



Table of contents

1 LIMITED VAT ANALYSIS 3
1.1 Review Scope and Procedures 3
1.2 Review Limitations 3
2 VAT STATUS OF NI BU 4
2.1 Background 4
2.2 Current VAT Status of NI BU 5
3 VAT STATUS OF NI SA 6
4 INTER-COMPANY TRANSACTIONS 6
4.1 Contractual Agreements 6
4.2 Current Qualification of the services rendered (foreign domination of NI BU) 7
4.3 Formal requirements for invoices from a Swiss VAT perspective 8
4.4 Appropriateness of the fees according to arm's length principles 9
5 STRUCTURING BUSINESS OF NI BU AND NI SA 10
5.1 Overview 10
5.1.1 Structured products 11
5.1.2 Galaxy Fund 12
6 SUMMARY 13
APPENDIX I 14

NIBU

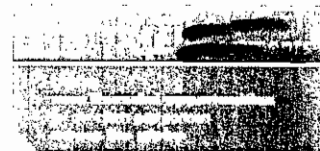
*↓
Zürich*

*Swiss based
company*

NISA

*↓
Bermuda
based*

company



1 Limited VAT Analysis

1.1 Review Scope and Procedures

We have performed an analysis of specific areas as listed below in reference to the possible implications of Swiss Value Added Tax subject to [REDACTED] Ltd., Bermuda (NI BU), and [REDACTED], Zurich (NI SA).

We have performed our analysis to be able to obtain moderate assurance about whether the specific areas analyzed are free from material mistakes in regards of their treatment for Swiss Value Added Tax purposes. An analysis provides less assurance than an audit. The review is limited primarily to inquiries of company personnel and analytical procedures applied to data and documents provided to us and as listed in appendix I.

We have focused our work on the following specific aspects and areas:

- Swiss Value Added Tax status of NI BU
- Swiss Value Added Tax status of NI SA
- Inter-company transactions (Consulting-Agreement)
- Transactions in the field of the distribution of structured products by NI BU and NI SA
- Transactions in the field of the distribution of the Galaxy Fonds by NI BU and NI SA

1.2 Review Limitations

The purpose of this report is not to verify the financial data reports by the reviewed companies. Therefore we do not herewith confirm the correctness of the handling regarding VAT.

Any statements about expected or possible future developments are based on the current Swiss VAT law and the current practice of the Federal Tax Administration, Section VAT (FTA) and are therefore of provisional nature.

This review does not focus on the detection of other aspects of Swiss Value Added Tax other than stated above or possible potential irregularities, defalcations, fraud, or illegal acts under special laws (e.g. social security, tax, and environmental legislation). However, if we have detected any of the above in the course of our work, we have stated these where the respective issues arose without a detailed assessment of the current situation or effects.



2 VAT Status of NI BU

2.1 Background

NI BU is incorporated under the Bermudian Law. Since NI BU is a foreign domiciled company the recent focus of the FTA on affiliated offshore-companies should be regarded. With respect to the qualification from a VAT point of view a distinction should be made between so called "active entities" and "passive investment entities".

active/passive company
→ das
nicht möglich
"no für
VAT
auch für
alle
Bundessebene

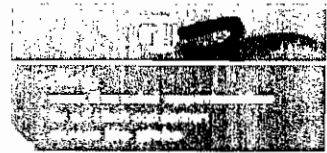
Further to the current definition of the FTA only such companies are regarded as a "active entities" if the following four preconditions are cumulatively met:

1. An independent business activity should be performed at the foreign domicile in which either decisions for investments are made in person or that at least strategic investment plans are developed there in order to prepare respective decisions of other companies.
2. The foreign domicile should be furnished with infrastructure.
3. The offshore-company must hire own staff, which in fact is working at the foreign domicile and possesses the required professional qualifications so that thereby the management of the offshore-company on site is ensured.
Not sufficient in this respect is the engagement of loan staff by the offshore-company.
4. The offshore-company has to obtain all necessary approvals and licenses with regard to the local legislation for its business.

If only one of the above-mentioned criteria cannot be proved, the FTA qualifies this offshore-company as a "passive investment entity". This classification leads to extensive VAT consequences.

In view of the VAT-relevant domicile principle in connection with the qualification of services in the field of banking, finance and insurance as well as consulting services etc. it should be investigated where the recipient of such services is domiciled and if - as a consequence - the provided supplies of services fall into the scope of Swiss VAT law.

Further to the current practice of the FTA in such relationships it is important to assert where the beneficial owner (= majority shareholder) of the "passive investment entity" is resident. Since the FTA factually ignores the existence of the "passive investment entity" all VAT relevant transactions are attributed to the Swiss domiciled beneficial owners of the "passive investment entity". The FTA only refrains from this qualification if the beneficial owner himself is foreign dominated.



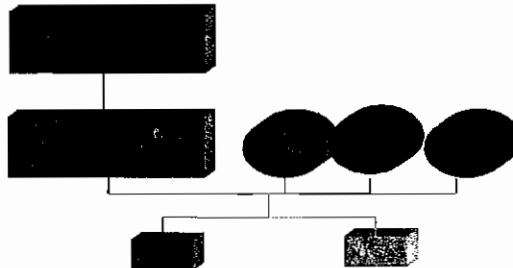
As far as the Swiss beneficial owner has substance in Switzerland any services – falling under the domicile principle – performed by Swiss entrepreneurs to the “passive investment entity” are regarded as domestic supplies of services.

Recently the FTA has started to qualify any imports of service provided from companies domiciled abroad and any outgoing turnovers of those “passive investment entities” with Swiss beneficial ownership as falling into the scope of Swiss VAT. This leads to the obligation of the Swiss domiciled beneficial owner to account for VAT on services provided to the offshore entity by companies domiciled abroad and any outgoing turnovers of the “passive investment entity” in their Swiss VAT declaration.

2.2 Current VAT Status of NI BU

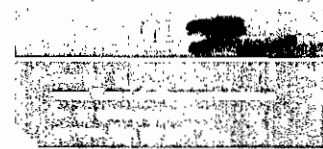
NI BU as a Bermudian domiciled company is currently not registered for Swiss VAT purposes.

The current situation regarding the allocation of shares of NI BU it could be displayed as follows:



Since the majority of shares are held by foreign beneficial owners (65% by [REDACTED] Finance Ltd., Bermuda, 10% by Mr. [REDACTED] (Mr. B), United Kingdom) all VAT relevant transactions performed by NI BU are attributed to NI BU notwithstanding whether it has a status as a “passive investment entity” or as active entity.

As a consequence NI BU remains as foreign domiciled company with currently no obligation to register for Swiss VAT purposes. Furthermore the Swiss-resident shareholders (beneficial owners) – Mr. [REDACTED] (Mr. A) and Mr. [REDACTED] (Mr. G) – are not obliged to account for VAT on services provided to NI BU by companies domiciled abroad and any outgoing turnovers of NI BU in their Swiss VAT declaration.



3 VAT Status of NI SA

NI SA was registered in the commercial register of Canton Zurich on May 8, 2001.

According to the information we were provided with NI SA is voluntarily registered in the Swiss VAT register under the number ██████████ as of May 8, 2001.

The FTA approved to file the VAT declarations based on received consideration.

We had the opportunity to check several VAT returns. The declaration always consists of a turnover declared in box 040 as services with their place of supply abroad and input VAT. Therefore NI SA is regularly receiving VAT refunds of the paid input VAT. As far as we could see, no proportional deduction of input VAT was made.

As far as we have been informed the FTA did not yet audit NI SA.

Since the domicile of NI SA was moved from Bahnhofstrasse 24 to Claridenstrasse 22 in Zurich and is already corrected in the commercial register we recommend to inform the FTA in this respect as well. This would allow the FTA to update the entry in the register for VAT taxable subjects in Switzerland.

4 Inter-company Transactions

4.1 Contractual Agreements

As far as we have been informed a consulting agreement signed on August 6, 2001 between NI BU and NI SA is currently in force.

The Scope of the Agreement is to provide NI BU with specific consulting and other related support by NI SA. According to Article 2 of the Agreement NI SA shall provide NI BU with the following:

- consulting i.e. with respect to structured finance products
- co-ordinate the organization of meetings, presentations, etc with NI BU and the investment managers and intermediaries
- support NI BU within the scope of this agreement as agreed by the parties from time to time.

Furthermore it is outlined in Article 3 that NI SA shall not have any decision making power as to the contractual relationship between Noble and third parties as well as to enter into any contractual relations on behalf of NI BU or in any other way to bind NI BU.



The remuneration consist of a fixed consultancy fee covering all the internal cots including taxes of NI SA occurred in relation to the above mentioned duties (Article 4.1.). Furthermore NI SA will receive a performance fee of 20 % of the profit resulting from the business activities carried out with the support NI SA whereas as from January 1, 2003 the performance fee shall amount to 5% of the fixed consultancy fee (Article 4.2).

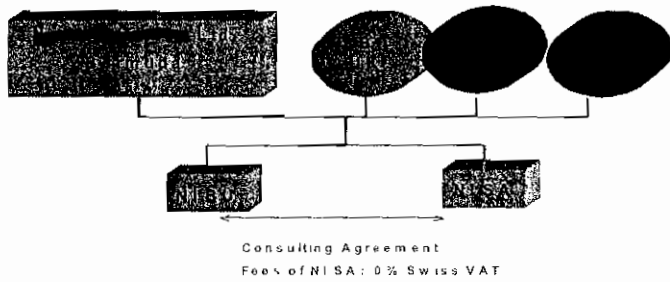
In Article 4.4 it is stated, that any VAT shall be payable in addition to the fees as per 4.1 and 4.2.

4.2 Current Qualification of the services rendered (foreign domination of NI BU)

The services rendered which are based on the above-described agreements could be qualified as supplies of services falling under Art. 14 Para 3 Swiss VAT Law.

Therefore the place of supply of such services is where the recipient (NI BU) is or is regarded to be domiciled.

The supplier of such services (NI SA) may issue invoices without the VAT of the country where it is domiciled. NI SA should only declare such services as non-taxable transactions in its local VAT return (e.g. Box 040 of the Swiss VAT return).





4.3 Formal requirements for invoices from a Swiss VAT perspective

VAT is a relatively new tax in Switzerland (it was initially introduced in 1995 and then formalized in 2001), the rules are extremely formalistic and as yet there is no body of case law to soften the impact of these rules. This often leads to apparently harsh outcomes. One such area of strict formality is the content of VAT invoices¹.

Based on the agreement described above NI BU as recipient is benefiting from these services rendered by NI SA. As a consequence the place of supply is where the recipient of the services is resident.

Therefore the services rendered by NI SA to NI BU are not liable to Swiss VAT provided proof is given of the "export of services" by submitting the following documents:

- copy of invoice, vouchers and
- written power of attorney, agreements and orders provided their conclusion

It is important to note that the invoice issued has to fulfill the following requirements:

- it must detail the name and the address of the service provider (as registered for Swiss VAT Purposes)
- it must detail the name and the address of the foreign recipient
- it must describe the art and the use of the services rendered (reference should be made to the respective agreement)
- it must indicate the remuneration

The Swiss Federal tax authorities may refuse to consider the transactions as "export of services" instead of qualifying them as domestic services rendered and therefore the respective turnover will be qualified as liable to Swiss VAT at rate of 7,6% as far as the formal requirements are not met.

¹ On demand of the taxable recipient, the taxable person is to issue an invoice for the supply of goods or services in which he or she must detail (according to Art. 37 Swiss VAT Law):

- The name and address under which he or she is inscribed in the register of taxable persons or which he or she permissibly uses in business transactions, as well as the number under which he or she is inscribed in the register of taxable persons;
- The name and address of the recipient of the supply of the goods or services and under which he or she permissibly appears in business transactions;
- The date or period of time of the supply of the good or service;
- The nature, goods and extent of the supply of the good or service;
- The consideration for the supply of the good or service;
- The tax rate and the tax amount owed on the consideration. If the consideration includes the tax, it is sufficient for the tax rate to be shown. Art. 33, Para. 6, indent a remains under reserve.

NI INVESTMENTS LTD, BERMUDA
NI INVESTMENTS SA, ZURICH



Nevertheless NI SA does not owe VAT for those transactions, since these transactions constituted "export of services" under the terms of Swiss VAT Law if NI SA is able to give proof of the export by providing the Swiss Federal tax authorities with the above-mentioned documents including the required indications.

According to copies of invoices with regard to the consulting agreement we were provided with reference was made to the underlying contract. Since the recipient of the services is mentioned as well they could be qualified as compliant with the above-described evidence to allocate the place of supply of such services abroad.

Please note that the Swiss VAT number of NI SA is not mentioned on the invoices and that this could lead to difficulties when Swiss VAT is due based on domestic taxable transactions in Switzerland. In such case the invoice must comply with the regulations of Article 37 Swiss VAT law in order to generally enable the recipient to recover the VAT as input VAT.

4.4 Appropriateness of the fees according to arm's length principles

Since NI BU and NI SA are regarded as related companies from a Swiss VAT point of view the remuneration for the work performed under the consulting agreement has to be at arm's length.

According to the information we have received NI SA has applied for a direct tax ruling with regard to the fees charged between NI SA and NI BU. The Tax Authorities of the canton of Zurich confirmed the structure in which NI SA is allowed to calculate the fees on a cost plus 20% - basis on June 28, 2001.

Furthermore NI SA is allowed to pay 35 % of the consolidated revenue of NI BU and NI SA as bonus remuneration to the Swiss management of NI SA. As a result the consulting fee refines the payment of the bonus.

Please note that it is not ensured that the Swiss Federal Tax Administration will accept such agreements for Swiss VAT purposes even if they have been ruled with the Federal Tax Administration for direct taxes.

We have been provided with a calculation of the quarterly charged fees and with a copy of the shareholder agreement and an amendment of the shareholder agreement signed in January 2004 and becoming effective retroactively to January 1, 2003. The new calculation consists of the special performance fee paid by NI BU to NI SA plus 45% of the net income of NI SA.



From a VAT perspective we comment thereon as follows:

Currently the place of supply of the consulting services provide by NI SA to NI BU are located abroad (see 4.2) and therefore no Swiss VAT should be charged.

Based on the fact that the remuneration for the consulting services also covers the bonus attributed to the Swiss management of NI SA there could be the risk that the FTA does not accept the fees paid by NI BU to be at arm's length since a part of the amount is dedicated to be bonus and is therefore not related to aforementioned consulting services.

Please note in this context that the FTA does not accept the proof of a VAT exempt export of goods, which are sold at exaggerated prices. This means that the supply of these goods is regarded as a domestic supply of goods subject to Swiss VAT.

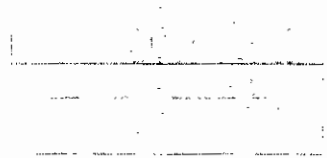
However, we have been informed informally by the FTA that these rules do not apply to the supply of service in a cross-boarder context, i.e. the services rendered by NI SA to NI BU should remain outside the scope of Swiss VAT, regardless of the fact that the sales price does not only reflect the value of the consultancy service but includes a bonus component.

5 Structuring Business of NI BU and NI SA

5.1 Overview

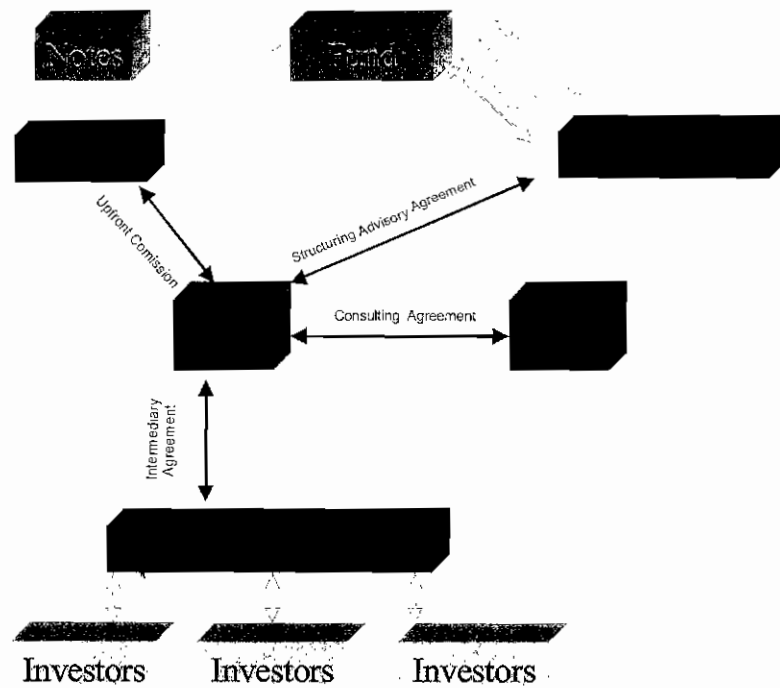
According to the information we have been provided with NI BU and NI SA are doing business in the field of structuring and placement of investment products (structured products and GALAXY Fund). We have been informed that the distribution of structured products is allowed without an approval of the Eidgenössische Bankenkommision (EBK)² and that for the GALAXY Fund a respective approval was issued on August 22, 2002.

² Seite 69 des Jahresberichtes für 1999 der EBK enthält folgenden Hinweis: "Ausnahmsweise ist eine Emission von «Fund-linked Notes», bei denen mehr als 20% des Emissionserlöses in nicht zum Vertrieb zugelassene ausländische Anlagefonds investiert werden sollen, ohne Vertriebsbewilligung der Aufsichtsbehörde gestattet, wenn das Kapital durch ein Institut garantiert wird, das ein erstklassiges Rating einer von der Bankenkommision anerkannten Rating-Agentur aufweist.



5.1.1 Structured products

The general structure of the business transactions with structured products can be displayed as follows:



According to our understanding only NI BU is entering in contractual relationships on one side the fund-managers and banks and on the other side with finance intermediaries.

With regard to the upfront commission NIBU receives as remuneration from the bank it could be qualified as finder's fee from a Swiss VAT perspective. The place of supply of such services is where the recipient is domiciled.

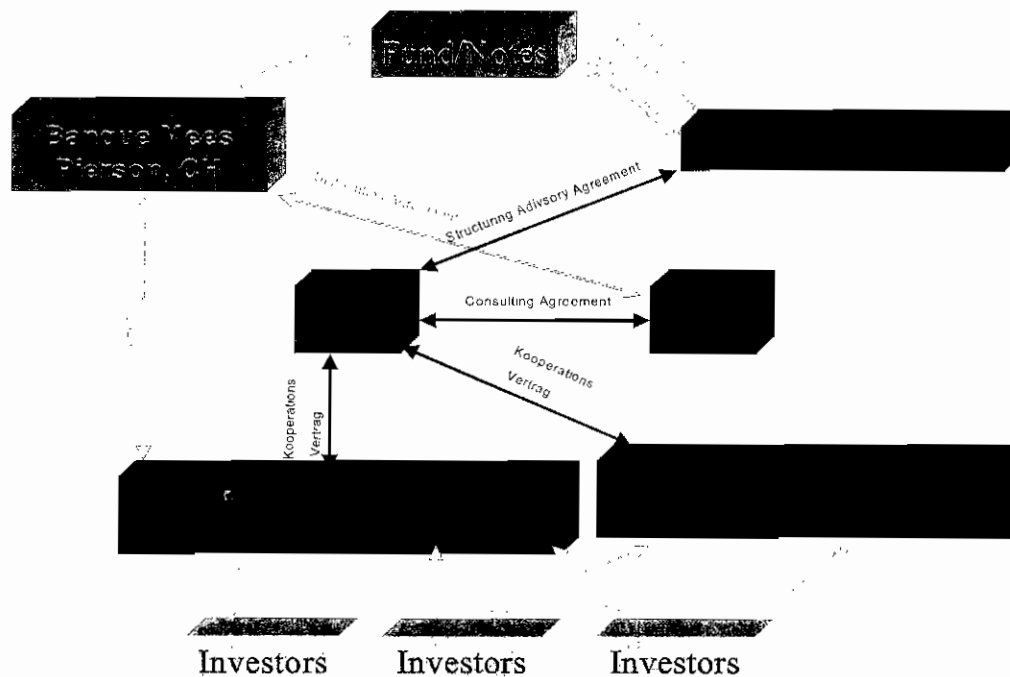
Since NI BU is regarded as a foreign entity the bank as recipient has to account for VAT under the reverse-charge mechanism for such services. As long as NI BU is foreign dominated no Swiss VAT consequences for NI BU are involved.

From a VAT perspective the same consequences apply for the advisory services NI BU is performing under the structuring advisory agreement with the fund manager. The commission fee NI BU has to pay to the finance intermediaries according to the intermediary agreement is pre-financed by the Noble Group.

From a Swiss VAT perspective the services supplied by the finance intermediaries are regarded as those falling under the domicile principle. Since NI BU is currently qualified as foreign company no Swiss VAT consequences occur.

5.1.2 Galaxy Fund

The general structure of the business transactions with the Galaxy Fund can be displayed as follows:

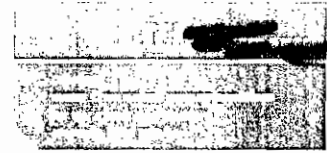


According to the information we were provided with the mandatory distribution licenses of the EBK for the distribution of the Galaxy Fund on Swiss territory have been granted to BFW and as well to NI SA.

Since this license is only applicable if the possessor is directly placing transactions of Galaxy Funds-shares and NI SA has not yet entered in such relationships the distribution license of NI SA can be regarded as currently inactive option without any Swiss VAT consequences.

In contrast to the structured products NI BU has not entered into any agreements with the bank (at hand: Banque Mees Pierson, CH).

With regard to the Swiss VAT consequences based on the agreements with RPM, Sweden (Structuring Advisory Agreement) and with BFW and respectively with other financial intermediaries we refer to our above-mentioned comments (5.1.1).



6 Summary

Since foreign beneficial owners hold the majority of shares all VAT relevant transactions performed by NI BU are attributed to NI BU notwithstanding whether it has a status as a "passive investment entity" or as active entity.

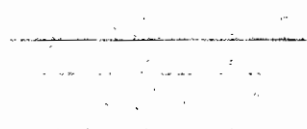
As a consequence NI BU currently could be regarded as a foreign domiciled company with no obligation to register for Swiss VAT purposes. Furthermore the Swiss-resident shareholders (beneficial owners) are not obliged to account for VAT on services provided to NI BU by companies domiciled abroad and any outgoing turnovers of NI BU in their Swiss VAT declaration.

As long as NI BU is foreign dominated no Swiss VAT consequences will occur with respect to the appropriateness of the agreed consulting fees between NI BU and NI SA according to the arm's length principle.

Furthermore no the Swiss structuring business of products structured by the Noble Group is conducted by NI BU and therefore currently does not result in any Swiss VAT consequences neither for NI BU nor NI SA.

We strongly recommend monitoring the development of the recent Swiss VAT practice of the FTA, which may change and become more severe.

Yours sincerely
Ernst & Young Ltd



Appendix I

List of provided documents

With regard to NI SA:

- Copy of the Shareholders Agreement between Noble Finance Limited and Mr. A, Mr. G and MR. B regarding NI SA dated May 7, 2001
- Copy of the Amendment to the Shareholders Agreement regarding NI SA, dated January 2004 and becoming effective as of January 1, 2003
- Copy of the Excerpt of the Commercial Trade Register of the Canton Zurich for NI SA, dated January 27, 2004
- Copy of the Employment Agreement between NI SA and Mr. A, dated May 7, 2001
- Copy of the Employment Agreement between NI SA and Mr. A, dated January 26, 2004
- Copy of the Employment Agreement between NI SA and Mr. G, dated may 7, 2001
- Copy of the Statement of Income for NI SA from 01.01.2004-30.06.2004
- Copy of an unsigned registration form for VAT registration as well as a copy of an unsigned application form to voluntarily opt for VAT registration according to Art. 27 Para 1 Swiss VAT Law
- Copy of an unsigned application to calculate the VAT based on collected fees
- Copy of the VAT return of NISA for the 2nd quarter 2004

With regard to NI BU:

- Copy of the Shareholders Agreement between Noble Finance Limited and Mr. A, Mr. G and MR. B regarding NI BU dated September 21, 2001
- Copy of the Amendment to the Shareholders Agreement regarding NI BU, dated January 2004 and becoming effective as of January 1, 2003
- Copy of "Summary Net Income as of October 30, 2003" of NI BU
- Copy of "Profit and Loss Account for the Year 2004, June 2004, printed on July 16, 2004

With regard to the relationship between NI SA and NI BU:

- Copy of the Consulting Agreement between NI BU and NI SA, dated August 6, 2001
- Copy of an Invoice with regard to the Consulting Agreement, dated April 21, 2004
- Copy of an account statement of NI SA's bank account at UBS, dated April 26, 2004
- Copy of the direct tax ruling applied to the "Kantonales Steueramt Zürich" and prepared by Niederer, Kraft & Frey (NKF), dated June 22, 2001
- Copy of a letter of NKF, dated July 10, 2001 regarding the VAT qualification of the consulting agreement between NI SA and NI BU and the VAT status of the latter



With regard to structured products:

- Copy of an Intermediary Agreement between NI BU and Lungershausen + Janson AG, dated March, 2003 with several amendment to commission schedules
- Copy of a Credit Note (Invoice issued by NI BU) regarding a trail commission to be paid to Lungershausen + Janson AG, dated July 29, 2004
- Copy of a debit advice of NI BU's account at Credit Suisse, valid July 30, 2004
- Copy of an Issue by Banque AIG, Paris to NI BU, dated April 11, 2003
- Copy of an invoice by NI BU to Banque AIG, Paris, dated May 2, 2003
- Copies of a credit advice of NI BU's account at Credit Suisse of May 7, 2003 and May 5, 2003
- Copy of the Structuring Advisory Agreement and Exhibit to the agreement between RPM and NI BU, dated April 15, 2003
- Copy of a credit advice of NI BU's account at Credit Suisse of July 20, 2004

With regard to Galaxy Fund:

- Copy of the Representative and Paying Agency Agreement between EUROPEAN SICAV ALLIANCE (ESA) and Banque MeesPierson BGL SA, effective as of 2002
 - Copy of the Structuring Advisory Agreement and Exhibit to the agreement between RPM and NI BU, dated February 6, 2003
 - Copy of an Invoice regarding structuring advisory fee for Galaxy issued by NI BU to RPM, dated July 7, 2004ao
 - Copy of the Distribution Agreement between Banque MeesPierson BGL SA and NI SA, dated April/May 2003
 - Copy of the Selling Agent Agreement between ESA, NI SA and RPM, dated June 30 2003
 - Copy of a Credit Note (Invoice issued by NI BU) regarding a trail commission to be paid to Lungershausen + Janson AG, dated April 29, 2004
 - Copy of a debit advice of NI BU's account at Credit Suisse, valid April 30, 2004
 - Copy of the "Kooperationsvertrag" between NI BU and BFW, dated November/December 2002
 - Distribution licence of NI SA with regard to Galaxy Fund of the EBK, dated June 30, 2003
- Copy of a fee arrangement between NI BU and RPM regarding Galaxy, dated December 19, 200