



**NAVIGATOR**  
EQUITY SOLUTIONS



*Annual Report 2005*  
Jahresbericht 2005

## SUMMARY

(based on IFRS)

## ZUSAMMENFASSUNG

(nach IFRS)

### Key facts:

- Navigator Equity Solutions N.V. has a successfully completed fiscal year 2005
- The operating profit increased to euro 806,000 from euro 11,000 in 2004
- The net profit increased to euro 721,000 from euro 11,000 in 2004
- The value of long-term investments held was euro 1.2 million as of December 31, 2005
- Cash and marketable securities amounted to euro 5.4 million as of December 31, 2005
- The company was successfully introduced to trading to the "General Standard" segment of the Regulated Market
- In September 2005 the company completed a capital increase successfully
- In the area of special situations the company has acquired a shareholding in Lintec Information Technologies AG
- In the area of value investments the company has built up interests in several listed companies

### Wesentliche Ereignisse:

- Die Navigator Equity Solutions N.V. hat das Geschäftsjahr 2005 erfolgreich abgeschlossen
- Der operative Gewinn stieg auf EUR 806.000 im Vergleich zu EUR 11.000 in 2004
- Der Nettogewinn stieg auf EUR 721.000 im Vergleich zu EUR 11.000 in 2004
- Der Wert der strategisch langfristig gehaltenen Beteiligungen betrug zum 31.12.2005 EUR 1,2 Mio.
- Der Barmittelbestand und der Bestand an jederzeit liquidierbaren Wertpapieren betrug zum 31.12.2005 EUR 5,4 Mio.
- Die Gesellschaft wurde erfolgreich in den Regierten Markt im Segment „General Standard“ eingeführt
- Im September 2005 wurde eine Kapitalerhöhung erfolgreich durchgeführt
- Im Bereich Spezialsituationen wurde ein Investment in die Lintec Information Technologies AG getätigt
- Im Bereich unterbewerteten Unternehmen wurden mehrere Positionen an börsennotierten Unternehmen erworben



Navigator Equity Solutions N.V.

## FINANCIAL OVERVIEW

For the period ended December 31, 2005  
and December 31, 2004  
(in thousands of euros)

## FINANZÜBERBLICK

Zum 31. Dezember 2005  
und zum 31. Dezember 2004  
(in tausend Euro)

		2005	2004
<b>Total Income - net</b>	<b>Gesamtergebnis</b>	<b>1.056</b>	<b>72</b>
<b>Profit/Loss from Operations</b>	<b>Operativer Gewinn</b>	<b>806</b>	<b>11</b>
Operating Margin	Operative Marge	76%	15%
<b>Profit before Tax</b>	<b>Vorsteuerergebnis</b>	<b>806</b>	<b>11</b>
Net Income Margin	Nettomarge	76%	15%
<b>Net Income</b>	<b>Nettogewinn</b>	<b>721</b>	<b>11</b>
Net Income Margin	Nettomarge	68%	15,3%
<b>Earnings per Share</b>	<b>Gewinn je Aktie</b>	<b>0,03</b>	<b>0,00</b>

## MANAGEMENT BOARD REPORT

Dear Shareholders and Business Partners,

We are pleased to announce, that in its first full fiscal year Navigator Equity Solutions N.V. has performed very successfully.

A substantial interest in a public quoted company was acquired and several smaller investments were entered into. At the same time some disinvestments were executed successfully.

### General Developments in 2005

#### General

Business activities in 2005 were focused on the establishment of Navigator Equity Solutions N.V. as an investment company in the area of special situations and value investing, the active creation of networks in order to increase deal flow as well as the evaluation of investment opportunities in listed and non-listed companies.

#### Successful introduction to the “General Standard” segment

Navigator Equity Solutions N.V. has successfully introduced its shares to the trading of the “General Standard” segment of the German Stock Exchange in June 2005. The “General Standard” segment is part of the regulated market and requires a high level of transparency.

## BERICHT DES VORSTANDES

Sehr geehrte Aktionäre und Geschäftspartner,

Wir freuen uns Ihnen mitteilen zu dürfen, dass die Navigator Equity Solutions N.V. im ersten vollen Geschäftsjahr ihres Bestehens sehr erfolgreich gearbeitet hat. Die Gesellschaft tätigte ein erstes größeres strategisches Investment und konnte mehrere kleinere Investments eingehen. Außerdem konnten Beteiligungen erfolgreich veräußert werden.

### Geschäftsentwicklung 2005

#### Allgemein

Im Jahr 2005 lag der Fokus der Geschäftstätigkeit auf der Etablierung der Navigator Equity Solutions N.V. als Beteiligungsgesellschaft im Bereich Spezial-situationen und Value Investing. Der Schwerpunkt lag hierbei auf der aktiven Bildung von Netzwerken zur Erhöhung des Deal-flows, sowie auf der Evaluierung von Investmentgelegenheiten sowohl in börsennotierte als auch in nicht börsennotierte Gesellschaften.

#### Erfolgreiche Aufnahme in den „General Standard“

Im Juni 2005 fand die Zulassung der Aktien der Navigator Equity Solutions N.V. im Börsensegment „General Standard“ statt. Der „General Standard“ ist Teil des Regierten Marktes, welcher hohe Anforderungen an die Transparenz der gelisteten Unternehmen stellt.



## Successful capital increase

Navigator Equity Solutions N.V. has successfully completed a capital increase in August 2005. A total of 14,298,000 new shares with a nominal value of euro 0.10 per share were issued. Funds raised amounted to euro 1.43 million.

## Designated Sponsoring

In December 2005 Navigator Equity Solutions N.V. has entered into an agreement with VEM Aktienbank AG, Munich to commence designated sponsoring of Navigator Equity Solutions shares in the XETRA segment of the Frankfurt Stock Exchange.

## Foundation of "Navigator Special Solutions N.V."

In December 2005 Navigator Special Solutions N.V. was founded as a wholly owned subsidiary of Navigator Equity Solutions N.V. It is intended to distribute the company as part of a dividend in kind to Navigator Equity Solutions N.V. shareholders and to establish an independently operating company thereafter.

## Business Unit "Special Situations"

### Navigator Equity Solutions takes share in Lintec Information Technologies AG

Navigator Equity Solutions N.V. has taken an interest greater than 10% in public listed German PC-Manufacturer and consumer electronics distributor Lintec Information Technologies AG (ISIN: DE000A0EZF12; URL: [www.lintec.de](http://www.lintec.de)). At the time of the investment Lintec has undergone a period of restructuring. The capital increase has created the basis for an extended working capital line from its banks and an indemnity guarantee by the German Federal State of Saxony. Navigator Equity Solutions N.V. views its shareholding in Lintec Information Technologies AG as strategic and long term and is supporting Lintec actively.

## Erfolgreiche Kapitalerhöhung

Im August 2005 konnte erfolgreich eine Barkapitalerhöhung durchgeführt werden. Durch die Ausgabe von 14.298.000 neuen Aktien mit einem Nennkapital von EUR 0,10 pro Aktie wurde das Grundkapital auf 28.596.000 Aktien erhöht und ein Mittelzufluss in Höhe von EUR 1,43 Mio. erzielt.

## Designated Sponsoring

Im Dezember 2005 wurde ein Vertrag mit der VEM Aktienbank AG als Designated Sponsor geschlossen und damit der Handel der Aktien der Navigator Equity Solutions N.V. auf dem XETRA-Handelssystem aufgenommen.

## Gründung der „Navigator Special Solutions N.V.“

Im Dezember 2005 wurde die Navigator Special Solutions N.V. als Tochtergesellschaft der Navigator Equity Solutions N.V. gegründet. Es wird angestrebt, diese Gesellschaft im Rahmen einer Sachdividende an die Aktionäre auszuschütten und daran anschließend durch Einbringung eines operativen Geschäftes eigenständig weiterzuführen.

## Bereich „Spezialsituationen“

### Strategische Beteiligung an der Lintec Information Technologies AG

Im Oktober 2005 hat sich die Navigator Equity Solutions N.V. im Rahmen einer Kapitalerhöhung am börsennotierten PC-Hersteller und Distributor von Unterhaltungselektronik, Lintec Information Technologies AG (ISIN: DE000A0EZF12; URL: [www.lintec.de](http://www.lintec.de)) beteiligt und mehr als 10% der Aktien der Gesellschaft übernommen. Die Lintec Information Technologies AG hat sich zum Zeitpunkt des Investments in einer Phase der Sanierung befunden. Durch die Kapitalzufuhr wurden bei der Lintec Information Technologies AG die Voraussetzungen für einen umfangreichen Betriebsmittelkredit und eine Bürgschaft des Landes Sachsen geschaffen.

## **Business Unit „Undervalued Companies“**

Navigator Equity Solutions N.V. holds several interests in public listed companies with a shareholding representing less than 5% of the outstanding capital of each target company. Operational and stock price performance of such investments has been positive and in line with expectations. All investments are consistently under evaluation as to their potential to become strategic long term investments and will be increased or exited accordingly.

Navigator Equity Solutions N.V. has exited some investments successfully during the course of the year and has generated attractive returns.

## **Outlook**

In 2006 Navigator Equity Solutions N.V. will continue to focus on investments into companies in special situations and undervalued companies. Furthermore majority participations in privately held companies will be investigated.

Following a very good start into 2006 the management is confident to exceed the 2005 results substantially in 2006.

Navigator Equity Solutions N.V. beabsichtigt die Beteiligung an der Lintec Information Technologies AG langfristig zu halten und begleitet die Gesellschaft aktiv in ihrer Unternehmensentwicklung.

## **Bereich „Unterbewertete Unternehmen“**

Navigator Equity Solutions N.V. hält mehrere Positionen an börsennotierten Gesellschaften unterhalb der Meldegrenze von 5%. Sowohl die operativen Entwicklungen als auch die Aktienkursentwicklungen der Investments entsprachen den Erwartungen. Bei allen Investments wurde kontinuierlich überprüft, ob die Übernahme einer aktiveren Rolle im Rahmen des Investments sinnvoll ist und diese Investments somit einen langfristigen Status erhalten. Als Ergebnis dieses Prozesses kann sowohl ein kompletter Verkauf, als auch eine Aufstockung der Beteiligung stehen.

Die Navigator Equity Solutions N.V. hat im Geschäftsjahr 2005 bei einigen Investments einen Exit realisiert. Dabei konnte eine erfreuliche Rendite auf das eingesetzte Kapital realisiert werden.

## **Ausblick**

Wie im abgelaufenen Geschäftsjahr 2005 liegt auch im Geschäftsjahr 2006 der Fokus von Navigator Equity Solutions N.V. auf Beteiligungen an Unternehmen in Speziaisituationen und an unterbewerteten Unternehmen. Darüber hinaus sollen auch Mehrheitsbeteiligungen an privaten Gesellschaften evaluiert werden.

Aufgrund des sehr guten Starts der Navigator Equity Solutions N.V. in das Geschäftsjahr 2006 ist das Management sehr zuversichtlich das erfreuliche Ergebnis des Geschäftsjahres 2005 deutlich zu übertreffen.



## Subsequent events

### Capital increase

In order to further strengthen the equity of the company Navigator Equity Solutions N.V. has completed a capital increase without pre-emptive rights in February 2006. A total of 2,859,600 new shares with a nominal value of euro 0.10 per share were issued from the authorized capital. The issue price was euro 0.23 per share resulting in a total amount raised of euro 657,708. After the capital increase the company now has 31,455,600 shares outstanding.

### Change in Management

Dr. Florian Pfungsten has been appointed to the Board of Management of Navigator Equity Solutions N.V. in an extraordinary general meeting on March 29, 2006.

## Wesentliche Ereignisse nach dem Bilanzstichtag

### Kapitalerhöhung

Navigator Equity Solutions N.V. führte im Februar 2006 unter Ausschluss des Bezugsrechts eine Barkapitalerhöhung durch. Durch die Ausgabe von 2.859.600 neuen Aktien mit einem Nennkapital von EUR 0,10 pro Aktie wurde das Grundkapital auf 31.455.600 Aktien erhöht. Der Ausgabebetrag pro Aktie betrug EUR 0,23 wodurch ein Mittelzufluss in Höhe von EUR 657.708 realisiert wurde. Die Kapitalerhöhung diente der Stärkung der Liquidität und wurde auf Basis des genehmigten Kapitals durchgeführt.

### Veränderung im Management

Am 29. März 2006 fand eine außerordentliche Hauptversammlung statt bei der unter anderem Dr. Florian Pfungsten in den Vorstand der Navigator Equity Solutions N.V. berufen wurde.



## FINANCIAL STATEMENTS

Navigator Equity Solutions N.V. is listed on the “General Standard” segment of the Munich Stock Exchange in Germany. The registered office of the company is in Eindhoven, the Netherlands. The results for 2005 are stated in euro in accordance with IFRS (International Financial Reporting Standards).

### Total income

Navigator Equity Solutions N.V. has generated a total income of euro 1.1 million in the fiscal year 2005. Euro 0.1 million is relating to income from advisory services, euro 0.9 million to profits from investment activity while euro 0.1 million results from interest income.

### Operating profit/(loss) and expenses

Operating profit in the fiscal year 2005 amounted to euro 806,000, whereby total operating expenses amounted to euro 250,000.

### Investments

Long-term investments made were euro 1.2 million as of December 31, 2005.

### Income tax

Navigator Equity Solutions N.V. effective tax rate was 10.5% in 2005.

### Profit/(loss) after tax

Profit/(loss) after tax amounts to euro 721,000 in 2005.

## FINANZDATEN

Navigator Equity Solutions N.V. mit Sitz in Eindhoven, Niederlande, ist an der Münchner Wertpapierbörse im Börsensegment „General Standard“ gelistet. Alle nachfolgenden Finanzdaten für das Geschäftsjahr 2005 sind in Euro angeführt und entsprechen den IFRS Standards (International Financial Reporting Standards).

### Gesamtergebnis

Navigator Equity Solutions N.V. erzielte im Geschäftsjahr 2005 ein Ergebnis in Höhe von EUR 1,1 Mio. Dieses setzt sich zusammen aus Erträgen aus Beratungsdienstleistungen in Höhe von EUR 0,1 Mio., Erträgen aus Beteiligungen in Höhe von EUR 0,9 Mio. und einem Zinsergebnis in Höhe von EUR 0,1 Mio.

### Ergebnis der gewöhnlichen Geschäftstätigkeit und Aufwendungen

Das Ergebnis der gewöhnlichen Geschäftstätigkeit für das Geschäftsjahr 2005 betrug EUR 806.000, wobei ein Gesamtaufwand in Höhe von EUR 250.000 anfiel.

### Beteiligungen

In strategisch langfristige Beteiligungen waren zum Stichtag 31.12.2005 insgesamt EUR 1,2 Mio. investiert.

### Steuern

Die Steuerquote der Navigator Equity Solutions N.V. betrug 10,5% im Geschäftsjahr 2005.

### Ergebnis nach Steuern

Das Ergebnis nach Steuern betrug EUR 721.000 in 2005.



## Proposal for allocation of profits

We will propose to the Annual Shareholders' Meeting to add the net profit of euro 721,000 to the accumulated profit.

## Employees

There was 1 person employed in 2005.

## Cash and Cash equivalents

Cash amounted to euro 2.0 million and marketable securities to euro 3.4 million as of December 31, 2005.

## Vorschlag zur Verwendung des Ergebnisses

Das Management schlägt der Hauptversammlung vor das Ergebnis nach Steuern in Höhe von EUR 721.000 auf neue Rechnung vorzutragen.

## Mitarbeiter

Die Mitarbeiteranzahl betrug 1 Mitarbeiter.

## Liquide Mittel

Der Kassenbestand zum 31. Dezember 2005 betrug EUR 2,0 Mio. und die Höhe der jederzeit liquidierbaren Anlagen EUR 3,4 Mio.

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## FINANCIAL OUTLOOK

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Navigator Equity Solutions N.V. expects a profitable fiscal year 2006.

Eindhoven, The Netherlands  
May 10, 2006

Board of Managing Directors  
Dr. Florian Pfingsten  
Sarah McTweed

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## FINANZAUSBLICK

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Navigator Equity Solutions N.V. erwartet ein profitables Geschäftsjahr 2006.

Eindhoven, Niederlande  
10. Mai 2006



## SUPERVISORY BOARD REPORT

The Supervisory Board comprises of three members. Four plenary meetings of the Supervisory Board took place during 2005, according to the Articles of Association of Navigator Equity Solutions N.V.

The Supervisory Board regularly received verbal and written report from the management on the financial situation of Navigator Equity Solutions N.V.

At the meetings, the Supervisory Board was informed and consulted about the activities and policies of Navigator Equity Solutions N.V. Matters considered by the Supervisory Board during the year included:

- Investment strategy
- Acquisition of Lintec Information Technologies AG
- Investment process
- Budget 2006
- Approval Corporate Governance Statement

## BERICHT DES AUFSICHTSRATES

Der Aufsichtsrat der Navigator Equity Solutions N.V. besteht aus drei Personen. Im Jahr 2005 haben vier ordentliche Sitzungen des Aufsichtsrates entsprechend der Satzung der Gesellschaft stattgefunden.

Der Aufsichtsrat wurde vom Vorstand regelmäßig mündlich und schriftlich über die finanzielle Situation der Navigator Equity Solutions N.V. informiert.

Im Rahmen der Aufsichtsratssitzungen wurde der Aufsichtsrat über Aktivitäten, Vorgehensweisen und aktuelle Themen der Gesellschaft informiert und zur Beratung hinzugezogen. Themen, die im Verlauf des Jahres besondere Aufmerksamkeit erfuhren waren unter anderem:

- Investmentstrategie
- Akquisition Lintec Information Technologies AG
- Investmentprozess
- Budget 2006
- Beschluss der Corporate Governance



The consolidated statements of Navigator Equity Solutions N.V. were drawn up according to the International Financial Reporting Standards (IFRS) as issued by the IASB. These statements have been examined by Moore Stephens Van den Boomen as our independent public auditors.

We have approved the financial statements of Navigator Equity Solutions N.V. prepared by the Board of Managing Directors. We are in agreement with the Management Board Report.

Eindhoven, The Netherlands  
May 10, 2006

Board of Supervisory Directors



Erich Hoffmann, Chairman

Die Finanzdaten der Navigator Equity Solutions N.V. wurden entsprechend der „International Financial Reporting Standards“ (nach IFRS) erstellt. Die Finanzdaten wurden vom unseren unabhängigen Wirtschaftsprüfern der Gesellschaft Moore Stephens Van den Boomen geprüft.

Der Aufsichtsrat bestätigt die vom Vorstand vorgestellten Finanzdaten der Navigator Equity Solutions N.V. und stimmt dem Bericht des Vorstandes zu.

Eindhoven, Niederlande  
10. Mai, 2006



Dr. Michael Hasenstab



Robert Käß



## CORPORATE GOVERNANCE

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The Code Tabaksblad for Corporate Governance represents substantial laws for the guidance and monitoring of Dutch quoted enterprises and contains internationally and national recognized standards of good and responsible corporate management.

Management and supervisory board of Navigator Equity Solutions N.V. declare the fact, that it was not corresponded to the behaviour recommendations of the Code Tabaksblad for Corporate Governance in the fiscal year 2005. Furthermore Navigator Equity Solutions N.V. will not necessarily correspond to it in the future as the management and the supervisory board of Navigator Equity Solutions N.V. have the opinion, that the recommendations of the Corporate Governance Code are tailored to large public companies with accordingly complex structures.

The advantages for the shareholders and Navigator Equity Solutions N.V. itself with the observance of the Code in its whole are not in an appropriate relation to the costs, which are connected with the necessary organizational precautions.

Nevertheless is Navigator Equity Solutions N.V. conscious itself of the meaning of a consistent Corporate Governance, and will determine, which of the recommendations apply to the company and will convert these within an appropriate time framework.



Navigator Equity Solutions N.V.

## CONSOLIDATED BALANCE SHEET

at 31 December 2005 and 31 December 2004  
(in thousands of euros)

	Note	December 31 2005	December 31 2004
<b>NON CURRENT ASSETS</b>			
Investments	6	1,216	-
		1,216	-
<b>CURRENT ASSETS</b>			
Trade and other receivables		159	21
Investments held for trading	7	3,367	1,324
Bank balances and cash		2,062	3,253
		5,588	4,598
<b>TOTAL ASSETS</b>		<b>6,804</b>	<b>4,598</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	8	2,860	1,430
Capital reserves		2,500	2,570
Accumulated profits		732	11
<b>TOTAL EQUITY</b>		<b>6,092</b>	<b>4,011</b>
<b>Current liabilities</b>			
Trade and other payables	9	627	587
Tax liabilities		85	-
		712	587
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,804</b>	<b>4,598</b>

The accompanying notes to these balance sheets form an integral part of these financial statements.



Navigator Equity Solutions N.V.

## CONSOLIDATED INCOME STATEMENT

for the year ended December 31, 2005  
(in thousands of euros)

	Notes	2005	2004
Income from advisory services		110	-
Income from investments	3	860	49
Interest income		86	23
<b>Total income - net</b>		<b>1,056</b>	<b>72</b>
General and administration costs	4	250	61
Profit before tax		806	11
Income tax expense		85	-
<b>Profit after tax</b>		<b>721</b>	<b>11</b>





Navigator Equity Solutions N.V.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2005  
(in thousands of euros)

	Share Capital	Capital Reserve	Accumulated Profit	Total
<b>Balance at October 5, 2004</b>	1,430	2,570	–	4,000
Net profit for the year	–	–	11	11
<b>Balance at December 31, 2004</b>	<b>1,430</b>	<b>2,570</b>	<b>11</b>	<b>4,011</b>
<b>Issue share capital</b>	<b>1,430</b>			<b>1,430</b>
<b>Issuance cost</b>		<b>(70)</b>	<b>(70)</b>	
<b>Net profit for the year</b>			<b>721</b>	<b>721</b>
<b>Balance at 31 December, 2005</b>	<b>2,860</b>	<b>2,500</b>	<b>732</b>	<b>6,092</b>

Navigator Equity Solutions N.V.

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2005  
(in thousands of euros)

	2005	2004
<b>Cash Flow from operating activities</b>	<b>721</b>	<b>11</b>
(Increase) / decrease in other current assets and trade receivables	(2,181)	(1,345)
(Increase) / decrease non current investments	(1,216)	-
Issuance share capital	1,360	-
Increase / (decrease) current liabilities	125	587
Net increase/(decrease) in cash and cash equivalents	(1,191)	(747)
Cash and cash equivalents at beginning of year	3,253	4,000
Cash and cash equivalents at the end of the year	2,062	3,353

**Navigator Equity Solutions N.V.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**for the year ended December 31, 2005**

**(all amounts are in thousands of euros, unless otherwise indicated)**

### **1. General**

Navigator Equity Solutions N.V. was founded on October 5, 2004 as a result of an hiving off of assets of Catalis N.V. Navigator Equity Solutions N.V. is established as a private equity group to execute investments in medium-sized companies. The average number of employees was 1 in 2005 (2004: 1). The office of Navigator Equity Solutions N.V. is located at Aalsterweg 181a, Eindhoven, The Netherlands.

### **2. Significant accounting policies**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

#### **(a) Basis of Consolidation**

The financial statements comprise those of the parent company, its subsidiaries and special purpose entities. Subsidiaries and special purpose entities which are directly or indirectly controlled by the group are consolidated. Control is achieved where the parent company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of the subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency between the fair values of the net assets acquired and cost is recognised in the income statement. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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. Entities which are acquired and are controlled, but which will be held for a period less than twelve months, are recorded as financial investments.

The consolidated financial statements are based on the financial statements of the individual companies which have been drawn up using standardised group accounting policies. All companies in the group have the same reporting date of 31 December.

All significant intercompany transactions and balances between group entities are eliminated on consolidation.

## **(b) Non current investments**

Investments in companies in which the group has a significant influence are accounted for fair value or market value (in case of listed companies). Significant influence is considered to be a long term goal participation in the financial and operating policy decisions of the investee and is usually evidenced when the group owns 5% or more of that company's voting rights.

The movement on these investments is recognised in the income statement.

## **(c) Revenue Recognition**

Revenue is earned from consulting services when the right to receive remuneration is earned.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

## **(d) Foreign Currencies**

The group has designated the Euro as its functional currency, as this is the currency of the economic environment in which the group operates.

Transactions in currencies other than Euros are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in the income statement.

## **(e) Taxation**

Income tax expenses represents the sum of the current tax and deferred tax.

The charge for current tax is based on the result for the year adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable 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 tax profit nor the accounting profit.

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 in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.



Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

## **(f) Impairment**

At each reporting date, the group 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, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 as an expense immediately, 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 as income immediately, 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.

## **(g) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily available.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

## **(h) Financial instruments**

Financial instruments are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at acquisition cost, which includes transaction costs. Subsequent to initial recognition, they are measured as set out below.

## **(i) Trade and other receivables**

Trade receivables are stated at their amortised cost less any provisions for doubtful debts.

## **(j) Investments**

Investments in securities are recognised at trade date (the date an entity commits itself to purchase or sell a financial instrument).

At subsequent reporting dates, debt securities that the group has the intention and ability to hold to maturity are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts.

Investments which are held for trading purposes are classified as "investments held at fair value with movement through profit and loss". Listed investments are carried at market value, other investments are carried at fair value. The movement on these investments is recognised in the income statement.

Other investments are classified as “available for sale”. Available for sale investments are instruments which, in management’s opinion, may be sold in response to or in anticipation of needs for liquidity or changes in exchange rates. They are carried at market value if they are listed, or fair value, which is determined by applying a recognised valuation technique. Unrealised gains or losses on the movement in fair value are recognised directly in equity, until the investment is sold. On disposal, the accumulated unrealised gain or loss in equity relating to the investment sold is transferred to net profit or loss for the period and reported as other income. Gains and losses on disposal are determined using the average cost method.

## **(k) Financial Liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisations.

## **(l) Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

## **(m) Trade payables**

Trade payables are stated at their amortised cost.

## **(n) Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

## **(o) Derivative financial instruments**

The group uses derivative financial instruments as part of its asset and liability management activities to manage exposures to interest rate and foreign currency risks, including exposures arising from forecast transactions.

Derivative financial instruments are initially measured at acquisition cost, and subsequently at fair value. Changes in fair value are recognised in the profit and loss account.

## **(p) Provisions**

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

## **(q) Equity Compensation Plan**

The members of the Management and Supervisory Board have been granted share options / warrants in terms of the group share option scheme. At grant date, the fair value of the options / warrants is measured, and recognised over the period until the options vest.



## (r) Use of estimates in the preparation of the financial statements

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimate.

### 3. Income from investments

An analysis of the group's revenue is as follows:

	Year ended 2005	Year ended 2004
Non current investments	539	-
Current investments	265	49
Foreign currency gains	56	-
	<b>860</b>	<b>49</b>

### 4. General and administration costs

An analysis of these costs is as follows:

	2005	2004
Consulting and legal expenses	225	60
Other	25	1
	<b>250</b>	<b>61</b>



## 5. Subsidiaries

Details of the subsidiaries which have been consolidated in the group financial statements at 31 December 2005 are as follows:

Name of subsidiary	Country of incorporation (registration)	Ownership %	Voting rights %	Principal activity
Navigator Special Solutions N.V.	The Netherlands	100%	100%	Investing activities

Navigator Special Solutions N.V. was incorporated at Eindhoven on 29 December 2005.  
The subsidiary didn't have any activities in 2005.

There are no unconsolidated companies over which the group has control.

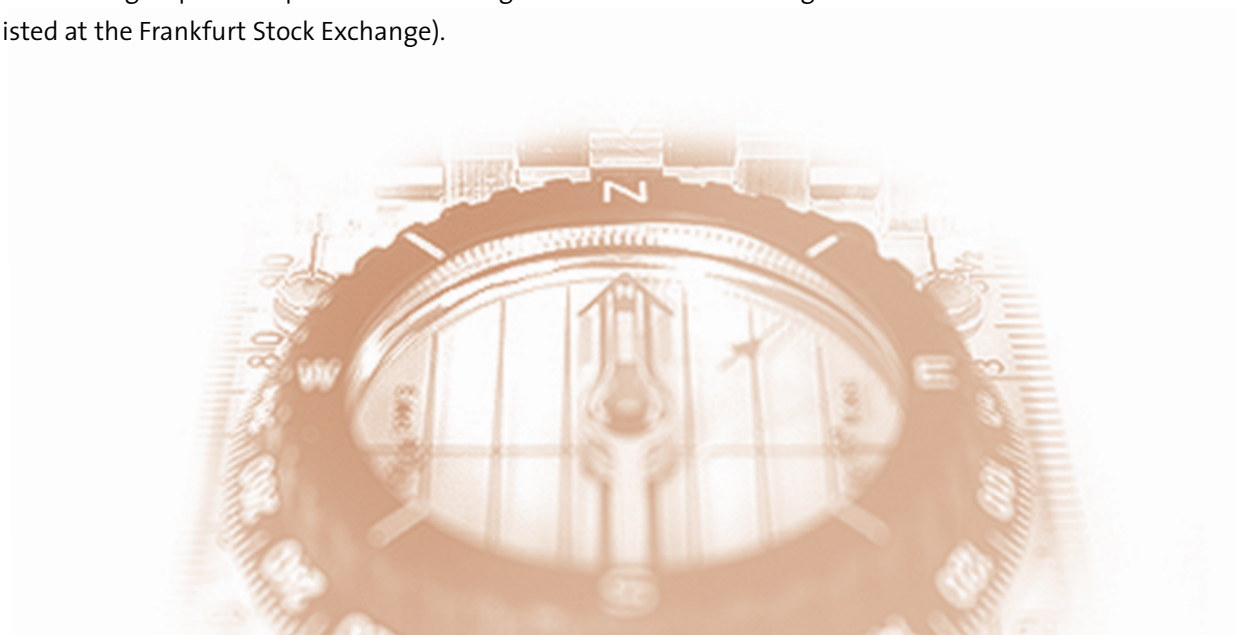
## 6. Non current investments

Details of the group's non current investments at 31 December 2005 are as follows:

Name of investment	Country of incorporation (registration)	Ownership %	Voting rights %	Principal activity
Lintec Information Technologies AG	Germany	> 10%	> 10%	Information technology

Lintec Information Technologies AG is listed at the Frankfurt Stock Exchange (Geregelter Markt).

In 2005 the group also acquired and sold a significant interest in Softing AG  
(listed at the Frankfurt Stock Exchange).



## 7. Investments

	2005	2004
Shares	1,494	650
Bonds/Convertible loan	1,873	674
	<b>3,367</b>	<b>1,324</b>

The investments included above represent investments in listed equity securities that present the group with opportunity for return through dividend income and trading gains. With the exception of the bonds held to maturity, they have no fixed maturity or coupon rate. The fair values of these securities are based on quoted market prices.

The average interest rate of the bonds is 6.74% (2004: 5.75%). The average interest rate of the convertible loan is 2.556%. The conversion period ends at October 1, 2009.

## 8. Share capital

	2005	2004
Authorised 70 million		
Issued and outstanding 28.60 million (2004: 14.30) ordinary shares of 0.10 each	2,860	1,430
Equity per share		
Basic	0.21	0.28
Diluted	0.18	0.28

## 9. Trade and other payables

	2005	2004
Investments	505	526
General costs	122	61
	<b>627</b>	<b>587</b>

The directors consider that the carrying amount of trade payables approximates to their fair value.

## 10. Contingent liabilities

Various legal actions and claims are pending or may be asserted in the future against the group from litigations and claims incident to the ordinary course of business. Related risks have been analysed as to likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, management believes that no material liabilities are likely to result.

## 11. Stock options

No stock options are outstanding.

## 12. Warrants

Navigator Equity Solutions N.V. was founded on October 5, 2004 through a spin off of assets of Catalis N.V. Catalis N.V. had in May 2004 issued an euro 0,5 million bond with attached warrants allowing investors to purchase shares in Catalis N.V. at a price of euro 0,60 per share at exercise. As a consequence of the hiving off of Navigator Equity Solutions N.V. from Catalis N.V. the warrants attached to the bond have been split in such a way, that the economic value per Navigator Equity Solutions N.V. share at the time of the hiving off (i.e. euro 0,28 equalling euro 4,000,000 of cash hived off distributed over 14,298,000 shares) was deducted from the exercise price relevant for exercising Catalis N.V. shares. At the same time new warrants have been created giving investors the right to exercise shares in Navigator Equity Solutions N.V. at an exercise price of euro 0,28 per Navigator share. Through the capital increase (14,298,000 new shares) in August 2005 the exercise price had to be adjusted to euro 0.14. As a result, there are currently 5,000,000 warrants outstanding with an exercise price of euro 0,14 per Navigator share. The fully diluted number of shares outstanding of Navigator Equity Solutions N.V. is therefore 33,596,000 shares. At exercise date of the warrants Navigator Equity Solutions N.V. will receive an additional euro 700,000 million in equity. The warrants are set to run until May 31, 2014.

The group has entered into warrant agreements with members of the Management and Supervisory Board. Michael Hasenstab and Robert Käß are representatives of the companies Bright Eye GmbH and Robert Käß Beratungs GmbH.

Information on outstanding warrants under the agreement as described above as at 31 December, 2005

	<b>Outstanding December 31, 2005</b>	<b>Exercise Price</b>	<b>Last Expiry Date</b>
Robert Käß Beratungs GmbH	2,500,000	0.14	2014
Bright Eye GmbH	2,500,000	0.14	2014
	5,000,000		

A total of nil warrants were exercised in 2005.

All of the 5,000,000 warrants are currently in the money. Exercising all 5,000,000 “in the money” warrants at the current share price of euro 0.30 per share would have a pro forma impact on the profit and loss account of approximately euro 800,000. It is however Navigator’s policy, that exercised warrants will be granted through an issue of new shares. In this case there would be no impact on the profit and loss account.

### 13. Directors’ and Supervisory Board Remuneration

The remuneration of directors and supervisory board members during the year was as follows:

	<b>2005</b>	<b>2004</b>
Salaries management board	-	-
Remuneration supervisory board	-	-

Shares held by members of the Management and Supervisory Board as at 31 December 2005:

Erich Hoffmann	3,247,456	Chairman of the Supervisory Board
Robert Käß Beratungs GmbH	2,886,327	Member of the Supervisory Board
Bright Eye GmbH	2,886,327	Member of the Supervisory Board
Sarah McTweed	12,000	Director

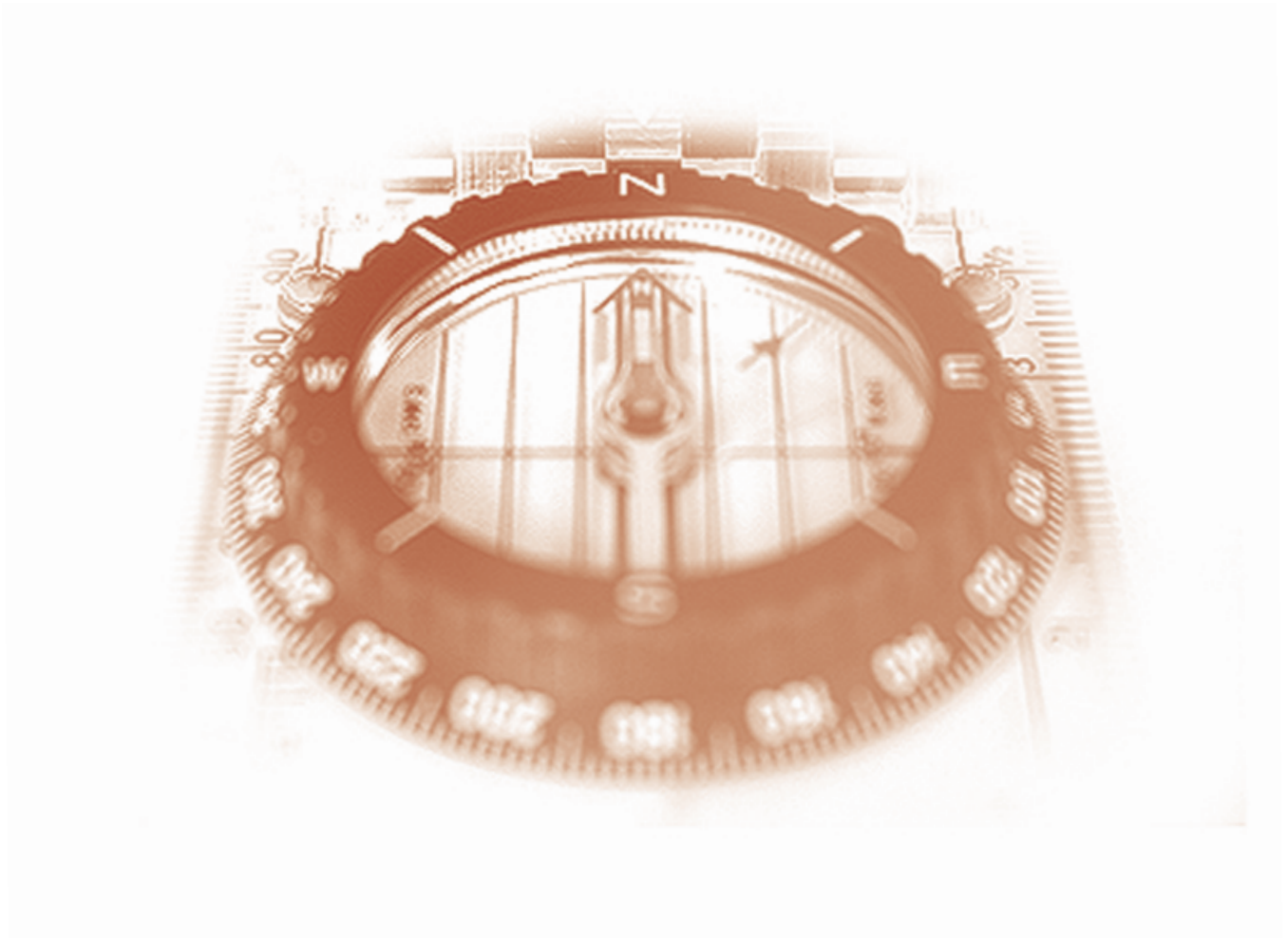
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## OTHER INFORMATION

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### **Appropriation of Net Profit after Taxes**

The Articles of Association of the company provide that the appropriation of the profit after taxes for the year is decided upon at the Annual General Meeting of Shareholders. Awaiting the decision by the shareholders, the net profit for the year is added to the accumulated profit.





## MOORE STEPHENS VAN DEN BOOMEN

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P.O. Box 120, 5580 AC Waalre  
Eindhoveneweg 128,  
5582 HW Waalre  
The Netherlands

Tel: +31 (0)40 221 58 05  
Fax: +31 (0)40 221 21 35

### REPORT OF THE INDEPENDENT AUDITORS

#### *Introduction*

We have audited the balance sheet as at December 31, 2005 and 2004, the related consolidated statement of changes in equity, cash flow and income statements for the years 2005 and 2004 of Navigator Equity Solutions N.V. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

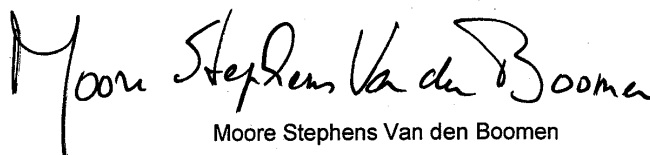
#### *Scope*

We conducted our audit in accordance with auditing standards generally accepted in The Netherlands. 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 audit provides a reasonable basis for our opinion.

#### *Opinion*

In our opinion the financial statements give a true and fair view of the financial position of the company as at December 31, 2005 and 2004, and of the results for the years ended December 31, 2005 and 2004 in accordance with International Financial Reporting Standards as accepted in the European Union and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

We are also of the opinion that the management report is compliant with the financial statements.



Moore Stephens Van den Boomen  
Accountants

Waalre, (Eindhoven), The Netherlands  
May 10, 2006

A member of  
the Moore Stephens  
International Limited  
Group of  
independent firms

Chamber of Commerce  
Eindhoven 17042334