Financial Statements for
the period January 1, 2007-December 31, 2007

EUROPEAN FREE ALLIANCE
EUROPEAN FREE ALLIANCE

Statement of Assets, Liabilities and Accumulated Surplus as at 31 December 2007

<table>
<thead>
<tr>
<th>Current assets</th>
<th>31/12/2007</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank balances</td>
<td></td>
<td>12,403.50</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Prepaid expenses and sundry receivables</td>
<td></td>
<td>10,726.94</td>
</tr>
<tr>
<td>- Income to receive</td>
<td></td>
<td>65,634.75</td>
</tr>
<tr>
<td></td>
<td></td>
<td>88,765.19</td>
</tr>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment at cost, less depreciation</td>
<td></td>
<td>2,351.17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>91,116.36</td>
</tr>
</tbody>
</table>

Accumulated surplus:
Social fund as of December 31, 2006 24,573.30
result 1/1 - 31/12/2007 324.53
at 31 December 24,248.77

Liabilities
Accounts payable and accrued liabilities 45,951.23
Salaries 20,916.36

**TOTAL LIABILITIES** 91,116.36
EUROPEAN FREE ALLIANCE

Comparison of actual and budgeted income, expenditure and surplus/deficit for the period ended 31 December 2007

<table>
<thead>
<tr>
<th>Income</th>
<th>Actual 12 months</th>
<th>Budget 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidy from European Parliament</td>
<td>215,197,63</td>
<td>227,390,00</td>
</tr>
<tr>
<td>Member contribution</td>
<td>74,600,00</td>
<td>67,500,00</td>
</tr>
<tr>
<td>Observer fees</td>
<td>4,216,00</td>
<td>6,500,00</td>
</tr>
<tr>
<td>Participation fee</td>
<td>800,00</td>
<td>1,000,00</td>
</tr>
<tr>
<td>Donations</td>
<td>0,00</td>
<td></td>
</tr>
<tr>
<td>Income in kind</td>
<td>324,53</td>
<td>796,70</td>
</tr>
<tr>
<td>Contribution out of the social fund</td>
<td>1,414,34</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank interest - net</td>
<td>377,67</td>
<td></td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td><strong>296,930,17</strong></td>
<td><strong>303,186,70</strong></td>
</tr>
</tbody>
</table>

Expenditure

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Actual</th>
<th>Budget 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>144,205,21</td>
<td>151,600,00</td>
</tr>
<tr>
<td>Operational &amp; infrastructure costs</td>
<td>14,311,90</td>
<td>26,780,00</td>
</tr>
<tr>
<td>Operational costs</td>
<td>15,102,12</td>
<td>22,120,00</td>
</tr>
<tr>
<td>Meetings and representation costs</td>
<td>81,005,95</td>
<td>75,000,00</td>
</tr>
<tr>
<td>Information and publication costs</td>
<td>32,304,99</td>
<td>27,686,70</td>
</tr>
<tr>
<td>Expenditure relating to contributions in kind</td>
<td></td>
<td>0,00</td>
</tr>
<tr>
<td>Non eligible expenditure</td>
<td>10,000,00</td>
<td>0,00</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td><strong>296,930,17</strong></td>
<td><strong>303,186,70</strong></td>
</tr>
</tbody>
</table>

**Total surplus/deficit for the year**

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>0,00</td>
<td>0,00</td>
</tr>
</tbody>
</table>
EUROPEAN FREE ALLIANCE

Notes to the Financial Statements for the year ended 31 December 2007

Basis of accounting

1. These accounts have been prepared in accordance with accounting policies generally accepted in Belgium, as supplemented and amended to suit the specific needs of the association.

Accrual base

2. All costs and revenues have been accounted for on an accrual base, and are related to the financial year 2007.

Revenues

3. The contributions in kind are in line with the regulations and imply contributions for the good functioning of the association.

Social Fund

4. The association has been created on 22 July 2004. The activities of the former organization have been transferred as a social fund. The use of the social fund for the financing of current expenses can only be done after approval of the Bureau within the limits set out by the General Assembly of 26 and 27 May 2005. It has been decided that the contribution for 2007 amounts to € 324,53.

Fixed Assets

5. The association’s policy is to expense minor items of office furniture and equipment (less than 420 € for each individual item). Major items are capitalized and depreciated based on the EC valuation rules on a straight-line basis.

Value added tax

6. Expenses are recorded including value added tax.

Overrun of individual budget lines

7. Overruns of individual budget lines are allowed as long as they remain within the limits of a margin of 20%. The overrun of the total budget will be considered as an ineligible expenditure for the calculation of the grant of the European Parliament.

The above notes form part of these financial statements.
Auditor's report

Unqualified auditor's report

Period 1/1/2007-31/12/2007

According to the audit mandate, we have audited the financial statements of the party prepared by its accountant for the year ending 31/12/07 as laid out on pages 1 to 3 of this document.

Respective responsibilities of the party and the auditors

The party is responsible to the European Parliament for the use of the grant and must comply with the provisions of the:

- Regulation EC (No) 2004/2003 of the European Parliament and of the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding,
- Grant agreement as signed by the party and the representative of the European Parliament,
- Financial Regulation and its Implementing Rules, where applicable to the grant agreement in question.

We have the responsibility to plan and carry out the required work to verify the financial statements prepared by the political party and to report to the party with a reasonable assurance our audit opinions.

Basis of Opinions

We conducted the audit in accordance with International Standards on Auditing issued by the IASSB. This standard requires the auditor to plan and carry out his work in a way to obtain sufficient and appropriate evidences and explanations to support his audit opinions. An audit includes an examination, on a sample basis, of evidence relevant to these opinions.

The audit work included specific procedures to gather sufficient and appropriate audit evidence that

- Financial statements give a true and fair view of the political party's financial position as of the balance sheet date, and of the incomes and expenditure
- for the period; which means that accounts were prepared and presented in accordance with the relevant national legislation,
- Any other opinion specifically required from the auditors by the relevant national legislation can be provided,
- Fixed asset valuation and depreciation complies with the provisions of Article 9(2) of Regulation (EC) No 2004/2003,
- Proper account of donors was maintained (Article 6b of the same regulation),
- Revenue was found compliant with the provisions of Article 6c of the same regulation,
- Nature of expenses was found compliant with the provisions of Article 7, respectively Article 8 of the same regulation,
- Funding from the budget of the European Parliament was calculated according to Article 10(2) of the same regulation,
- The financial provisions of the grant agreement were complied with.

Opinions
In our opinion,
- Financial Statements give a true and fair view of the political party's financial position as of the balance sheet date, and of the incomes and expenditures for the period,
- Any other opinion specifically required from the auditors by the relevant national legislation can be provided,
- Fixed asset valuation and depreciation complies with the provisions of Article 9.2 of Regulation (EC) No 2004/2003,
- Proper account of donors was maintained (Article 6b of the same regulation),
- Revenue was found compliant with the provisions of Article 6c of the same regulation,
- Nature of expenses was found compliant with the provisions of Article 7, respectively Article 8 of the same regulation,
- Funding from the budget of the European Parliament was calculated according to Article 10(2) of the same regulation,
- The financial provisions of the grant agreement were complied with,
- We have received all necessary explanations for the purpose of our work.

Brussels, April 5, 2008
TCLM – Toelen, Cats, Morlie & Co
Statutory Auditor
Legally represented by

Luc TOELEN
Registered Auditor
Partner

Karine MORRIS
Registered Auditor
Partner

member of
RSM International