervisory Board)
- Zweite DEWB Vermögensverwaltungs AG
  (Member of the Supervisory Board)

Supervisory Board

Alexander von Witzleben
- Analytik Jena AG
  (Chairman of the Supervisory Board)
- Carl Zeiss Meditec AG
  (Vice Chairman of the Supervisory Board)
- Feintool International Holding AG
  (Member of the Board of Directors)
- Kaefer Isoliertechnik GmbH & Co. KG
  (Member of the Advisory Board)
- M +W Zander Gebäudetechnik GmbH
  (Chairman of the Supervisory Board)
- PVA Tepla AG
  (Chairman of the Supervisory Board)
- VERBIO AG
  (Vice Chairman of the Supervisory Board)

Prof. Dr. Gerhard Fettweiss
- ZMD AG
  (Member of the Supervisory Board)

Prof. Dr. Dr. h.c. mult. Johann Löhn
- JENOPTIK AG
  (Member of the Supervisory Board)
- M&A Consultans AG
  (Chairman of the Supervisory Board)
- Primion Technology AG
  (Chairman of the Supervisory Board)

Christiane Bednarek
- KSW Microtec AG
  (Chairwoman)
- Erste DEWB Vermögensverwaltungs AG
  (Member of the Supervisory Board)
- JENOPTIK siebente Vermögens AG
  (Member of the Supervisory Board)
- Zweite DEWB Vermögensverwaltungs AG
  (Member of the Supervisory Board)

Jena, 26 February 2007

Bertram Köhler　　Falk Nuber　　Mirko Wäckerle

Auditor's Report

To Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG.

We have audited the annual financial statements prepared by Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG – comprising balance sheet, statement of income, statement of development of the shareholders' equity, cash flow account and Notes – as well as the management report for the business year from 1 January to 31 December 2005, including the books and records. The maintenance of the books and records and the preparation of annual financial statements and management report in accordance with the International Financial Reporting Standards (IFRS), as required in the EU plus the provisions of German commercial law which are also to be applied, as well as the supplementary provisions contained in the articles of incorporation, are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements and the management report, on the basis of our audit. We were additionally instructed to as certain whether the annual financial statements complied in full with the IFRS.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("Handelsgesetzbuch": "German Commercial Code") in adherence to the basic principles of the proper auditing of financial statements as promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Auditors] as well as in additional adherence to the International Standards on Auditing (ISA). These standards require that we plan and conduct the auditin such a way that in accuracies and breaches which materially affect the presentation of the net assets, financial position and earnings situation, as conveyed by the annual financial statements in adherence to the applicable accounting regulations and by the management report, are detected with sufficient assurance. Knowledge of the business activities, the economic and legal environment of the Company and evaluations of possible errors are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the annual financial statements and management report are examined primarily on the basis of random samples within the framework of the audit. The audit includes the assessment of the accounting principle sapplied and the main assessments given by the legal representatives as well as the evaluation of the overall presentation of the annual financial statements and management report. We believe that our audit provides a sufficiently reliable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the information gained during the audit, the annual financial statements comply with the IFRS, as required in the EU, the provisions of German commercial law which are also to be applied, as well as the supplementary provisions in the articles of incorporation and the IFRS overall and gives a true and fair view of the net assets, financial position and earnings situation of Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG, in adherence to these provisions. The management report concurs with the annual financial statements, conveys an overall accurate picture of the company's position and accurately presents the opportunities and risks of future development.

Without qualifying this opinion, we refer to the statements in the management report. In the risk section of that report it is stated that the investments held by the company are subject to high technological risks. In this context, the biotechnology sector entails special risks because the developments of the company hinge on the outcome of uncertain research projects.

Stuttgart, 26 February 2007

HHS Hellinger Hahnemann Schulte-Groß GmbH
Wirtschaftsprüfungsgesellschaft

Zieske	Künkele
Wirtschaftsprüfer	Wirtschaftsprüfer
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