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FalcInvest Fund Management B.V.  
Ede

Report on the annual accounts 2006

March 23, 2007

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**Report on the annual accounts  
2006**

- Directors' report
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## **Directors' report**

In accordance with Article 396.6, Part 9, Book 2 of the Netherlands Civil Code, the Board of Directors of FalcInvest Fund Management B.V. applies the exemption from drawing up and publishing the Directors' report.

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## **Financial statements**

- Consolidated balance sheet
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## Consolidated profit and loss account 2006

	Notes	2006	2005
		EUR	EUR
Net turnover		885,435	921,256
Cost		<u>57,042</u>	<u>71,227</u>
<b>Total operating income</b>		828,393	850,029
Salaries and wages	6	386,887	353,317
Social security charges	6	116,999	95,285
Depreciation of tangible fixed assets	7	39,080	55,709
Other operational expenses	8	<u>225,891</u>	<u>209,196</u>
<b>Total operating expenses</b>		<u>768,857</u>	<u>713,507</u>
Operating result		59,536	136,522
Financial income and expense	9	<u>(3,620)</u>	<u>12,594</u>
<b>Result on ordinary activities before taxation</b>		55,916	149,116
Tax on result from ordinary activities		<u>(14,353)</u>	<u>(40,262)</u>
<b>Result after taxation</b>		<u><u>41,563</u></u>	<u><u>108,854</u></u>

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## **Notes to the consolidated balance sheet and the consolidated profit and loss account**

### **General**

The registered office of FalcInvest Fund Management B.V. is in Ede. The company operates from offices at Plesmanstraat 62, Veenendaal.

The main activity of the company and its group companies consists of fund management and related administrative services.

During 2006 the company was licensed by regulators in the Netherlands to act as fund manager.

### **Group structure**

FalcInvest Fund Management B.V. is the holding company of a subsidiary company. An overview of the information required under Articles 379 and 414, Book 2 of the Netherlands Civil Code is given on page 16 of this Annual report.

The company is a part of the FalcInvest Group. The financial information of FalcInvest Fund Management B.V. and its subsidiary company is included in the consolidated financial statements of FalcInvest B.V.

Besides FalcInvest B.V. and in addition to the companies as stated under the financial fixed assets, the following parties are related to the legal entity:

- FalcInvest Asset Management B.V.
- FalcInvest Financial Services B.V.

The transactions with related parties concern charges by and to related parties in respect of wages, salaries, social security charges, depreciation and other operational expenses. Furthermore, there is an investment management agreement with FalcInvest Asset Management B.V. in respect of the sharing of management fees charged to unit trusts and a marketing agreement with FalcInvest Financial Services B.V.

### **Consolidation principles**

Financial information relating to subsidiaries within the Group is included in the consolidated financial statements of FalcInvest Fund Management B.V. The consolidated financial statements have been prepared in accordance with the accounting principles regarding valuation and profit recognition of FalcInvest Fund Management B.V.

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Financial information relating to the group companies is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions.

The results of subsidiaries acquired during the year are consolidated from the acquisition date. At that date the assets, provisions and liabilities are valued at fair values. Goodwill paid is capitalized and amortized on the basis of the estimated economic lifetime.  
The results of subsidiaries sold during the year are consolidated up to the moment of sale.

The financial information relating to FalcInvest Fund Management B.V. is included in the consolidated financial statements. Accordingly, in accordance with Article 402, Book 2 of the Netherlands Civil Code, the company profit and loss account has been presented in abbreviated format.

### **General accounting principles**

Valuation of assets and liabilities and determination of the result take place under the historical cost convention. Unless stated otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are stated at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses and risks originating before the end of the financial year are taken into account if they became known prior to the preparation of the financial statements.

Revenues from services are taken into account in proportion to the services rendered. The cost price of these services is allocated to the same period.

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code

### **Conversion of foreign currencies**

Receivables, liabilities and obligations denominated in foreign currencies are converted at the exchange rates prevailing at the balance sheet date.

Transactions in foreign currencies during the financial year are included in the financial statements at the exchange rates prevailing on the transaction dates. Resulting exchange differences are absorbed into the profit and loss account taking into account any results from hedge transactions.

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## **Principles of valuation of assets and liabilities**

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated economic lifetime and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is activated from the date an asset is deployed.

### **Financial fixed assets**

Where significant influence is exercised on business and operating policies, participations in group companies are valued under the net asset value method, whereby the same accounting principles are applied as those applied by FalcInvest Fund Management B.V.

Shareholdings in group companies that have a negative equity are valued at nil. If the company fully or partly guarantees the liabilities of a group company, the company's share in the losses or payment of obligations of the group company has been provided for, primarily by means of a deduction from the receivables from the group company with the balance under 'Provisions'.

The holding of units in FalcInvest Funds are valued at market value.

### **Receivables**

Receivables are included at face value, less any provision for non-collectability. Such provisions are determined by individual assessment of the receivables.

### **Provisions**

The company has a defined benefit plan as well as a defined contribution plan for the pensions. In accordance with Dutch GAAP for small companies, the defined benefit plan has been treated as a defined contribution plan. Commitments are recognised in the profit and loss account in the period to which they relate.

## **Principles for the valuation of the result**

### **Net turnover**

Net turnover represents the fees charged in respect of fund management services.

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## **Taxation**

Corporation tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the profit and loss account and profit calculated for taxation purposes and taking into account that deferred tax assets are not valued if and insofar as their realization is not probable. The company forms part of the fiscal unity for corporation tax purposes. Corporation tax is calculated as if the company is separately liable for tax. Any deferred tax is accounted for in the accounts of the holding company of the fiscal unity.

## **Notes to the specific items of the consolidated balance sheet**

### **1) Tangible fixed assets**

The movements in the tangible fixed assets are as follows:

	<u>EUR</u>
Book value as per January 1, 2006	63,731
Acquisitions	-
Book value of disposals	(16,270)
Depreciation	<u>(23,483)</u>
Book value as per December 31, 2006	<u>23,978</u>
Accumulated depreciation as per December 31, 2006	<u>63,770</u>
Depreciation percentages	<u>20-33 1/3</u>

### **2) Receivables**

All receivables are presented under current assets and mature within one year.

### **3) Cash**

Cash balances are freely disposable.

### **4) Group equity**

Reference is made to the note to Shareholders' equity in the company financial statements.

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## **5) Liabilities**

Cars with a book value of EUR 18,000 are pledged as security for lease obligations up to an amount of EUR 16,000 at balance sheet date. The amount that is due for repayment within 12 months of the end of the financial year is not included in long-term liabilities, but under current liabilities. All long-term liabilities mature within five years and all short-term liabilities mature within one year.

### **Contingent assets and liabilities**

FalcInvest Fund Management B.V. is part of the fiscal unity FalcInvest B.V. and for that reason it is jointly and severally liable for the tax liabilities of the whole fiscal unity.

FalcInvest Fund Management B.V. takes part in a credit arrangement for FalcInvest B.V. and for that reason it is jointly and severally liable for the liabilities of the FalcInvest Group to the bank. Under this arrangement any receivables from the bank are pledged to the bank.

## **Notes to the specific items of the consolidated profit and loss account**

### **6) Wages, salaries and social security charges**

Wages, salaries and social security charges also include amounts charged by and to other group companies.

Social security charges include an amount of EUR 52,743 in respect of pension costs (2005: EUR 45,109).

The average number of employees during 2006 covering fund management activities including investor registration was 6 (2005: 6)

### **7) Depreciation**

Depreciation includes an amount of EUR 15,597 charged by other group companies.

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**8) Other operational expenses**

	<u>2006</u>	<u>2005</u>
	EUR	EUR
Other personnel expenses	65,464	20,279
Office rent, rates and taxes	66,632	52,586
Sales expenses	969	27,718
Car and traveling expenses	27,579	40,409
General expenses	65,247	68,204
	<u>225,891</u>	<u>209,196</u>

**9) Financial income and expense**

	<u>2006</u>	<u>2005</u>
	EUR	EUR
Financial income	4,094	22,815
Financial expense	(7,714)	(10,221)
	<u>(3,620)</u>	<u>12,594</u>

Financial expense includes €5,188 in respect of interest related to group companies.

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**Balance sheet as per December 31, 2006**

(after result appropriation)

	Notes	12.31.2006	12.31.2005
		EUR	EUR
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets:			
Other operating assets		23,978	63,731
Financial fixed assets:	1		
Shareholdings in group companies		p.m.	p.m.
Subscription FalcInvest Funds		<u>113,389</u>	<u>112,189</u> 112,189
<b>Current assets</b>			
Receivables:			
Trade accounts receivable		10,152	25,205
Other receivables		<u>40,884</u>	<u>59,695</u> 84,900
Cash		614,076	512,217
		<u>802,479</u>	<u>773,037</u>

	Notes	12.31.2006	12.31.2005
		EUR	EUR
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
	2		
Issued and paid-up capital		342,000	342,000
Other reserves		<u>187,997</u>	<u>146,434</u> 488,434
<b>Long-term liabilities</b>			
Lease obligations		7,965	31,899
<b>Short-term liabilities</b>			
Accounts payable		21,982	90,020
Group companies		151,445	82,426
Taxes and social security charges		25,882	9,748
Accrued liabilities		<u>65,208</u>	<u>70,510</u> 252,704
		<u>802,479</u>	<u>773,037</u>

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**Profit and loss account 2006**

	<u>2006</u>	<u>2005</u>
	EUR	EUR
Share in result of shareholdings after taxation	-	-
Other income and expense after taxation	<u>41,563</u>	<u>108,854</u>
<b>Result after taxation</b>	<u><u>41,563</u></u>	<u><u>108,854</u></u>

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## Notes to the company balance sheet and the company profit and loss account

### General accounting principles

Where appropriate, reference should be made to the notes to the consolidated financial statements, which give details about the applicable accounting principles.

In accordance with article 402 Book 2 of the Netherlands Civil Code the company profit and loss account is presented in abbreviated format.

### Notes to the specific items of the balance sheet

#### 1) Financial fixed assets

Participations in group companies:

	<u>EUR</u>
Book value as per January 1, 2006	(99,121)
Result participations	<u>-</u>
Book value as per December 31, 2006	<u><u>(99,121)</u></u>

The negative amount of the participations is deducted from the receivables on participation of the participation concerned.

The shareholding in group companies concerns the following participation, which has been consolidated:

	<u>Proportion in issued share capital</u> %	<u>Registered office</u>
NIV Trust B.V.	100	Breda

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## 2) Shareholders' equity

Issued and paid-up capital:

The paid-up capital of the company amounts to EUR 500,000 divided up into 50,000 ordinary shares of EUR 10 each.

The total of issued and paid-up capital of EUR 342,000 did not change during the year.

Other reserves:

	<u>2006</u>	<u>2005</u>
	EUR	EUR
Balance as per January 1	146,434	37,580
Proposed appropriation of the result	<u>41,563</u>	<u>108,854</u>
Balance as per December 31	<u><u>187,997</u></u>	<u><u>146,434</u></u>

## Signing of the financial statements

Ede, March 23, 2007

Board of Directors:

M.I.J. van Doorn RA

drs. M.H.M. Janssen

C.J.F. Fink

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## **Additional information**

### **Auditors' report**

Reference is made to the auditors' report as included hereinafter.

### **Statutory rules concerning result appropriation**

The board of directors will determine what portion of the result for a financial year will be added to the other reserves. The balance is at the disposal of the general meeting of shareholders.

### **Appropriation of result for the financial year 2005**

The annual report 2005 was adopted by the general meeting of shareholders on May 30, 2006. Subsequent to this meeting the shareholders determined to transfer the result to "Other reserves" without payment of dividend.

### **Proposed result appropriation for the financial year 2006**

The board of directors proposes to transfer the result for the financial year 2006, amounting to EUR 41,563 to 'Other reserves' without payment of dividend. Anticipating the decision by the general meeting of shareholders, the financial statements reflect this proposal.

To the board of directors of  
FalcInvest Fund Management B.V.  
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Date  
March 23, 2007

Reference  
Drs. E.R. Capitain RA

## **Auditors' report**

We have audited the accompanying financial statements 2006 of FalcInvest Fund Management B.V., Veenendaal, which comprise the consolidated and company balance sheet as at December 31, 2006, the consolidated and company profit and loss for the year then ended and the notes.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

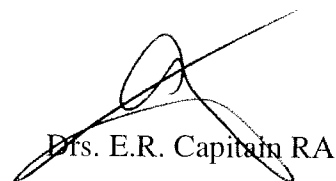
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of FalcInvest Fund Management B.V. as at December 31, 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Deloitte Accountants B.V.



Ets. E.R. Capitain RA