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INDEPENDENT AUDITOR'S REPORT

To the Interim Panel of Eminent Experts The Global Crop Diversity Trust

We have audited the accompanying financial statements of the Global Crop Diversity Trust which comprise the statement of financial position as at December 31, 2006 and 2005 and the statements of activities, changes in fund balances and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

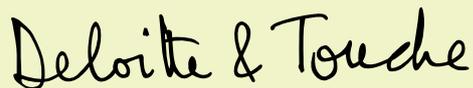
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Global Crop Diversity Trust as at December 31, 2006 and 2005 and the results of its activities and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as described in Note 2 to the financial statements.



Rome, Italy
March 30, 2007

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma
Torino Treviso Verona

Member of
Deloitte Touche Tohmatsu

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Capitale Sociale: sottoscritto e versato Euro 10.327.940,00 – deliberato Euro 10.850.000,00
Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 – R.E.A. Milano n. 1720239



Statement of Financial Position for the Year Ended 31 December 2006

	Notes	2006 USD	2005 USD
ASSETS			
Current Assets			
Accounts Receivable	4		
Donor		1,028,002	50,000
Other		431,424	1,007,611
Total Current Assets		1,459,426	1,057,611
Non Current Assets			
Cash and Cash Equivalents	3	506	3,613,994
Endowment Fund	7	45,533,539	28,176,193
Total Non Current Assets		45,534,045	31,790,187
TOTAL ASSETS		46,993,471	32,847,798
LIABILITIES & FUND BALANCES			
Current Liabilities			
Accounts Payable	5		
Donor		145,009	355,225
Other		70,090	66,864
Total Current Liabilities		215,099	422,089
Non Current Liabilities		-	-
Total Liabilities		215,099	422,089
Fund Balances			
Unrestricted		390,811	81,065
Temporarily Restricted		851,016	554,457
Permanently Restricted		45,536,545	31,790,188
Total Fund Balances	6	46,778,372	32,425,709
TOTAL LIABILITIES & FUND BALANCES		46,993,471	32,847,798



Statement of Activities for the Year Ended 31 December 2006

	Notes	2006 USD	2005 USD
INCOME & SUPPORT			
Investment Income			
Endowment Fund Gain		6,088,833	2,688,209
Investment Expenses		(132,887)	(16,599)
Interest Income		18,054	157,087
Net Investment Income		<u>5,974,001</u>	<u>2,828,698</u>
Contributions to Operational Fund			
Contributions to operational and fund raising activities	9	981,574	844,663
Total Contributions to Operational Fund		<u>981,574</u>	<u>844,663</u>
Net Assets released from Restrictions			
From Capacity Building Fund		514,197	610,641
From Endowment Fund		1,180,600	874,218
Total Net Assets released from Restrictions		<u>1,694,797</u>	<u>1,484,859</u>
TOTAL INCOME & SUPPORT		8,650,371	5,158,219
GRANT EXPENSE			
Conservation Strategies		514,197	391,933
External Review & Consultancies		48,053	16,607
Salaries & Benefits		204,819	204,295
Capacity Building Grants		91,475	347,806
Long-term Conservation Grants		208,000	-
Total Grant Expense	11	<u>1,066,544</u>	<u>960,641</u>
SUPPORTING EXPENSES			
Salaries & Benefits		716,229	484,875
Travel		79,822	87,415
Governance		75,042	64,324
Public Awareness & Communications		132,925	243,565
Professional Services		226,062	108,552
Facilities		70,000	60,000
Total Supporting Expenses	12	<u>1,300,080</u>	<u>1,048,731</u>
TOTAL EXPENDITURE		2,366,624	2,009,372
Net Excess of Income & Support over Expenditure		6,283,747	3,148,846
Increase/(Decrease) in Restricted Funds:			
Capacity Building Fund			
Contributions	13	810,756	783,958
Released from Restrictions		(514,197)	(610,641)
Increase/(Decrease) in Capacity Building Fund		<u>296,559</u>	<u>173,317</u>
Endowment Fund			
Contributions	14	8,952,957	20,390,889
Released from Restrictions		(1,180,600)	(874,218)
Increase/(Decrease) in Endowment Fund		<u>7,772,357</u>	<u>19,516,671</u>
Increase/(Decrease) in Restricted Funds		8,068,916	19,689,988
Increase/(Decrease) in Fund Balances		14,352,663	22,838,835
Fund Balances at Beginning of Period		32,425,709	9,586,874
Fund Balances at End of Period		<u>46,778,372</u>	<u>32,425,709</u>



Statement of Changes in Fund Balances for the Year Ended 31 December 2006

	2006 USD	2005 USD
RESTRICTED FUND BALANCES		
Endowment Fund		
Opening Balance	31,790,188	9,444,818
Donations/Contributions	8,952,957	20,390,889
Investment Income	18,054	157,087
Net Endowment Fund Gain	5,955,946	2,671,611
Amount Released	(1,180,600)	(874,218)
Closing Balance	<u>45,536,545</u>	<u>31,790,188</u>
Capacity Building Fund		
Opening Balance	554,457	381,140
Donations/Contributions	810,756	783,958
Amount Released	(514,197)	(610,641)
Closing Balance	<u>851,016</u>	<u>554,457</u>
UNRESTRICTED FUND BALANCES		
Operational Fund		
Opening Balance	81,065	(239,084)
Operating Surplus/(Deficit)	309,746	320,149
Closing Balance	<u>390,811</u>	<u>81,065</u>
TOTAL FUND BALANCES	<u>46,778,372</u>	<u>32,425,709</u>



Statement of Cash Flows for the Year Ended 31 December 2006

	2006 USD	2005 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(Decrease) in Unrestricted Fund Balance	309,746	320,149
(Increase)/Decrease in Accounts Receivable	(399,314)	(668,919)
Increase/(Decrease) in Accounts Payable	<u>(206,988)</u>	<u>175,452</u>
Net Cash Provided By Operating Activities	(296,556)	(173,318)
CASH FLOWS FROM RESTRICTED ACTIVITIES		
Increase/(Decrease) in Capacity Building Fund	296,559	173,317
Increase/(Decrease) in Endowment Fund	<u>(3,613,489)</u>	<u>(5,830,824)</u>
Net Cash Provided By Restricted Activities	(3,316,930)	(5,657,507)
Increase/(Decrease) in Cash	(3,613,486)	(5,830,825)
CASH AT BEGINNING OF YEAR	3,613,993	9,444,819
CASH AT END OF YEAR	<u>506</u>	<u>3,613,993</u>



Notes to the Financial Statements for the Year Ended 31 December 2006

1. STATEMENT OF PURPOSE

The Global Crop Diversity Trust (the Trust) is an autonomous international fund established under international law. The international status of the Trust is conferred under an Establishment Agreement which has been signed by 24 countries. The Trust was established on October 21, 2004 and operates within the framework of the International Treaty on Plant Genetic Resources for Food and Agriculture as an essential element of its Funding Strategy.

The Trust is currently located in Rome, hosted by the Food and Agriculture Organization of the United Nations (FAO) and Bioversity International, pending the establishment of a permanent headquarters location. Bioversity International is the name under which the International Plant Genetic Resources Institute (IPGRI) operates since December 1st, 2006.

The mission of the Trust is to ensure the long-term conservation and availability of plant genetic resources for food and agriculture with a view to achieving global food security and sustainable agriculture. To do this, the Trust aims to raise an endowment fund of USD 260 million to support the development of a rational and efficient system for conserving crop diversity around the world.

A United States charitable organization, Friends of Global Crop Diversity, Ltd, was established in August 2005 to further the mission of the Trust. The Corporation was established under section 501(c)(3) of the US Internal Revenue Code and will assist the Trust in informing the American people of the objectives and purposes of the Trust and raising US funding to support the mission of the Trust.

Donors to the Trust include governments from developing and developed countries, foundations, the private sector and individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trust are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by International Accounting Standards Board (IASB). Since existing IFRS do not cover issues unique to not-for-profit organizations, the Trust has drawn from other widely used standards (such as FAS 117 of US GAAP) to provide guidance on issues of importance that are not yet addressed by existing IFRS. The significant accounting policies followed are described below:

Revenue recognition

Funding managed by the Trust falls into three categories:

- 1) Endowment fund
- 2) Funds for regional and crop conservation strategies and capacity building grants
- 3) Funds to cover the operational and fundraising activities of the Trust



While some donors provide funds that may be applied to any category and activity at the discretion of the Trust, most donors allocate their funds to a specific category or categories. In certain cases, the Trust may receive funds that are either unrestricted for use within the category concerned or that are restricted or "earmarked" by the donor for a specific purpose or activity.

Unrestricted grants, received and pledged, are recognized as revenues when the conditions imposed by the donor have been substantially met or explicitly waived by the donor.

Restricted grants are recognized as revenue to the extent grant conditions have been met. Grants pledged but not yet received are accrued among receivables only to the extent expended.

Grants in kind are recorded at the fair value of the assets or services received, or the fair value of the liabilities satisfied.

Foreign currency transactions

The Trust conducts its operations in several currencies and maintains its accounting records in United States dollars. The financial statements are expressed in United States dollars solely for the purpose of summarizing the financial position and the results of activities. All items in the Statement of Financial Position, where necessary, have been translated at market rates of exchange at year-end. Revenue and expense items in currencies other than United States dollars have been recorded at the exchange rate prevailing on the transaction date.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in banks denominated in US dollars. It includes contributions received for the endowment fund together with related interest earned. As contributions for the endowment fund are permanently restricted, cash and cash equivalents at year-end of USD 506 (2005: USD 3,613,994) are reported as non-current assets.

4. ACCOUNTS RECEIVABLE

All receivable balances are valued at their net realizable value.

(A) Accounts receivable - donors

Accounts receivable from donors consists of claims for unrestricted grants promised or pledged provided that the conditions attached to the grants have already been met. It also pertains to claims for expenses paid on behalf of restricted projects in excess of the amount received.

Further detail can be found in Exhibit 1.

(B) Accounts receivable – other

This balance relates mainly to amounts received by the host organizations, FAO and Bioversity International, on behalf of the Trust which have not yet been expended by the Trust.

Further detail can be found in Exhibit 2/A.



5. ACCOUNTS PAYABLE

(A) Accounts payable - donors

Accounts payable to donors includes unrestricted grants received for which conditions have not yet been met and unexpended funds received in advance for restricted projects.

Further detail can be found in Exhibit 1.

(B) Accounts payable – other

This balance consists of amounts payable at the year end in respect of supplies and services received during the year together with amounts expended on behalf of the Trust by the host organizations, FAO and Bioversity International, in respect of which contributions have not yet been received.

Further detail can be found in Exhibit 2/B.

6. FUND BALANCES

Resources are classified for accounting and reporting purposes into fund categories according to the activities or objectives specified by internal designation or by external restriction.

Unrestricted Fund

The Unrestricted Operational Fund comprises contributions received and expenditure incurred in respect of the operational and fundraising activities of the Trust.

Temporarily Restricted Fund

The Temporarily Restricted Capacity Building Fund comprises contributions received or allocated and expenditure incurred in respect of crop and regional conservation strategies and capacity building grants.

Permanently Restricted Fund

The Permanently Restricted Endowment Fund comprises contributions received for the endowment fund together with the related bank interest earned, changes in market value less management fees and amounts utilized during the year.



Current year contributions to the fund are as follows (amounts in USD/000):

Donors	Balance Dec 31, 2005	Contributions	Other movements	Balance Dec 31, 2006
Australia	4,994	2,586		7,580
Dupont/ Pioneer Hi-bred	500	250		750
Egypt	-	25		25
Ethiopia	-	25		25
Germany	-	1,962		1,962
India	-	50		50
Norway	5,901	1,776		7,677
New Zealand	50	-		50
Sweden	7,265	-		7,265
Switzerland	5,083	2,279		7,362
Syngenta AG	1,000	-		1,000
United States	5,000	-		5,000
Private	1	-		1
Interest Earned	199		18	217
Realized & unrealized gain on investment fund (change in market value) less management fees	2,671		5,956	8,627
Realized Gains	(874)		(1,180)	(2,054)
Total	31,790	8,953	4,794	45,537

Further detail can be found in Notes 7 & 8.

7. ENDOWMENT FUND

In March 2005 at the Sixth Meeting of the Interim Panel of Eminent Experts (IPEE), the Panel, acting on behalf of the Executive Board, approved the appointment of HSBC as investment managers for the initial USD 50 million received for the Endowment Fund. The investment fund was opened in April 2005 when contributions previously received in the amount of USD 21,150,000 were transferred to the fund.

The endowment fund investments at year-end of USD 45,533,539 represent the principle together with changes in market value less management fees and amounts released during the year. Changes in the market value of the funds and interest earned are reported in the Statement of Activities in the year in which the change occurs.

Further detail can be found in Notes 6 & 8.



8. INVESTMENTS

The investment fund is managed by a third party investment advisor, in accordance with guidelines provided by the Trust.

The following schedule represents the composition of the market value of the investment fund as at December 31:

	Balance Dec 31, 2006	Balance Dec 31, 2005
Equities	25,895,010	15,353,696
Bonds	14,413,435	8,869,964
Hedge Funds	2,228,415	1,747,406
Real Estate	1,603,371	923,180
Cash	1,393,308	1,281,947
Total	45,533,539	28,176,193

9. CONTRIBUTIONS TO OPERATIONAL AND FUNDRAISING ACTIVITIES

This amount comprises contributions received from donors and expended by the Trust for operational and fundraising activities.

Further detail can be found in Exhibit 3.

10. IN-KIND CONTRIBUTIONS

The Trust received an in-kind contribution of staff time from Bioversity International and FAO during the year. These amounts have not been quantified in the financial statements as it is difficult to estimate the true cost of the support.

Further detail can be found in Exhibit 4.

11. GRANT EXPENDITURE

During the year an amount of USD 514,197 was released from the capacity building fund in respect of expenditure incurred on regional and crop conservation strategies.

12. SUPPORTING EXPENDITURE

With the exception of investment management expenses which are released from the investment fund, all expenditures are incurred by the host organizations, FAO and Bioversity International, on behalf of the Trust. These costs are charged back to the Trust at cost plus overhead.

13. CAPACITY BUILDING FUND CONTRIBUTIONS

This balance comprises contributions received for the crop and regional conservation strategies and capacity building grants.

Further detail can be found in Exhibit 3.

14. ENDOWMENT FUND CONTRIBUTIONS

This balance comprises amounts received during the year for the endowment fund.

Further detail can be found in Note 6.



EXHIBIT 1
Statement of Grant Revenue
as at 31 December 2006

Donor	Accounts Receivable	Advance Payment	Grant 2006	Grant 2005
Restricted				
Grains Research & Development Corporation	84,649	-	439,875	411,952
Syngenta Foundation	-	-	21,829	50,000
Unrestricted				
Canada (CIDA)	860,882	-	860,882	830,565
Friends of Global Crop Diversity, Ltd	82,472	-	82,472	-
Italy	-	-	-	300,000
Norway	-	115,009	100,569	-
Switzerland (SDC)	-	30,000	-	31,441
United Nations Foundation (UNF)	-	-	275,000	-
United States (USAID)	-	-	-	-
Other	-	-	11,704	4,663
	1,028,002	145,009	1,792,330	1,628,621

as at 31 December 2005

Donor	Accounts Receivable	Advance Payment	Grant 2005	Grant 2004
Restricted				
Grains Research & Development Corporation	-	355,225	411,952	383,148
Unrestricted				
Canada (CIDA)	-	-	830,565	813,219
Italy	-	-	300,000	-
Switzerland (SDC)	-	-	31,441	87,037
Syngenta Foundation	50,000	-	50,000	100,000
United Nations Foundation (UNF)	-	-	-	160,850
United States (USAID)	-	-	-	100,000
Other	-	-	4,663	-
	50,000	355,225	1,628,621	1,644,254



EXHIBIT 2 A
Accounts Receivable - Other
 as at 31 December 2006

	<u>2006</u>	<u>2005</u>
	FAO	FAO
Amounts Received		
Previous Year c/f	398,284	(246,636)
United Nations Foundation	275,000	160,850
Norway	215,576	-
Transfer from Bioversity International	-	500,000
Italy	-	300,000
Other	11,704	4,603
	<u>502,280</u>	<u>965,453</u>
Amounts Paid		
Expenditure Incurred	(471,640)	(320,533)
	<u>428,924</u>	<u>398,284</u>
Amount Receivable/(Payable)		
	<u>428,924</u>	<u>398,284</u>
		Bioversity International
Amounts Received		
Previous Year c/f		94,695
Bank Interest		73,000
Investment Income		506,109
Canada (CIDA)		830,565
Grains Research & Development Corporation		900,325
Switzerland (SDC)		31,441
Syngenta Foundation		-
United States (USAID)		-
Private Donation		60
		<u>2,436,195</u>
Amounts Paid		
Expenditure Incurred		(1,755,378)
Transfer to FAO		(350,000)
Amount Receivable/(Payable) - FAO		<u>330,817</u>
Investment Fund Income - HSBC		<u>278,510</u>
Other	<u>2,500</u>	<u>-</u>
ACCOUNTS RECEIVABLE - OTHER	<u>431,424</u>	<u>1,007,611</u>



EXHIBIT 2 B
Accounts Payable - Other
 as at 31 December 2006

	<u>2006</u>	<u>2005</u>
	Bioversity International	
Amounts Received		
Previous Year c/f	330,817	
HSBC Investment Income	1,259,359	
Switzerland (SDC)	30,000	
Syngenta Foundation	<u>50,000</u>	1,339,359
Amounts Paid		
Expenditure Incurred	(1,685,795)	
Amount Receivable/(Payable)	<u><u>(15,619)</u></u>	
Investment Management Expenses - HSBC	<u><u>(54,471)</u></u>	<u><u>(66,684)</u></u>
ACCOUNTS PAYABLE - OTHER	<u><u>(70,090)</u></u>	<u><u>(66,684)</u></u>



EXHIBIT 3

**Contributions to Operational, Fundraising & Capacity Building Activities
for the Year Ended 31 December 2006**

	Bioversity International USD	FAO USD	TOTAL USD
Canada (CIDA)	860,882		860,882
Friends of Global Crop Diversity, Ltd	82,472		82,472
Grains Research & Development Corporation	439,875		439,875
Norway		100,569	100,569
Syngenta Foundation			21,829
United Nations Foundation		275,000	275,000
Other		11,704	11,704
Total Contributions	1,383,229	387,273	1,792,330
Contributions to Operational and Fundraising Activities			981,574
Contributions to Capacity Building Fund			810,756
Total Contributions			1,792,330

for the Year Ended 31 December 2005

	Bioversity International USD	FAO USD	TOTAL USD
Canada (CIDA)	830,565		830,565
Grains Research & Development Corporation	411,952		411,952
Italy		300,000	300,000
Switzerland (SDC)	31,441		31,441
Syngenta Foundation	50,000		50,000
Other	60	4,603	4,663
Total Contributions	1,324,018	304,603	1,628,621
Contributions to Operational and Fundraising Activities			844,663
Contributions to Capacity Building Fund			783,958
Total Contributions			1,628,621



EXHIBIT 4
Statement of In-kind Contributions
for the Year Ended 31 December 2006

Biodiversity International

Director General	5%
Regional Director SSA	5%
Regional Director Americas	5%
Regional Director APO	5%
Regional Director Europe	5%
Regional Director CWANA	5%
Senior Scientist Conservation Strategies	5%
Senior Scientist SINGER Coordinator	5%
Senior Scientist Genetic Diversity/Conservation	5%
Finance Manager	5%

FAO

Director, AGP	5%
Chief, AGPS	5%
Agricultural Officer, AGPS	10%
Senior Officer (Seed & Plant Genetic Resources)	5%
Senior Officer (Cereals & Crop Breeding, AGPC)	5%