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Note about exceptional charges year 2005 and Capital buying transactions :

1 / Note about the exceptional charges year 2005 :

In 2002 a bank account was opened in Norway, through Den Norske Bank. It was opened with local currency, the Norwegian Krone.

Between 2002 and 2005 the rate of exchange of Norwegian Krone against the euro was less favorable so that while the Association closed the bank account with Den Norske and transferred the Norwegian Krone to a bank account in Luxembourg and converted this currency in euros, there was a loss of exchange of 8069.75 euros which had to be taken in account for the year 2005.

2 / Note about the Capital buying transactions :

The "bank fees" account includes the operating fees charged by Dexia Bank while buying bonds on the stock market :

1 % on the 50.000 euros bought in February 2005 = 500 euros

1 % on the 50.000 euros bought in October 2005 = 500 euros

1 % on the 10.000 euros bought in October 2005 = 100 euros

Total operating fees year 2005 : 1.100 euros

It's important to note that the bank doesn't guarantee the total refund of the capital invested if the Association wants reimbursement before 7 years.

For example, in December 2005 the Association sold 5000 euros of capital, the bank paid back 94.55 % (according the actual value on the market), so that the reimbursement was 4727.50 euros.

Loss on this operation : 5000 euros – (5000 euros x 94.55 %) = 272.50 euros.

Total cost year 2005, operating fees + loss : 1.100 euros + 272.50 euros = 1372.50 euros

End of December 2005 ,the bonds investment value in the accountancy was 55.000 euros and according the statement of account sent by Dexia bank in January 2006, the re-estimated value on the market was 52.464,50 euros. (95.39 % of 55.000 euros).

On the other side the interests are calculated on the exact amount invested and not on the re-estimated capital according value on the market.

Total interest earned for the year 2005, calculated on the 50.000 euros invested :

June 30th 2005 : 50.000 x 0.014 % = 700 euros

September 30th 2005 : 50.000 x 0.014 % = 700 euros

Net benefit regarding capital transactions in 2005 : 1.400 euros – 1.372.50 euros = 27.50 euros

Comments on the salary increase :

In 2004, the secretary contract was for 19 hours a week from January to April.

In May 2004, it was increased to 28 hours a week.

This mainly explains the increase in salary cost in 2005 (12 months at 28h a week) as compared to 2004 (4 months at 19h a week and 8 months at 28h a week).

Comments on AEMH budget year 2005 :

We would like to draw your attention on the financial position of the Association.

The loss since 2003 is about 12.000 per year.

As the funds available in bank (capital buying) is around 55.000 euros, we can forecast that in 4 years, that is in 2009, this amount of 55.000 will be exhausted.

The recommendation is to increase as soon as possible the Association's income, to afford this annual loss of 12.000 euros and to keep a certain amount in reserve in case of treasury problems.