Annual report

2006

Emba

N.V. Emba

Nieuwe Uitleg 26a

2514 BR 's-Gravenhage

CONTENTS

REPORT OF THE SUPERVISORY BOARD

In accordance with the articles of association we hereby submit to the annual general meeting of shareholders the annual report of the Management Board and the auditor's statement.

The consolidated net profit attributable to equity holders of the parent amounts to K€ 8.866 due to good results of all entities.

Taking into account the report of the Managing Directors regarding the development during this period, we recommend the adoption and approval of the annual report over the year 2006 and the annual accounts 2006 as submitted.

We propose a distribution of dividend of € 1,05 per share.

The supervisory board expresses its gratitude to the management and staff of the Group for all the work accomplished over the past year.

The Hague, June 4, 2007

The Supervisory Board

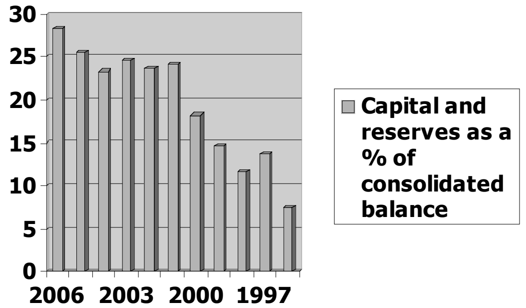
H.G. Baron Hottinguer	Prof. J.P. Gastaud
Dr. H. Stalder	A.C.J. Schmitt

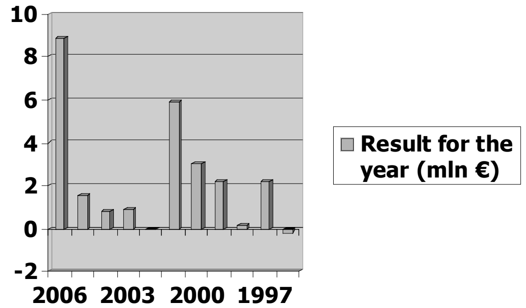
KEY FIGURES (CONSOLIDATED)

The figures up to 2004 are based on Dutch GAAP. As from 2004 the figures are based on IFRS.

	2006	2005	2004	2003	2002
Dividend (€)	1,05 [1)]	1,05	0,60	0,50	-
Result for the year (mln €) attributable to equity holders of parent	8,87	1,53	0,83	0,92	-0,04
Idem in % of capital and reserves	25,10	5,58	3,27	3,35	-0,16
Paid-up and called up share capital (mln €)	3,60	3,59	3,58	3,57	3,56
Capital and reserves (mln €) attributable to equity holders of parent	35,32	27,42	25,25	27,61	27,48
Total equity (mln €)	68,80	55,78	52,84	55,23	54,95
Consolidated balance sheet total (mln €)	125,23	107,74	108,19	112,04	116,00
Capital and reserves as a % of consolidated balance sheet total	28,20	25,45	23,34	24,64	23,69
Total equity as a % of consolidated balance sheet total	54,93	51,77	48,84	49,30	47,37
Per share (€) Result	17,24	2,98	1,62	1,81	-0,09

[1)] Proposed dividend





MANAGEMENT REPORT

The consolidated net profit is K€ 15.132 which is an increase of 421% from the prior year. The consolidated net profit attributable to equity holders of the parent also increased from K€ 1.529 to K€ 8.866. The growth in third party interest was due to the good results in the Real Estate activities where the third party interests are the highest.
This increase was only possible, because an important building in France could have been sold.

As we noted last year the results in the Banking and Financial services are based on the value of the underlying transactions and/or underlying portfolios, it is clear that the results were positively impacted by the performance of the equity markets in 2006. It continues to be the group's policy to increase the number and value of the portfolios under management.

The property sector, one of the traditional pillars of the group, fulfils multiple functions within the group's policy. Next to lodging of group's activities, it provides a stable stream of revenue, which partly equalizes the volatile influences of stock markets and exchange variations on the group's results.

The Internal auditor, who was employed in 2004, has performed several audits within the Emba Group and reported the results to the audit committee.

Divided by sector of activities, details of some operational subsidiaries can be given as follows.

BANKING & FINANCIAL ACTIVITIES

Hottinger & Cie
Hottinger & Cie, Luxembourg, finished the year with a profit of K€ 593 compared to K€ 344 in 2005, an increase of over 70%, whereas our customer basis remained stable.
In addition to these positive results the company further strengthened its organisation by engaging a full time compliance officer in charge of improving as well our internal organisation and to prepare Hottinger & Cie for the upcoming changes linked to the new MIFID legislation.
An important step in our development was the move to new modern premises in the financial centre of the City of Luxembourg. As of July 2006 Hottinger & Cie is located at 47 Blvd Royal, Luxembourg City.

Hottinger Portfolio Management S.A., the Swiss subsidiary of Hottinger & Cie Luxembourg showed a profit of CHF 215.232 in 2006.

Hottinger Bank & Trust
The bank continues to see good results since expanding its operations in 2005. The net profit for the year increased by 44% to K$ 848 compared to K$ 589 in 2005.
The revenue from private banking services was $ 2,4 million compared to $ 1,8 million or an increase of 29,6% over 2005, while total revenues was $ 3,5 million compared to $ 2,9 million or an increase of 22,95% over 2005. Expenses increased by 11,85% to $ 2,4 million compared to $ 2,2 million in 2005 in support of staff growth.
The revenue from the investments in Associates appreciated to K$ 105 compared to K$ 62 in 2005.
The bank paid a dividend of K$ 400 in 2006.
Our assets under management (AuM), continues to develop with a growth of 22,7% over the results of 2005.
The bank has renovated and expanded its office premises and upgraded its IT investments and furniture to the value of approximately K$ 300 in preparation for the expansion of our services.
These positive results continue to reflect the success of the active strategic focus to increase our marketing efforts, and promote our jurisdiction products.
The legislation for Private Trust Companies (PTCs) has been enabled in the Bahamas, thus further promoting the Bahamas position in private wealth management, a position we continue to exploit .

Hottinger US
Assets under management at Hottinger U.S. Inc. increased to $ 38,2 million during 2006 through the performances of the accounts. Revenue increased by 17% to K$ 321 and expenses increased by 26% to K$ 164. Net income decreased by K$ 11 due to an increase of the company's effective tax rate from 29,6% in 2005 (in 2005 we still had net operating loss carry forwards), to 42,48% in 2006.

Portfolio Management Associates [P]
Portfolio Management Associates, Vienna started a major step of expansion after the record profit in 2005. This expansion will weight on the company results in 2006 and 2007. In 2006 the company recorded a loss of K€ 123, after a profit of K€ 438 in 2005. The loss is explained by unexpected delays in revenues, thus all projects and milestones of the year were completed successfully. The company acquired a new managing partner and director of private banking and an advisor contract for a mutual fund with a starting volume of € 20 million in 2006. According to the Promotor of the Fund, the asset

management unite of Austria's largest insurance company, this fund is expected to have assets under Management of € 50 million by the end of the year 2007.

Hottinger Capital Corporation [P]
2006 was another good year for HCC who is the manager of the Swiss Helvetia Fund, Inc. The performance of the fund of 20,56% in Swiss Francs was in line with the performance of the Swiss Performance Index (SPI). The shares of the fund in US Dollars appreciated nearly double that amount, namely by 37,64%. The revenue of HCC increased by over K$ 500 to K$ 4.200 (+14%). The expenses increased by K$ 182 mainly due to the purchase of a portfolio management software and one additional employee. Tax expenses also increased by 59% to K$ 354 which left the company a net income of K$ 508 (+72%).

Hottinger & Co Limited [P]
2006 produced a very small profit which is the first since incorporation. Funds under management grew significantly during the year and full benefits of this, to our fee income, should materialize in 2007.Investment Management performance was good and we continue to attract higher net worth clients. We have also been appointed as Investment Advisors to some Third Party funds and look forward to a challenging and profitable 2007.

Hottinger Capital SA [P]
Compared with the previous year, 2006 has shown a decrease of the turnover by 8%, mainly due to a reduction of the volume of retrocession on brokerage by 21%.
On the other hand, the management fees have increased by 20%. Despite the contradictory evolution of these factors, the net profit after tax remains at a satisfactory level.

Hottinger Asset Management Canada [P]
The Canadian operations had an excellent year. Assets grew from Can$ 93,3 million in 2005 to Can$ 257,7 million in 2006. The financial results were excellent as well. Net profit for the fiscal year 2006 increased to Can$ 285.000 from Can$ 38.000 the previous year. The prospects continue to look good and the business should continue to grow. Canada is looking forward to another successful year in 2007.

Note [P] not consolidated.

REAL ESTATE ACTIVITIES

Sofibus
An efficient remarketing of the vacant areas has been set up only at the end of the year, therefore the rental activity has been very limited in 2006 but should allow to get back in 2007 to a satisfactory level of rental activities and occupancy ratios.

Financière Hottinguer
The office block located 38/40, rue de Provence was sold for a net price of K€ 12.233.

Emba
The building located at Ivry sur Seine has been sold in September 2006 for a net price of K€ 2.992. It had been valued by an expert between K€2.730 and K€ 3.000 excluding tax.
The two buildings located in Holland have generated K€ 794 of rents and have been valued collectively at K€ 7.115. Management is pleased to report that those two buildings are under contract for a selling price of K€ 7.875 which after Taxes, Fees and Mortgages reimbursement will leave approximately € 4,2 million of cash.

GENERAL OUTLOOK

The general economic developments as well as the geopolitical situation while far from been perfect allows for a reasonable optimism.

With respect to the real estate sector, the sale by our subsidiary Financière Hottinguer of the building at 38/40, rue de Provence in Paris as generated K€12.233 of cash after taking into consideration Taxes and Fees. The management also would like to mentions the importance of the continuing decrease of debt in our subsidiary Sofibus. Also, as mentioned our two buildings in Holland are under contract for a selling price of K€ 7.875 which after Taxes, Fees and Mortgages reimbursement will leave approximately € 4,2 million of cash.

With respect to the banking activities the group is, especially through its staff, well positioned to take advantage of opportunities in the Markets. The first quarter 2007 showed a positive development that seems to carry through the second quarter. Predictions for the year as a whole are difficult to make because our activities are dependant on the evolutions of the world equity markets. The management, therefore, will restrain itself to a moderate optimism, but with the expectation that it can conclude also the year 2007 in a positive way.

As the Company announced in the press release dated April 16, 2007, the management board of the Company has been informed that an agreement in principle has been reached among the Company's major shareholders, calling for a restructuring of Emba, which may ultimately lead to a delisting of the Company. In the General Meeting of Shareholders held on June 29, 2006 the possibility of a restructuring of Emba had already been discussed.
The restructuring will result in Emba liquidating or selling major assets, or allocating same to specific group companies or to shareholders on the basis of a share buy-back scheme or as a result of a legal demerger of the Company. Such legal demerger would be effected after the intended delisting of the Company. It is expected that an exit offer would be made to the minority shareholders prior to the delisting. Upon the demerger being effected, any remaining minority shareholders will become shareholders in a new entity, which will not be listed and which holds part of the current assets in Emba.
Further details of the proposed restructuring will be explained during the annual general meeting of shareholders scheduled on June 29, 2007.

The Hague, June 4, 2007

The Management Board

R.E. Hottinger	F.G. Hottinger
J.-M. Costes	J. Auf der Maur
M.P.E. Playe	E.Z. Rozencwajg

CORPORATE GOVERNANCE

With respect to the annual report 2004 of N.V. Emba ("Emba" or the "Company"), a corporate governance report was discussed and approved by the General Meeting of Shareholders on June 28, 2005. As a result of the approval of that report by the General Meeting of Shareholders, the report forms part of the annual report 2004 of the Company. The contents of the report are quoted below.
The corporate governance paragraph in the annual report 2005 sets forth developments in the Company's corporate governance compared to the corporate governance as included in the annual report 2004 of the Company. The contents of the paragraph in the annual report 2005 setting forth those developments are also quoted below.
This corporate governance paragraph in the annual report 2006 sets forth further developments in the Company's corporate governance compared to the corporate governance as included in the annual report 2004 and the annual report 2005 of the Company. Reference is made to the end of this paragraph.

Contents of the corporate governance report 2004
Quote
Introduction
The Corporate Governance Code adopted on 9 December 2003 (the "Code") states that listed companies should dedicate a paragraph in their annual accounts to the corporate governance of the company and the compliance of the company with the Code.
As set out in the supervisory board report of the annual report 2004, the report on corporate governance would be available on the date of the General Meeting of Shareholders on 28 June 2005 of Emba N.V. ("Emba" or the "Company") and this report will be discussed as a separate item on the agenda. Upon approval of this report on Corporate Governance it will form part of the annual report 2004 of the Company. The next annual report will contain a report on the corporate governance structure of Emba and any amendments will be discussed with the General Meeting of Shareholders.
Emba is a holding company. Less than 5% of the listed shares are being traded on Euronext. The remaining majority of the listed shares are held by members of the Hottinger family, who are in control of the Hottinger Group, which is active in the private banking business since 1786.
Emba has implemented a two-tier structure with a management board (executive directors) and a supervisory board (non-executive directors). Emba does not have any anti-takeover measures and each share in the capital of the Company carries one vote. The Company has one class of shares, being common shares with a nominal value of EUR 7. Unless otherwise required by the articles of association or Dutch law all the decisions of the shareholders meeting will be taken by absolute majority. No option plan exists.
The company endorses the importance of good corporate governance. Given the open governance structure of the Company as set out above, not all principles and best practice provisions of the Code are applicable to the Company. To the extent the provisions of the Code do apply to the Company, they have been carefully considered by the management board and the supervisory board, taking into account the structure, size and nature of the Company. The management board and the supervisory board have come to the conclusion that the Company complies or will comply with the majority of the provisions of the Code. The process of implementing the provisions of the Code which Emba will not deviate from, has already been started in 2004 and the Company envisages to finalise this process in 2005.
The differences between the principles and best practice provisions laid down in the Code and Emba's corporate governance are indicated hereinafter. The differences will be explained in the order of the Code. The numbers used correspond with the Code numbers. A general explanation concerns the provisions of the Code relating to the posting of documents and information on the website. The Company has decided not to install a website, since it is merely a small holding company and the costs involved with installing and maintaining a website are disproportionately high. Information about the business of the subsidiaries of Emba is available on the existing websites of the Hottinger group and Sofibus (www.hottinger.com and www.sofibus.com). All the information that should be published on the Company's website according to the Code is or will be available upon full implementation of the Code at the corporate offices of Emba on request for all shareholders of the Company.

II Management Board
The members of the management board of the Company are appointed for an indefinite period. In view of the fact that private banking is part of the business of the Company and in view of the expertise of the members of the management board in this field, Emba considers it not in the best interest of the Company to restrict the appointment of the members of the management board to a term of four years. Furthermore, in order to ensure the continuity of the business operations, it should be possible that the members remain members for a longer period than the maximum period of eight years as recommended in the Code.

II 2 Remuneration
The members of the management board own shares in the Company. Dutch law contains specific rules intended to prevent insider trading and price manipulation. Pursuant to these rules, we have adopted a code of conduct in respect of the reporting and regulation of transactions in securities of the Company.
The members of the management board are working in a highly regulated business. One of Emba's subsidiaries, Sofibus S.A., is a quoted company. Furthermore, two subsidiaries are holding more than 500 million Euros of client assets in custody (Hottinger & Cie, Luxembourg and Hottinger Bank & Trust Ltd., Nassau) and are supervised by the local banking authorities. The members of the management board are aware of Dutch and foreign applicable insider trading rules and statutory notification requirements in connection with disclosure of holding in listed companies and the Company is confident that they comply with all such rules. The Company believes that additional quarterly internal reporting by members

of the management board of trading in securities of other listed companies would be a significant additional administrative burden.
No employment agreements exist on the level of the Company. All subsidiaries work on an independent basis with respect to severance payments to be agreed upon in employment contracts and severance payments actually made. The maximum remuneration in the event of dismissal of one of the members of the management board is not restricted. Emba aims to maintain its flexibility on this point.
The supervisory board determines the remuneration of the members of the management board in accordance with the remuneration policy to be adopted by the General Meeting of Shareholders. The financial components - and other component to the extent they have a financial impact on the Company - of the contracts with the members of the management board will be disclosed. For commercial, contractual and market reasons the Company restrains disclosure of other details.

II 3 Conflicts of interest
The private banking subsidiaries of Emba work closely together with Hottinger & Cie, Banquiers in Switzerland and the Hottinger group in general. Those business relationships are of vital importance to the private banking activity of the Company. Since the members of the management board and supervisory board who are member of the Hottinger family hold an interest in Hottinger & Cie, Banquiers and in other members of the Hottinger group, the normal business transactions between Emba and Hottinger & Cie, Banquiers and the Hottinger group fall under the description of a potential conflict of interest in best practice provision II.3.2 of the Code. However, these transactions are entered into as part of the private banking business of the Company and are not considered to be of a conflicting nature as meant in the Code. The transactions are not detrimental to the Company but benefit the Company. For a conflict of interest out of the professional position of the members of the management board, article 15 paragraph 5 of the articles of association of the Company provides for a provision that the Company will be represented by a member of the supervisory board of the Company.

III Supervisory board
The supervisory board supervises the management board's operation of the Company and the affiliated companies. All members of the supervisory board are to act in the best interest of the Company and its affiliated companies. Article 15 of the articles of association requires that certain decisions of the management board need the prior approval of the supervisory board.

III 2 Independence
The Company will only partly comply with the best practice provisions regarding the independence and the period of appointment of the members of the supervisory board. Only one member of the supervisory board is independent within the meaning of the Code. However, given the expertise and background of the current members, the Company believes a long-term alliance with these members is vitally important to all stakeholders of the Company.
The success of the professional private banking activities of the subsidiaries of the Company are based on built up trust and personal relationships. Clients expect a strong representation of the Hottinger family on the supervisory board of the Company. Furthermore, the composition of the supervisory board meets the requirements of expertise necessary to perform the duties of the supervisory board in accordance with the standards set by the Code. A quick rotation and a maximum period of three 4-years terms for persons to be appointed as member of the supervisory board is not in the best interest of the Company.

III 4 Role of the chairman of the supervisory board and the company secretary
In view of the size of the Company and the cost involved, the Company does not have a company secretary. The chairman of the supervisory board is assisted by employees of entities of Emba. The supervisory board of the Company believes that the organisational and administrative support by a company secretary is at the moment not necessary.

III 5 Composition and role of three committees of the supervisory board
In the annual accounts 2003 the Company has already indicated that not all subcommittees of the supervisory board as recommended will be created. The Company has installed an audit committee and complies with the best practice provisions with respect to this audit committee. Given the size and the nature of the Company, the supervisory board considers it unnecessary to implement a selection and appointment committee and a remuneration committee. These topics will be discussed in the plenary sessions of the supervisory board making use of the expertise of all members.

III 6 Conflicts of interest
The explanation given with respect to the conflicts of interest with respect to the members of the management board is mutatis mutandis applicable to the conflicts of interest of the supervisory board.

III 7 Remuneration
The members of the supervisory board will not be granted any shares in the capital of the Company by way of remuneration. The remuneration of the supervisory board is being published in the annual report. The Company decided not to restrict the members of the supervisory board from investing in shares issued by other companies or impose internal notification requirements. Members who hold shares in the capital of the Company and/or shares in the capital of other listed companies are bound by Dutch and foreign applicable insider trading rules and statutory notification requirements in connection with disclosure of holding in listed companies and the Company is confident that they comply with all such rules. The Company believes that additional quarterly internal reporting by members of the supervisory board of trading in securities of other listed companies would be a significant additional administrative burden.

Unquote

Contents of the corporate governance report 2005

Quote

Developments in 2005

The description of corporate governance of the Company and the compliance of the Company with the Code included in the corporate governance report quoted above is for the most part still accurate. Developments since last year's report are described hereinafter.

During the General Meeting of Shareholders on June 28, 2005, it was discussed that the although there are no formal arrangements for a 'whistleblower procedure', employees do have the possibility of reporting alleged irregularities as referred to in best practice provision II.1.6 of the Code without jeopardising their legal position. As indicated during the General Meeting of Shareholders on June 28, 2005, both the chairman of the management board of the Company and the chairman of the supervisory board of the Company are available to take note of and discuss any complaints.

In the corporate governance report in respect of the annual report 2004 it is stated that the normal business transactions between the Company and Hottinger & Cie, Banquiers and the Hottinger group fall under the description of a potential conflict of interest in best practice provision II.3.2 of the Code. In consideration thereof, Mr. H.G. Baron Hottinguer has resigned as chairman of the supervisory board of Hottinger & Cie, Banquiers and, furthermore, it is proposed that during the General Meeting of Shareholders on June 29, 2006, Mr. R.E. Hottinger and Mr. F.G. Hottinger will resign as members of the management board of the Company.

According to the corporate governance report in respect of the annual report 2004, only one supervisory director is independent within the meaning of the Code. As announced during the General Meeting of Shareholders on June 28, 2005, Mr. A.J.P.M. van der Kroft has resigned as a supervisory director of the Company. It is proposed that during the General Meeting of Shareholders on June 29, 2006, Mr. A. Schmitt is appointed as a supervisory director of the Company. Mr. Schmitt is independent within the meaning of the Code. Therefore, upon his appointment two members of the supervisory board of the Company will be independent within the meaning of the Code.

Unquote

Developments in 2006

The description of corporate governance of the Company and the compliance of the Company with the Code included in the corporate governance report 2004 and the developments in 2005, both quoted above, are for the most part still accurate. Developments since last year's report are described hereinafter.

Contrary to what is stated in the corporate governance report 2005, Mr. R.E. Hottinger and Mr. F.G. Hottinger did not resign as members of the management board of the Company. This was explained in the General Meeting of Shareholders held on June 29, 2006. Mr. M. Playe and Mr. E Rozencwajg have, in addition, been appointed as members of the management board of the Company. In the General Meeting of Shareholders held on June 29, 2006, Mr. A. Schmitt was appointed as supervisory director of the Company. Mr. J.P. Gastaud was re-appointed as supervisory director of the Company.

ANNUAL ACCOUNTS 2006

CONSOLIDATED BALANCE SHEET

	Notes		€ '000 31-12-2006		€ '000 31-12-2005
Assets					
Non-current assets					
Investment property	1	64.308		74.238	
Fixtures and equipment	1	582		513	
Goodwill	2	983		1.037	
Other intangible assets	2	46		45	
Investments in associates	3	2.166		2.031	
			68.085		77.864
Current assets					
Financial assets	4	8.657		1.273	
Trade and other receivables	5	3.966		3.077	
Current income tax receivable		15		40	
Current tax receivable		194		868	
Cash and cash equivalents	6	40.171		22.226	
Non-current assets classified as held for sale	8	4.144		2.396	
			57.147		29.880
Total assets			125.232		107.744

	Notes		€ '000 31-12-2006		€ '000 31-12-2005
Equity and liabilities					
Capital and reserves					
Share capital	9	3.600		3.589	
Capital reserves	10	692		594	
Revaluation reserve	11	388		812	
Retained earnings	12	30.639		22.429	
Equity attributable to equity holders of the parent		35.319		27.424	
Minority interest		33.477		28.358	
Total equity			68.796		55.782
Non-current liabilities					
Bank overdrafts and loans	13	16.220		22.865	
Loans	13	954		1.064	
Deferred tax liabilities	14	1.558		2.262	
Provisions	15	2.253		1.787	
		20.985		27.978	
Current liabilities					
Trade and other payables	16	17.958		10.886	
Current income tax liability		177		543	
Current tax liabilities	17	125		110	
Bank overdrafts and loans	13	5.656		3.001	
Derivative financial instruments	18	16		105	
Clients' savings		11.519		9.339	
		35.451		23.984	
Total liabilities			56.436		51.962
Total equity and liabilities			125.232		107.744

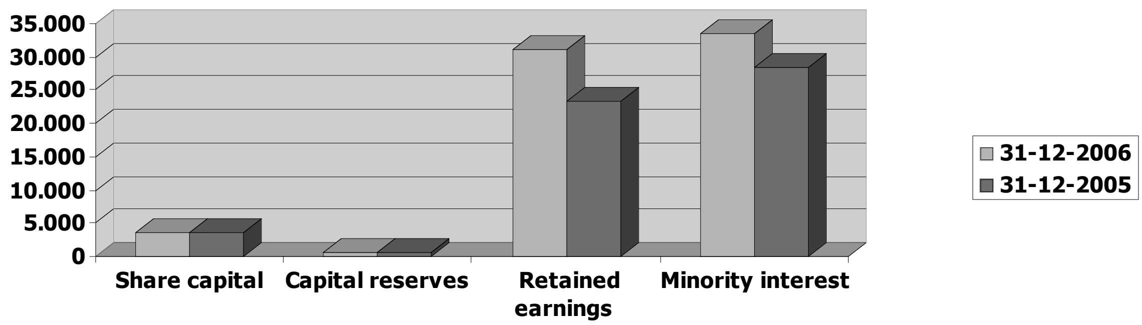
CONSOLIDATED INCOME STATEMENT

	Notes	€ '000 2006	€ '000 2005
Revenue		44.293	24.800
Cost of sales		4.978-	4.357-
Gross profit	22	39.315	20.443
Administrative expenses	23	16.150-	13.872-
Operating profit		23.165	6.571
Share profit of associates		345	385
Investment revenues		210	53
Exchange gains and losses		16	39-
Other gains and losses		25-	18-
Finance costs	24	828-	974-
Profit before tax		22.883	5.978
Income tax expense	25	7.751-	2.380-
Profit for the year		15.132	3.598
Attributable to:			
Equity holders of the parent		8.866	1.529
Minority interest		6.266	2.069
		15.132	3.598
Earnings per share attributable to equity holders of the parent			
Basic		17,29	2,99
Diluted		17,29	2,99

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent entity is based on the following data.
Earnings figures for 2006 amount to K€ 8.866 (2005: K€ 1.529).
Weighted average number of shares 2006 basic and diluted 512.784 (2005: basic and diluted 511.830).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	€ '000 Share capital	€ '000 Capital reserves	€ '000 Revaluation reserve	€ '000 Retained earnings	€ '000 Equity attributable to equity holders of the parent	€ '000 Minority interest	€ '000 Total equity
Balance at January 1, 2005	3.579	482	-	21.191	25.252	27.590	52.842
Issue of share capital	10	112			122		122
Dividends				291-	291-	1.301-	1.592-
Profit of the year				1.529	1.529	2.069	3.598
Gains on available for sale investments			35		35		35
Exchange differences on foreign operations			777		777		777
Balance at January 1, 2006	3.589	594	812	22.429	27.424	28.358	55.782
Issue of share capital	11	98			109		109
Dividends				656-	656-	1.147-	1.803-
Profit of the year				8.866	8.866	6.266	15.132
Gains on available for sale investments			118		118		118
Exchange differences on foreign operations			542-		542-		542-
Balance at December 31, 2006	3.600	692	388	30.639	35.319	33.477	68.796



CONSOLIDATED CASH FLOW STATEMENT

	€ '000 2006		€ '000 2005	
Operating activities				
Profit	15.132		3.598	
Add:				
Depreciations	3.814		3.435	
Movement in provisions	466		560	
Interest received	386		410	
Interest paid	1.303-		1.279-	
Income tax paid	8.422-		2.302-	
Movement in working capital				
Financial assets	7.384-		646-	
Trade and other receivables	889-		484	
Current income tax receivable	25		40	
Current tax receivable	674		183	
Private loans	-		6.542-	
Trade and other payables	7.989		224	
Current income tax liability	366-		543	
Current tax liabilities	8.437		1.958	
Bank overdrafts and loans (current liabilities)	2.655		4.033-	
Derivative financial instruments	89-		105	
Clients' savings	2.180		493-	
Cash flow from operating activities		23.305		3.755-
Investment activities				
Proceeds from disposal of investment property	3.335		1.618	
Investments in investment property	1.172		2.279-	
Investments in fixtures and equipment	231-		380-	
Movement in goodwill	37		1-	
Investments in other intangible assets	16-		56-	
Movement in investments in associates	135-		641-	
Cash flow from investment activities		4.162		1.739-
Financing activities				
Repayments of bank overdrafts and loans	6.645-		7.668	
Repayments of loans	110-		143	
Movement in deferred tax liabilities	704-		348-	
Issue of new shares	109		122	
Gains on available for sale investments	118		35	
Dividend paid	1.803-		1.592-	
Cash flow from financing activities		9.035-		6.028
Exchange differences		487-		1.275
Increase in cash and cash equivalents		17.945		1.809
Cash and cash equivalents at January 1	22.226		20.417	
Cash and cash equivalents at December 31	40.171		22.226	
Increase in cash and cash equivalents		17.945		1.809

NOTES

1. General information

N.V. Emba is a public company with limited liability. The company is located at Nieuwe Uitleg 26A, 2514 BR in The Hague. The activities of N.V. Emba and its subsidiaries ("The Group") consist of the exploitation of real estate and banking activities.

2. Adoption of new and revised International Financial Reporting Standards

The consolidated annual accounts of the N.V. Emba are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These standards comprise all new and revised Standards and Interpretations as published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), as far as they apply to the Group's activities, effective on the financial years starting from January 1, 2006.
A number of new standards, amended standards and interpretations had not yet taken effect in 2006, but can be applied prematurely. The Group has not done so. To the extent that these new standards, amended standards and interpretations are relevant to the Group, the effect their application might have on the consolidated accounts for 2007 and beyond is set out below.

– IFRS 7 Financial Instruments: Disclosures
This new standard, effective as from January 1, 2007, prescribes somewhat elaborated additional notes on financial instruments. The Group will apply this standard in the 2007 annual accounts.

– IFRS 8 Operating Segments
This new standard, effective as from January 1, 2009, replaces IAS 14 Segment Reporting. This standard introduces new guidelines regarding the information on distinct segments to be commented on. It appears to be allowed to match the choice of the distinct segments and the related notes to the segments currently in use in internal reports.

– Adjustment IAS 1 Capital Disclosures
This adjustment is related to the additional information requirements as included in IFRS 7. The Group will apply this adjustment to the 2007 annual accounts.

– IFRIC 7 Applying the restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies
This interpretation mainly applies to situations in which an entity has to adjust its annual accounts in the year in which it is first confronted with hyperinflation, and primarily applies to the recognition of deferred taxes. This standard must be applied as from the financial years which start on or after March 1, 2006. This interpretation is not expected to affect the 2007 annual accounts of the Group.

– IFRIC 8 Scope of IFRS 2
This interpretation concerns the recognition of payments related to shares in which goods or services received can (partly) not be determined specifically. This interpretation applies to financial years starting on or after May 1, 2006. If applicable, the Group will apply this interpretation as from the 2007 annual accounts.

– IFRIC 9 Reassessment of Embedded Derivatives
This interpretation, effective on financial years starting on or after June 1, 2006, requires companies to reassess whether in the contract a derivative should be separated from the basic contract in case of changes in the contract. This interpretation is not expected to affect the Group's 2007 annual accounts.

– IFRIC 10 Interim Financial Reporting and Impairment
This interpretation applies to financial years starting on or after November 1, 2006. It prohibits reversing impairments of goodwill, investments in an equity instrument or financial assets valued at cost recognised in a prior interim period.
This interpretation is not expected to affect the Group's 2007 annual accounts.

– IFRIC 11 Group and Treasury Share Transactions
This interpretation will affect financial years starting on or after March 1, 2007 and provides, supplementary to IFRS 2, an interpretation of the recognition of payments on or based on shares to the company's employees. This interpretation is not expected to affect the Group's 2007 annual accounts.

- IFRIC 12 Service Concession Arrangements
This interpretation will affect financial years starting on or after 1 January 2008. Earlier application permitted. It draws a distinction between two types of service concession arrangement. This interpretation is not expected to affect the Group's 2007 annual accounts.

3. Significant accounting principles

The financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union. The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of N.V. Emba and entities (including special purpose entities) controlled by N.V. Emba (its subsidiaries). Control is achieved where N.V. Emba has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of N.V. Emba. Intra-group transactions, balances, income and expenses are eliminated on consolidation.
Minority interests in the net assets of consolidated subsidiaries are identified separately from N.V. Emba's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of N.V. Emba except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Foreign currencies
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in euros (€), which is the functional currency of N.V. Emba and the presentation currency for the consolidated financial statements.
In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rate prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.
Exchange differences are recognised in the profit and loss in the period in which they arise, except for exchange differences on monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the reserves and recognised in the profit and loss on disposal of the net investment.
For the purpose of presenting consolidated financial statements, the assets and liabilities of N.V. Emba's foreign operations (including comparatives) are expressed in euros using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Fixtures and equipment
Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method.
The gain or loss arising on the disposal or retirement of an item of fixtures and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment property
Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Patents and trademarks
Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, N.V. Emba reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, N.V. Emba estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments in associates
An associate is an entity over which N.V. Emba has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of individual investments. Any excess of the cost of acquisition over N.V. Emba’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of N.V. Emba’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss. Where a group entity transacts with an associate of N.V. Emba, profits and losses are eliminated to the extent of the Group’s interest in the relevant associate.

Goodwill
Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over N.V. Emba’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of N.V. Emba’s cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. N.V. Emba’s policy for goodwill arising on the acquisition of an associate is described under ‘Investments in associates’ above.

Pension liabilities
The Group has various pension plans. These plans are financed through contributions to insurance companies. The Group has only defined contribution plans. In the event of defined contribution plans the Group pays fixed contributions to pension insurers and -funds. These fixed contributions are the Groups sole payment commitments. Contributions are recognised as expense when employees have rendered service entitling them to the contributions.
Former employees of N.V. Emba were included in a defined retirement benefit plan. For defined benefit retirement benefit plans, the calculation of the present obligation is being carried out at each balance sheet date. The pension provision is valued on an actuarial basis using a discount rate of 4.5%.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes. Dividend income from investments is recognised when the shareholders’ rights to receive payment have been established.

Borrowing costs
Borrowing costs directly attributable to the acquisition of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. N.V. Emba’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where N.V. Emba is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments
Financial assets and financial liabilities are recognised on N.V. Emba's balance sheet when N.V. Emba becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Available for sale investments
For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank borrowings
Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with N.V. Emba's accounting policy for borrowing costs (see above).

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments and hedge accounting
N.V. Emba's activities expose it primarily to the financial risks of changes in interest rates. The significant interest rate risk arises from bank loans. N.V. Emba's policy is to convert a proportion of its floating rate debt to fixed rates. N.V. Emba designates these as cash flow hedges of interest rate risk. The use of financial derivatives is governed by N.V. Emba's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with N.V. Emba's risk management strategy. N.V. Emba does not use derivative financial instruments for speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.
Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss.
Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Provisions
Provisions are recognised when N.V. Emba has a present obligation as a result of a past event, and it is probable that N.V. Emba will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Leasing

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

4. Estimates in the accounts and key sources of estimations uncertainty

The assets of the N.V. Emba and its subsidiaries mainly consist of the property portfolio. The market value of these assets can not be assessed using official quotations or listings. The value of the assets is based on N.V. Emba's policy for the valuation of property (valuation method) and on the estimates from internal and external experts regarding some elements needed to value property. These elements mainly consist of the yield for the property, the market rent for surfaces to be let and the expenditures that are needed to maintain the property in the condition on which market rents are based. Furthermore, estimates have been applied for the measurement of derivative financial instruments and the recognition of deferred (tax)liabilities.

5. Business and geographical segments

Business segments

For management purposes, N.V. Emba is currently organised into two operating divisions – banking & financial activities and real estate. These divisions are the basis on which N.V. Emba reports its primary segment information.

Principal activities are as follows:

Banking & financial activities – Banking activities, portfolio management and investment adviser.

Real estate – Leasing and rental of real estate.

Geographical segments

N.V. Emba's operations are located in The Netherlands, rest of Europe (Luxembourg, Switzerland and France) and rest of the world (United States of America and Bahamas). N.V. Emba's real estate are located in The Netherlands and France. Banking & financial activities are carried out in Luxembourg, Switzerland, United States of America and Bahamas.

The following table provides an analysis of N.V. Emba's operations:

	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
	2006	**Banking & financial**	**Real estate**	**The Netherlands**	**Rest of Europe**	**Rest of the world**
Revenue	44.293	9.309	34.984	2.019	37.788	4.487
Cost of sales	4.978-	1.873-	3.105-	379-	2.726-	1.873-
Gross profit	39.315	7.436	31.879	1.640	35.062	2.614
Administrative expenses	12.336-	1.723-	10.612-	1.896-	8.715-	1.723-
Depreciation	3.814-	202-	3.612-	181-	3.431-	202-
Operating profit	23.165	5.511	17.655	437-	22.916	689
Share profit of associates	345	332	14	-	14	332
Investment revenues	210	28	182	11	172	28
Exchange gains and losses	16	5	11	11	-	5
Other gains and losses	25-	-	25-	-	25-	-
Finance costs	828-	21-	809-	419-	390-	21-
Profit for tax	22.883	5.855	17.028	834-	22.687	1.033
Income tax expense	7.751-	47-	7.705-	671	8.376-	47-
Profit for the year	15.132	5.808	9.323	163-	14.311	986

The following table provides an analysis of N.V. Emba's segment assets and liabilities:

	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
	31-12-2006	**Banking & financial**	**Real estate**	**The Netherlands**	**Rest of Europe**	**Rest of the world**
Assets						
Investment property	64.308	278	64.030	-	64.030	278
Other non-current assets	3.777	2.713	1.064	111	953	2.713
Current assets	57.147	15.982	41.165	6.053	35.112	15.982
Total assets	125.232	18.973	106.259	6.164	100.095	18.973
Equity and liabilities						
Capital and reserves	68.796	-	68.796	35.319	33.477	-
Non-current liabilities	20.985	616	20.369	9.012	11.357	616
Current liabilities	35.451	12.061	23.390	2.542	20.848	12.061
Total equity and liabilities	125.232	12.677	112.555	46.873	65.682	12.677

The following table provides an analysis of N.V. Emba's significant investments in assets and non-cash expenses:

	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
	31-12-2006	**Banking & financial**	**Real estate**	**The Netherlands**	**Rest of Europe**	**Rest of the world**
Investment property						
Balance at January 1, 2006	74.238	-	74.238	4.324	69.914	-
Exchange differences	38-	-	38-	-	38-	-
Investments	1.224	-	1.224	-	1.224	-
Disposals	3.335-	-	3.335-	-	3.335-	-
Depreciation	3.637-	-	3.637-	180-	3.457-	-
Reclassified as held for sale	4.144-	-	4.144-	4.144-	-	-
Balance at December 31, 2006	64.308	-	64.308	-	64.308	-

Other segment information:

	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
	31-12-2006	**Banking & financial**	**Real estate**	**Banking & financial**	**Rest of Europe**	**Rest of the world**
Carrying amount of associates accounted for using the equity method	2.166	2.166	-	-	-	2.166

NOTES TO THE CONSOLIDATED BALANCE SHEET

All amounts are expressed in € '000 unless indicated otherwise.

1. Investment property and fixtures and equipment

	Land and buildings	Other buildings	Total investment property	Fixtures and equipment
Balance at January 1, 2005	69.708	10.043	79.751	291
Exchange differences	-	520-	520-	-
Investments	2.279	-	2.279	380
Disposals	1.618-	-	1.618-	-
Depreciation	3.684-	105-	3.789-	158-
Reversal of impairment	-	531	531	-
Reclassified as held for sale	2.396-	-	2.396-	-
Balance at December 31, 2005	64.289	9.949	74.238	513
Total investments at cost	120.638	10.657	131.295	1.514
Total depreciations and impairments	56.349-	708-	57.057-	1.001-
Total	64.289	9.949	74.238	513
Balance at January 1, 2006	64.289	9.949	74.238	513
Exchange differences	-	38-	38-	37-
Investments	1.224	-	1.224	268
Disposals	3.335-	-	3.335-	-
Depreciation	3.530-	107-	3.637-	162-
Reclassified as held for sale	4.144-	-	4.144-	-
Balance at December 31, 2006	54.504	9.804	64.308	582
Total investments at cost	109.347	10.542	119.889	1.129
Total depreciations and impairments	54.843-	738-	55.581-	547-
Total	54.504	9.804	64.308	582

The market value of the land and buildings is valued based on external appraisals and amounts to approximately K€ 110.707. Realisation of this surplus value will effect in an additional tax liability of K€ 28.230 against a rate of 25,5%.

The following rates are used for the depreciation of the investment property and the fixtures and equipment:
Buildings 2% to 5%
Land is not depreciated.
Fixtures and equipment 10% to 33%

Investment property consist mainly of properties held by European undertakings of N.V. Emba, having Euro as functional currency.

2. Goodwill and other intangible assets

	Goodwill	Other intangible assets
Balance at January 1, 2005	1.014	8
Exchange differences	22	-
Investments	1	56
Amortisation	-	19-
Balance at January 1, 2006	1.037	45
Exchange differences	17-	-
Investments	-	16
Other movement	37-	-
Amortisation	-	15-
Balance at December 31, 2006	983	46
Total investments at cost	1.483	626
Total amortisation and impairments	500-	580-
Total	983	46

N.V. Emba tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts are determined from value in use calculations. The key assumption for the value in use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business. The growth rates are based on industry growth forecasts.

Goodwill has been allocated for impairment testing purposes to four cash-generating units:

	2006	**2005**
Hottinger Portfolio Management S.A.	411	448
Hottinger & Cie S.A.	111	111
Sofibus S.A.	313	313
PH Cay Ltd.	148	165
	983	1.037

The other intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for patents and trademarks are over their estimated useful lives, which is on average ten years.

3. Investment in associates

	2006	**2005**
Balance at January 1	2.031	1.390
Exchange difference	210-	256
Results associates	345	385
Balance at December 31	2.166	2.031
Hottinger Capital Corporation, New York	1.584	1.460
Austria Capital Holding S.A., Luxembourg	129	142
Hottinger International Asset Management S.A., Luxembourg	453	429
Total	2.166	2.031

Details of N.V. Emba's investment in associates is presented on page 41.
Summarised financial information in respect of N.V. Emba's associates is set out below:

	2006	**2005**
Total asset	6.201	6.110
Total liabilities	1.028	819
Group's share of associates nett assets	2.166	2.031
Revenues	4.031	3.425
Profit for the period	947	1.035
Group's share of associates profit for the period	345	385

4. Financial assets

Available for sale investments	**2006**	**2005**
Fair value	491	409

Investments held for trading	**2006**	**2005**
Fair value	8.166	864

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on quoted market prices.

5. Trade and other receivables

	2006	**2005**
Trade receivables	990	1.308
Receivables from associates	398	392
Other receivables	2.129	1.003
Expenses paid in advance	430	344
Interest receivable	19	30
Total	3.966	3.077

An allowance has been made for estimated irrecoverable amounts from the rendering of services of EUR 215. This allowance has been determined by reference to past default experience.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	2006	**2005**
Cash	435	317
Bank balances	39.736	21.909
Total	40.171	22.226
On behalf of clients	11.519	9.339
At free disposal	28.652	12.887
Total	40.171	22.226

7. Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments.
The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are well-known and established banks.
The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on pervious experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

8. Non-current assets classified as held for sale

A designated buyer and N.V. Emba have agreed on the intended sale of the building Prins Hendrikkade, Rotterdam. In case all suspensive conditions have been fulfilled in a satisfactory way, the building will be transferred in 2007. The selling price has been determined at K€ 5.800.
A designated buyer and N.V. Emba have agreed on the intended sale of the building Nijverheidsweg, Elst. In case all suspensive conditions have been fulfilled in a satisfactory way, the building will be transferred in 2007. The selling price has been determined at K€ 2.075.

	2006	**2005**
Balance at January 1	2.396	-
Addition due to intention to sale	4.144	2.396
Selling price	3.400-	-
Result on sale	1.004	-
Balance at December 31	4.144	2.396

Non-current assets classified as held for sale include real estate financed by means of a loan amounting to K€ 1.969 which is secured by the real estate.
For segment reporting the building is included in the real estate activities.

9. Share capital

The authorized capital amounts to € 16.800.000 divided in 2.400.000 ordinary shares with a nominal value of € 7.
The changes in the issued and paid up share capital during 2006 are as follows:

	2006	**2005**
Balance at January 1	3.589	3.579
Share issue	11	10
Balance at December 31	3.600	3.589

As per January 1, 2006 512.776 ordinary shares were issued and paid-up.
In 2006 1.460 ordinary shares were issued.
As per December 31, 2006 514.236 ordinary shares were issued and paid-up.
Fully paid ordinary shares carry one vote per share and carry the right to dividends.

10. Capital reserves

	2006	**2005**
Share premium	692	594

11. Revaluation reserve

	2006	**2005**
Balance at January 1	812	-
Exchange difference	542-	777
Increase on revaluation of financial assets	118	35
Balance at December 31	388	812

12. Retained earnings

	2006	2005
Balance at January 1	22.429	21.191
Paid out dividend	656-	291-
Result current year	8.866	1.529
Balance at December 31	30.639	22.429

13. Bank overdrafts and loans

	2006	2005
Bank loans	21.876	25.866
Payable within one year	5.656-	3.001-
Total	16.220	22.865
Loans		
Private loans	954	1.064
Total	954	1.064
Schedule for repayment		
Remaining term 1-5 years	13.200	18.348
Remaining term longer than 5 years	3.974	5.581

The average interest rate is 4,44%. The interest rates are between 3% and 6%.
For K€ 1.969 the loans are secured with real estate properties.
Sofibus S.A. has a credit facility of K€ 20.030 of which K€ 5.905 has been used.

The carrying amounts of the bank loans are denominated in euros and private loans are denominated in USD.

Bank loans of K€ 10.529 are arranged at fixed interest rates and expose N.V. Emba to fair value interest rate risk. Other loans are arranged at floating rates, thus exposing N.V. Emba to cash flow interest rate risk.
Management board estimates, based on current and expected developments, that the fair value of the loans does not materially deviate from its carrying value.

14. Deferred tax liabilities

	2006	2005
Balance at January 1	2.262	2.610
Transfer to Profit & Loss	671-	78
Other changes	33-	426-
Balance at December 31	1.558	2.262

15. Provisions

	2006	2005
Pension provision	49	52
Provision for claims	1.828	1.359
Provision for participation	376	376
Total	2.253	1.787

	Pension	Claims	Participation
Balance at January 1	52	1.359	376
Additions	12	481	-
Utilizations	15-	12-	-
Balance at December 31	49	1.828	376

Pension provision
The pension provision relates to pension obligations towards former employees of N.V. Emba; no new employees are added to this pension plan. The present obligation originated before 1992 and is valued based on the life expectancy of the former employees. The plan is unfunded.

Claims
Claims substantially all relate to the Group's activities in France and relate to disputes with tenants and a dispute over valuation of collateral originating from the Group's divested France banking activities. These amounts have not been discounted for the purpose of measuring the provision for claims, because the effect is not material.

Participation
The provision relates to the Group's investment in S.A. Finindex for which the Group's interest is reduced to zero, after which the provision is raised to the extent the Group has a legal or constructive obligation on behalf of the associate. The amount has not been discounted, because the effect is not material.

Substantially all provisions are analysed as non-current.

16. Trade and other payables

	2006	**2005**
Trade creditors	413	225
Deposits	-	55
Other creditors	15.000	8.787
Accruals	1.903	1.305
Interest payable	350	118
Prepaid income	205	272
Wages payable	87	124
Total	17.958	10.886

17. Current tax liabilities

	2006	**2005**
Wage tax	6	3
Value added taxes	71	78
Social security	48	29
Total	125	110

18. Derivative financial instruments

	2006	**2005**
Interest rate swaps	16	105

The Group uses an interest rate cap and an interest rate swap to manage its exposure to interest rate movements on a proportion of its bank borrowings.

In case of the interest rate cap a proportion of these borrowings is capped to a maximum interest rate. A contract with a nominal value of € 6,3 million has an interest rate cap of 2,85% on the 12 month EURIBOR for a period from January 7, 2007 till January 7, 2011.
In case of the interest rate swap a proportion of these borrowings are swapped from floating rates to fixed rates. A contract with a nominal value of € 6,3 million has fixed interest payments at a rate of 3,95% for periods from January 7, 2007 till January 7, 2011 and has floating interest receipts at 12 month EURIBOR rate. The notional amount of the swap is repaid as follows:
Notional amount as from January 9, 2007 till January 9, 2008: € 6.300.000
Notional amount as from January 9, 2008 till January 9, 2009: € 4.725.000
Notional amount as from January 9, 2009 till January 11, 2010: € 3.150.000
Notional amount as from January 11, 2010 till January 11, 2011: € 1.575.000

The fair value of the swap and the cap entered into at December 31, 2006 is estimated at a loss of K€ 16 (2005: K€ 105). Both the interest rate swap and the interest rate cap are designated as ineffective cash flow hedges and the changes in fair value thereof have been charged to the income statement.

19. Operating lease agreements

The N.V. Emba has entered into a lease agreement for the premises Nieuwe Uitleg 26A, The Hague for an amount of € 17.440,- per year. This agreement will end on June 30, 2008.
Hottinger Bank & Trust has entered into a lease agreement for the premises Lyford Manor, Lyford Cay, New Providence, Bahamas for an amount of $ 42.000,- per year. This agreement will end on April 1, 2010.
Hottinger & Cie has entered into a lease agreement for the premises 47 Boulevard Royal, Luxembourg for an amount of € 130.000,- per year. This agreement will end on June 1, 2009.

20. Events after balance sheet date

Restucturing
As N.V. Emba announced in the press release dated April 16, 2007, the management board of the N.V. Emba has been informed that an agreement in principle has been reached among the N.V. Emba's major shareholders, calling for a restructuring of Emba, which may ultimately lead to a delisting of the N.V. Emba. In the General Meeting of Shareholders held on June 29, 2006 the possibility of a restructuring of N.V. Emba had already been discussed.
The restructuring will result in N.V. Emba liquidating or selling major assets, or allocating same to specific group companies or to shareholders on the basis of a share buy-back scheme or as a result of a legal demerger of N.V. Emba. Such legal demerger would be effected after the intended delisting of N.V. Emba. It is expected that an exit offer would be made to the minority shareholders prior to the delisting. Upon the demerger being effected, any remaining minority shareholders will become shareholders in a new entity, which will not be listed and which holds part of the current assets in N.V. Emba.

Sale real estate
The two buildings located in Holland are under contract for a selling price of K€ 7.875 which after Taxes, Fees and Mortgages reimbursement will leave approximately € 4,2 million of cash.

21. Related party transactions

Related party constitute: major shareholders, subsidiaries, supervisory board members and members of the board of management.

To the Group’s best knowledge, no transactions were effected during the year under review involving persons or institutions that could be regarded as related parties.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

22. Gross profit

	Banking activities	Real estate	Total
Revenue	9.309	15.782	25.091
Result on sale of buildings	-	19.202	19.202
Cost of sales	1.873-	3.105-	4.978-
Gross profit	7.436	31.879	39.315

Revenue of banking activities mainly consists of fees & commissions income.

Real estate spaces are leased out under leases of various expiry terms. Rent indexation is agreed in countries where indexation is usual or legally permitted. The leases specify the rent, the other rights and obligations of the lessor and the lessee, including notice and renewal options as well as service and operating costs charges.
The future aggregate contractual rent for the next years from leases as at December 31 is shown in the following table:

	2006	**2005**
First year	12.239	12.839
Second up to and including fourth year	29.862	29.142
After five years	15.918	12.237
Total	58.019	54.218

23. Administrative expenses

	2006	**2005**
Salaries and wages	4.030	3.253
Social security	866	724
Pension contributions	12	12
Other general expenses	7.428	6.448
Depreciation buildings	3.530	3.684
Depreciation other buildings	107	105
Depreciation fixtures and equipments	162	158
Amortisation other intangible fixed assets	15	19
Reversal of impairment	-	531-
Total	16.150	13.872

The reversal of impairment concerns land in participation S.C. Omnium d'exploitation. An external appraisal of the land determined that the market value proved to be higher then the acquisition price. For this reason the impairment was reversed.

24. Finance costs

	2006	**2005**
Interest on bank overdrafts and loans	917	869
Result arising on derivatives	89-	105
Total	828	974

25. Income tax

		2006		2005
Profit before tax		22.883		5.978
Income tax at domestic tax rate	29,60%	6.773	31,50%	1.883
Share profit of associates	0,45%	102	2,02%	121
Recognition offsettable losses	-1,19%	272-	0,00%	-
Effect of non taxable results	-1,13%	258-	-3,53%	211-
Effect of tax rates of subsidiaries operating in other jurisdiction	6,49%	1.486	9,82%	587
Effects of tax rate reduction	-0,36%	80-	0,00%	-
Income tax expense	33,86%	7.751	39,81%	2.380

26. Appropriation of profit

The Articles of Association of N.V. Emba lay down the following as to the distribution of profits:

Article 23

1. The distribution of profits can only take place to the extent that the company's equity is larger than the amount of the paid-up and called capital plus reserves, as required by law.
2. The distribution of profits takes place after the approval of the annual report which shows that profit distribution is allowed.
3. The profit is at the free disposal of the general meeting of shareholders, in the sense, that, if profit-sharing debentures have been issued and the general meeting decides to pay a dividend, and in that case more than six per cent of the nominal amount of their shares is paid to the shareholders, the holders of profit-sharing debentures shall receive a percentage on the amount of their debentures, equal to half of the dividend that the shareholders receive in excess of the above-mentioned percentage of six, more than and except the fixed interest owed to them.

On 29 June 2006 the final dividend for the year 2005 was made payable, consisting of € 1,05 in cash on the ordinary shares. The dividend payment totalled K€ 538.

The board of management proposes to distribute a dividend of € 1,05 per share out of the 2006 result and to add the remaining result for the year to the reserves. The total dividend payable is estimated to be K€ 540. This proposal as well as the conditions should be decided on in the general meeting of shareholders. This proposal has not been reflected in the annual accounts.

COMPANY BALANCE SHEET

	Notes	€ '000	€ '000	€ '000	€ '000
			31-12-2006		31-12-2005
Assets					
Non-current assets					
Investment property	27	-		4.324	
Goodwill	27	111		111	
Investments in subsidiaries	28	40.994		33.685	
			41.105		38.120
Current assets					
Financial assets		-		153	
Current tax receivable		177		15	
Trade and other receivables		210		244	
Cash and cash equivalents		1.532		616	
Non-current assets classified as held for sale	29	4.144		2.396	
			6.063		3.424
Total assets			47.168		41.544

	Notes		€ '000 31-12-2006		€ '000 31-12-2005
Equity and liabilities					
Capital and reserves					
Share capital	30	3.600		3.589	
Capital reserves	31	692		594	
Revaluation reserves	32	11.254		12.125	
Retained earnings	33	19.773		11.116	
Equity attributable to equity holders of the parent			35.319		27.424
Non-current liabilities					
Bank overdrafts and loans	34	8.108		10.193	
Loans	34	1.476		1.514	
Deferred tax liabilities		670		1.341	
Provisions		49		52	
		10.303		13.100	
Current liabilities					
Trade and other payables		1.363		598	
Current tax liabilities		6		3	
Bank overdrafts and loans		161		314	
Derivative financial instruments		16		105	
		1.546		1.020	
Total liabilities			11.849		14.120
Total equity and liabilities			47.168		41.544

COMPANY INCOME STATEMENT

	€ '000 2006	€ '000 2005
Revenue	2.019	1.082
Cost of sales	379-	300-
Gross profit	1.640	782
Administrative expenses	2.268-	1.084-
Operating result	628-	302-
Share profit of subsidiaries	9.220	2.500
Investment revenues	11	3-
Other gains and losses	11	37-
Finance costs	419-	551-
Profit before tax	8.195	1.607
Income tax benefit/expense	671	78-
Profit for the year	8.866	1.529

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Principles for the presentation of the company accounts
The company accounts have been made up in accordance with the provisions of Title 9 Book 2 of the Dutch Civil Code. Use has been made of the option provided by Article 2:362 paragraph 8 of the Dutch Civil Code to apply the same principles for determining profit and loss and balance sheet items (including the principles of accounting for financial instruments under shareholders' equity or interest bearing liabilities) as are applied in the consolidated accounts. Reference is made to the notes to the consolidated financial statements.

Accounting principles
The principles for valuing and liabilities and the determination of profit are identical to those applied in the consolidated accounts. Where no specific principles are stated the reader is referred to the notes to the consolidated financial statements.

Investment property
Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.
Part of the real property of the Group company Sofibus S.A. was revalued within the financial restructuring of the Group in 1992; the depreciation is calculated on the revaluated basis. For the valuation differences between revaluated value and the fiscal value no provision for deferred taxes have been created. For the revaluation of this real property a revaluation reserve for subsidiaries was formed in the company balance sheet. This revaluation reserve for subsidiaries is released through equity in proportion to the depreciation on the revalued basis of the real property concerned.

Investments in subsidiaries
Where significant influence is exercised participations in non-consolidated group companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by N.V. Emba.
Participations with a negative equity are valued at nil. If the company fully or partly guarantees the liabilities of the participation concerned a provision is formed, primarily comprising the receivables from this participation. The remainder is recognised under provisions, in the amount of the share in the losses incurred by the participation, or for the amount of payments the company is expected to make on behalf of these participations.

NOTES TO THE COMPANY BALANCE SHEET

All amounts are expressed in € ‘000 unless indicated otherwise.

27. Investment property and goodwill

	Investment property	Goodwill
Balance at January 1, 2005	6.884	111
Investments	84	-
Disposals	-	-
Depreciation	248-	-
Reclassified as held for sale	2.396-	-
Balance at December 31, 2005	4.324	111
Total investments at cost	5.805	139
Total depreciations / amortisation and impairments	1.481-	28-
Total	4.324	111
Balance at January 1, 2006	4.324	111
Investments	-	-
Disposals	-	-
Depreciation	180-	-
Reclassified as held for sale	4.144-	-
Balance at December 31, 2006	-	111
Total investments at cost	-	139
Total depreciations / amortisation and impairments	-	28-
Total	-	111

28. Investment in subsidiaries

	2006	**2005**
Balance at January 1	33.685	31.542
Exchange difference	539-	777
Result subsidiaries	9.220	2.500
Dividend subsidiaries	1.370-	1.086-
Sale of subsidiary	-	49-
Other changes	2-	1
Balance at December 31	40.994	33.685

29. Non-current assets held for sale

For the assets held for sale reference is made to the notes to the consolidated annual account.

30. Share capital

The authorized capital amounts to € 16.800.000 divided in 2.400.000 ordinary shares with a nominal value of € 7.

The changes in the issued and paid up share capital during 2006 are as follows:

	2006	**2005**
Balance at January 1	3.589	3.579
Share issue	11	10
Balance at December 31	3.600	3.589

As per January 1, 2006 512.776 ordinary shares were issued and paid-up.
In 2006 1.460 ordinary shares were issued.
As per December 31, 2006 514.236 ordinary shares were issued and paid-up.

31. Capital reserves

	2006	**2005**
Share premium	692	594

32. Revaluation reserve

	2006	**2005**
In 1992 a revaluation reserve for subsidiaries was formed for the related revaluation of the real estate of Sofibus S.A..		
Balance at January 1	12.125	11.677
Release through equity	329-	329-
Exchange difference	542-	777
Balance at December 31	11.254	12.125

33. Retained earnings

	2006	**2005**
Balance at January 1	11.116	9.514
Release of revaluation reserve	329	329
Paid out dividend	538-	256-
Result current year	8.866	1.529
Balance at December 31	19.773	11.116

34. Bank overdrafts and loans

	2006	**2005**
Bank loans	8.269	10.507
Payable within one year	161-	314-
Total	8.108	10.193

Loans		
Private loans	1.476	1.514
Total	1.476	1.514

Schedule for repayment

Remaining term 1-5 years	5.370	6.083
Remaining term longer than 5 years	4.214	5.624

The average interest rate is 3,79%. The interest rates are between 3% and 6%.
For € 1.969 the loans are secured with real estate properties.

35. Remuneration of the Management Board and the Supervisory Board

Every member of the Management Board received a remuneration, paid in new shares in the N.V. Emba's capital. The number of shares issued for each member of the Management Board has been established as follows:
The gross amount for each member of the Management Board has been determined at € 18.000 in 1998. As of this date this gross amount has been amended annually in conformity with the usual wages index (consumer price index for low income families). The outcome is divided by the average price per share of N.V. Emba of the preceding year as quoted on Euronext.

The remuneration of the Management amounted in 2006 € 113.000 (2005: € 86.000).

	2006	**2005**
R.E. Hottinger	23	22
F.G. Hottinger	23	22
J. Auf der Maur	23	11
M.J.M.A.B. Costes	23	22
M.P.E. Playe	11	-
E.Z Rozencwajg	11	-
	114	77

The remuneration of the Supervisory Board amounted in 2006 € 56.000 (2005: € 60.000).

H.H. Baron Hottinguer	20	20
Prof. J.P. Gastaud	12	12
M.P.E. Playe	6	12
A.C.J. Schmitt	6	-
Dr. H. Stalder	12	12
mr A.J.P.M. van der Kroft	-	6
	56	62

Next to this remuneration H.G. Baron Hottinguer receives in his capacity of President-director general of Sofibus S.A. an amount of € 242.000 (2005: € 196.000). J.-M. Costes as director general of Sofibus S.A. an amount of € 235.000 (2005: € 225.000) and as director general of Ocepro S.A. an amount of € 340.000 (2005: € 74.000). E.Z. Rozencwajg receives as director-general of Hottinger & Cie an amount of € 171.000

In their capacity as member of the management board of various companies R.E. Hottinger receives € 115.000 (2005: € 108.000) en F.G. Hottinger € 118.000 (2005: € 110.000).

Information on employees
During 2006 the Group employed the following number of employees:

	2006	**2005**
Banking & financial activities	28	27
Real estate activities	13	14
	41	41

During 2006 the legal entity employed 0 employees (2005: 0).

36. Operating lease agreements

N.V. Emba has entered into a lease agreement for the premises Nieuwe Uitleg 26A, The Hague for an amount of € 17.440.- per year. This agreement will end on June 30, 2008.

STRUCTURE N.V. EMBA

Details of N.V. Emba's subsidiaries at December 31, 2006

Name of subsidiary	Place of registration and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Hottinger Participations Françaises B.V.	The Hague	100,00%	100,00%	Holding company for participating interests
Hottinger Holdings N.V.	Curaçao	100,00%	100,00%	Holding company for participating interests
Hottinger Bank & Trust Ltd.	Nassau	100,00%	100,00%	Investment advisor and holding company for participating interest
Hottinger Capital Corporation	Nassau	100,00%	100,00%	Investment advisor
PH Cay Ltd.	Nassau	100,00%	100,00%	Real estate investment
Intercom S.A.	Paris	94,05%	94,05%	Holding company for participating interests
S.A. Ocepro	Paris	92,92%	98,80%	Acquisition and management of commercial real estate
S.C. Omnium d'exploitation	Paris	91,06%	98,00%	Acquisition and management of commercial real estate
Hottinger & Cie S.A.	Luxembourg	80,72%	99,94%	Portfolio management
Hottinger Portfolio Management S.A.	Geneva	69,40%	85,97%	Portfolio management
Financière Hottinguer S.A.	Paris	61,60%	63,26%	Holding company for participating interests
Hottinger U.S. Inc.	New York	61,60%	100,00%	Investment advisor and holding company for participating interest
Sofibus S.A.	Paris	34,91%	55,81%	Development and management of commercial real property

Details of N.V. Emba's investment in associates at December 31, 2006

Name of associate		Place of registration and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
S.A. Finindex	*	Paris	61,45%	99,76%	Investment company
S.A. Soplacem	*	Paris	61,10%	99,20%	Investment company
Austria Capital Holding S.A.		Luxembourg	32,19%	50,00%	Investment advisor
Hottinger Capital Corporation		New York	29,90%	48,54%	Investment advisor
Hottinger International Asset Management S.A.		Luxembourg	29,92%	41,45%	Investment advisor and holding company for participating interest
Hottinger Financial S.A.		Luxembourg	28,78%	96,19%	Holding company for participating interests
Hottinger & Co Ltd		London	20,44%	100,00%	Corporate finance and management advisor
Hottinger Finance (Jersey) Ltd.		Jersey	20,44%	100,00%	Finance company
Acadia Capital Holding S.A.		Luxembourg	23,02%	80,00%	Investment advisor
Britannia Capital Holding S.A.		Luxembourg	20,44%	71,04%	Holding company for participating interests
Portfolio Management Associates A.G.		Vienna	16,42%	51,00%	Portfolio management
Financière Provence de Participation S.A.		Paris	15,40%	25,00%	Holding company for participating interests
Helvetia Capital Holding S.A.		Luxembourg	13,76%	46,00%	Investment advisor
Hottinger Capital S.A.		Geneva	7,02%	51,00%	Investment advisor
H.G. Wellington & Co Inc.		New York	5,08%	17,00%	Stock broker
Hottinger Asset Management Canada Inc.		Toronto	11,74%	51,00%	Asset management

* Associates are not consolidated because the materiality of the companies are negligible.

ADDITIONAL INFORMATION

Appropriation of profit

The Articles of Association of N.V. Emba lay down the following as to the distribution of profits:

Article 23

4. The distribution of profits can only take place to the extent that the company's equity is larger than the amount of the paid-up and called capital plus reserves, as required by law.
5. The distribution of profits takes place after the approval of the annual report which shows that profit distribution is allowed.
6. The profit is at the free disposal of the general meeting of shareholders, in the sense, that, if profit-sharing debentures have been issued and the general meeting decides to pay a dividend, and in that case more than six per cent of the nominal amount of their shares is paid to the shareholders, the holders of profit-sharing debentures shall receive a percentage on the amount of their debentures, equal to half of the dividend that the shareholders receive in excess of the above-mentioned percentage of six, more than and except the fixed interest owed to them.

On 29 June 2006 the final dividend for the year 2005 was made payable, consisting of € 1,05 in cash on the ordinary shares. The dividend payment totalled K€ 538.

The board of management proposes to distribute a dividend of € 1,05 per share out of the 2006 result and to add the remaining result for the year to the reserves. The total dividend payable is estimated to be K€ 540. This proposal as well as the conditions should be decided on in the general meeting of shareholders. This proposal has not been reflected in the annual accounts.

Events after balance sheet date

Restucturing

As N.V. Emba announced in the press release dated April 16, 2007, the management board of the N.V. Emba has been informed that an agreement in principle has been reached among the N.V. Emba's major shareholders, calling for a restructuring of Emba, which may ultimately lead to a delisting of the N.V. Emba. In the General Meeting of Shareholders held on June 29, 2006 the possibility of a restructuring of N.V. Emba had already been discussed.
The restructuring will result in N.V. Emba liquidating or selling major assets, or allocating same to specific group companies or to shareholders on the basis of a share buy-back scheme or as a result of a legal demerger of N.V. Emba. Such legal demerger would be effected after the intended delisting of N.V. Emba. It is expected that an exit offer would be made to the minority shareholders prior to the delisting. Upon the demerger being effected, any remaining minority shareholders will become shareholders in a new entity, which will not be listed and which holds part of the current assets in N.V. Emba.

Sale real estate

The two buildings located in Holland are under contract for a selling price of K€ 7.875 which after Taxes, Fees and Mortgages reimbursement will leave approximately € 4,2 million of cash.

AUDITORS' REPORT

Report on the financial statements

We have audited the accompanying financial statements 2006 of N.V. Emba, The Hague. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2006, profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2006, the company profit and loss account 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 International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report 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.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the financial statements give a true and fair view of the financial position of N.V. Emba as at December 31, 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the financial statements give a true and fair view of the financial position of N.V. Emba 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.

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.

Amsterdam, June 4, 2007

Deloitte Accountants B.V.

Drs. G.J.W. Ros RA