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ANNUAL REPORT 2006

BNP Paribas Arbitrage Issuance B.V.
Amsterdam
The Netherlands

01 - 02 - 2008

BNP Paribas Arbitrage Issuance B.V.
Amsterdam

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BNP Paribas Arbitrage Issuance B.V.
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Managing Director's report

Description and principal activity of the Company

BNP Paribas Arbitrage Issuance B.V. ("the Company") was incorporated on November 10, 1989 under the laws of the Netherlands.

The principal objectives of the Company are to issue warrants, certificates, other securities, to issue and acquire financial instruments of any nature and to enter into related agreements.

The Company issues securities for account of various entities of the BNP Paribas Group. Due to its activities the Company's is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. However, all issued securities are hedged by OTC option and swap agreements and therefore these risks are completely mitigated.

On January 28, 2006 the Company moved to a new office and registered address, being Herengracht 440, 1017 BZ Amsterdam.

Operating result

During the financial year under review there was a substantial increase in the number of issues and the related OTC contracts, which is reflected in the balance sheet.

The net profit for the financial year 2006 was EUR 38,682 (2005: profit EUR 30,647).

Liquidity and shareholder's equity

No significant changes to liquidity resources occurred and equity increased with the result for the year. Liquidity and capital resources are considered sufficient given the size and nature of the company.

Risks and uncertainties

Due to its activities the Company's is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. However, all issued securities are hedged by OTC option and swap agreements and therefore these risks are completely mitigated.

Market risk

The Company takes on exposure to market risks arising from positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. However, the risks are mitigated by the above OTC derivative financial instruments.

Credit risk

The Company has significant concentration of credit risks as all OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that the BNP Paribas group is a

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high credit quality financial institution under supervision of the French central bank, management considers these risks as acceptable.

Liquidity risk

The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

Future outlook

No major changes are anticipated for the year 2007.

Amsterdam, February 23, 2007

The Managing Director,

BNP Paribas Trust B.V.

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BALANCE SHEET AT DECEMBER 31, 2006
(before appropriation of the net result)

	Notes	<u>31.12.2006</u> EUR	<u>31.12.2005</u> EUR
ASSETS			
Financial fixed assets			
OTC contracts	1	13,196,121,017	6,120,143,538
Current assets			
OTC contracts	1	8,605,674,477	5,520,849,833
Accounts receivables	2	960,626	724,555
Cash at bank	3	563,849	562,022
		<u>8,607,198,952</u>	<u>5,522,136,410</u>
TOTAL ASSETS		<u>21,803,319,969</u>	<u>11,642,279,948</u>
 SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital issued and paid up	4	45,379	45,379
Retained earnings		85,433	54,786
Result for the year		38,682	30,647
		<u>169,494</u>	<u>130,812</u>
Long term liabilities			
Issued securities	5	13,196,121,017	6,120,143,538
Current liabilities			
Issued securities	5	8,605,674,477	5,520,849,833
Other liabilities	6	1,354,981	1,155,765
		<u>8,607,029,458</u>	<u>5,522,005,598</u>
TOTAL EQUITY AND LIABILITIES		<u>21,803,319,969</u>	<u>11,642,279,948</u>

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PROFIT AND LOSS ACCOUNT FOR THE YEARD ENDED DECEMBER 31, 2006

	Notes	<u>2006</u> EUR	<u>2005*</u> EUR
Net result financial instruments	7	0	0
Other income	8	<u>524,621</u>	<u>457,047</u>
Operating income		<u>524,621</u>	<u>457,047</u>
General and administrative expenses	9	(476,928)	(415,497)
Reimbursed issuing expenses	10	3,374,865	1,942,031
Issuing expenses	10	<u>(3,374,865)</u>	<u>(1,942,031)</u>
Operating expenses		<u>(476,928)</u>	<u>(415,497)</u>
Operating result		47,693	41,550
Interest income		7,116	4,706
Interest expenses and similar charges		(920)	(1,901)
Exchange gains/ (losses)		<u>(202)</u>	<u>0</u>
Profit before taxation		53,687	44,355
Corporate income tax	11	(15,005)	(13,708)
Profit after taxation		<u><u>38,682</u></u>	<u><u>30,647</u></u>

*) The comparative figures have been (slightly) restated according to the classification of 2006.

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CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
	EUR	EUR
Cash flow from operating activities		
Issuing of securities against OTC coverage	0	0
Received reimbursed issuing expenses	3,136,054	1,865,240
Received reimbursed general expenses	522,623	438,960
Received interest & paid similar expenses	5,887	2,445
Paid issuing expenses	(3,342,545)	(1,621,852)
Paid general expenses	(307,324)	(373,375)
Paid corporate income tax	(12,666)	(26,481)
Cash flow from operating activities	<u>2,029</u>	<u>284,937</u>
Cash flow from investment activities		0
Cash flow from financing activities		0
Net cash flow	<u>2,029</u>	<u>284,937</u>
Exchange and translation differences on cash at bank and cash equivalents	(202)	0
Increase/(decrease) cash at bank and cash equivalents	<u>1,827</u>	<u>284,937</u>
Movements in cash at bank and cash equivalents		
Cash at bank and cash equivalents at January 1	562,022	277,085
In/(decrease) cash at bank and cash equivalents	<u>1,827</u>	<u>284,937</u>
Cash at bank and cash equivalents as at December 31	<u>563,849</u>	<u>562,022</u>

Netting agreements between the Company and entities of the BNP Paribas Group have been drawn up for all flows resulting from securities and OTC contracts to avoid that payments have to be made for these flows. This procedure is reflected in the cash flow statement under the heading "Issuing of securities against OTC coverage".

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NOTES TO THE FINANCIAL STATEMENTS

GENERAL

BNP Paribas Arbitrage Issuance B.V. (the Company), having its registered address at Herengracht 440, Amsterdam, was incorporated under the law of The Netherlands on November 10, 1989 as a private limited liability company.

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, to issue and acquire financial instruments of any nature and to enter into related agreements.

All outstanding shares of the Company are owned by BNP Paribas S.A., Paris, France, which company consolidates the figures of the Company.

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The annual accounts of the Company are prepared in accordance with accounting principles generally accepted in the Netherlands and in conformity with Title 9, Book 2 of the Netherlands Civil Code. All amounts are stated in euros, the reporting currency, unless stated otherwise.

The accounting principles of the Company are summarised below. These accounting principles have all been applied consistently throughout the financial year and the preceding year.

The presentation and classification of the profit and loss account have been amended in this annual report compared to the previous ones in order to provide a better insight in the activities and related risks of the Company.

Accounting convention

The accounts are prepared under the historical cost convention modified by the translation of foreign currencies.

Financial instruments

Financial instruments include accounts receivable and accounts payable, cash at bank and cash equivalents, issued securities and acquired OTC contracts. Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Valuation of assets and liabilities

Financial assets are stated at cost at which they were acquired or incurred, less a provision for permanent diminution in value, if any, assessed on collective base.

Financial liabilities are stated at nominal value.

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Recognition of income and expenses

The result represents the difference between the value of the services rendered and the costs and other charges for the year. The results on transactions are recognised in the year they are realised; losses are taken as soon as they are foreseeable. Income and expenses are allocated to the period to which they relate.

If at maturity securities are exercised against the Company, the Company fulfils its obligation according to the OTC contracts with entities of the BNP Paribas Group as the case may be. Issued securities and OTC contracts are released to the profit and loss account simultaneously. If issued securities are not exercised at maturity, premiums are released to the profit and loss account, taking into consideration the related OTC contracts, without any further future obligation for the Company.

Foreign currencies

Balance sheet items relating to assets and liabilities denominated in currencies other than the euro are translated at the rate of exchange prevailing on balance sheet date, except insofar as the exchange risk has been hedged. In those cases valuation occurs at the forward rates agreed upon. The resulting exchange rate differences are credited or charged to the profit and loss account. Transactions in foreign currencies during the reporting period have been incorporated at the rate of settlement.

The exchange rates used by the Company at balance sheet date are:

EUR 1 = HKD 10.2409	(2005:EUR 1 = HKD 9.1474)
EUR 1 = CHF 1.6069	(2005:EUR 1 = CHF 1.5551)
EUR 1 = SEK 9.0404	(2005:EUR 1 = SEK 9.3885)
EUR 1 = USD 1.317	(2005:EUR 1 = USD 1.1797)
EUR 1 = GBP 0.6715	(2005:EUR 1 = GBP 0.6853)
EUR 1 = JPY 156.93	(2005:EUR 1 = JPY 138.60)
EUR 1 = PLN 3.831	(2005:EUR 1 = PLN 3.860)
EUR 1 = HUF 251.77	(2005:EUR 1 = HUF 252.87)
EUR 1 = SGD 2.0202	(2005:EUR 1 = SGD 1.9628)
EUR 1 = CAD 1.5281	(2005:EUR 1 = CAD 1.3725)
EUR 1 = NOK 8.238	(2005:EUR 1 = NOK 7.985)
EUR 1 = ILS 5.5464	(2005:EUR 1 = ILS 5.4883)
EUR 1 = NTD 42.9248	(2005:EUR 1 = NTD 42.787)
EUR 1 = CZK 27.485	(2005:EUR 1 = CZK 28.31)
EUR 1 = AUD 1.6691	(2005:EUR 1 = AUD 1.6745)

Corporate income tax

Tax on result is calculated by applying the rate for the financial year to the result in the profit and loss account, taking into account tax-exempt profit elements, non-deductible costs and tax losses carried-forward.

Cash flow statement

The cash flow statement is presented using the direct method.

Cash flow netting agreements between the Company and entities of the BNP Paribas Group have been drawn up for all flows resulting from issued securities and related OTC

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contracts to facilitate administrative procedures and to avoid that payments have to be made for these flows.

The consequence of these netting agreements and resulting absence of cash flows from investment and financing activities is reflected in the cash flow statement of the Company.

FINANCIAL RISK MANAGEMENT

Due to its activities the Company is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, currency exchange rates and interest rates. However, all issued securities are hedged by OTC option and swap agreements and therefore these risks are completely mitigated.

Market risk

The Company takes on exposure to market risks arising from positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. However, the risks are mitigated by the OTC derivative financial instruments.

Credit risk

The Company has a significant concentration of credit risks as all OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that the BNP Paribas group is a high credit quality financial institution under supervision of the French central bank, management considers these risks as acceptable.

Liquidity risk

The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

RELATED PARTY TRANSACTIONS

The Company has entered into various agreements with its parent company and other group companies relating to the issuing of financial instruments, the hedging of the related exposures and the reimbursement of costs. These agreements are at arms-length and have as objective to limit cash flow, credit and market risks.

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NOTES TO THE BALANCE SHEET AT DECEMBER 31, 2006

1. OTC contracts

The issued securities expose the Company to market risk, which has been hedged by the Company via OTC, option and swap agreements with entities of the BNP Paribas Group, such agreements, having the same characteristics as the issued securities. This means that the underlying quantity, issue price, strike, parity, maturity and quoted price for exercise will be identical.

Refer to note 5 for the details of the issued securities and hence the OTC contracts.

2. Accounts receivable

The accounts receivables can be detailed as follows:

	<u>31.12.2006</u>	<u>31.12.2005</u>
	EUR	EUR
Debtors	618,648	282,565
To be invoiced	341,540	441,630
Other receivables	438	360
	<u>960,626</u>	<u>724,555</u>

Accounts receivables do not exceed a remaining term of one year and concern only BNP Paribas Group companies, with exception of the corporate income tax.

No accrued interest income or expense are recorded in the balance sheet as this information is not readily available and can only be obtained at unreasonably high cost. Furthermore most accrued interest income and expense is linked to the uncertain evolution of the financial instruments and will be part of the redemption price at the maturity of these instruments, which total estimated fair value at balance sheet date is disclosed in note 13. The net effect on equity and result of the non-recorded accrued interest income and expense is nil, as the related credit risks of the issued securities are completely hedged.

3. Cash at bank

This amount corresponds with the bank current account, amounting to EUR 313,849, which is freely at the disposal of the Company and a deposit of EUR 250,000 maturing on January 11, 2007, both with BNP Paribas S.A., Amsterdam.

4. Shareholder's equity

Share capital:

The Company's authorised share capital amounts to EUR 225,000 (225,000 common shares of EUR 1 each), of which 45,379 shares are issued and fully paid-up.

During the financial period under review, there have been no changes in the authorised, issued or paid in capital.

Retained earnings:

The movement in the retained earnings relates to the added result of the previous year.

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5. Issued securities

The Company establishes securities programmes and issues warrants and certificates exclusively to entities of the BNP Paribas Group, exercisable on the date specified in the specific pricing supplement, pursuant to the terms and conditions of such securities programmes. The entities of the BNP Paribas Group have agreed to purchase the securities at the same time. The entities of the BNP Paribas Group distribute the securities to third parties. BNP Paribas S.A. acts as guarantor for the securities programmes towards the third parties.

The outstanding issued securities at the balance sheet date can be detailed as follows:

Markets	Expiration > 5 years	Expiration 1-5 years	Expiration <1 year	Total
	EUR	EUR	EUR	EUR
<i>Warrants:</i>				
Euronext, Paris	0	201,445,000	2,306,175,000	2,507,620,000
Luxembourg	93,003,863	215,126,184	132,009,968	440,140,015
Frankfurt	0	0	48,825,900	48,825,900
Hong Kong	0	0	939,529,729	939,529,729
Singapore	0	0	302,796,752	302,796,752
Madrid	0	0	116,818,200	116,818,200
<i>Certificates:</i>				
Euronext, Paris	0	1,234,423,000	982,699,500	2,217,122,500
Luxembourg	65,035,941	2,708,319,607	604,719,139	3,378,074,687
Frankfurt	15,000,000	64,032,500	30,000,000	109,032,500
Austria	39,861,500	177,500,000	0	217,361,500
Hong Kong	0	60,413,819	11,389,522	71,803,341
Bern	0	29,111,617	0	29,111,617
Amsterdam	0	85,792,000	0	85,792,000
Ireland	11,389,522	0	0	11,389,522
<i>Private placements:</i>				
Europe	1,071,737,188	6,559,116,576	3,007,367,376	10,638,221,140
Hong Kong	0	14,074,412	0	14,074,412
Luxembourg	16,195,756	1,000,000	14,031,843	31,227,599
<i>Asian securities:</i>				
Luxembourg	15,007,512	518,535,020	109,311,548	642,854,080
	<u>1,327,231,282</u>	<u>11,868,889,735</u>	<u>8,605,674,477</u>	<u>21,801,795,494</u>

The securities are represented in the balance sheet as follows:

	31.12.2006	31.12.2005
	EUR	EUR
- Long term liabilities	13,196,121,017	6,120,143,538
- Current liabilities	8,605,674,477	5,520,849,833
	<u>21,801,795,494</u>	<u>11,640,993,371</u>

A specification of the fair value detailed by stock exchange is presented in note 13.

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The securities issued via the stock exchange of Hong Kong specified in Hong Kong dollars:

Hong Kong In HKD	Expiration > 5 years HKD	Expiration 1-5 years HKD	Expiration <1 year HKD	Total HKD
Warrants	0	0	9,621,630,002	9,621,630,002
Certificates	0	618,691,879	116,638,956	735,330,835
Private placements	0	144,134,646	0	144,134,646
	<u>0</u>	<u>762,826,525</u>	<u>9,738,268,958</u>	<u>10,501,095,483</u>

The premiums of the certificates and private placements of Hong Kong were denominated in euros and US-dollars.

6. Other liabilities

The other liabilities can be detailed as follows:

	31.12.2006 EUR	31.12.2005 EUR
Provision corporate income tax for the period	14,961	12,950
Paid on provisional assessment for the period	(11,925)	(12,253)
Corporate income tax payable for the period	3,036	697
Current account BNP Paribas S.A.	19,606	44,952
Issuing expenses payable	1,051,969	999,351
Audit fee	13,000	15,000
Tax advisory fee	6,000	4,642
Bookkeeping fee	143,224	35,000
Management fee	118,013	35,000
Other fees	133	21,123
	<u>1,354,981</u>	<u>1,155,765</u>

The current account BNP Paribas S.A. bears no interest as in the previous year.

The issuing expenses payable concern costs of third parties specified by entities of the BNP Paribas Group as issuing expenses, not yet paid by the Company.

No accrued interest income or expenses are recorded in the balance sheet, as this information is not readily available and can only be obtained at unreasonably high cost (refer to note 2).

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NOTES TO THE PROFIT & LOSS ACCOUNT ENDED DECEMBER 31, 2006

7. Net result financial instruments

The net result financial instruments includes capital gains and losses, currency results and interest income and expense on the issued securities and related OTC contracts.

As the Company enters into an OTC option or swap agreement with a BNP Paribas Group company at each issue of securities at exactly the same terms and conditions of the issued security, there's a perfect hedge with no economic risk for the Company. Therefore, the net result on the financial instruments equals zero and is recorded on a net basis.

8. Other income

Other income concerns operating costs of the Company increased with an upcount of 10%, based on a cost plus agreement concluded for an indefinite period of time. These costs have been or will be invoiced to BNP Paribas S.A. and BNP Paribas Arbitrage S.N.C.

9. General and administrative expenses

The general and administrative expenses can be detailed as follows:

	<u>2006</u>	<u>2005</u>
	EUR	EUR
Management fee	216,232	211,827
Bookkeeping fee	199,239	94,249
Audit fee	26,858	35,345
Tax advisory fee	3,500	5,402
Other advisory and service fees	23,443	64,915
Notary and legal advisory fees	5,952	1,819
Chamber of Commerce	276	167
Other	1,428	1,773
	<u>476,928</u>	<u>415,497</u>

10. Issuing expenses

Issuing expenses are all expenses related to the issuing of the securities, for account of the Company, and reimbursed or to be reimbursed by BNP Paribas S.A. or BNP Paribas Arbitrage S.N.C.

11. Corporate income tax

The corporate income tax can be detailed as follows:

	<u>2006</u>	<u>2005</u>
	EUR	EUR
Corporate income tax for the year	14,961	12,950
Corporate income tax previous years	44	758
Corporate income tax charged to the result	<u>15,005</u>	<u>13,708</u>

12. Employees

The Company employs no personnel.

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13. Fair value issued securities and OTC contracts

The estimated fair market values of the issued securities at balance sheet date (which equal the value of the related OTC contracts) are given here below. These values indicate the amounts payable (and receivable of the related OTC contracts) in exchange for termination of the contracts without further obligations.

Issued securities (equal to the OTC contracts with the BNP Paribas Group)	Underlying contract volume	Estimated fair market value	Nominal Value
	EUR	EUR	EUR
<i>Warrants:</i>			
Euronext, Paris stock exchange:			
- Up to 1 year	45,209,269,254	2,245,720,288	2,306,175,000
- From 1- 5 years	2,772,781,511	245,929,636	201,445,000
Luxembourg stock exchange:			
- Up to 1 year	482,660,000	301,306,595	132,009,968
- From 1- 5 years	2,436,775,435	245,052,443	215,126,184
- Exceeding 5 years	102,965,072	90,217,728	93,003,863
Frankfurt stock exchange			
- Up to 1 year	857,000,000	119,983,757	48,825,900
Hong Kong stock exchange:			
- Up to 1 year	58,542,207,076	1,819,750,608	939,529,729
Singapore stock exchange:			
- Up to 1 year	16,594,916,345	851,415,000	302,796,752
Madrid stock exchange:			
- Up to 1 year	2,849,293,978	146,481,683	116,818,200
<i>Certificates:</i>			
Euronext, Paris stock exchange:			
- Up to 1 year	22,568,625,000	1,074,567,968	982,699,500
- From 1- 5 years	1,601,459,578	1,411,306,807	1,234,423,000
Luxembourg stock exchange:			
- Up to 1 year	607,209,249	660,496,671	604,719,139
- From 1- 5 years	2,729,816,380	2,957,544,686	2,708,319,607
- Exceeding 5 years	65,358,125	68,447,553	65,035,941
Frankfurt stock exchange:			
- Up to 1 year	70,761,750	41,802,994	30,000,000
- From 1- 5 years	64,032,500	63,246,798	64,032,500
- Exceeding 5 years	15,000,000	14,861,440	15,000,000
Austria stock exchange:			
- From 1- 5 years	177,500,000	218,692,078	177,500,000
- Exceeding 5 years	40,000,000	40,798,573	39,861,500
Hong Kong stock exchange:			
- Up to 1 year	11,389,522	41,402,893	11,389,522
- From 1- 5 years	119,603,119	351,485,953	60,413,819
Bern stock exchange:			
- From 1- 5 years	29,111,617	9,733,213	29,111,617
Amsterdam stock exchange:			
- From 1- 5 years	85,792,000	87,260,481	85,792,000
Ierland stock exchange:			
- From 1- 5 years	11,389,522	10,875,125	11,389,522
<i>Private placements Europe:</i>			
- Up to 1 year	3,065,165,129	3,127,282,099	3,007,367,376
- From 1- 5 years	6,892,717,776	7,074,975,449	6,559,116,576
- Exceeding 5 years	1,014,432,064	1,044,646,892	1,071,737,188
<i>Private placements Hong Kong:</i>			
- From 1- 5 years	19,474,512	23,840,372	14,074,412

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Private placements Luxembourg:

- Up to 1 year	15,532,050	15,480,210	14,031,843
- From 1- 5 years	1,489,203	1,005,300	1,000,000
- Exceeding 5 years	16,195,756	15,384,276	16,195,756

Asian securities:

Luxembourg stock exchange:

- Up to 1 year	509,521,342	150,804,632	109,311,548
- From 1- 5 years	3,232,810,564	980,423,839	518,535,020
- Exceeding 5 years	11,824,056	7,309,837	15,007,512

Total securities, as per December 31, 2006	172,824,079,485	25,559,533,877	21,801,795,494
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Total securities as per December 31, 2005	101,818,636,139	22,885,577,398	11,640,993,371
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Amsterdam, February 23, 2007

The Managing Director,

BNP Paribas Trust B.V.

BNP Paribas Arbitrage Issuance B.V.
Amsterdam

OTHER INFORMATION

STATUTORY ARRANGEMENTS CONCERNING THE APPROPRIATION OF PROFITS

In accordance with article 20 of the articles of association of the Company profits are at the disposal of the general meeting of shareholders.

No dividends can be declared if the shareholder's equity is less than the total of the paid in capital and the legal reserves.

PROPOSED APPROPRIATION OF THE RESULT FOR THE YEAR ENDED DECEMBER 31, 2006

The Managing Director proposes to the general meeting of shareholders to add the profit made by the Company during the financial year under review to the retained earnings.

AUDITORS' REPORT

The auditors' report is recorded on the next page.

01-03-2008

**BNP Paribas Arbitrage Issuance B.V.
AMSTERDAM**

Date
February 23, 2007

From
G.J.W. Ros

Reference
3100235483/OP9998/ldw

Auditors' report

Report on the financial statements

We have audited the accompanying financial statements 2006 of BNP Paribas Arbitrage Issuance B.V., Amsterdam, which comprise the balance sheet as at December 31, 2006, the profit and loss account and cash flow statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both 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.

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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.

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 BNP Paribas Arbitrage Issuance B.V. as at December 31, 2006, and of its results and cash flows for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.



G.J.W. Ros