MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis dated April 22, 2008 reviews the financial condition, results of operations and cash flows of Magnotta Winery Corporation ("Magnotta" or the "Company") for the year ended January 31, 2008 in comparison to the year ended January 31, 2007. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes which can be found on SEDAR at www.sedar.com.

Readers are cautioned that some of the statements contained in this discussion may be forward-looking statements, such as expectations, estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition to exist or occur. Generally, these forward-looking statements can be identified by the use of terminology such as "outlook", "anticipate", "believe", "estimate", "expect", "intend", "should" and similar expressions. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ from those currently anticipated in such statements by reason of factors such as, but not limited to, changes in general economic and market conditions. Magnotta disclaims any intention or obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or results, or otherwise.

CORPORATE PROFILE:

Magnotta Winery Corporation is Ontario's third largest winery in volume of sales. The Company grows grapes, produces, imports, exports and retails wines, beer, spirits and "must" (juice for making wine) primarily through its locations in Ontario, Canada. Additional sales are obtained through representatives in Canadian provinces, through an e-commerce website and from export markets.

The Company produces wines from grapes grown on its four vineyards totaling 180 acres in Ontario's Niagara Peninsula, on its 351 acre vineyard in Chile's Maipo Valley, and from purchased wines, wine juices and grapes. Grapes grown on its Ontario vineyards are entirely processed and vinified for the Company's own use. The majority of grapes grown on the Chilean vineyard are also used by the Company for its own requirements, with excess being sold to Chilean wineries. However, since the Company's own vineyards do not satisfy all of its total wine and grape requirements, quality grapes, juices and wines are sourced from other Ontario's Niagara Peninsula growers and from other countries and regions around the world.

Festa Juice Co. Ltd., one of the Company's wholly-owned subsidiaries, is one of Ontario's largest producers and suppliers of fresh juice to home wine-makers.

Magnotta justifiably brands itself as "The Award Winning Winery". The Company's awards include gold medals from the most prestigious of European wine competitions such as VinExpo (France) and Vinitaly (Italy). Magnotta is also the first and only Canadian winery to have won four Black Diamond Trophies from Intervin International (United States) for Winery

Consistency and Quality. The Black Diamond Trophy is awarded to the winery with the most gold medals at the competition each year.

THE YEAR IN REVIEW:

Fiscal 2008 saw the Company expanding its branding campaign through its marketing, advertising and point of sale materials. The Company undertook an extensive radio media campaign in the latter part of the year, as well as continued with its print, television and in-store newsletters, product sampling exhibits and trade shows, and contests. This branding campaign re-enforces the Company's products to its current customer base while targeting new customers at the same time. The Company believes this campaign created more brand awareness of its products and would have been more successful in the latter part of the fiscal year if snow storms and inclement weather did not keep shoppers at home in the Southern Ontario market of which it primarily operates in.

During fiscal 2008, Magnotta continued to strengthen its balance sheet. The Company reduced its existing long-term debt facilities by $659,198 through monthly debt repayments in fiscal 2008. Net bank indebtedness decreased by $207,813 in the year also. The cash flow to decrease the overall debt on the balance sheet was generated from the Company's operations during fiscal 2008.

The Company once again continues to win awards for its products and for itself as a Company. Magnotta's current award count stands at well over 2,500 and counting! Awards of significance received during fiscal 2008 include a gold medal from Les Citadelles du Vin in France for its 2004 Riesling Icewine Limited Edition and a gold from Chardonnay du Monde for its 2003 Chardonnay Merritt Road Limited Edition, just to name a few. The Company prides itself in this as it is a reflection of the high quality of its products. During fiscal 2008, the Company was once again a winner in the "Canada's 50 Best Program". This is the second year that Magnotta has been recognized as a Platinum recipient, and the eighth consecutive year that the Company was a winner in the program. "Canada's 50 Best Program" recognizes excellence in products, outstanding customer service and a motivated team of employees. Furthermore, in fiscal 2008 Magnotta was awarded the Vaughan Chamber of Commerce Business Achievement Award for "Business of the Year" in Vaughan, Ontario – where the Company's head office is located.

The 2007 Ontario harvest produced good yields and quality products. As a result, the Ontario content in blended Ontario wines remained at 30% for the 2007 Ontario harvest.

SELECTED ANNUAL INFORMATION FOR THE PAST THREE FISCAL YEARS:

The following financial information is derived from Magnotta's financial statements for the years ended January 31, 2008, 2007, and 2006 which have been prepared in Canadian dollars using Canadian generally accepted accounting principles.

	2008	2007	2006
Net sales	$23,391,225	$22,955,623	$22,184,354
Net earnings	$ 2,657,259	$ 2,835,125	$ 2,574,797
Earnings per common share:			
Basic	$0.20	$0.21	$0.20
Diluted	$0.19	$0.20	$0.19
Total assets	$47,425,318	$45,679,854	$43,607,815
Long-term debt	$ 8,088,721	$ 8,733,746	$10,158,732
Net bank indebtedness	$ 5,192,555	$ 5,400,368	$ 4,757,181
Retained earnings	$25,340,384	$22,683,125	$19,848,000

Over the past three fiscal years described above, net sales have increased by approximately 5.4%, and net earnings have increased by approximately 3.2%. This overall growth in net sales and net earnings over the past three fiscal years resulted from increased overall sales volumes resulting from more targeted marketing and advertising campaigns, better point of sale materials, the relocation in early fiscal 2006 of a winery retail location (which added approximately $243,000 in sales), and the relocation of a winery in late fiscal 2002 (which added approximately $398,000 in sales). During the past three fiscal years, total debt has collectively decreased approximately $1,634,637 or 11.0%. Basic earnings per common share over the past three fiscal years has remained constant at $0.20 and diluted earnings per common share remained constant at $0.19.

QUARTERLY RESULTS:

Summary information by quarter is as follows:

Fiscal 2008	Net Sales	Gross Profit Margin	Net Earnings	Earnings Per Share Basic	Earnings Per Share Diluted
First quarter	$ 5,949,046	$ 2,967,526	$ 843,295	$0.06	$0.06
Second quarter	$ 5,692,474	$ 2,905,202	$ 755,574	$0.05	$0.05
Third quarter	$ 7,150,558	$ 3,440,536	$ 917,671	$0.07	$0.07
Fourth quarter	$ 4,599,147	$ 1,887,720	$ 140,719	$0.02	$0.01
	$23,391,225	$11,200,984	$2,657,259	$0.20	$0.19

Fiscal 2007	Net Sales	Gross Profit Margin	Net Earnings	Earnings Per Share Basic	Earnings Per Share Diluted
First quarter	$ 5,738,027	$ 2,927,995	$ 824,840	$0.06	$0.06
Second quarter	$ 5,469,553	$ 2,829,874	$ 748,870	$0.05	$0.05
Third quarter	$ 6,993,865	$ 3,350,668	$ 908,440	$0.07	$0.07
Fourth quarter	$ 4,754,178	$ 1,821,243	$ 352,975	$0.03	$0.02
	$22,955,623	$10,929,780	$2,835,125	$0.21	$0.20

During the last eight most recently completed quarters, the Company has experienced relatively consistent net sales, net earnings and earnings per common share changes. For the fourth quarter of fiscal 2008 (the most recent quarter), snow storms and inclement weather during the holiday shopping and January period, caused net sales to decrease slightly to $4,599,147 from $4,754,178 for the fourth quarter of fiscal 2007 when the milder weather in Southern Ontario prevailed. Furthermore, for the fourth quarter of fiscal 2008, the gross margin increased to 41.1% from 38.3% for the same period of the prior year. This was due to the product mix favouring higher margin product sales and the strength of the Canadian dollar. This was mitigated somewhat by some cost pressures from raw and packaging materials, energy costs, as well as higher Ontario grape prices.

During a typical year, the Company experiences seasonality in its sales. In fiscal 2008 and fiscal 2007, the Company experienced higher demand during September to December when approximately 40.5% and 41.8% respectively of annual sales were generated.

FOURTH QUARTER RESULTS

During the Company’s most recent quarter ended January 31, 2008, Magnotta experienced net sales and net earnings decreases. Net sales in the fourth quarter decreased approximately $155,031 over the same period in fiscal 2007, net earnings decreased $212,256, while basic earnings per share decreased $0.01 and diluted earnings per share decreased $0.01. This change is due to softer holiday and January sales over the previous period resulting from snow storms and inclement weather in Southern Ontario which caused shoppers to stay at home. During the fourth quarter last year, Southern Ontario experienced milder weather than normal.

RESULTS OF OPERATIONS:

	Three Months Ended January 31,		Year Ended January 31	
	2008	2007	2008	2007
Net sales	$4,599,147	$4,754,178	$23,391,225	$22,955,623
Gross profit margin	$1,887,720	$1,821,243	$11,200,984	$10,929,780
Net earnings	$ 140,719	$ 352,975	$ 2,657,259	$ 2,835,125
Earnings per common share:				
Basic	$0.02	$0.03	$0.20	$0.21
Diluted	$0.01	$0.02	$0.19	$0.20
Number of common shares	13,932,005	13,932,005	13,932,005	13,932,005

Net sales for the year increased 1.9% to $23,391,225 from $22,955,623, however for the fourth quarter, net sales decreased 3.3% to $4,599,147 from $4,754,178. Net earnings decreased to $2,657,259 from $2,835,125 for the year and for the fourth quarter decreased to $140,719 from $352,975 for the corresponding period of the prior year. The overall growth in net sales for the year resulted from greater volumes due to an expanded customer base from relatively recent new location openings and a winery relocation. The Company has been expanding its branding campaign through its marketing, advertising and point of sale materials, through a radio media campaign, as well as with its print, television and in-store newsletters, product sampling exhibits and trade shows, and contests. This has created more brand awareness, and increased sales. However, due to the snow storms and inclement weather during the holiday and January period, the overall growth was tempered somewhat.

Overall gross profit margin for the year increased marginally to 47.9% in fiscal 2008 from 47.6% in fiscal 2007. For the fourth quarter, the gross profit margin increased to 41.1% from 38.3% in the previous year. The change in the gross profit margin is due to the product mix favouring higher margin product sales and the strength of the Canadian dollar during the year which has caused U.S. denominated purchases to be less expensive. The Company is gradually increasing its portfolio of higher end product offerings which contribute to higher margins. However, this was mitigated somewhat due to some cost pressures from raw and packaging materials, energy costs, as well as higher Ontario grape prices. These cost pressures are expected to continue in the near term.

Selling, administration and other expenses were $4,916,897 for the year ended January 31, 2008 compared to $4,529,282 for the year ended January 31, 2007. For the fourth quarter, selling, administration and other expenses were $1,427,296 compared to $1,249,513 in the same period of the prior year. The Company has been expanding its marketing so to increase brand awareness as well as increased its employee count from 102 employees at January 31, 2007 to 107 employees at January 31, 2008. This resulted in an increase in selling, administration and other expenses. As a percentage of net sales, selling, administration and other expenses increased to 21.0% from 19.7% for the year, and for the fourth quarter increased to 31.0% from 26.3% for the corresponding period of the prior year.

Depreciation decreased in fiscal 2008 to $1,296,786 from $1,335,131 in fiscal 2007, and for the fourth quarter it was $344,675 compared to $365,643 in the same period the prior year. The change resulted from generally less capital asset investments, made over prior years, in the Company's production equipment, vineyards and retail locations.

Interest expense for the year ended January 31, 2008 decreased to $862,380 from $912,133 in fiscal 2007. During the fourth quarter, interest expense was $157,368 compared to $177,003 for the same quarter last year. The decrease is due to lower long-term debt in fiscal 2008 compared to fiscal 2007.

Earnings before interest, income taxes and depreciation decreased to $6,284,087 from $6,400,498 in fiscal 2007. For the fourth quarter, earnings before interest, income taxes and depreciation decreased to $460,424 from $571,730 in fiscal 2007. These changes were principally driven by expense changes as outlined in selling, administration and other expenses.

The combined basic federal and provincial income tax rates for the Company is 35.9%. However, due to the manufacturing and processing profits deduction as well as lower effective tax rates in a foreign country, the effective income tax rate for fiscal 2008 was 35.6% versus 31.7% in fiscal 2007.

LIQUIDITY AND CAPITAL RESOURCES:

Year ended January 31	2008	2007
Current assets	$26,032,573	$23,659,345
Current liabilities	$ 7,091,327	$ 7,362,105
Shareholders' equity	$32,163,251	$29,389,742
Total assets	$47,425,318	$45,679,854

Contractual Obligations	Total	Less than one year - Fiscal 2009	One to three years - Fiscal 2010 to 2011	Four to five years - Fiscal 2012 to 2013	After five years Fiscal 2014 onward
Long-term debt	$ 8,088,721	$ 850,027	$4,438,562	$ 880,257	$1,919,875
Long-term interest	$ 1,275,852	$ 517,294	$ 463,296	$ 175,270	$ 119,992
Operating leases	$ 646,003	$ 116,102	$ 211,465	$ 170,508	$ 147,928
Total contractual obligations	$10,010,576	$1,483,423	$5,113,323	$1,226,035	$2,187,795

During the year, the Company generated $1,419,783 from operations after changes in non-cash operating working capital, compared to $1,729,320 generated in fiscal 2007. Net working capital increased to $18,941,246 from $16,297,240 at January 31, 2007 primarily from cash flow from operations net of debt repayments and capital asset purchases.

Capital asset purchases were $669,022 in fiscal 2008 compared to $1,273,124 in fiscal 2007. Capital asset purchases in fiscal 2008 and 2007 were attributable to normal capital asset requirements for the Company's production equipment, vineyards and retail locations. It is expected during fiscal 2009, capital expenditures should not deviate significantly from those incurred in the last two fiscal years.

During the year, the Company decreased its long-term debt by $659,198 to $8,088,721 from $8,733,746 at January 31, 2007 excluding any foreign exchange changes. The Company decreased its net bank indebtedness by $207,813 to $5,192,555 from $5,400,368 at January 31, 2007. These changes resulted from improved cash flows from net earnings for fiscal 2008, and monthly debt principal repayments, as well as net changes in working capital. Net bank indebtedness bears interest at floating interest rates, and approximately 47.2% of the total long-term debt bears interest at floating interest rates. The balance, or 52.8% of the long-term debt, bears interest at a fixed interest rate. The Company has available approximately $5,900,000 in unutilized approved lines of credit from a major Canadian chartered bank subject to covenant restrictions. Management expects its current cash flow from operations will continue to meet the Company's current debt and principal repayment obligations.

Shareholders' equity increased to $32,163,251 at January 31, 2008 from $29,389,742 at January 31, 2007. The change is due to an increase in retained net earnings. The basic earnings per common share have decreased $0.01 to $0.20 for the year and diluted earnings per share have decreased $0.01 to $0.19 for the year.

RISKS AND UNCERTAINTIES:

The following section outlines risks that may or may not affect the Company. While it is difficult to determine if any risk will occur and its effect on the Company, the actual impact on the Company could differ materially from what the Company is currently anticipating. Furthermore, the following risks outlined are not exhaustive and there could be other risks of which the Company is not currently aware.

Government Regulation

The Company is uncertain as to when or what changes could occur to implement and design legislation to privatize liquor sales and distribution in Ontario. The Company does not believe any changes will occur in the immediate future.

In 2006 and 2008, the Company received administrative notices from the Alcohol and Gaming Commission of Ontario (the "AGCO") alleging that certain of Magnotta's small locations are not in compliance with AGCO policies and that, as a result, these locations may have their retail licenses temporarily suspended until such policies are complied with. The Company will contest these notices and is of the view that the allegations are without merit. Further, the

Company is of the view that the potential suspensions, even if upheld, would not have a material adverse result on the business of the Company.

International

The alcoholic beverage industry internationally, and more particularly in Canada is intensely competitive. There are several larger and more established national and international corporations that possess extensive experience and financial resources. This industry has experienced and is expected to experience, increased levels of price-based competition. The Company believes that grape surpluses in various regions of the world result in many lower-priced subsidized imported wines entering the Ontario market.

Competitive Factors

The wine beverage industry in Ontario is heavily regulated with many financial and regulatory barriers. Some existing Ontario wineries including Magnotta, have grandfathered licenses that were issued prior to the NAFTA agreement in the late 1980s, while others have licenses issued post NAFTA which may restrict the winery's ability to expand. The Ontario government is not issuing any new retail licenses. As a result, a winery's ability to expand the number of physical retail locations in Ontario is dependent on acquiring appropriate winery licenses. In the event of the privatization of the LCBO, the Company might be subject to greater competition.

Exchange Rate

The Company purchases bulk wine, wine juice, concentrates and some of its production equipment in U.S. dollars. A change in the Canadian dollar versus the U.S. dollar will change the cost of these purchases. Continued strength of the Canadian dollar versus the U.S. dollar will have positive results on these purchases, however, this will have some negative impact on export sales.

Supply

Magnotta relies upon a consistent high-quality supply of reasonably priced wines, juices and grapes both through domestic and foreign production. Cost and supply may be affected by factors such as weather, regional wine supplies, the general economic climate, as well as other conditions. The Company owns various vineyards which it relies upon to supply products to the market. Adverse weather conditions could affect crop yields and quality. The Company has taken steps to ensure that its required supplies are available to meet its requirements. Strategic acquisitions of vineyards in Ontario's Niagara Peninsula and Chile's Maipo Valley, as well as strong relationships with domestic and foreign growers and suppliers have aided the Company in these goals.

Reliance on its Manufacturing Facility

Magnotta recognizes that its head-office facility is critical to its operations as a whole. The significant stock, production capabilities and storage facilities would require some time to replace. Magnotta has comprehensive insurance to cover profit loss and building replacement at all its locations.

Product Development

Magnotta remains committed to developing new products and adjusting to the ever-changing markets within which it operates and competes. Failure to successfully develop new products in the future could have a material impact on the business.

Key Personnel

The Company's Executive Chairman and the Chief Executive Officer/President (the co-founders) are collectively involved in all significant aspects of the Company's operations. While the Company has a strong and experienced management team, the operations could be negatively impacted in the short term by the absence of both of the co-founders.

OUTLOOK:

The Company's future success is linked to the Canadian, and more specifically, the Ontario wine markets. These markets have grown steadily in recent years, and are expected to continue to grow. The Company through its new product developments as well as its changes in its branding and marketing initiatives in the last few years, is determined to capitalize on this trend.

While the wine market as a whole is growing, the Company's ability to expand is limited. This is due to the industry's financial and regulatory barriers which restrict a winery's ability to expand the number of physical retail locations in Ontario. The Company is continuing to look for investment opportunities by acquiring appropriate winery licenses that support and fit its strategic direction.

The Company brands itself as "The Award Winning Winery". Marketing initiatives and capital asset investments are made to support the Company's commitment to producing high quality wines. The Company believes these investments made in its existing locations will lead to increased sales and improved profitability.

The 2007 Ontario harvest had good yield and quality; thereby the Ontario content in blended wines remained at 30% for the 2007 Ontario harvest. It is expected a 30% Ontario content for the 2007 Ontario harvest will cause some gross margin pressures as Ontario product is generally more expensive than comparable imported product.

RELATED PARTY TRANSACTIONS:

Five year notes receivable were received from two senior officers of the Company (the Chairman and Chief Executive Officer, and the President) who were provided with the financing to exercise their options on 500,000 common shares of the Company at a price of $0.93 per share. These notes are secured by the acquired common shares, bear monthly interest at the rate charged to the Company on its operating line of credit, and provide for principal repayments of $116,250 in each of the calendar years 2007, 2008, 2009 and 2010. The notes receivable have been included as a reduction of shareholders' equity for presentation purposes.

ACCOUNTING POLICIES:

The Company has adopted the following new accounting standards:

Effective February 1, 2007, the Company adopted the new standards for financial instruments in accordance with various sections of The Canadian Institute of Chartered Accountants' ("CICA") Handbook, including Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation, Section 1530, Comprehensive Income, and Section 3251, Equity. The primary requirements of these standards require the classification of financial assets into either held-for-trading, held-to-maturity, loans and receivables or available-for-sale financial assets and the classification of financial liabilities as either held-for-trading or other liabilities. The new standards require that financial assets and liabilities be measured in accordance with their respective basis of classification. In addition, derivatives embedded in financial instruments or other contracts may be required to be accounted for separately under the new standards.

Under adoption of these new standards, the Company classified accounts receivable as loans and receivables, which are measured at amortized cost. Bank indebtedness, accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

The Company adopted a transition date of February 1, 2003 for embedded derivatives and, accordingly, only recognized those embedded derivatives requiring separation from host contracts issued, acquired or substantially modified to this transition date.

There were no derivatives or embedded derivatives recognized in the Company's consolidated financial statements as a result of the adoption of these new standards.

Comprehensive income was added to the Company's consolidated financial statements. There is no difference between the Company's comprehensive income and net earnings for the year ended January 31, 2008. The Company does not currently have any accumulated other comprehensive income.

Effective February 1, 2007, the Company adopted the revised Section 1506, Accounting Changes, relating to changes in accounting policies, changes in accounting estimates and errors. Adoption of these recommendations had no effect on the consolidated financial statements for the year ended January 31, 2008, except for the disclosure of accounting changes that have been issued by the CICA but have not yet been adopted by the Company because they are not effective until a future date.

INTERNAL CONTROLS AND PROCEDURES

The Company has evaluated its internal controls and procedures for the year ended January 31, 2008. This evaluation was performed by the Chief Executive Officer (CEO)/President and Chief Financial Officer (CFO) with the assistance of other Company employees. Based on this evaluation, the CEO/President and CFO have concluded that the design of these internal controls and procedures were effective.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO)/President and Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at January 31, 2008, Magnotta's management, with the participation of the CEO/President and CFO, has evaluated the effectiveness of Magnotta's disclosure controls and procedures as defined in Multilateral Instrument 52-109 of the Canadian Securities Administration and has concluded that such controls and procedures are effective.

CRITICAL ACCOUNTING ESTIMATES:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported; however, the Company believes that the assumptions and/or estimates used should not result in a material impact on the Company if actual results differ.

FINANCIAL INSTRUMENTS:

The fair values of accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate their carrying amounts because of the short-term to maturity of these financial instruments. The fair value of long-term debt which has variable interest rates based on market rates approximates the carrying amount of those financial instruments. The fair value of Magnotta's other long-term debt with fixed interest rates approximates the carrying value since the interest rates approximate market rates. The Company has not recorded the impact in its financial statements of any unrecognized gains and/or losses on these financial instruments.

The Company does not use derivative instruments for hedging or for other purposes.

OUTSTANDING SHARE DATA

As of January 31, 2008 and as of the date hereof, there are issued and outstanding 13,932,005 common shares of the Company. The Company does not have any options, warrants or any other dilutive instruments outstanding.

OTHER:

Aside from this Management Discussion and Analysis, the Company files a yearly Annual Information Form (AIF), and this information as well as other documents filed with securities regulators in Canada can be found on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS:

The accompanying consolidated financial statements of Magnotta Winery Corporation have been prepared by management and approved by the Board of Directors. Management is responsible for the integrity of the information contained in the financial statements as well as other sections of the annual report. The financial statements have been prepared by management. To assist management in discharging their responsibilities, Magnotta maintains a system of internal controls. Management believes this system of internal control provides reasonable assurance that the financial records are reliable and form a proper basis for the preparation of financial statements as well as the safeguarding of assets.

The Board of Directors carries out its responsibilities for financial statements primarily through the Audit Committee. KPMG LLP (the Shareholders' auditors) have full access to the Audit Committee, both in the presence and the absence of management.

The consolidated financial statements have been audited by KPMG LLP – the independent auditors, in accordance with generally accepted auditing standards on behalf of the shareholders. Their Report is presented as part of the consolidated financial statements.