

Audit Opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Société Générale Effekten GmbH, Frankfurt am Main, Germany, for the fiscal year from January 1, 2006 to December 31, 2006. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks relating to future development.

Eschborn/Frankfurt am Main, Germany, March 28, 2007

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dombek
Wirtschaftsprüferin
[German Public Auditor]

Wagner
Wirtschaftsprüfer
[German Public Auditor]

BALANCE SHEET as of December 31, 2006

	<u>Dec. 31, 2006</u>	<u>Dec. 31, 2005</u>	<u>Dec. 31, 2005</u>
	EUR	EUR	EUR
A. CURRENT ASSETS			
I. Receivables and other assets			
1. Receivables from affiliated companies			
a) from the investment of issue proceeds			
- thereof due in more than one			
year: EUR 4,487,440,820.00 (prior year: EUR 0.00)			
- thereof due in more than one			
year: EUR 0.00 (prior year: EUR 0.00)			
b) Other receivables			
- thereof due in more than one			
year: EUR 0.00 (prior year: EUR 0.00)			
- thereof due in more than one			
year: EUR 8,157,925,985.50 (prior year: EUR 5,716,108,135.30)			
2. Other assets			
- thereof due in more than one			
year: EUR 8,157,925,985.50 (prior year: EUR 5,716,108,135.30)			
	<u>7,299,130,198.00</u>	<u>6,910,596,028.27</u>	<u>0.00</u>
	291,447.17	189,339.01	
	<u>9,798,648,467.50</u>	<u>6,910,596,028.27</u>	<u>0.00</u>
	<u>17,098,070,112.67</u>	<u>6,910,775,367.28</u>	
II. Cash on hand, Bundesbank balances, bank balances and checks	90,955.37	69,462.43	
B. TRUST ASSETS			
Receivables			
- thereof due in more than one			
year: EUR 402,302,500.00 (prior year: EUR 25,000,000.00)			
	589,231,000.00	25,000,000.00	
	<u>17,687,392,068.04</u>	<u>6,935,844,829.71</u>	
EQUITY AND LIABILITIES			
A. EQUITY			
I. Capital stock	25,564.59	25,564.59	25,564.59
II. Profit carryforward	116,242.74	91,665.55	91,665.55
III. Net income for the year	46,462.47	24,577.19	24,577.19
	<u>188,269.80</u>	<u>141,807.33</u>	<u>141,807.33</u>
B. ACCRUALS			
I. Accruals for pensions and similar obligations	36,933.92	0.00	0.00
II. Tax accruals	17,768.89	0.00	0.00
III. Other accruals	53,100.00	78,045.64	78,045.64
	<u>107,802.81</u>	<u>78,045.64</u>	<u>78,045.64</u>
C. LIABILITIES			
I. Liabilities from certificates issued			
- thereof convertible: EUR 0.00			
- thereof due in less than one			
year: EUR 2,811,689,378.00 (prior year: EUR 0.00)			
II. Trade payables	83,846.01	53,507.44	53,507.44
- thereof due in less than one			
year: EUR 37,029.93 (prior year: EUR 53,507.44)			
III. Other liabilities			
- thereof due in less than one			
year: EUR 186,928,500.00 (prior year: EUR 1,186,389,334.00)			
- thereof for taxes: EUR 2,483.92			
	9,798,650,951.42	6,910,571,469.30	6,910,571,469.30
	<u>17,097,864,995.43</u>	<u>6,910,624,976.74</u>	<u>6,910,624,976.74</u>
D. TRUST LIABILITIES			
Notes			
- thereof due in less than one			
year: EUR 193,934,500.00 (prior year: EUR 0.00)			
	589,231,000.00	25,000,000.00	25,000,000.00
	<u>17,687,392,068.04</u>	<u>6,935,844,829.71</u>	<u>6,935,844,829.71</u>

SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBHFRANKFURT AM MAIN, GERMANYINCOME STATEMENTFOR THE PERIOD FROM JANUARY 1, 2006 TO DECEMBER 31, 2006

	2006 EUR	2005 EUR
1. Income from options	7,037,221,814.49	6,618,502,378.00
2. Expenses from options	7,037,221,814.49	6,618,502,378.00
3. Income from certificates	850,650.00	0.00
4. Expenses from certificates	850,650.00	0.00
5. Other operating income	1,298,294.84	879,428.37
6. Personnel expenses		
a) Wages and salaries	60,718.74	0.00
b) Social security contributions and other benefit costs thereof for old-age pensions EUR 2,958.00 (prior year: EUR 0.00)	10,296.62	0.00
7. Other operating expenses	1,165,455.92	837,471.60
8. Other interest and similar income	18,269.32	1,292.15
- thereof from affiliated companies: EUR 18,269.32 (prior year: EUR 1,292.15)		
9. Other interest and similar expenses	1,529.36	1,691.28
- thereof to affiliated companies: EUR 1,529.36 (prior year: EUR 1,691.28)		
10. Result from ordinary activities	<u>78,563.52</u>	<u>41,557.64</u>
11. Income taxes	32,101.05	16,980.45
12. Net income for the year	<u><u>46,462.47</u></u>	<u><u>24,577.19</u></u>

**Société Générale Effekten GmbH
Frankfurt am Main, Germany**

**Notes to the Financial Statements
for Fiscal Year 2006**

Comments on the Financial Statements as of December 31, 2006 and Other Disclosures

The financial statements of Société Générale Effekten GmbH as of December 31, 2006 were prepared in accordance with the provisions of German commercial law governing the financial reporting of limited liability companies.

1. Accounting and Valuation Principles

Receivables are stated at their nominal value plus accrued interest. Non-hedged liabilities are stated at their amounts repayable.

Accruals are recognized in an appropriate amount for liabilities that exist as of the balance sheet date but whose amount is still uncertain.

Accruals for pensions are disclosed at the maximum amounts permitted for tax purposes. The carrying value was determined on the basis of actuarial principles in accordance with Sec. 6a EStG ["Einkommensteuergesetz": German Income Tax Act]. It is based on an interest rate of 6% and the 2005 G mortality tables.

Option premiums are recognized as other assets or other liabilities until they are exercised or expire. Upon exercise or expiry, the premiums are recognized in the income statement.

Certificates issued are disclosed as liabilities from certificates issued until their maturity. Certificates issued are secured by offsetting hedging transactions which are disclosed under receivables from affiliated companies.

Liabilities from certificates issued and warrants as well as the hedging transactions disclosed under receivables and other assets were grouped into valuation units and recognized at acquisition cost or in the amount of the issue proceeds. As a result of the qualification as a valuation unit, measurement in accordance with Sec. 252 (2) HGB ["Handelsgesetzbuch": German Commercial Code] has not been performed.

As of the balance sheet date, the warrants and certificates issued were fully hedged against changes in market prices by contracts concluded with the shareholder.

2. **Notes to the Balance Sheet**

Receivables from affiliated companies of EUR 7,299,366k are from the shareholder.

Other assets include the OTC options acquired from the shareholder to hedge the warrants issued.

Trust receivables relate to funds passed on to the shareholder from several certificates issued on behalf of the shareholder.

Trust liabilities relate to the issue of certificates in the Company's own name for third-party account.

Liabilities for certificates issued of EUR 1,087,617k (thereof trust liabilities: EUR 290,537k) are due in more than 5 years.

3. **Notes to the Income Statement**

Other operating income mainly relates to costs assumed by the shareholder.

Other operating expenses mainly comprise issue costs as well as legal and consulting fees.

Income taxes relate to the result from ordinary activities.

4. Cash Flow Statement

	Dec. 31, 2006 EUR	Dec. 31, 2005 EUR
1. Cash flow from operating activities		
Net income before extraordinary items	46,462.47	24,577.19
Increase/decrease in accruals	29,757.17	(42,513.42)
Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	(10,751,525,745.40)	(1,816,999,439.71)
Increase/decrease in inventories, trade payables and other liabilities that cannot be allocated to investing or financing activities	10,751,471,018.70	1,817,086,838.37
Cash flow from operating activities	21,492.94	69,462.43
 2. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents	21,492.94	69,462.43
Cash and cash equivalents at the beginning of the period	69,462.43	0.00
Cash and cash equivalents at the end of the period	90,955.37	69,462.43
 3. Composition of cash and cash equivalents		
Cash and cash equivalents	90,955.37	69,462.43

Additional Information Pursuant to No. 52 DRS 2:

- a) The demand deposit balances held with the shareholder are disclosed under cash and equivalents.
- b) No change was made to the definition of cash and cash equivalents compared with the prior period.
- c) Cash and cash equivalents equates to the balance sheet items "Cash on hand, Bundesbank balances, bank balances and checks".
- d) In the period under review, no significant non-cash investing or financing activities or business transactions were undertaken.
- e) The Company did not acquire or sell any enterprises during the period under review.

Additional Information Pursuant to No. 53 DRS 2:

The disclosed cash and cash equivalents are not derived from proportionately consolidated companies and are not subject to restraints on disposal.

5. Information on the Issuing Business

The issue volume for the fiscal year is as follows. All issues are hedged in full by identical OTC options concluded with or investment of issue proceeds at Société Générale S.A., Paris, France.

		FISCAL YEAR 2006			FISCAL YEAR 2005			
WARRANT CLASS	TYPE	NO.	VOLUME (IN UNITS)	LONGEST MATURITY	TYPE	NO.	VOLUME (IN UNITS)	LONGEST MATURITY
Equity warrants	CALL	830	799,150,000	Dec. 18, 2009	CALL	616	1,164,000,000	Dec. 18, 2009
	PUT	175	211,500,000	Dec. 19, 2008	PUT	149	281,000,000	Dec. 19, 2008
	Open End Turbo Short	142	155,190,000	open end	Open End Turbo Short	198	202,750,000	open end
	Open End Turbo Long	827	775,510,000	open end	Open End Turbo Long	779	773,000,000	open end
					Corridor	0		
			1,974	1,941,350,000			1,742	2,420,750,000
Index warrants	Am. CALL	0	0	Dec. 17, 2010	Am. CALL	52	28,000,000	Dec. 17, 2010
	CALL	118	124,050,000	Dec. 17, 2010	CALL	147	226,000,045	Dec. 17, 2010
	PUT	53	50,900,000	Dec. 19, 2008	PUT	56	99,500,000	Dec. 19, 2008
	Am. PUT	0	0	Dec. 19, 2008	Am. PUT	20	10,500,000	Dec. 19, 2008
	Open End Turbo Short	140	78,550,000	open end	Open End Turbo Short	74	41,500,000	open end
	Open End Turbo Long	228	140,860,000	open end	Open End Turbo Long	178	98,000,000	open end
	CORRIDOR	0	0	open end	CORRIDOR	27	27,000,000	open end
			539	394,360,000			554	530,500,045
Currency warrants	CALL	36	184,000,000	Dec. 8, 2008	CALL	162	324,000,000	Dec. 8, 2008
	PUT	25	103,000,000	Dec. 8, 2008	PUT	9	18,000,000	Dec. 8, 2008
	Open End Turbo Short	11	5,650,000	open end	Open End Turbo Short	21	10,500,000	open end
	Open end Turbo Long	17	8,500,000	open end	Open End Turbo Long	21	10,500,000	open end
			89	301,150,000			213	363,000,000
Commodity warrants	CALL	106	75,500,000	Dec. 10, 2008	CALL	184	223,500,000	Dec. 10, 2008
	PUT	74	57,000,000	Nov. 10, 2008	PUT	128	154,500,000	Nov. 10, 2008
	Open End Turbo Short	90	73,500,000	open end	Open End Turbo Short	67	77,000,000	open end
	Open End Turbo Long	103	84,500,000	open end	Open End Turbo Long	134	117,400,000	open end
			373	290,500,000			513	572,400,000
Futures	Bund Future	0	0	open end	Bund Future	7	4,750,000	open end
	Future	432	295,370,000	open end	Future	54	25,750,000	open end
	Note Future	0	0	open end	Note Future	2	5,090,000	open end
	T-note Future	0	0	open end	T-note Future	3	1,645,000	open end
			432	295,370,000			66	37,235,000
Certificates	Various	1,155	252,641,175	open end	Various	2	8,074,350	Dec. 22, 2006
		4,562	3,475,371,175			3,090	3,931,959,395	

The type, scope and fair value of the derivative hedging contracts as of the balance sheet date are presented as follows: the Company held 2,806 OTC options with a market value of EUR 15,715m to hedge equity and index warrants, 231 OTC options with a market value of EUR 116m to hedge currency warrants, 384 OTC options with a market value of EUR 2,471m to hedge commodity warrants, and 272 futures with a market value of EUR 129m.

In addition, the Company held 787 certificates on the price of equities with a market value of EUR 5,152m, 77 certificates on the price of commodities with a market value of EUR 569m and 291 certificates on indices with a market value of EUR 2,805m.

The book value of the abovementioned warrants was EUR 9,799m as of December 31, 2006 and is contained in other liabilities. The book value of the certificates issued amounted to EUR 7,889m as of December 31, 2006 and is contained in liabilities from certificates issued and under trust liabilities.

Société Générale S.A., Paris, France, determines the fair values of the derivative financial instruments using market prices and generally accepted option pricing models.

6. Information on the Fee Recognized as an Expense in the Fiscal Year

The fee recognized as an expense in fiscal year 2006 for the audit of the financial statements amounts to EUR 30k.

7. Information on the Company's Executive Officers and Employees

The following persons were general managers in fiscal year 2006:

Mr. Marc Braun, trained banker, Frankfurt am Main (since February 9, 2006)

Dr. Joachim Totzke, general counsel, Frankfurt am Main, Germany

Mr. Günter Happ, trained banker, Fliesen, Germany

The general managers did not receive any remuneration from the Company in the fiscal year.

The Company has two employees.

8. Group Affiliation

The parent company of Société Générale Effekten GmbH which prepares consolidated financial statements is Société Générale S.A., Paris, France. The consolidated financial statements can be inspected at Société Générale S.A., Frankfurt branch, Frankfurt am Main, Germany.

Frankfurt am Main, Germany, March 26, 2007

Société Générale Effekten GmbH

Marc Braun

Dr. Joachim Totzke

Günter Happ

**Société Générale Effekten GmbH
Frankfurt am Main, Germany**

**Management Report
for Fiscal Year 2006**

Société Générale Effekten GmbH mainly issues warrants and certificates which are sold in full to the parent company, Société Générale S.A., Paris, France.

All issues are placed by Société Générale S.A., Paris, France.

In fiscal year 2006, a total of 3,407 warrant issues took place. In addition to 1,974 options on equities, 539 options were issued on various indices, 373 on commodities, 89 on foreign exchange, and 432 on futures.

1,155 certificates were also issued, mostly bonus, discount, guarantee and express certificates.

The Company generated net income of EUR 46k in fiscal year 2006.

The Company's risk situation is shaped by its simple business structure and close affiliation with the Société Générale Group.

All market price risks from warrants, certificates and other issues are hedged in full by contracts concluded with Société Générale S.A., Paris, France. As a result, there are no price risks. There are no settlement risks either as payments from the sale of the securities issued and from hedges purchased and from their exercise are always netted. All receivables are due from the parent company Société Générale S.A., Paris, France, and its subsidiaries. Therefore, the Company is not subject to any independent risk. The credit rating of Société Générale S.A., Paris, France, and its subsidiaries is the determining factor in risk assessment.

The Company is expecting even more vigorous market activity in fiscal year 2007, driven by intensified business in Germany and the listing of certificates on other European stock exchanges (including Milan and Paris). The Company aims to extend its certificate issuing activities in particular.

As the international equity markets are also likely to trend upward, the issue volume in 2007 should rise significantly.

In view of the Company's strict risk management policy, it also expects to generate a positive result in fiscal years 2007 and 2008.

Frankfurt am Main, Germany, March 26, 2007