



Bedrijfsrevisoren - Reviseurs d'Entreprises - Registered Auditors

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**IFOAM EU GROUP, international
association**

**Auditor's report for the years ended
December 31, 2005 and 2004**

VRC BEDRIJFSREVISOREN – VRC REVISEURS D'ENTREPRISES – VRC REGISTERED AUDITORS

Burgerlijke vennootschap onder de vorm van een cooperatieve vennootschap met beperkte aansprakelijkheid
Société Civile sous forme d'une société coopérative à responsabilité limitée

Maatschappelijke zetel | Siège social | Registered address: 8880 Torhout, Lichterveldestraat 139

BTW | TVA | VAT BE 462 836 191 – RPR | RPM Ger. Arr. | Arr. Jud. 0462 836 191

Vennoten | Associés | Partners: Vander Donckl Hedwig – Roobrouck Bart – Christiaens Yves – Geeroms Andre – Motte Brigitte

IFOAM EU GROUP

**AUDITOR'S REPORT FOR THE YEARS
ENDED DECEMBER 31, 2005 AND 2004
TO THE ASSOCIATION'S MEMBERS MEETING**

We have audited the accompanying financial statements of IFOAM EU GROUP as of December 31, 2005 and 2004. These financial statements are the responsibility of the association's board of directors. Our responsibility is to express an opinion on these financial statements based on our audits.

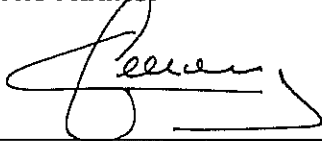
We conducted our audits in accordance with auditing standards generally accepted in Belgium. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We noticed that, for the years under review, no real rules existed for determining membership fees. In these circumstances we are unable to verify whether income is complete and recorded in the right year.

In our opinion, except for the effect of the matter described above, if any, such financial statements present fairly the results of operations for the financial years ending on 31 December 2005 and 2004, and the association's financial position as at that date.

February 13, 2006.

The Auditor



VRC Registered Auditors
SC s.f.d. SCRL
Represented by André Geeroms

| | <u>2005</u> | <u>2004</u> |
|-------------------------------|------------------|------------------|
| ASSETS | | |
| Fixed assets | | |
| Depreciation fixed assets | | |
| Receivables | 15.492,97 | 1.250,00 |
| Prepaid expenses | 32,49 | |
| KBC savings account € | 51.216,23 | 50.683,95 |
| KBC bank account € | 1.270,93 | 728,37 |
| CAM bank account € | 1.808,95 | 2.577,35 |
| Utskrivet Banken € | 0,00 | 7.479,31 |
| HSBC bank account £ | 3.568,33 | 11.190,35 |
| Petty cash | 255,48 | 43,67 |
| Proton | 20,00 | |
| Total assets | 73.665,38 | 73.953,00 |
| LIABILITIES | | |
| Reserves | 59.112,96 | 38.590,78 |
| Surplus (deficit) of the year | 1.059,98 | 20.522,18 |
| <i>Members' equity</i> | <i>60.172,94</i> | <i>59.112,96</i> |
| Invoices payable | 11.935,15 | 3.136,68 |
| Accrued charges project | 1.557,29 | 11.703,36 |
| Total liabilities | 73.665,38 | 73.953,00 |

VRC Registered Auditors
 FOR IDENTIFICATION
 PURPOSES ONLY

| INCOME AND EXPENDITURE | <u>2005</u> | <u>2004</u> |
|--|-----------------------|----------------------|
| <u>Income</u> | <u>153.423,29</u> | <u>75.791,10</u> |
| MS fee | 52.709,37 | 24.259,39 |
| Projects | 48.785,00 | 30.417,00 |
| Private funds | 8.575,00 | 9.166,00 |
| Governments funds | 16.000,00 | 2.675,14 |
| Others | 2.728,22 | 458,49 |
| Income UK | 8.854,75 | 7.565,08 |
| Accrued income | 15.492,97 | 1.250,00 |
| Currency exchange gains | 277,98 | |
| <u>Expenses</u> | <u>152.363,31</u> | <u>55.268,92</u> |
| Salary and external services | 1.430,60 | 5.740,74 |
| Travel and postage | 7.332,75 | 2.340,91 |
| Furniture and equipment | 709,28 | 3.824,15 |
| Rent | 9.150,00 | 2.950,00 |
| Communication and office supplies | 7.183,74 | 5.261,81 |
| Internal organisation | 1.211,50 | 706,79 |
| Public relation and conferences | 6.248,78 | 2.265,36 |
| Research project | 28.659,78 | 31.055,64 |
| Fees and donations | 90.436,88 | 1.123,52 |
| Surplus (deficit) of the year | 1.059,98 | 20.522,18 |