



**Insinger
de Beaufort**

Insinger de Beaufort
Holdings S.A.

UNCOVERING VALUE
INCH BY INCH

ANNUAL REPORT 2007

31 December 2007

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DIRECTORS AND PROFESSIONAL ADVISORS

INSINGER DE BEAUFORT HOLDINGS S.A.

Board of Directors

Kardol, Bas Chairman
Kantor, Ian Chief Executive Officer
Sieradzki, Peter Chief Operating Officer
Georgala, Steven (Non-Executive)
Ernzer, Marcel (Non-Executive)
Mooij, Rob Chief Financial Officer

Legal advisors Luxembourg

Arendt & Medernach
Maitland & Co

Registered office and number

Insinger de Beaufort Holdings S.A.
66 Avenue Victor Hugo
L-1750 Luxembourg
R.C.S. Luxembourg B49429

SENIOR EXECUTIVES

MANAGEMENT BOARD

Kantor, Ian (CEO)
Human, Kobus (Asset Management)
Mooij, Rob (CFO)
Peijster, Frans (Private Banking)
Sieradzki, Peter (COO)
White, Piers (United Kingdom)

Group

Finance, Operations and Support
Baltus, Marc

Secretary

Staring, Mike

Marketing and Business Development

Brandsma, Oedo
Schilden, Didy van der

PRIVATE BANKING

Europe

Beaufort, Rijnhard de
Boot, Jeroen
Donatone, Vito
Kreder, Robert
Kun, Eduard van der
Reijns, Loek
Schepen, Arjen
Snijders, Jeroen
Tilman, Frans
Vink, Jan de
Vismans, Herman
Wijburg, Nico

United Kingdom

Berkowitz, Trevor
Mun-Gavin, David
Schewitz, Kelvan

ASSET CONSULTING

Klein Haneveld, Henk
Leur, Patrick van

ASSET MANAGEMENT

Europe and South Africa

Dugmore, Ina
Ester, Guy
Fitzgerald, Peter
Williams, David
Yeo, Peter

SALIENT FEATURES

INSINGER DE BEAUFORT HOLDINGS S.A.

CONSOLIDATED

	2007	2006	Change
			%
Results			
Operating income (€ million) – continuing operations	68.1	69.0	(1)
Operating profit (€ million) – continuing operations	11.9	14.4	(18)
Profit before tax (€ million) – continuing operations	12.4	14.4	(14)
Net result (€ million)	(14.5)	7.4	(296)
Per ordinary share			
Diluted earnings (€ cents) – continuing operations	72.7	65.5	11
Dividends (€ cents)	22.0	22.0	–
Balance sheet			
Total assets (€ million)	459.5	437.4	5
Shareholders' equity (€ million)	40.1	56.4	(29)
Number of ordinary shares of €2.00 each in issue (million)	13.2	12.9	2
Other			
Assets under management (excluding fiduciary assets) (€ billion)	6.1	6.3	(4)
Number of staff employed at year-end – continuing operations	223	235	(5)

CHAIRMAN'S REPORT

Developments

The most significant development of the past year was the restructuring of the Group to focus on our core wealth management capabilities. Following the sale of several non-core operational units and the closure of some smaller units the Group is now organised in the main business lines of private banking and asset management.

The discontinuation of some of our operations is reflected in our 2007 results and reported as discontinued operations. There will, however, be no material, long-term impact on our financial position. Solvency remains at a comfortable level of around 15%. The business that remains is lower-risk and more concentrated on the areas where we can add value.

Asset Management and Private Banking units both managed a 5% net inflow of new assets despite the worsening market conditions in the second half of the year. This success demonstrates the Group's continuing ability to provide quality solutions to its clients.

Financial results

Operating profit for continuing operations in 2007 was €11.9 million, down €2.5 million compared to 2006. This was mainly due to an increase in marketing and temporary staff costs. Assets under management fell by 4% to €6.1 billion at the end of 2007 (2006: €6.3 billion), but this masks a good performance in difficult market conditions. The sale of our UK unit trust and Luxembourg activities and discontinued operations accounted for much of the decline. On an adjusted basis there was a 5% net inflow of new assets from clients during the year.

Including the results of the discontinued operations, which includes €16.2 million impairment charges of primarily goodwill, the Group reports a net loss after tax of €14.5 million for 2007 compared with a €7.4 million profit for 2006.

Strategy and structure

The Group continues its policy of providing high-quality financial services to private and professional clients, focusing on areas where it can add value through its involvement. It emphasises transparency in all its dealings and pursues an open architecture policy, directing clients to the best available services whether or not they are provided by Insinger de Beaufort. We promote an open environment within the Group and encourage active participation and debate at all levels. Senior management and staff are also shareholders in the business. This fosters an entrepreneurial culture. It allows our professionals to focus on developing their talents to the full and it helps us to attract and retain the most talented people. This will be a key attribute as the Group develops in future.

Group policy is to remain risk-averse and maintain a sound financial position. With a solvency of 15% we have a strong capital base, with minimal exposure to market and credit risks. We focus on providing best-of-breed products and services to clients where the Group is free of any conflicts of interest.

Following the sale of our discontinued businesses, both profitability and income stability have increased. We have sold our private client, stock broking, derivatives and bond trading businesses in the UK. We have also closed our corporate finance departments in Amsterdam and London. We continue to offer international private banking services from our London office.

The strategy and structure of the Group is covered in more detail in the report of the Executive.

Corporate governance

The importance of sound corporate governance in a financial services organisation cannot be overstated. There are numerous regulatory requirements and there are also clear commercial imperatives in favour of transparency and full disclosure. The Group reviews its practices and procedures on a continuous basis to ensure that it conforms to the latest guidelines on good corporate governance and complies with the relevant standards and associated best practices. Specific rules and procedures are set out at various levels in the Group. Compliance with these rules and procedures is monitored on a regular basis.

CHAIRMAN'S REPORT (CONTINUED)

Board composition

The Board remained unchanged during 2007.

Outlook

The Group now has a more cohesive structure and is much more clearly focused on wealth management activities. This will allow it to concentrate resources on delivering excellence, in terms of both investment performance and client servicing. Continuing strong performances by the asset management and private banking units in difficult market conditions give grounds for optimism for future growth. We will promote sustainable growth in the Group by maintaining our risk-averse stance and by developing ever-closer relationships with clients. We will do that by focusing on areas where we add value, by promoting transparency, by avoiding conflicts of interest and remaining vigilant on costs and risk management.

Gratitude to staff

We rely heavily on the talented professionals who work here and I would like to express my personal gratitude to the Board members, management and staff for their efforts this year. Their continued enthusiasm allowed the Group to perform effectively during a period of considerable market uncertainty and major structural change. Their dedication, commitment and drive are instrumental in our continued success.

30 April 2008



Bas Kardol

Chairman, Insinger de Beaufort Holdings S.A.

REPORT OF THE EXECUTIVE

2007 REVIEW

We believe that in future years we will look back on 2007 as being a watershed year in the history of Insinger de Beaufort. The decision to exit trading, broking and corporate finance and to focus all our efforts on becoming a top investment house was finally completed. Inevitably, there are human and financial costs in the short term, but it was right for the business.

Concentrating our focus on wealth management provides us with a sound platform for future growth. Our profitability is up, the business has greater financial stability and our transparency to clients is greatly improved.

Insinger de Beaufort today has a distinctive identity and a clear sense of direction. We are focusing on uncovering value for our clients and in doing so are building a strong, sustainable business.

Strategy

Successful businesses know where they have an edge.

We understand the need to discover value and we know that it takes hard work which is disciplined, detailed and thorough to uncover it.

Effective strategies are about developing that edge.

We are constantly refining our skills. Our fundamental approach is to focus our energies on markets and activities where we add real value. That applies to the way we structure and manage our own business just as it does to structuring and managing the money entrusted to us by our clients.

This year we completed the significant steps needed to restructure the bank so as to sharpen our operational and strategic focus. We are now dedicated to a single activity: we are wealth managers. Having divested non-core assets we are able to concentrate all our resources on being the best at what we do.

Insinger de Beaufort has offered its clients various services over the years, but we have always been wealth managers and we have always looked to create long-term value for our clients.

When we started the business in 1985 we had a simple proposition. We served individuals and families with diverse business interests and complex asset portfolios. We built a trust and fiduciary business from that as well as a securities business.

As the trust business matured it made sense for it to operate as a freestanding company. In looking to provide that independence and the finance it would need, we sold control in 2003 to private equity house Candover. We focused on our securities business.

We had by now developed a private banking arm with mandated and advisory client relationships. We had grass-rooted our own asset management business. We had an office in London. We targeted owner managers – serving wealthy individuals, their businesses and their families.

To better meet their requirements we selectively acquired businesses that could help us add value in our target markets. Individually, these were excellent businesses; they extended our capabilities and they helped us raise our profile.

We have always been clear that there are certain markets and activities where our involvement benefits clients. In others our ability to add distinctive value is limited.

In the ongoing search for clarity and relevance it became apparent in some cases that it was unclear how our involvement was adding value, either for our clients or the business itself.

Consequently in 2007 we finalised the implementation of the decision to close our corporate finance and research units and to sell our private client stock broking, derivatives and bond trading businesses in London. At the time of writing we are in the final stages of completing this process and these transactions.

We retain our international private banking operation, which is based in London and remains a core activity for us. During the year we also acquired a Dutch asset consulting and advisory business, part of a strategy of steadily building on presence in the Dutch pension fund market.

As a result of these changes Insinger de Beaufort is now wholly focused on its core capabilities. We act as wealth managers. We are building long-term, sustainable relationships by finding where we can add value over time.

Divesting non-core assets has improved our profitability. Although there are some one-off costs from goodwill impairment, the bank's financial position is not materially affected. The solvency of the Group is at a comfortable 15% and the July 2008 refinancing of the subordinated loan repayment has been pre-arranged.

REPORT OF THE EXECUTIVE (CONTINUED)

The sales have removed a lot of complexity from the business. They will make it easier to manage and contain our costs. We benefit too from a more stable income pattern and a lower risk profile. By focusing keenly on a very concentrated set of activities we also increase the prospect that we can deliver excellence to our clients.

We have far greater transparency as a result of these changes. Transparency is a key priority for the bank. Disclosing fees and opening up our processes are things we have always done. However, divesting our brokerage and trading arms does make our purpose clear, both internally and externally.

As a bank we hardly take any proprietary positions. Since we run a limited, low-risk lending book our counterparty risk is minimal and we have therefore had a negligible amount of write-off. Our policy is to maintain a highly liquid balance sheet. Our clients can be assured in turbulent times that they are working with a stable institution which carries extremely low financial risk.

We plan to grow the business by focusing on what we do best, by continually improving on the way we do things and by developing our core activities. We are positioning ourselves as a top quality wealth manager for both investment performance and client service.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

General

Proper corporate governance structure is essential in a financial services organisation. The Group's practices and procedures are continuously reviewed to ensure that they reflect good corporate governance and comply with the relevant standards and associated best practices, and at the same time are not replicated unnecessarily at different levels due to the various corporate governance codes which the Group takes into account. Specific rules and procedures have been laid down at various levels in the Group. Compliance with these rules and procedures is monitored on a regular basis. The Company complies with the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange ('the Ten Principles'). In case any recommendation has not been implemented, this is reported hereinafter.

Board Composition

The personal data of the members of the Board are presented below:

M. (Marcel) Ernzer – Non-Executive Director

Gender : male

Age : 53

Nationality: Luxembourgish

Marcel Ernzer, réviseur d'entreprises, lic. rer. pol., has worked as a chartered accountant for Price Waterhouse in Luxembourg and is currently active as an independent consultant. He has been a member of the Board of Directors of the ALFI (Association Luxembourgeoise des Fonds d'Investissement) and sits on the boards of Blackstar Investors PLC, listed on the UK Alternative Investment Market (AIM), and various other companies with a main focus in the financial services industry. He was appointed as a non-executive director of the Company on 22 May 2006.

S. (Steven) Georgala – Non-Executive Director

Gender : male

Age : 50

Nationality: Luxembourgish

Steven Georgala, BComm, LLB, qualified as an attorney in 1984 and was admitted as a solicitor of England and Wales in 1995. He is a director of Maitland, based in the Paris office, practises predominantly in the area of international tax and law, and sits on the board of numerous international groups. He was appointed as a non-executive director of the Company on 13 June 1995.

I.R. (Ian) Kantor – Executive Director (Chief Executive Officer)

Gender : male

Age : 61

Nationality: Dutch

Ian Kantor, BSc (Elec. Engineering), MBA, is the founder and Chief Executive Officer of the Group. He is also the founder (in 1974) of Investec Bank Group, which is an independent investment and private banking group with a significant presence in South Africa, the UK and Australia, with a dual UK/South African listing. He is currently a non-executive director of that group. He was appointed as an executive director of the Company on 30 November 1994.

B. (Bas) Kardol – Non-Executive Director (Chairman)

Gender : male

Age : 81

Nationality: Dutch

Bas Kardol was appointed chairman of the Company on 30 November 1994. He was also chairman of Investec Limited and Investec Bank (UK) Limited, deputy chairman of Investec Holdings Limited and a director of Delta Motor Corporation (Proprietary) Limited. He has over 50 years of diverse business experience and has held a number of executive and non-executive directorships both in the Netherlands and South Africa. He has been associated with the Insinger de Beaufort and Investec groups for 20 years. He is also a past chairman of the Netherlands South African Chamber of Commerce and a member of the International Advisory Board of Nijenrode University Business School in the Netherlands.

R. (Rob) Mooij, RA, – Executive Director

Gender : male

Age : 54

Nationality: Dutch

Rob Mooij has been with the Group since 1997 and is currently Chief Financial Officer and responsible for financial affairs, risk management, compliance and internal audit. Before he joined Insinger de Beaufort, he was partner of Deloitte & Touche Accountants in the Netherlands. He was appointed as an executive director of the Company on 22 May 2006.

P.G. (Peter) Sieradzki – Executive Director

Gender : male

Age : 50

Nationality: Dutch

Peter Sieradzki, BA, LLB, MBA, is a founding member of the Group and was appointed as an executive director on 30 November 1994. He is a qualified lawyer with extensive experience in the financial markets and has been associated with the Group for 24 years. He is chief operating officer of the Group.

Independence

A director will be considered independent if the following criteria of dependence do not apply to him. These criteria are that the director concerned, his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:

- has been an executive director, manager or employee of the Company or a company affiliated with it in the five years prior to his appointment;
- receives personal financial compensation from the Company or a company affiliated with the Company other than the compensation received for the work performed as a supervisory or non-executive board member of the Company or a subsidiary, and in so far as this is not in keeping with the normal course of business;
- has had an important business relationship with the Company or a company associated with it in the year prior to his appointment. This will in any event include the situation where a director, or the firm of which he is a shareholder, partner, associate or advisor, has acted as advisor to the Company (consultant, external auditor, civil notary and lawyer) and the situation where a director is a Management Board member, executive director or an employee of any bank with which the Company has a lasting and significant relationship;
- is a member of the management board or executive director of a company, of which an executive member of the Company's Board is a supervisory or non-executive director;
- holds at least ten percent of the shares in the Company (including the shares held by natural persons or legal entities that co-operate with him under a legal, tacit, oral or written agreement);
- is a member of the Board – or is a representative in some other way – of a legal entity that holds at least ten percent of the shares in the Company, unless such entity is a member of the same group as the Company;
- has temporarily managed the Company during the preceding twelve months while the executive directors were absent or unable to discharge their duties.

None of the above criteria apply to Bas Kardol or Marcel Ernzer. The Board also considers Steven Georgala an independent director, despite the services rendered to the Company by the Maitland Group. The services rendered by the Maitland Group consist of advices given by advisors of Maitland Luxembourg. The Company does not consider this an important business relationship in the context of corporate governance rules.

REPORT OF THE EXECUTIVE (CONTINUED)

Board meetings

During the year two meetings of the Board of Directors were held. At the first meeting two directors were absent. One director did not attend the second meeting due to illness. At the meetings, the Board discussed amongst others the consolidated results for the financial year 2006 and the first half year 2007, press releases, reports from the auditors, share price and trading, investments, group structure and litigation. In 2007, the Board has not carried out an evaluation of itself. This evaluation will be done in 2008.

Board committees

The Board has assessed the need to establish a separate audit committee, nomination committee and remuneration committee and decided that the appointment of such committees is not necessary as the relevant tasks and responsibilities are already dealt with at different levels within the Group.

Remuneration

Each director receives remuneration on a cost to company basis, paid out by the Company and/or by a subsidiary. The allocation to pension or other benefit is done on an individual basis. The aggregate remuneration of the directors in 2007 is set out in note 4 to the financial statements. The Group has issued various call options to the Executive Directors. One option gives the right to acquire one share in the Company at the respective exercise price. In 2007, a total of 46,172 options were exercised by the directors in office. Non-executive directors have not been granted any option rights. Details in respect of the options held by executive directors as at 31 December 2007 are set out in note 4 to the financial statements.

Shareholders

The following table shows the principal holders (holding of 5% or more of the shares) of the Company's share capital to the best of the Company's knowledge at 31 December 2007:

Sailfish International Limited*	34.8 %
Chai Trust*	7.5 %
Priory Finance Limited	19.9 %
Investec International Holdings (Gibraltar) Limited	8.9 %
Other (including employees)	25.7 %

*) Shareholder is part of a structure where a director and/or his family are a beneficiary.

Luxembourg Law of 9 May 2006 on Market Abuse

In order to comply with the provisions of the Luxembourg Law of 9 May 2006 on market abuse, the Company has taken the following measures:

The Board of Directors, as well as the boards of the Group's main operating company Bank Insinger de Beaufort N.V., has been briefed on the requirements in relation to the disclosure of inside information. Information available to the board is subject to evaluation in the light of these requirements on a continuing basis. The Group has established insider trading rules which apply to all employees of the Insinger de Beaufort group. The rules include the prohibitions resulting from market abuse legislation. In accordance with these rules all securities transactions by directors and employees are reported to and monitored by the compliance department. The Company maintains a list of persons who have access to inside information regularly and occasionally.

Risk Management

An important part of our governance structure is our risk management process. As a financial institution we are constantly evaluating potential risks that underlie our business and how to mitigate these risks. We have a comprehensive process to determine policies on risk tolerance and where we control and monitor risk positions as an integrated set of activities. Members of the executive management are responsible for ensuring that risks and controls are addressed within each of their operations. This process is fundamental to all business units in our organisation. Our Risk Committee governs the risk management processes in accordance with the Group Risk Management Policy. Our Credit Committee, Asset & Liability Committee and Operational Risk Committee respectively provide the expertise and independent input for the management of credit risks, market and liquidity risks, operational and compliance risks. Our risk management department provides the operational units with support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the Group.

Overlaying this process our internal audit department independently monitors the ongoing adequacy and execution of this structure. They report their findings to responsible management and directly to the Audit Committee of Bank Insinger de Beaufort N.V., which oversees our risk management and control systems. Our policy on risk tolerance is based on an ongoing assessment of the environment that emphasises high liquidity, limited credit, market and foreign currency risk exposures and a healthy capital base. An important element of our risk

management is safeguarding us against reputational risk to ensure that our integrity is not compromised. Our compliance monitoring sits at the core of preserving our business ethics and making sure that we operate in line with the applicable rules and regulations. The main subsidiary of the Company, Bank Insinger de Beaufort N.V., has a branch in Italy and in the United Kingdom.

Consolidated Results

(million euros)	2007	2006
Operating income		
– continuing operations	68.1	69.0
Operating profit		
– continuing operations	11.9	14.4
Profit before tax		
– continuing operations	12.4	14.4
Net result		
– including discontinued operations	(14.5)	7.4
Diluted earnings per share (in euro cents)		
– continuing operations	72.7	65.5

Reported operating income for continuing operations decreased slightly by €0.9 million (1%) to €68.1 million. The decline in performance fee income in 2007, due to market influences, was compensated by an increase in other income sources.

Operating profit for continuing operations in 2007 was €11.9 million, a decrease of €2.5 million compared to 2006. The core operations of the group managed to achieve a comparable result to 2006 despite adverse market conditions during the second half of 2007. The decrease in operating profit was mainly caused by an increase in other operating expenses coming mainly from additional marketing expenses and higher expenses for temporary staff. The Asset Management and Private Banking units managed a net inflow of new assets of 5%, even as market conditions declined considerably in the second half of the year.

Due to a lower effective tax rate for 2007 and income from the sale of the Luxembourg subsidiary, the net profit for 2007 for continued operations increased by 9% to €10.5 million compared to €9.6 million for 2006.

Due to the loss on discontinued operations, the net result for the year decreased from a profit of €7.4 million in 2006 to a loss of €14.5 million in 2007. The loss on discontinued operations includes impairment charges in 2007 of €16.2 million, which was primarily goodwill.

The group continues to maintain a highly liquid balance sheet and a significant part of the assets are invested in cash or near cash. Loan assets have in the main been collateralised by liquid securities. Capital resources decreased from €56.5 million to €40.2 million, primarily due to the net result, which is mainly impairment charges on discontinued operations and dividend paid. Although there were one-off costs from goodwill impairment, the financial position remains materially unaffected. The solvency of the group is at a comfortable 15% and the refinancing of the subordinated loan repayable in July 2008 has been put in place. Net of warrants held in treasury by the group, the number of outstanding warrants was 0.3 million as at 31 December 2007.

Assets under management as at 31 December 2007 decreased by 4% to €6.1 billion compared to €6.3 billion as at 31 December 2006¹. The decrease was mainly caused by the sale of the UK unit trust and Luxemburg activities and the discontinued operations, which led to a decrease of €469 million of assets under management. Adjusted for this effect the net inflow of new assets from clients was 5% and an overall market value effect of minus 1%. The institutional assets under advisory – which are now disclosed separately – amounted to €1.2 billion as at 31 December 2007.

The number of employees for the continued operations decreased from 235 to 223.

The Group may from time to time take up Insinger de Beaufort shares and outstanding warrants 2008 from the market. This is executed on occasions that the group believes to be opportune in terms of price, capital, or both. These shares will not be cancelled but could, inter alia, be made available to underpin the outstanding employee share options and compulsory convertible loan notes. For details on movements during the period please refer to the financial statements.

1) This amount includes reinvestments in own products.

REPORT OF THE EXECUTIVE

THE OPERATING UNITS

PRIVATE BANKING

Operating income

Operating income remained stable at €35.7 million, compared to €35.8 million in 2006. Assets under management in the continuing operations increased by €250 million. Of this 6% increase, approximately 1% resulted from market appreciation and 5% from a net inflow of new assets from clients.

Despite difficult market circumstances and an increasingly competitive market we continue to attract new private clients while retaining existing client relationships. The total assets under management for the continuing Private Banking operations grew from €3,988 million as at 31 December 2006 to €4,173 million as at 31 December 2007.

Main developments

Our domestic private banking activities in the Netherlands showed a stable operating profit compared to 2006. In the second half of the year our conservative investment performance performed well in a difficult investment market, achieving investment results consistent with clients' risk profiles. The unit achieved a significant net inflow of assets under management during the year despite difficult markets, suggesting a good basis for future development.

As part of our range of alternative investment offerings, the unit helped to construct and launched a series of specialised products for clients. It also placed selected real estate partnerships (CVs) with clients and prospects, ensuring that a portion of the clients' portfolios are invested in asset classes with a low correlation to the equity markets.

During the year participants in previous real estate partnerships exited, realising good investment returns. The units' dedicated, focused and professional service approach is attracting an increasing number of clients.

Our UK-based International Private Banking unit also grew assets under management, both from new inflow of assets from clients as well as investment performance, much of which is US dollar based.

Our private banking activities in the Italian branch continue to show growth and good inflows of new money under management with increasing income. The unit continues to grow the business to get to the desired scale and we are looking to accelerate this through a local partnership.

Our Luxembourg unit was sold during the year.

We continuously strive to improve the service we offer our clients and to ensure that it remains independent and transparent.

ASSET MANAGEMENT

Operating income

Operating income amounted to €27.3 million for 2007, compared to €29.9 million for 2006. Lower performance fees accounted for the decrease, which was largely offset by an increase in management fees. The past year saw a net inflow of new assets under management of €79 million (4%) reflecting the continued success of our range of funds and programme products.

Our newly established collaboration with US-based convertible manager Advent raised in excess of €100 million in net new assets (not reflected in our AUM). The total assets under management amounted to €1,928 million as at 31 December 2007 compared to €2,059 million as at 31 December 2006, €122 million of the €131 million decrease was due to the sale of our UK unit trust activities.

The majority of our range of multi-manager and alternative products fared relatively well in a challenging investment environment. Our flagship global multi-manager equity fund outperformed the global index for the third year in a row. Successful hedging strategies also enabled our European Real Estate Fund to outperform its benchmark and peer group substantially.

Main developments

The Asset Management division had another good year with inflows of assets exceeding the regular outflows in some of the products. As expected, money flows followed investment performance within our specialty fund range. Our European Real Estate Fund attracted substantial new inflows reflecting its superior performance. Our South African fund range also attracted substantial net new assets. Market conditions in our Dutch wholesale business were more muted, with outflows slightly exceeding inflows.

Developing innovative investment products to meet shifts in market demand is a key part of our business model. We have a strong pipeline of new products launching in 2008, including a multi-manager SRI (socially responsible investment) and an extended range of income products.

We continue to emphasise the development of our speciality skills as a means of widening our product offering to our institutional clients. The acquisition of a top quantitative team, specialising in market-neutral equity strategies, in London late in 2007, will strengthen our capabilities here.

Development in support areas

Implementations of the requirements under the Markets in Financial Instruments Directive (MiFID) and Basel II were important projects successfully concluded during the year.

Increased marketing spending and more temporary staff increased our administrative expenses this year. The cost of outsourcing of our back office processes and IT systems to Ordina BPO is included in other operating expenses. Ordina is currently phasing in replacement of back-office systems in Amsterdam. On completion this project will have a significant impact on the operations and IT departments in Amsterdam. Our new operating environment will then substantially be on a 'straight-through' basis, further reducing operational risk.

Dividends and earnings per share

Basic earnings from continued operations for 2007 were €0.812 per share. On a fully diluted basis earnings from continued operations were €0.727 per share. The board proposes to declare a dividend of €0.22 per ordinary share (2006: €0.22).

Outlook

Our priority now is to create a tight-knit, integrated business from the diverse units that make up the bank: to build on the increased financial stability that our new structure affords, to pay close attention to costs and take advantage of our lower risk profile. This will provide a supportive framework for growing our business in the coming years. Increasing our distribution capacity remains a priority.

Top talent remains a cornerstone. We have improved our ability to continue to attract and retain top quality people. Getting the working environment right is an important ingredient and we work very hard at that. We promote an open, entrepreneurial culture where people are encouraged to speak out and are able to develop and use their talents to the full.

Insinger de Beaufort people participate in their business, both in terms of what they do and financially. The fact that management and staff are significant shareholders remains an important differentiating factor for the bank.

Client maintenance is as significant as asset gathering in building the long-term value for the business. Each client is unique, with distinct requirements for service, expertise and sophistication, but what they all have in common is the desire to work with partners they know and trust to continue to add value over the long-term.

Insinger de Beaufort today is more transparent, more financially stable, more focused and closer to its clients than ever before. We are well placed for sustained future growth.

30 April 2008



Ian Kantor
Chief Executive Officer

STATEMENT OF THE CEO AND CFO

The directors are responsible for the preparing and reviewing the reliability of the financial statements, the underlying accounting policies and the integrity of all information included in this report. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. To the best of our knowledge, the statements give a true and fair view of the assets, liabilities, financial position and the loss of the Company and the undertakings included in the consolidation taken as a whole. Also, the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole.

The independent auditor is required to confirm that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The controls throughout the Group concentrate on focused critical risk areas. These areas are identified by operational management, confirmed by Group management and monitored by directors. The directors report that the Group's internal controls are designed to:

- provide reasonable assurance as to the integrity and reliability of the financial statements
- adequately safeguard, verify and maintain accountability of assets
- prevent and detect fraudulent financial reporting.

Such controls are based on established policies, and procedures are reinforced by appropriate risk management forums and processes. Internal controls are developed to ensure that their cost does not exceed their benefit. The controls are implemented by suitably qualified personnel with appropriate segregation of duties and are monitored throughout the Group. Processes are in place to monitor the effectiveness of internal controls, identify material breakdowns and ensure that corrective action is taken. The directors are not aware of indications that the internal risk and control systems are not adequate or not effective.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Company will not continue as a going concern until the next reporting date. The financial statements have been prepared by the Board of Directors. The financial statements, which appear on pages 17 to 78, were signed by the directors on 30 April 2008,



Ian Kantor
Chief Executive Officer



Rob Mooij
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Insinger de Beaufort Holdings S.A.
Luxembourg

Report on the parent company financial statements and consolidated financial statements

We have audited the accompanying parent company financial statements of Insinger de Beaufort Holdings S.A. and consolidated financial statements of Insinger de Beaufort Holdings S.A. and its subsidiaries (the 'Group'), which comprise: the parent company balance sheet and consolidated balance sheet as of 31 December 2007, the parent company and consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended; and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the parent company financial statements and consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the parent company financial statements and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of parent company financial statements and consolidated 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 parent company financial statements and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the parent company financial statements and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the parent company financial statements and consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the parent company financial statements and consolidated 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 parent company financial statements and consolidated 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 the Board of Directors, as well as evaluating the overall presentation of the parent company financial statements and consolidated 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 accompanying parent company financial statements present fairly, in all material respects, the financial position of Insinger de Beaufort Holdings S.A. as of 31 December 2007, and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.
- The accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2007, and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The directors' reports, which are the responsibility of the Board of Directors, are consistent with the parent company financial statements and consolidated financial statements.

Luxembourg, 30 April 2008

PricewaterhouseCoopers S.à r.l.
Réviseur d'entreprises
Represented by



Emmanuelle Caruel-Henniaux

FIVE-YEAR SUMMARY CONSOLIDATED

Insinger de Beaufort Holdings S.A.
Five-year summary*

	2007	2006	2005	2004	2003 ¹
Results					
Operating income (€ million) – continuing	68.1	69.0	81.9	75.4	90.1
Operating profit (€ million) – continuing	11.9	14.4	3.9	3.0	2.3
Profit before tax (€ million) – continuing	12.4	14.4	8.8	2.3	2.3
Net result (€ million)	(14.5)	7.4	9.1	2.7	43.3
Per ordinary share					
Diluted earnings (euro cents) – continuing	72.7	65.5	65.7	22.6	211.3
Dividends (euro cents)	22.0	22.0	18.0	12.0	8.0
Balance sheet					
Total assets (€ million)	459.5	437.4	407.6	370.4	472.2
Shareholders' equity (€ million)	40.1	56.4	53.0	49.2	39.6
Number of ordinary shares of €2.00	13.2	12.9	12.9	12.9	10.3
Other					
Assets under management (excluding fiduciary assets) (€ billion)	6.1	6.3	5.3	4.9	4.4
Number of staff employed at year-end – continuing operations	223	235	340	436	434

*) The figures of 2005 and earlier have not been adjusted as a result of the classification as discontinued operations in 2007 of the Corporate and Institutional business.

1) Including 4 months of Trust Group activities

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 €'000	2006 €'000
Interest income		19,027	14,503
Interest expense		(14,812)	(10,748)
Net interest income	6	4,215	3,755
Fee and commission income		69,812	71,834
Fee and commission expense		(16,872)	(15,577)
Net fee and commission income	7	52,940	56,257
Gains financial assets held for trading		—	197
Other operating income	8	10,977	8,741
Operating income		68,132	68,950
Personnel costs	9	(30,167)	(30,807)
Redundancy expense	10	(676)	(407)
Amortisation of intangible assets		(189)	—
Depreciation	22	(502)	(1,024)
Other operating expenses	11	(24,706)	(22,276)
Operating profit		11,892	14,436
Income on sale of subsidiaries	5	504	—
Share of profits from associates	20	4	3
Profit before taxation		12,400	14,439
Taxation	12	(1,871)	(4,837)
Profit for the year from continuing operations		10,529	9,602
Loss for the year from discontinued operations	5	(25,004)	(2,218)
Net profit/(loss) for the year		(14,475)	7,384
Attributable to:			
Group shareholders		(14,564)	7,293
Minority interest		89	91
Net profit/(loss) for the year		(14,475)	7,384
Earnings per share	13		
Basic earnings per share – continuing (in cents)		81.2	73.9
Diluted earnings per share – continuing (in cents)		72.7	65.5
Dividend per share (in cents) ¹		22.0	22.0

The notes on pages 29 to 78 are an integral part of these financial statements

1) Dividend per share is based on the proposed dividend distribution. The proposed dividend distribution is not accounted for in the financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 €'000	2006 €'000
Assets			
Cash and balances with central banks	14	8,198	2,928
Treasury bills	15	67,405	57,634
Loans and advances to credit institutions	16	146,592	146,883
Trading securities	18	170	815
Derivative financial instruments	34	299	122
Investment securities:			
– available-for-sale	18	25,903	24,227
– held-to-maturity	18	39,937	94
Loans and advances to customers	17	132,773	124,786
Tangible fixed assets	22	1,690	6,549
Intangible assets	21	11,892	23,340
Investments in Associates	20	351	303
Deferred tax assets	12	6,936	9,473
Current income tax receivable		130	103
Other assets	23	15,053	40,146
Discontinued operations held for sale	5	2,146	—
Total assets		459,475	437,403
Liabilities			
Amounts owed to credit institutions	24	18,844	865
Amounts owed to customers	25	364,294	323,090
Loan notes and other long-term debt	26	309	7,690
Loan notes short-term	27	7,329	—
Other liabilities	28	25,458	46,007
Current income tax liabilities		3,018	3,205
Total liabilities		419,252	380,857
Capital resources			
Shareholders' equity		37,989	54,366
Shareholders' compulsory convertible loan note	33	2,063	2,063
Minority interest		171	117
Total equity and liabilities		40,223	56,546
Total equity and liabilities		459,475	437,403
Off balance sheet items: contingent assets	36	11,464	11,464
Off balance sheet items: contingent liabilities	36	3,270	6,332

The notes on pages 29 to 78 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Attributable to shareholders				
	Shares net of treasury shares	Share Capital	Share premium	Revaluation reserves	Translation reserve
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2006	12,874,759	26,771	10,231	(1,216)	(8,180)
Dividend					
Net gains from changes in fair value, net of tax				83	
Employee share option plan:					
— equity settled share based payment plan, net of tax					
— proceeds from options exercised	332,109				
Translation adjustments and other movements, net of tax					(36)
Movement minority interest, net of tax					
(Purchases)/Sales of treasury shares ¹	(317,571)				
Net profit					
Balance at 31 December 2006	12,889,297	26,771	10,231	(1,133)	(8,216)
Dividend					
Net gains from changes in fair value, net of tax				225	
Employee share option plan:					
— equity settled share based payment plan, net of tax					
— proceeds from options exercised	195,705	392	722		
— settlement of equity share based payment plan					
Translation adjustments and other movements, net of tax					(559)
Sales/(Purchases) of treasury shares ¹	67,979				
Net loss					
Balance at 31 December 2007	13,152,981	27,163	10,953	(908)	(8,775)

The notes on pages 29 to 78 are an integral part of these financial statements

1) See note 29

Attributable to shareholders					
Other reserves	Treasury shares reserve	Subtotal	Compulsory convertible loan note	Minority interest	Total
€'000	€'000	€'000	€'000	€'000	€'000
40,234	(16,898)	50,942	2,063	61	53,066
(2,324)		(2,324)		(31)	(2,355)
		83			83
456		456			456
	1,577	1,577			1,577
(13)		(49)		(4)	(53)
	(3,612)	(3,612)			(3,612)
7,293		7,293		91	7,384
45,646	(18,933)	54,366	2,063	117	56,546
(2,849)		(2,849)		(30)	(2,879)
		225			225
481		481			481
		1,114			1,114
(813)		(813)			(813)
		(559)		(5)	(564)
(858)	1,446	588			588
(14,564)		(14,564)		89	(14,475)
27,043	(17,487)	37,989	2,063	171	40,223

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007	2006
		€'000	€'000
Cash flows from operating activities			
Net result		(14,475)	7,384
Adjustment for:			
Result discontinued operations	5	25,004	2,218
Taxation	12	1,871	4,837
Depreciation of tangible fixed assets	22	502	1,024
Amortisation of intangible assets	21	189	—
Income from associates	20	(4)	(3)
Share-based compensation (IFRS 2)		481	456
Profit on sale of Insinger de Beaufort (Luxembourg) S.A.	5	(504)	—
Net cash inflow from operating activities before changes in operating assets and liabilities		13,064	15,916
Decrease/(Increase) in operating assets:			
Loans and advances to credit institutions		(12,394)	(14,299)
Loans and advances to customers		(7,987)	(5,525)
Purchase of trading securities	18	(338)	(116)
Other assets		6,326	(4,730)
(Decrease)/Increase in operating liabilities:			
Amounts owed to credit institutions		17,660	(8,822)
Amounts owed to customers		42,057	22,020
Other liabilities		1,638	10,609
Net cash inflow/(outflow) from operating activities before payment of taxation		60,026	15,053
Taxation received		(7)	692
Net cash inflow/(outflow) from operating activities after payment of taxation		60,019	15,745

The notes on pages 29 to 78 are an integral part of these financial statements

	Notes	2007	2006
		€'000	€'000
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	5	(2,000)	—
Purchase of investment securities	18	(326,419)	(45,706)
Proceeds from sale and redemption of investment securities	18	285,000	51,982
Purchase of associates	20	(43)	—
Purchase of treasury bills	18	(141,710)	(158,738)
Proceeds from sale and redemption of treasury bills	18	131,939	137,000
Sale/(Purchase) of fixed assets	22	(282)	1,039
Sale of subsidiary Insinger de Beaufort (Luxembourg) S.A.		1,201	—
Net cash inflow/(outflow) from investing activities		(52,314)	(14,423)
Cash flows from financing activities			
Dividends paid	40	(2,879)	(2,355)
Option exercise	30	300	1,577
Treasury shares	29	588	(3,612)
Accrued interest on loan notes		(52)	—
Net cash (outflow) from financing activities		(2,043)	(4,390)
Net increase/(decrease) in cash and cash equivalents		5,662	(3,068)
Cash and cash equivalents at beginning of year		2,928	6,445
Net increase/(decrease) in cash and cash equivalents		5,662	(3,068)
Exchange differences		(392)	(449)
Cash and cash equivalents at end of year		8,198	2,928
* Cash flows from operating activities include:			
Interest received		17,412	13,977
Interest paid		(14,812)	(11,114)
Dividends received		—	—

The notes on pages 29 to 78 are an integral part of these financial statements

COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007	2006
		€'000	€'000
Interest income		2,265	1,830
Interest expense		(915)	(683)
Net interest income	6	1,350	1,147
Other operating income	8	1,141	894
Impairment charges		(1,249)	—
Operating income		1,242	2,041
Personnel costs	9	(8)	2,057
Other general administrative expenses	11	(213)	(210)
Profit/(Loss) before taxation		1,021	3,888
Taxation	12	(92)	(80)
Net profit		929	3,808

The notes on pages 29 to 78 are an integral part of these financial statements

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007	2006
		€'000	€'000
Assets			
Shares in subsidiary undertakings	19	49,647	49,647
Goodwill	21	—	1,249
Other assets	23	40,401	40,174
Total assets		90,048	91,070
Liabilities			
Amounts owed to credit institutions	24	11,271	5,775
Loan notes and other long-term debt	26	—	7,329
Other liabilities	28	8,689	2,731
Total liabilities		19,960	15,835
Capital resources			
Shareholders' equity		70,088	75,235
Total equity and liabilities		90,048	91,070

The notes on pages 29 to 78 are an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Shares	Share capital	Share premium	Other reserves	Total
		€'000	€'000	€'000	€'000
Balance at 1 January 2006	13,385,583	26,771	10,231	37,776	74,778
Dividend				(2,410)	(2,410)
Exercise of warrants					
Employee share option plan:					
— equity settled share-based payment plan, net of tax				456	456
Net option exercise				(1,397)	(1,397)
Net result				3,808	3,808
Balance at 1 January 2007	13,385,583	26,771	10,231	38,233	75,235
Dividend				(2,944)	(2,944)
Employee share option plan:				481	481
— equity settled share-based payment plan, net of tax				(813)	(813)
— cash settled share-based payment plan, net of tax				(333)	(333)
Net option exercise ¹					
Intragroup cash settlement of share options				(3,580)	(3,580)
Share issue	195,705	391	722		1,113
Net result				929	929
Balance at 31 December 2007	13,581,288	27,162	10,953	31,973	70,088

The total authorised number of ordinary shares at year-end was 115,000,000 (2006: 115,000,000) with a par value of €2 per share (2006: €2 per share). All issued shares are fully paid.

The notes on pages 29 to 78 are an integral part of these financial statements

1) For the options exercised in 2006 and 2007 the Company entered into an agreement with a subsidiary that holds shares of the Company in treasury. In this agreement the subsidiary acts as the counterparty to the option holders and is reimbursed by the Company for the difference between the actual share price on the date of exercise and the exercise price of the options.

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007	2006
		€'000	€'000
Cash flows from operating activities			
Net profit		929	3,808
Adjustment for:			
Taxation	12	92	80
Impairment charges		1,249	—
Share-based compensation (IFRS 2)	30	481	456
Option recharge revenue	8	(534)	(899)
Net cash (outflow)/inflow from operating activities before changes in operating assets and liabilities		2,217	3,445
Decrease/(Increase) in operating assets:			
Loans and advances to credit institutions		—	(323)
Other assets		307	3,589
(Decrease)/Increase in operating liabilities:			
Amounts owed to credit institutions		5,496	—
Other liabilities		(1,339)	(2,856)
Net cash (outflow)/inflow from operating activities before payment of taxation		6,681	3,855
Taxation received/(paid)	12	(124)	(48)
Net cash (outflow)/inflow from operating activities after payment of taxation		6,557	3,807

The notes on pages 29 to 78 are an integral part of these financial statements

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

	2007	2006
	€'000	€'000
Cash flows from financing activities		
Dividends paid	(2,944)	(2,410)
Option exercise	(33)	(1,397)
Intragroup cash settlement of share options	(3,580)	—
Net cash (outflow)/inflow from financing activities	(6,557)	(3,807)
Net (decrease)/increase in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of year	—	—
Net (increase)/decrease in cash and cash equivalents	—	—
Exchange differences	—	—
Cash and cash equivalents at end of year	—	—
* Cash flows from operating activities include:		
Interest received	2,265	1,830
Interest paid	(915)	(683)
Dividends received	—	—

The notes on pages 29 to 78 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2007

1. GENERAL

Insinger de Beaufort Holdings S.A. was incorporated on 30 November 1994 as a '1929 Holding Company' in the Grand Duchy of Luxembourg, and was listed on the Luxembourg Stock Exchange on 30 September 1997.

Together with its subsidiaries, Insinger de Beaufort Holdings S.A. ('the consolidated Group' or 'the Group') operates in the fields of private banking, asset management, securities trading and corporate advisory.

In order to reflect appropriately the banking character of the Group, the layout of the Financial Statements adopted is that of a bank holding company and complies with International Financial Reporting Standards (IFRS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General

The Financial Statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations (hereinafter referred to as IFRS) as endorsed by the European Union and issued and effective for the annual report beginning January 1, 2007. The accounting policies for the Company and the Group are the same.

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the period. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. The principal effects of these changes are as follows.

- IFRS 7 Financial Instruments: Disclosures and the complementary amendment to IAS 1: Capital disclosure. This standard and amendment introduce new disclosures relating to financial statements and does not have any impact on the classification and valuation of the Group's financial instruments.
- IFRIC 10 Interim financial reporting and impairment. Prohibits the impairment losses recognized in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the group's financial statements.
- IFRIC 11, IFRS 2 – Group and treasury share transactions. This interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's financial statements.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but are not relevant to the group's operations:

- IFRS 4 Insurance contracts; and
- IFRIC 7 Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies.

The following IFRS and IFRIC interpretations were issued with an effective date for financial periods beginning on or after 31 December 2007. The Group has chosen not to early adopt these standards and interpretations:

- IFRS 2 (amendment) Share-based payments, vesting conditions and cancellations. This amendment is effective for financial years beginning on or after 1 January 2009. The amendment restricts the definition of vesting condition to a condition that includes an explicit or implicit requirement to provide services. The Group does not anticipate any significant impacts on its financial statement.
- IFRS 3R (amendment) Business combination. This standard is applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This amendment introduces a number of changes in accounting for business combinations that will impact the amount of goodwill to be recognized, accounting for step-acquisitions and the treatment of contingent consideration. In addition all acquisition related costs will be required to be expensed at the time the services are received. As a consequence, future acquisitions of subsidiaries will be accounted differently from the past ones.
- IFRS 8 Operating Segments. This standard is to be applied for annual periods beginning on or after 1 January 2009. This standard requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary and secondary reporting segments of the Group.

- IAS 1R (amendment) Presentation of financial statements. This amendment was published in September 2007. The revision is aimed at improving users' ability to analyze and compare the information given in financial statements. The revised standard will come into effect for the annual periods beginning on or after 1 January 2009. Management is currently analyzing the impact of this amendment.
- IAS 23R (amendment) Borrowing costs. This amendment is to be applied for annual periods beginning on or after 1 January 2009. It eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. As a Group current policy is to capitalize borrowing costs, the Group does not anticipate any significant impacts on its financial statements.
- IAS 27R (amendment) Consolidated financial statements. This amendment is applicable for annual periods beginning on or after 1 July 2009 and must be adopted simultaneously with the adoption of IFRS 3R. The revised IAS 27 will require entities to account for changes in the ownership of a subsidiary, which does not result in the loss of control, as an equity transaction and therefore will not give rise to a gain or loss in income. In addition losses incurred by a subsidiary will be required to be allocated between the controlling and non-controlling interests, even if the losses exceed the non-controlling equity investment in the subsidiary. Finally, on loss of control of a subsidiary entities will be required to re-measure to fair value any retained interest, which will impact the gain or loss recognised on the disposal linked to the loss of control. As a consequence, future acquisitions of subsidiaries will be accounted differently from the past ones.
- IAS 32R (amendment) and IAS 1 (amendment) Financial instruments puttable at fair value and obligations arising on liquidation. These amendments are applicable for annual periods beginning on or after 1 January 2009 and will not have any impact for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2007

(CONTINUED)

— IFRIC 12 Service concession arrangements. This interpretation is to be applied for annual periods beginning on or after 1 January 2008. The interpretation clarifies that the infrastructure for contractual arrangements arising from entities providing public services should be recognized as financial asset and/or an intangible asset. This interpretation will not impact the financial position or performance of the Group.

— IFRIC 13 Customer loyalty programmes. This interpretation is to be applied for annual periods beginning on or after 1 July 2008. The interpretation requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. This interpretation will not impact the financial position or performance of the Group.

— IFRIC 14 IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction. This interpretation is to be applied for annual periods beginning on or after 1 January 2008. The interpretation addresses how to assess the limit under IAS 19 Employee Benefits, on the amount of the surplus that can be recognised as an asset, in particular, when a minimum funding requirement exists. This standard will not have any impact on the Group's financial statements.

2.2 Accounting convention

The Financial Statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, derivatives, financial assets and financial liabilities at fair value through profit or loss and investment properties, which are carried at fair value. Income and expenses are allocated to the reporting period to which they relate.

2.3 Principles of consolidation

The Consolidated Financial Statements comprise Insinger de Beaufort Holdings S.A., its subsidiaries and companies over which it has power to control. The list of significant subsidiaries and Group companies is disclosed in 'Other Information' on page 76. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The accounting period and policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

2.4 Revenue recognition

In general, revenue is recognised when it is realised or realisable, and earned. This concept is applied to the key revenue generating activities of the Group as follows:

Net interest revenues

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and interest basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees and commissions

Revenue from the various services the Group performs is recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured. Incentive fee revenues from investment advisory services are recognised at the end of the contract period when the incentive contingencies have been resolved.

2.5 Goodwill

Goodwill comprises the difference between the fair value of net assets purchased on the effective date of the transactions determined on the basis of the accounting policies of the Group and the total cost of acquisition. As per 1 January 2004 the Company applies IFRS 3, Business Combinations. This implies that the goodwill is recorded at cost less any accumulated impairment losses. Write offs are booked when the value of the goodwill is considered to be impaired. On disposal of cash generating units, the attributable amount of unamortised goodwill is deducted from the result of the sale of these units.

Goodwill is tested annually for impairment, as well as when there are indications of impairment. Goodwill is allocated to cash generating units for the purpose of impairment testing. Impairment testing is based on discounting of cash flows of cash generating units, being business units within the primary segments. Cash flow projections are based on a four-year forecast and growth rate of 4% for the subsequent six years. The discount rate used is 10%.

Goodwill is presented under intangible assets.

2.6 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

Assets and liabilities of foreign Group companies are translated into euros at year-end exchange rates and the income and expenditure of foreign subsidiaries are translated at the average rate of exchange for the year. The resulting translation gains and losses are recognised in the translation reserve as an adjustment to shareholders' equity.

Transactions arising in foreign currencies are translated into the functional currency at the spot exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Resulting gains or losses are recognised in the profit and loss account.

When a foreign subsidiary is sold, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation shall be recognised in profit or loss when the gain or loss on disposal is recognised.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate.

2.7 Financial assets

The Group classifies its financial fixed assets in the following categories:

I. Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. If the Group sells other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale.

II. Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management at inception. Derivatives are also categorised as held for trading unless they are designated as hedges.

III. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

IV. Available-for-sale

Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

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Management determines the classification of its securities at initial recognition.

ad. I – Held-to-maturity

Held-to-maturity investments are carried at amortised cost using the effective interest method.

ad. II – Financial assets at fair value through profit or loss

Listed securities held for trading purposes are stated at the market value prevailing at the balance sheet date. Unlisted securities are stated at fair value. When the fair value of unlisted securities cannot be estimated reliably, the securities are measured by means of an internal model. Resulting gains and losses are recognised net in the profit and loss account.

ad. III – Loans and advances

Loans and advances are stated at amortised cost net of a provision for impairment based on a case-by-case valuation.

ad. IV – Available-for-sale

This category consists of securities, which are shown at market value. Revaluations are taken to a revaluation reserve in equity, net of tax. Realised results at disposal are recorded through the profit and loss account.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available for sale are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership and control of the asset.

2.8 Financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an exigent liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

2.9 Impairment of financial assets

A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of an asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Furthermore a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

An equity investment or fixed income instrument is impaired if its carrying amount is greater than its estimated recoverable amount. The impairment loss that has been recognised in equity is removed from equity and recognised in the income statement. Impairment loss recognised in the income statement on equity instruments is not reversed through the income statement.

Loans are evaluated on impairment on a case-by-case basis. When a loan is uncollectable, it is impaired and provided for in an allowance account. Such loans are written off from the allowance account after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- delinquency in contractual payment of principal or interest;
- cash flow difficulties experienced by the borrower;
- breach of loan covenants or conditions;
- initiation of bankruptcy proceedings;
- deterioration of the borrower's competitive position;
- deterioration in the value of collateral; and
- downgrading below investment grade level.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

2.10 Tangible assets

The valuation principles for tangible fixed assets are as follows:

Leasehold improvements

Leasehold improvements are shown at cost net of accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets taking into account estimated residual values.

The following rate is applied:

- Leasehold improvements 10.0%

Other tangible fixed assets

Other tangible fixed assets are shown at cost net of accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets taking into account estimated residual values.

The following rates are applied:

- Furniture and fixtures 10.0% - 20.0%
- Computer equipment 20.0% - 33.3%

2.11 Shares in subsidiary undertakings

In the company financial statements investments in subsidiaries are stated at cost less provision for impairment if any.

The company recognises income from the investment only to the extent that the company receives distributions from accumulated profits of the subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the company.

The company accounts for the goodwill in the company's separate accounts upon initial recognition and discloses this in a separate line item.

2.12 Interest in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Generally this represents a shareholding of between 20% and 50% of the voting rights. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. The Group's investment in associates includes goodwill identified on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2007

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2.13 Taxation

Taxes are calculated on profit before tax in accordance with the ruling tax legislation in the country of incorporation for the various Group companies included in the Consolidated Financial Statements. Where items are subject to withholding tax, tax is accrued to the extent that it is expected to be paid.

2.14 Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis 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 negative 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. The tax effects of income tax losses available for carry forward are only recognised as an asset when it is probable that future taxable profits will be available to compensate for those losses. Deferred income tax is recognised in full.

2.15 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax.

2.16 Provisions and contingent liabilities

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

2.17 Compulsory convertible loan notes

Convertible loan notes are compound financial instruments. The Group's obligation to make scheduled payments of interest and principal, if any, are valued at their fair value at initial recognition and are presented as a liability under the loan notes and other long term debt. The equity component being the embedded option to convert the liability into equity is presented as equity based on its fair value.

Upon conversion of the instrument at maturity, the Group derecognises the liability component and recognises it as equity. The original equity component remains as equity.

2.18 Shareholders' equity

a) Share capital

Share capital consists of paid up capital.

b) Share premium

Share premium consists of premium contributions upon issue of shares.

c) Revaluation reserve

The revaluation reserve represents unrealised differences, net of deferred taxation, on the revaluation of available-for-sale assets.

d) Translation reserves

Reference is made to note 2.6 foreign currency translation.

e) Other reserves

Other reserves comprise retained earnings.

f) Minority interest

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. The minority interest is included in equity, but separate from Group equity.

g) Treasury shares

Where the Company or other members of the Group purchases the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. The Company uses the cost method, which means that Treasury shares will not be revaluated when in treasury.

h) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the note dividends

2.19 Earnings per share

Earnings per share are calculated by dividing the net profit and loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Dilutive earnings per share is calculated taking into account all potential dilutive instruments in issuance at the balance sheet date.

2.20 Derivative financial instruments

Derivative financial instruments are initially recorded at fair value and remeasured at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated as an effective fair value hedge are recognised immediately in the profit and loss account.

Changes in the fair value of derivative financial instruments that are designated as an effective net investment hedge in a foreign entity are recognised directly in equity.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

2.21 Employee benefits

a) Pension obligations

The Group has only defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid. The contributions are recognised as personnel costs when they are due.

b) Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

NOTES TO THE FINANCIAL STATEMENTS

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The Group issues equity-settled and cash-settled share-based payments to certain employees. Share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Cash-settled share-based payments are revalued periodically through the profit and loss account and recorded as a liability on the balance sheet. The fair values of the share-based payments have been determined by using an option-pricing model. This model takes the risk free interest rate into account, as well as the expected life of the options granted, the exercise price, the current share price, the expected volatility and the expected dividends.

The proceeds received from equity-settled share based payments, net of any direct attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2.22 Cash flow statement

The cash flow statement has been drawn up in accordance with the indirect method, making a distinction between cash flows from operating, investment and financing activities.

Cash flows in foreign currency are converted at the average exchange rates during the financial year. With regard to cash flow from operations, the net profit is adjusted for income and expenses that did not result in receipts and payments in the same financial year and for changes in provisions and accrued and deferred items (other assets, accrued assets, other debts and accrued liabilities).

Cash and cash equivalents consist of cash, deposits at the Dutch Central Bank and deposits at other banks.

2.23 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company has no finance leases during the reporting period. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

2.24 Accounting estimates

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Main items subject to accounting estimates where changes in the underlying assumptions may impact the financial statements are the following:

a) Impairment losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flow from that loan.

b) Litigation

From time to time the Group is involved in claims and litigations. Management makes estimates as to whether provisions are needed on a case-by-case basis.

c) Fair value of financial assets and liabilities

Fair value of financial assets and liabilities is determined using quoted market prices. For certain financial assets and liabilities fair value is determined using valuation techniques. Models are subjective in nature and significant judgment is involved in establishing fair values for financial assets and liabilities. Estimates are mainly made in the valuation of the Equity Trust Holdings Sarl loan notes. Reference is made to note 18.

d) Estimated impairment of goodwill

The Group tests at least on an annual basis whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.5. These calculations require the use of estimates. If the estimated gross margin had been 10% lower or the pre-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates, the Group would have recognised the same impairment.

e) Estimated net proceeds from discontinued operations

See note 5.

2.25 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefits plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.26 Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The geographical analyses are based on the location of the office from which the transactions originated. The five operating divisions of the Group are the basis on which the Group reports its primary segment information, the geographical segments the secondary.

3. FINANCIAL RISK MANAGEMENT

3.1 General

The risk management process of the Group is fostered through a formal substructure in which executive management is made responsible for ensuring that risks and controls are addressed in each of their operations. Our risk management department provides them with support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the Group.

Specific expertise is provided by our Group Risk Committee, Compliance Department and the Asset & Liability Committee who support executive management with managing respectively integrity and credit risks, compliance risks, and market and liquidity risks. Overlaying this process our internal audit independently monitors the ongoing adequacy and execution of this structure. They report their findings to responsible management and directly to the Audit Committee, which oversees our risk management and control systems on behalf of the Supervisory Board.

Our policy on risk tolerance is based on an ongoing assessment of the environment that emphasises high liquidity, limited credit and foreign currency risk exposures and a healthy capital base.

The Group monitors its financial assets by grouping them in the following classes:

- loans and advances to credit institutions;
- loans and advances to customers;
- investment securities and
- trading securities.

NOTES TO THE FINANCIAL STATEMENTS

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3.2 Credit risk

The credit policy of the Group is to extend credit on the basis of sufficient liquid collateral. This collateral is mostly comprised of listed securities with sufficient liquidity or mortgages on private residential property. The policy on the level of required collateral coverage is determined by the Group's Risk Committee. In general the maximum collateral value applied to a mixed portfolio of listed securities is not more than 60%. For mortgage loans the collateral value applied is a maximum of 75% of the stress value. Collateral values are monitored daily against the outstanding loans. Loan facilities provided on the basis of liquid securities are uncommitted and can be withdrawn on short notice. Undrawn amounts of loan facilities are immediately revocable.

The credit risk policy in relation to professional counter-party risk for investment/placing of financial assets is set by the Group's Risk Committee.

The Group is also engaged in settlement of securities transactions with professional counter-parties on a delivery versus payment basis. This can expose the Group to the risk that such a counter-party is not able to fulfil its obligations in relation to the settlement of the securities transaction. The Group may then be exposed to a credit risk on the counter-party for interest claims and potentially adverse market movements in the value of the related securities. The Group's Risk Committee sets policies on the determination of limits in relation to such counter-party settlement risks.

Insinger de Beaufort in the UK has outsourced the settlement and clearing of security transactions to professional clearing service providers. As a consequence these settlements are not booked through the accounts of the Group. Insinger de Beaufort in the UK has given indemnities to its clearing service providers in respect of customer default in relation to these securities transactions settlements. The contingent liability arising therefrom cannot be quantified.

Impairments of loans receivable are determined on a case by case basis.

Loans and advances to credit institutions and customers may be analysed by sector and geographical region as follows:

	2007	2006
	€'000	€'000
Financial institutions	146,592	146,883
Others	132,773	124,786
	279,365	271,669
European Union	212,594	231,807
Rest of Europe	10,633	4,677
Other	56,138	35,185
	279,365	271,669

3.3 Geographical concentration of assets and liabilities

The following note incorporates credit risk disclosures, geographical concentrations of assets and liabilities items disclosure and the Company's secondary segment disclosure.

	Total assets	Total liabilities	Gross income	Capital expenditure
	€'000	€'000	€'000	€'000
At 31 December 2007				
European Union	349,818	316,623	64,122	266
Rest of Europe	17,406	12,305	198	—
Other	91,900	90,324	3,812	19
Share of associates	351			
Total	459,475	419,252	68,132	285
At 31 December 2006				
European Union	372,920	303,645	66,965	1,528
Rest of Europe	7,530	5,826	481	—
Other	56,650	71,386	1,504	14
Share of associates	303			
Total	437,403	380,857	68,950	1,542

Included under the geographical segments is the category 'other'. This includes, amongst others, the British Virgin Islands, Channel Islands and South Africa.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

3.4 Market risk

From time to time equity and bond broking desks may take limited positions to facilitate the broking activity. These positions are controlled through relatively limited intra-day and overnight limits set by the Group's Risk Committee.

Our interest rate mismatch is controlled through a relatively limited one-day value at risk (VAR) limit that is monitored daily and adjusted for actual results achieved during the year. The VAR limit may be changed on the basis of an evaluation of our risk tolerance in relation to our net income.

The one-day VAR is calculated with a confidence level of 99%. The average daily VAR during 2007 was €8,149 and the maximum at any one day during the year was €42,804.

Due to this relatively small exposure to market risk, the sensitivity to market fluctuations is not material.

3.5 Currency risk

Foreign currency positions are monitored on a continuous, daily basis and closed in the market. The Group has hedged most of these foreign currency exposures.

Table: Concentration of assets, liabilities and off balance sheet items

	EUR	GBP	USD	CHF	ZAR	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 31 December 2007							
Assets							
Cash and balances with central banks	8,198						8,198
Treasury bills	67,405						67,405
Loans and advances to credit institutions	205,208	22,254	(99,922)	(8,321)	4,955	22,418	146,592
Trading securities	170						170
Derivative financial instruments	219			80			299
Investment securities:							
— available-for-sale	25,282	6	122		493		25,903
— held-to-maturity	39,937						39,937
Loans and advances to customers	96,475	16,934	7,958	9,024	919	1,463	132,773
Tangible fixed assets	1,665				25		1,690
Intangible assets	11,892						11,892
Investments in associates	351						351
Deferred tax assets	6,936						6,936
Current income tax receivable	130						130
Other assets	8,658	(865)	7,142	69	146	(97)	15,053
Discontinued operations held for sale		2,146					2,146
Total assets	472,526	40,475	(84,700)	852	6,538	23,784	459,475
Liabilities							
Amounts owed to credit institutions	8,983	25	4,962	64	34	4,776	18,844
Amounts owed to customers	262,835	35,722	41,452	299	4,995	18,991	364,294
Loan notes and other long-term debt	309						309
Loan notes short term	7,329						7,329
Other liabilities	145,954	10,991	(132,085)	135	455	8	25,458
Current income tax liabilities	3,018						3,018
Total liabilities	428,428	46,738	(85,671)	498	5,484	23,775	419,252
Net on balance sheet position	44,098	(6,263)	971	354	1,054	9	40,223
Off balance sheet items: contingent assets	11,464						11,464
Off balance sheet items: contingent liabilities	2,816	350			104		3,270
At 31 December 2006							
Total assets	444,571	65,314	(99,105)	1,656	6,992	17,975	437,403
Total liabilities	387,488	69,307	(99,849)	396	5,538	17,977	380,857
Net on balance sheet position	57,083	(3,993)	744	1,260	1,454	(2)	56,546
Off balance sheet items: contingent assets	11,464						11,464
Off balance sheet items: contingent liabilities	6,219				113		6,332

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2007

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3.6 Liquidity risk

The Group has a policy to have a comfortable position in available cash resources for drawdowns on current accounts and maturing deposits. In addition, lending against securities to customers is primarily done on the basis of revocable facilities and with sufficient collateral in the form of liquid securities. The amounts owed to customers comprises customer deposits and current accounts as part of their investment portfolios and has therefore a certain fixed portion. A large part of these funds are placed as cash or near cash investments.

The following table analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date (if applicable). These are nominal amounts and off balance sheet items are not material.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Not allocated ¹⁾	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 31 December 2007							
Assets							
Cash and balances with central banks	7,940	258					8,198
Treasury bills	29,907		37,498				67,405
Loans and advances to credit institutions	124,758	21,834					146,592
Trading securities						170	170
Derivative financial instruments						299	299
Investment securities							
— available-for-sale					25,903		25,903
— held-to-maturity	24,944	14,900	92	1			39,937
Loans and advances to customers	124,146	135	1,100	7,092	300		132,773
Tangible fixed assets						1,690	1,690
Intangible assets						11,892	11,892
Investments in associates						351	351
Deferred tax assets						6,936	6,936
Current income tax receivable						130	130
Other assets						15,053	15,053
Discontinued operations held for sale						2,146	2,146
Total assets	311,695	37,127	38,690	7,093	26,203	38,667	459,475
Liabilities							
Amounts owed to credit institutions	18,844						18,844
Amounts owed to customers	295,129	66,412	2,753				364,294
Loan notes and other long-term debt					309		309
Loan notes short term			7,329				7,329
Other liabilities						25,458	25,458
Current income tax liabilities						3,018	3,018
Total liabilities	313,973	66,412	10,082	—	309	28,476	419,252
Net liquidity position	(2,278)	(29,285)	28,608	7,093	25,894	10,191	40,223
At 31 December 2006							
Total assets	254,044	58,209	15,985	2,966	25,348	80,851	437,403
Total liabilities	205,100	115,420	435	10,549	141	49,212	380,857
Net liquidity position	48,944	(57,211)	15,550	(7,583)	25,207	31,639	56,546

1) Relates mainly to non-interest-bearing securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

4. RELATED PARTIES

Remuneration of key personnel

Key personnel consist of the board of the Company and other directors within the Group. Each director receives remuneration on a cost-to-company basis. The allocation to pension or other benefit is done on an individual basis. The remuneration of the directors is set out below and includes salaries, pension costs and social security costs.

The split between executive and non-executive directors is specified as follows:

	2007	2006
	€'000	€'000
Non-Executive	58	86
Executive	1,326	1,069
	1,384	1,155
At 31 December advances made to directors amount to:	3,727	3,263

These advances are secured by way of mortgages and pledges of marketable securities. Interest is charged on market-related terms.

The Group has issued various call options to the directors and staff. One option gives the right to acquire one share in Insinger de Beaufort Holdings S.A. at the respective price. As at 31 December 2007 the directors of the Company held 403,680 options (2006: 449,852) with exercise prices varying between €5.35 and €7.88 (2006: €4.32 and €7.88) and with exercise period expiring from 25 October 2008 through to 25 November 2009.

During the year no options (2006: nil) were granted and 46,172 options (2006: 37,247) have been exercised by the directors.

In 2006 and 2007 the Group has granted some key personnel share-based compensation arrangements. See note 31 for details.

Some key personnel provided funding to the Group by way of a subordinated loan (note 27) and a shareholders' compulsory convertible loan note (note 33).

Sale of Insinger de Beaufort (Luxembourg) S.A.

During the year the 100% indirect subsidiary Insinger de Beaufort (Luxembourg) S.A. was sold to Mailand Luxembourg S.A., a subsidiary of Maitland Group, of which the Non-Executive Director Steven Georgola is the managing director. See note 5.

Company

The following related party transactions are identified for the company:

- recharge of insurance premium to subsidiaries
- recharge of option premium to subsidiaries
- financing arrangements with subsidiaries

Refer to company notes for further details.

5. ACQUISITIONS AND DISPOSALS

Acquisition of Klein Haneveld Consulting B.V.

On 14 March 2007 the Group acquired 100% of Klein Haneveld Consulting B.V. with economic effect from 1 January 2006. The acquired company contributed revenues of €0.8 million and a net profit of €0.3 million to the Group for the period from 1 January 2007 to 31 December 2007. Klein Haneveld Consulting B.V. provides asset-services to institutional clients (pension funds and insurance companies) including asset consulting and fiduciary management.

Fair value

At the acquisition date the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities at their fair values at that date. The customers' related intangible assets have been measured and €1,210,702 was attributed to these intangible assets in light of this acquisition. The difference between the purchase consideration and the fair values is recognised as goodwill. The goodwill is attributable to the anticipated future synergies that are expected to be created by the combined businesses.

The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

	€'000
Intangible assets	1,211
Goodwill	789
Purchase consideration	2,000

Acquisition of Insinger Consulting SpA (Italië)

In December 2007 we acquired 25% of Insinger Consulting SpA for a total consideration of €25,000. The amount is recorded under investments in associates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

Disposal of Insinger de Beaufort (Luxembourg) S.A.

The company has sold its subsidiary Insinger de Beaufort (Luxembourg) S.A. as per 30 June 2007 for a total consideration of €1,583,954. Included in the sale is the subsidiary Insinger Trust (Luxembourg) S.A., of which the financial impact is not material.

The net assets of Insinger de Beaufort (Luxembourg) S.A. as at the date of disposal and the reconciliation to realized profit were as follows:

	€'000
Cash	7
Loans and advances to credit institutions	1,244
Tangible assets	47
Other assets	739
Other liabilities	(264)
Accruals and deferred income	(1,069)
Net asset value sold	704
Attributable expenses	(376)
Cash received	1,584
Profit on sale	504
Cash received	1,584
Cash in sold company	(7)
Cash paid regarding expenses	(376)
Net cash inflow	1,201

Before the sale a dividend of €2,416,967 has been received from Insinger de Beaufort (Luxembourg) S.A.

Discontinued operations

As announced on 25 July 2007 the Group reviewed the strategic options for the Corporate and Institutional business. During the 2nd half of 2007 the Group has received expressions of interest from potential acquirers for certain parts of these businesses. The decision was made not to continue with the other parts for which no potential acquirers could be found. In the annual report the Corporate and Institutional business is therefore presented as discontinued operations in the profit and loss account. The discontinued activities are recorded in the balance sheet under one line item for the net realisable value of the activities. To derive at the estimated net realisable value certain estimates are made which are summarized below:

	€'000
Provision for estimated run-off expenses	(2,885)
Other costs (deal bonuses, advisors)	(1,157)
Estimated proceeds from sale	6,237

The estimated proceeds from sale relate to three separate transactions on parts of the business. Of the estimated proceeds €610,000 is recorded as a potential earn out proceed depending on revenues in the next two years after the sale. Of the estimated proceeds €1,016,888 has been received in March 2008.

The amount recorded on the balance sheet under discontinued operations held for sale is calculated as follows:

	€'000
Net asset value discontinued operations	(22,966)
Outstanding intercompany positions	25,112
Discontinued operations held for sale	2,146

At the time the decision was made to discontinue with the Corporate and Institutional business a valuation was made by an external party. The valuation was done on market-related multiples on revenue and income. At that time the valuation of the business indicated that no impairment was applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2007

(CONTINUED)

The profit & loss for the discontinued activities follow below:

	2007	2006
	€'000	€'000
Interest income	2,698	1,089
Interest expense	(204)	(366)
Net interest income	2,494	723
Fee and commission income	36,477	32,819
Fee and commission expense	(17,863)	(14,708)
Net fee and commission income	18,614	18,111
Net trading income	208	473
Other operating income	1,458	840
Operating income	22,774	20,147
Personnel costs	(15,046)	(14,523)
Redundancy expense	(1,774)	(51)
Provisions	(2,885)	1,986
Impairment charges ¹	(16,152)	(130)
Net sale proceeds	5,080	—
Depreciation	(1,120)	(742)
Other operating expenses	(15,435)	(10,194)
Operating loss	(24,558)	(3,507)
Taxation	(446)	1,289
Loss for the year from discontinued operations	(25,004)	(2,218)

1) The impairment charge in 2007 can be split between tangible fixed assets of €3,704,000 and goodwill of €12,448,000. These impairment charges are based on the actual sales agreements which have been agreed at a later stage than when the initial valuation was done at the time the decision for the disposal was taken.

The balance sheet for the discontinued activities follows below:

	2007	2006
	€'000	€'000
Assets		
Cash and balances with central banks	—	1
Trading securities	1,960	803
Loans and advances to customers	479	—
Tangible fixed assets	—	4,591
Intangible assets	—	12,696
Deferred tax assets	—	1,904
Other assets	7,812	13,663
Discontinued operations held for sale	13,317	—
Total assets	23,568	33,658
Liabilities		
Amounts owed to credit institutions	8,897	1,273
Subordinated liabilities	12,948	14,257
Other liabilities	24,689	20,025
Total liabilities	46,534	35,555
Capital resources	(22,966)	(1,897)
Total equity and liabilities	23,568	33,658

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

The cash flows for the discontinued activities in 2007 were as follows:

	2007	2006
	€'000	€'000
Cash flows from operating activities		
Net result	(25,004)	(2,218)
Adjustment for:		
Taxation	448	(1,289)
Depreciation of tangible fixed assets	1,120	742
Amortisation of intangible assets	16,152	130
Exit cost less estimated proceeds from sale	(2,195)	–
Provision	–	(1,986)
Provision Tier 3 loan note re: Monument Securities Ltd	3,688	–
Net cash inflow from operating activities before changes in operating assets and liabilities	(5,791)	(4,621)
Decrease/(Increase) in operating assets:		
Loans and advances to credit institutions	7,306	16,087
Loans and advances to customers	(479)	–
Purchase of trading securities	(1,156)	99
Other assets	(5,422)	(3,451)
(Decrease)/Increase in operating liabilities:		
Amounts owed to credit institutions	318	(12)
Other liabilities	3,301	(4,625)
Net cash inflow/(outflow) from operating activities before payment of taxation	(1,923)	3,477
Taxation received	1,456	1,290
Net cash inflow/(outflow) from operating activities after payment of taxation	(467)	4,767
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired		(7,396)
Proceeds from sale of 25% shareholding in UTB Partners Ltd		3,588
Sale/(Purchase) of fixed assets	(576)	(1,215)
Net cash inflow/(outflow) from investing activities	(576)	(5,023)
Cash flows from financing activities		
Net cash inflow/(outflow) financing activities	–	–
Net increase/(decrease) in cash and cash equivalents	(1,043)	(256)
Cash and cash equivalents at beginning of year	1	1
Net increase/(decrease) in cash and cash equivalents	(1,043)	(256)
Exchange differences	1,042	256
Cash and cash equivalents at end of year	–	1

6. NET INTEREST INCOME

	2007	2006
	€'000	€'000
Group		
Fixed income securities	4,714	3,415
Other interest and similar income	14,313	11,088
Interest income	19,027	14,503
Interest expense	(14,812)	(10,748)
	4,215	3,755
Net interest includes €55,077 (2006: €63,801) of interest accrued on impaired financial assets.		
Company		
Net intercompany interest income	2,265	1,830
Other	(915)	(683)
	1,350	1,147

7. NET FEE AND COMMISSION INCOME

	2007	2006
	€'000	€'000
Group		
Management fees	31,806	27,962
Performance fees	9,078	16,533
Net commission received	9,228	9,294
Upfront fees	2,689	2,444
Custodian fees	1,009	1,034
Settlement expenses	(1,093)	(1,222)
Other	223	212
	52,940	56,257

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

8. OTHER OPERATING INCOME

	2007	2006
	€'000	€'000
Group		
Administration fees	1,635	1,489
Foreign exchange income	3,797	3,092
Advisory fee income	58	852
Other	5,487	3,308
	10,977	8,741
Company		
Recharged option expenses	534	899
Release deferred consideration	603	—
Foreign exchange income	4	(5)
	1,141	894

The category 'other' consists mainly of placing fees received.

9. PERSONNEL COSTS

	2007	2006
	€'000	€'000
Group		
Wages and salaries	17,391	17,170
Pension costs	1,526	1,536
Social security costs	2,007	1,871
Other staff costs (including bonus entitlements)	9,243	10,230
	30,167	30,807

The Group's pension schemes are defined contribution plans.

Company

The revenue in 2006 was caused by a release of a bonus accrual, which has been paid by a subsidiary.

10. REDUNDANCY EXPENSE

In 2007 certain employees became redundant. The expense recorded under this item relates to severance pay for these employees.

11. OTHER OPERATING EXPENSES

	2007	2006
	€'000	€'000
Group		
Audit fees	363	324
Bad debt	98	295
Systems & information suppliers & outsourcing	6,734	6,333
Communication & travel	2,516	2,454
Other administrative expenses ¹	14,995	12,870
	24,706	22,276
Company		
Audit fees	32	30
Other administrative expenses	182	180
	214	210

1) Included under other administrative expenses are, amongst others, consultancy fees, legal fees, rent, insurance, membership fees and marketing expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

12. TAXATION

The charge for the year can be reconciled to the profit as per the income statement as follows:

Group	Tax rate	2007	2006
	%	€'000	€'000
Profit before tax		12,400	14,439
Tax calculated at a tax rate of 30.4% (2006: 30.4%)	30.4	(3,767)	(4,386)
Tax on non-deductible expenses	0.7	(90)	(2,154)
Tax on non-taxable income	(7.5)	930	1,599
Effect of different tax rates in other countries	(8.5)	1,056	104
Effective tax rate/tax expense for the year	15.1	(1,871)	(4,837)

The movement in the deferred tax assets is as follows:

	2007	2006
	€'000	€'000
At 1 January	9,473	11,858
Charge for the year	(2,317)	(3,548)
Reclassify from/(to) current tax	(220)	1,163
	6,936	9,473

Included in the charge for the year 2007 is the discontinued part of €446,000 (2006: 1,289,000).

The deferred tax assets for the Group relates to accrued tax on losses carried forward. As per 1 January 2007 the loss compensation rules in the Netherlands are restricted. The carry forward of losses is restricted to nine years. Existing carry forward losses on 1 January 2007 may be carried forward up to and including 2011. As of 2012 still existing carry forward losses realised in 2002 or earlier years can no longer be set off against profits. Of the deferred tax assets € nil can be carried forward indefinitely.

Company

Insinger de Beaufort Holdings S.A. is a so-called billionaires' holding company for tax purposes. Billionaire holding companies are taxed on the basis of various percentage rates applied to interest paid out and dividends distributed by the company, and on the remuneration and fees paid to directors, auditors and liquidators residing less than six months of the year in Luxembourg. The current tax regime will end as of 1 January 2011.

The Company has no deferred tax assets and liabilities.

13. EARNINGS PER SHARE

	2007	2006
Basic earnings per share: (cents)	(111.6)	56.6
Diluted earnings per share: (cents)	(100.0)	50.2
Basic earnings per share from continued operations: (cents)	81.2	73.9
Diluted earnings per share from continued operations: (cents)	72.7	65.5
	2007	2006
	Shares	Shares
Weighted average		
Number of ordinary shares outstanding	12,970,686	12,878,331
Dilutive potential ordinary shares	1,504,875	1,644,237
Number of ordinary shares for the purpose of diluted earnings per share	14,475,560	14,522,568

Diluted earnings per share take into account the effect of outstanding employee stock options and other dilutive equity instruments. See note 30.

14. CASH AND BALANCES WITH CENTRAL BANKS

	2007	2006
	€'000	€'000
Group		
Cash in hand	30	51
Balances with central banks	8,168	2,877
	8,198	2,928

The balances with central banks include demand deposits with De Nederlandsche Bank N.V.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

15. TREASURY BILLS

This relates to zero coupon short-term Dutch Government paper. €30,541,000 (2006: €2,953,000) of treasury bills have been pledged as security for the execution of payments and security settlements. Due to the short remaining life of the treasury bills the fair value does not differ materially from the recorded amount in the balance sheet. Reference is made to note 18 for the classification of the treasury bills.

16. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

	<u>2007</u>	<u>2006</u>
	€'000	€'000
Group		
Receivable in relation to settlements of securities transactions	11,004	10,372
Placements with other banks	135,588	136,511
	146,592	146,883

Of the placements with other banks €3,704,296 (2006: €3,759,502) is deposited as an escrow account for the deferred portion of the purchase price of Monument Securities Ltd. This balance is not at the free disposal of the Group.

The fair value of the loans and advances to credit institutions does not differ materially from the recorded amount in the balance sheet.

17. LOANS AND ADVANCES TO CUSTOMERS

	<u>2007</u>	<u>2006</u>
	€'000	€'000
Group		
Receivable in relation to settlements of securities transactions	12,027	18,963
Advances against securities	72,099	59,417
Mortgages	41,621	38,937
Other loans	8,430	8,743
	134,177	126,060
Less: impairment losses on loans and advances	(1,404)	(1,274)
	132,773	124,786

Past due items

There are no material past due items recorded under the loans and advances to customers, except as recorded impaired.

Impairment losses on loans and advances

	<u>2007</u>	<u>2006</u>
	€'000	€'000
Group		
At 1 January	1,274	1,782
Charge for the year	98	374
Disposal of subsidiary	69	—
Used for write-offs	(37)	(882)
	1,404	1,274

The impairment losses on loans and advances are recorded in the balance sheet under the loans and advances to customers.

The fair value of the loans and advances to customers does not differ materially from the amount recorded in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

18. INVESTMENT SECURITIES

Investment securities, which are included in the following balance sheet categories may be analysed between listed, and unlisted securities, and held-to-maturity, available for sale and trading portfolios as follows:

Group	2007			2006		
	Listed	Unlisted	Total	Listed	Unlisted	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Treasury bills	67,405		67,405	57,634		57,634
Interest-bearing securities	39,937	23,545	63,482	94	21,930	22,024
Shares	170	2,358	2,528	881	2,231	3,112
Total	107,512	25,903	133,415	58,609	24,161	82,770

	Held-to-maturity	Available-for-sale	Trading	Total	Held-to-maturity	Available-for-sale	Trading	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Treasury bills	67,405			67,405	57,634			57,634
Interest-bearing securities	39,937	23,545		63,482	94	21,930		22,024
Shares	—	2,358	170	2,528	—	2,297	815	3,112
Total	107,342	25,903	170	133,415	57,728	24,227	815	82,770

Of the interest-bearing securities €90,885 (2006: €1,082,363) of the available-for-sale portfolio has been pledged as security for execution of payments and security settlement. Of the interest bearing securities €23,544,292 is invested in Equity Trust Holdings Sarl (2006: €21,929,830). The fair value of this investment has been calculated using an estimated repayment date and a market-related discount rate. A 10% change to these variables does not result in a material change in the fair value.

Included in the unlisted, available-for-sale shares is the Group's holding of €773,930 (2006: €533,021) in the special purpose companies that held the Convertible Loan Notes on behalf of current and former senior employees of the Group (see note 33).

Included in the unlisted, available-for-sale shares is the interest of 10,38% (2006: 11,2%) in Equity Trust Holdings Sarl, which amounts to €679,775 (2006: €679,775).

The fair value of the held-to-maturity portfolio does not differ materially from the recorded amount in the balance sheet.

The movement in investment securities may be summarised as follows:

	Available-for-sale €'000	Held-to-maturity €'000	Total €'000
Balance as at 1 January	24,227	57,728	81,955
Additions	2,674	465,521 ¹	468,195
Discontinued activity	(77)	—	(77)
Sold during the year	(1,089)		(1,089)
Redemptions	—	(419,000) ¹	(419,000)
Changes in valuations	225	3,093	3,318
Foreign exchange difference	(57)	—	(57)
Balance as at 31 December	25,903	107,342	133,245

1) The additions and redemptions relate to interest-bearing securities with short remaining maturities.

19. SHARES IN SUBSIDIARY UNDERTAKINGS

Company	2007	2006
	€'000	€'000
	49,647	49,647

A list of significant subsidiaries held as direct and indirect investments of Insinger de Beaufort Holdings S.A. is disclosed in 'Other information' on page 76.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

20. INVESTMENTS IN ASSOCIATES

	2007	2006
	€'000	€'000
Group		
At 1 January	303	3,917
Acquired during the year	44	18
Share in results	4	3
Sale	—	(3,635)
At 31 December	351	303

The sale in 2006 related to the 25% participation in UTB Partners Ltd.

The Group's interests in its principal associates, which are unlisted, are as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/Loss	Interest held %
B & S Insinger Beheer ¹	The Netherlands	246,384	16,600	88,842	(348)	50%
Holland Immo Groep Insinger de Beaufort Beheer B.V. ¹	The Netherlands	1,096,469	430,658	1,048,577	434,475	50%
Holland Immo Groep Insinger de Beaufort V B.V. ¹	The Netherlands	18,540	992	1,000	562	50%
Holland Immo Groep Insinger de Beaufort VI B.V. ¹	The Netherlands	19,519	955	1,000	556	50%
Holland Immo Groep VII/Winkelfonds Zuidplein B.V. ¹	The Netherlands	19,721	956	953	498	50%
Holland Immo Groep X/Woningfonds B.V. ¹	The Netherlands	22,737	1,766	2,000	1,071	50%
Holland Immo Groep XI/Retail Residential Fund B.V. ¹	The Netherlands	59,475	40,036	43,080	1,439	50%
Germany Residential Fund Management B.V. ¹	The Netherlands	42,308	25,900	(4,116)	(1,915)	50%
Bouwfonds Germany Residential Fund II Management B.V. ¹	The Netherlands	34,008	17,906	(2,136)	(1,213)	50%
Bouwfonds Germany Residential Fund III Management B.V. ¹	The Netherlands	26,430	9,500	(2,086)	(1,070)	50%
Bouwfonds Germany Residential Fund IV Management B.V. ²	The Netherlands	—	—	—	—	50%
Bouwfonds Germany Residential Fund V Management B.V. ³	The Netherlands	—	—	—	—	50%
Insinger Consulting Spa ⁴	Italy	—	—	—	—	25%

1) Figures are based on annual reports for the year ended 31 December 2006.

2) Purchase of Bouwfonds Germany Residential Fund IV Management B.V. in 2007. No annual report is available yet.

3) Purchase of Bouwfonds Germany Residential Fund V Management B.V. in 2007. No annual report is available yet.

4) Purchase of Insinger Consulting Spa in 2007. No annual report is available yet.

21. INTANGIBLE ASSETS

	2007	2006
	€'000	€'000
Group		
At 1 January	23,340	16,090
Additions arising during the year	2,000	7,111
Amortisation of intangible assets	(189)	—
Impairment charges	(12,448)	(130)
Foreign exchange translation adjustments	(811)	269
At 31 December	11,892	23,340

The nature of the intangible assets can be split as follows:

Goodwill	10,870	23,340
Customer-related intangible assets	1,022	—
	11,892	23,340

The addition in 2007 relates entirely to the acquisition of Klein Haneveld Consulting B.V. See note 5. The impairment charges relate to the discontinued activities.

The intangible assets are allocated to the cash-generating units as follows:

	2007	2006
	€'000	€'000
Private banking	11,892	10,080
Institutional	—	13,260
	11,892	23,340

Company

At 1 January	1,249	1,249
Impairment charges	(1,249)	—
At 31 December	—	1,249

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

22. TANGIBLE FIXED ASSETS

	Leasehold improvements	Computing equipment	Other fixtures, fittings and equipment	Total 2007	Total 2006
	€'000	€'000	€'000	€'000	€'000
Group					
Cost	3,474	10,286	4,334	18,094	21,222
Accumulated depreciation	(3,150)	(9,992)	(3,262)	(16,404)	(14,673)
Net book value	324	294	1,072	1,690	6,549
Net book value					
At 1 January 2007	2,686	2,187	1,676	6,549	6,627
Discontinued activities	(2,153)	(1,697)	(465)	(4,315)	—
Acquisitions	—	—	—	—	55
Additions	31	221	32	284	1,541
Disposals	—	(5)	—	(5)	—
Impairment	—	—	—	—	(173)
Sale subsidiary IdB (Luxembourg) S.A.	—	(5)	(40)	(45)	—
Depreciation	(105)	(290)	(107)	(502)	(1,593)
Foreign exchange translation adjustments and other	(135)	(117)	(24)	(276)	92
At 31 December 2007	324	294	1,072	1,690	6,549

Included in the discontinued activities is a normal depreciation for the year of €1,119,845. The impairment in 2006 relates to the write-down of certain assets in the Italian office. The fair value of the fixed assets is estimated to be in excess of the carrying amounts.

Assets are depreciated using the straight-line method:

- Leasehold improvements: 10 years.
- Computing equipment: 3-5 years.
- Other: 4-5 years.

23. OTHER ASSETS

	2007	2006
	€'000	€'000
Group		
Trade debtors	1,569	4,140
Staff advances	9	15
Accrued income	9,416	26,366
Other receivables and prepaid amounts	4,315	10,316
	15,309	40,837
Less: impairment charges	(256)	(691)
	15,053	40,146

The impairment charge relates to accrued income for the 'Group' segment.

Company

Amounts due from Group companies	40,401	40,174
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Included in the other assets is a collateral of €0.9 mln (2006: 2.6 mln) which has been deposited at another bank in the Netherlands.

24. AMOUNTS OWED TO CREDIT INSTITUTIONS

The amounts owed to credit institutions can be specified as follows:

	2007	2006
	€'000	€'000
Group		
Payable in relation to settlements of securities transactions	2,362	858
Other loans	16,482	7
	18,844	865
Company		
Bank Insinger de Beaufort N.V.	11,271	6,218
Placements with other banks	—	(443)
	11,271	5,775

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

25. AMOUNTS OWED TO CUSTOMERS

	2007	2006
	€'000	€'000
Group		
Payable in relation to settlements of securities transactions	964	13,578
Current accounts	182,324	195,765
Time deposits	181,006	113,747
	364,294	323,090

26. LOAN NOTES AND OTHER LONG-TERM DEBT

	2007	2006
	€'000	€'000
Group		
Accrued interest compulsory convertible loan note	309	361
Subordinated loan note	—	7,329
	309	7,690

On 24 December 2003 a euro-denominated, subordinated loan note 2008 in the amount of €8,929,000 was issued by the Company to the note holder. The loan note is subordinated to all the current and future liabilities of the Company. The note will be redeemable on 1 July 2008 and, in the meantime, will attract interest at the rate of the 12-month EURIBOR plus 3% per annum. Due to the repayment in 2008 the loan note is classified as short term.

In the event that more than 30% of the Banking Group's assets are distributed or sold, or if a controlling interest in the Company (namely, 30% or more of the issued ordinary share capital) is transferred to a single party, then within three months of such event, the note holder will be entitled to demand the early redemption of such a loan note. During 2007 € nil has been repaid (2006: € nil).

Company

The Loan notes for the Company are entirely the same as for the Group only with the exception that the accrued interest of the compulsory convertible loan note is not included in the Company balance sheet. The compulsory convertible loan note has been issued by a Group company. See note 33.

27. LOAN NOTES

	2007	2006
	€'000	€'000
Group		
Subordinated loan note	7,329	—
	7,329	—

28. OTHER LIABILITIES

	2007	2006
	€'000	€'000
Group		
Trade creditors	1,093	2,432
Salaries payable	317	196
Payroll taxes payable	246	1,404
VAT payable	349	522
Accruals and deferred income	3,937	6,072
Other short-term payables	19,516	35,381
	25,458	46,007
Company		
Accruals and deferred income	1,122	1,993
Short-term payables	205	673
Taxation	33	65
	1,360	2,731

29. TREASURY SHARES

The movement in Treasury shares is as follows:

	2007	2006
At 1 January	496,286	510,824
Movement in Treasury shares	(67,979)	(14,538)
At 31 December	428,307	496,286

As they are held by a consolidated subsidiary, the Treasury shares are not deducted from the Company balance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

30. OPTIONS

The Company has issued various call option series to staff and staff related vehicles. One option gives the right to acquire one share at the respective exercise price. The following number of options were outstanding as at 31 December 2007:

Exercise Date	Number of options in issue			at 31 Dec 2007	Exercise price	Vesting period applicable	
	at 31 Dec 2006	issued	exercised				cancelled
9 June 2007	50,000		(10,000)	40,000	6.00	yes	
25 October 2007	351,930		(312,970)	(10,400)	28,560	6.30	yes
25 October 2007	10,938		(6,188)	(2,750)	2,000	4.04	yes
25 October 2007	28,236		(6,569)		21,667	5.78	yes
25 October 2007	36,420		(27,800)		8,620	3.52	yes
25 October 2008	1,480,360			(9,520)	1,470,840	7.88	yes
25 November 2009	897,000				897,000	5.35	yes
9 November 2009	422,250		(14,050)	(53,200)	355,000	6.50	yes
21 December 2009	100,000				100,000	7.50	yes
15 April 2008	60,000				60,000	7.50	yes
15 April 2010	40,000				40,000	7.50	yes
25 October 2010	204,850		(550)	(58,700)	145,600	10.00	yes
	3,681,984	—	(378,127)	(134,570)	3,169,287		

Where a vesting period is applicable the option rights can only be exercised when the person is still employed in the Group at the exercise date. Otherwise, the person can only exercise the number of vested options as earned up to the date of the end of his or her employment. Some schemes have an exercise period of one year after the indicated exercise date.

The average share price at the date of exercise for share options exercised during the period was €10.00 (2006: €10.57). The fair value of the options determined at grant date is expensed on a straight-line basis over the vesting period. This calculation is adjusted at each balance sheet date in accordance with the vesting conditions and included in the other staff costs in note 9.

31. SHARE-BASED COMPENSATION

During 2006 and 2007 various subsidiaries issued share-based compensation arrangements for certain staff members where a settlement is paid in cash when the staff member is still employed by the Group at the reference date. The amount to be paid is determined on the basis of the difference between the share price of the Company on the Luxembourg stock exchange on the reference date and the reference price. Below is a summary of the outstanding arrangements:

Reference date	Number	Reference price
15 September 2009	10,000	€10.-
22 October 2012	183,600	€12.-
22 October 2013	183,600	€12.50
Total	377,200	

The fair value of the granted outstanding arrangements has been recorded under staff expenses for the total of €172,130 (2006: €255,703). An accrual of €159,331 has been recorded under the other short-term payables. See note 28.

As the arrangements are cash settled they are not included in the diluted earnings calculations.

32. WARRANTS

Each warrant entitles the holder to acquire one fully-paid Ordinary Share at an exercise price of €6.00. The warrants may be exercised at any time during the period from 25 May to 24 June each year up to and including 2008.

	Outstanding	Owned by Group Companies	Net
At 1 January 2006	1,204,667	888,155	316,512
Repurchased		17,166	(17,166)
Exercised		—	
At 1 January 2007	1,204,667	905,321	299,346
Repurchased	—	—	—
Exercised	—	—	—
At 31 December 2007	1,204,667	905,321	299,346

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

33. SHAREHOLDERS' COMPULSORY CONVERTIBLE LOAN NOTE

On 24 November 2003 a Group company issued a compulsory convertible loan note (CCLN2011) of €1,475,000 to part of (former) senior management of the Group. The CCLN2011 will mature in 2011 and will pay 150 interest basis points above the 3-month Euribor and ranks pari passu with all other unsecured obligations of the issuing company. The conversion rate has been set at €5.00, which will lead to an issuance of 295,000 shares in Insinger de Beaufort Holding S.A. in 2011. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2006 amounts to €1,408,285 (2006: €1,398,864).

On 11 May 2005, a Group company issued a compulsory convertible loan note (CCLN2013) of €995.875 to part of (former) senior management of the Group. The CCLN2013 will mature in 2013 and will pay 150 interest basis points above the 3-month Euribor and ranks pari passu with all other unsecured obligations of the issuing company. The conversion rate has been set at €7.75, which will lead to an issuance of 128,500 shares in 2013. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2006 amounts to €890,965 (2006: €929,979).

34. DERIVATIVE FINANCIAL INSTRUMENTS

	2007	2006
	€'000	€'000
Fair value of derivative financial instruments	299	122

Includes interest rate swaps and options.

The Group hedges its foreign currency positions by means of forward contracts relating to the UK operations (British Pounds Sterling). The results of this net investment hedge are recorded in the translation reserve when the hedge is considered effective. At year end the Euro equivalent fair value of sold forward contracts amounted to €5,423,400 (2006: €17,913,960). The forward contracts will be renewed on a revolving basis as required.

The effectiveness of the hedge is determined on a monthly basis. During 2007 there was ineffectiveness recorded from net investment in foreign currency hedges. The ineffective portion of €117,004 profit (2006: €420,563 loss) is recorded under the foreign exchange income.

No other derivatives are outstanding for which hedge accounting is applied.

35. LEASEHOLD COMMITMENTS

	2007	2006
	€'000	€'000
Minimum lease payments under operating leases recognised in income on continued operations for the year	6,707	7,156
Minimum lease payments under operating leases recognised in income on discontinued operations for the year	958	(389)

Group commitments due under non-cancellable operating leases may be summarised as follows over the periods in which amounts fall due:

	2007	2006
	€'000	€'000
Amounts payable:		
within one year	8,075	7,565
more than one year and less than five years	27,764	28,281
more than five years	300	4,556
	36,139	40,402

Operating leases represent mainly rentals payable by the Group for some of its office properties. The leases have varying terms, escalation clauses and renewal rights. The above information is based on continued operations. Except for the lease contracts in the Netherlands the operating leases can be terminated with a notice period of 1 year and predefined penalties.

At the balance sheet date the future sublease payments to be received under non-cancellable subleases at the balance sheet date may be summarised as follows:

	2007	2006
	€'000	€'000
Amounts payable:		
within one year	810	794
more than one year and less than five years	2,836	3,040
more than five years	—	374
	3,646	4,208

The subleases related to the office in Amsterdam started in 2005. The sublease related to the office in Eindhoven started in 2007.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007 (CONTINUED)

36. CONTINGENT ASSETS & LIABILITIES

	2007	2006
	€'000	€'000
Group		
Contingent asset:	11,464	11,464
<p>This represents the deferred consideration loan notes due by Equity Trust Holdings Sarl. Repayment of these loan notes depends on certain return levels realized by the shareholders of Equity Trust Holdings Sarl when selling their interest. As the Group considers the realisation to be highly uncertain, the Group did not account for the loan notes in the balance sheet.</p>		
Contingent liability:		
Guarantees and other direct substitutes for credit	3,270	6,332

37. LITIGATION

NUSA SIM SpA (Nusa), a company acquired by the Group in 2001, has been involved in a court case in Rome in relating to claims made by two clients on losses incurred by them on the purchase of certain securities, on which Nusa acted as a broker. In January 2005 Nusa was informed of a court ruling condemning Nusa to unwind the original sale of the securities and to pay €3.2 million plus legal interest and inflation damages.

Part of the purchase price paid for Nusa has been paid into escrow for potential damages incurred on this case. Including earned interest the amount in escrow is approximately €0.5 million.

In September 2005 a payment was made of €4.4 million. The branch filed an appeal with the Court for a second level trial, and subsequently made a provision for the full amount claimed per 31 December 2005. The second level trial is expected to be held during the course of 2008.

No payments other than legal expenses that are included in the operating expenses are recorded during the year. As per 30 April 2003 the Group has sold its Trust Group activities. The purchaser of the Trust Group has made a claim against the Company under the warranties provided in the sale and purchase agreement. This claim relates to damages incurred and potentially to be incurred by the Trust Group from an alleged error made by the Trust Group in the services provided to a client. The Company is in proceedings brought forward by the purchaser of the Trust Group before the High Court in England. The amount of damages claimed is uncertain but the potential amount of damages could be approximately £10 million. The Company believes the claim is unfounded and is vigorously denying any liability. The proceedings before the high court have been suspended for the time being pending the outcome of proceedings between the Trust Group and their insurer.

38. SEGMENTAL ANALYSIS

For management purposes, the Group is currently organised into five operating divisions – Private Banking, Asset Management, Ops & Support, Other and Group. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Private Banking: Wide range of services on behalf of individuals.
- Asset Management: Activities that offer individuals and institutions a comprehensive choice of funds and investment programmes.
- Operations & Support: Operations & Support areas within the Group.
- Group: All Group activities such as legal, head office and financing activities.
- Other: Any activities that do not fall in one of the above categories.

Secondary segmentation is the geographical information as disclosed in note 3.3.

Due to the discontinued operations, mainly in the UK, the segment Institutional and Corporate products and services is no longer applicable as a separate segment. Furthermore, certain items are reclassified compared to 2006.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2007

(CONTINUED)

	Private Banking	Asset Management	Ops & Support	Group	Other	Continued total	Dis-continued	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 31 December 2007								
Operating income	35,731	27,297	(672)	3,692	2,084	68,132	22,774	93,101
Impairment charges							(16,152)	(16,152)
Provisions							(2,885)	(2,885)
Operating profit	7,773	11,877	(4,668)	(1,499)	(1,591)	11,892	(24,558)	(12,666)
Income on sale of subsidiaries	504					504		504
Share of results of associates	4					4		4
Profit before tax	8,281	11,877	(4,668)	(1,499)	(1,591)	12,400	(24,558)	(12,158)
Income tax expense						(1,871)	(446)	(2,317)
Net profit						10,529	(25,004)	(14,475)
Segment assets	115,835	13,535	29,754	295,310	2,544	456,978	2,146	459,124
Associates	351					351	—	351
Total assets	116,186	13,535	29,754	295,310	2,544	457,329	2,146	459,475
Total liabilities	316,684	55,498	8,919	(504)	38,655	419,252	—	419,252
Other segment items								
Capital expenditure	65	19	200	—	—	284	667	951
Depreciation	(66)	(11)	(425)	—	—	(502)	(1,120)	(1,622)
At 31 December 2006								
Operating income	35,825	29,925	(449)	2,057	1,592	68,950	20,147	89,097
Impairment charges							(130)	(130)
Provisions							1,986	1,986
Operating profit	7,793	15,119	(2,837)	(4,343)	(1,296)	14,436	(3,507)	10,929
Share of results of associates	3					3	—	3
Profit before tax	7,796	15,119	(2,837)	(4,343)	(1,296)	14,439	(3,507)	10,932
Income tax expense						(4,837)	1,289	(3,548)
Net profit						9,602	(2,218)	7,384
Segment assets	98,723	20,580	56,795	213,504	47,498	437,100	—	437,100
Associates	303					303	—	303
Total assets	99,026	20,580	56,795	213,504	47,498	437,403	—	437,403
Total liabilities	233,321	90,051	23,033	6,252	28,200	380,857	—	380,857
Other segment items								
Capital expenditure	89	27	211	—	—	327	1,214	1,541
Depreciation	(271)	(8)	(745)	—	—	(1,024)	(742)	(1,766)

39. EMPLOYEES

The average number of employees was:

	2007	2006
	Individuals	Individuals
Private Banking	116	126
Asset Management	38	31
Operations & Support	38	39
Group	27	27
Other	10	11
Continued	229	234
Discontinued	123	123
Total	352	357

40. DIVIDENDS

A dividend of 0.22 euro cents per ordinary share totaling €2,893,656 (2006: 0.22 euro cents per ordinary share totaling €2,835,645) is proposed by the Board of Directors for shareholder approval at the general meeting on 21 May 2008. Dividend is payable to those shareholders registered on 4 July 2008. The dividend proposal has not been included under the liabilities in the financial statements. Dividend payments are exempt from withholding tax.

OTHER INFORMATION

LIST OF SIGNIFICANT INVESTMENTS

Name	Registered office	Issued equity held %
Direct Investments		
Insinger de Beaufort Finance Sàrl	Luxembourg, Grand-Duchy of Luxembourg	100
Insinger Finance (BVI) S.A.	Tortola, British Virgin Islands	100
Insinger Trust Holdings Limited	Tortola, British Virgin Islands	100
Indirect investments		
Bank Insinger de Beaufort Safe Custody N.V.	Amsterdam, The Netherlands	100 ¹
Bank Insinger de Beaufort N.V.	Amsterdam, The Netherlands	100
Insinger Asset Management AG	Zug, Switzerland	50
Insinger de Beaufort Asset Management N.V.	Amsterdam, The Netherlands	100
Insinger de Beaufort Holding B.V.	Amsterdam, The Netherlands	100
Insinger de Beaufort Investments Limited	Tortola, British Virgin Islands	100
Insinger de Beaufort (UK) Limited	London, United Kingdom	100
Insinger de Beaufort Associates B.V.	Eindhoven, The Netherlands	100
Insinger de Beaufort Investments (S.A.) (Proprietary) limited	Claremont, South Africa	100
Associates²		
B & S Insinger Beheer B.V.	Laren, The Netherlands	50
Holland Immo Groep Insinger de Beaufort Beheer B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep Insinger de Beaufort V B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep Insinger de Beaufort VI B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep VII/Winkelfonds Zuidplein B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep X/Woningfonds B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep XI/Retail Residential Fund B.V.	Eindhoven, The Netherlands	50
Germany Residential Fund Management B.V.	Amersfoort, The Netherlands	50
Bouwfonds Germany Residential Fund II Management B.V.	Hoevelaken, The Netherlands	50
Bouwfonds Germany Residential Fund III Management B.V.	Hoevelaken, The Netherlands	50
Bouwfonds Germany Residential Fund IV Management B.V.	Hoevelaken, The Netherlands	50
Bouwfonds Germany Residential Fund V Management B.V.	Hoevelaken, The Netherlands	50
Insinger Consulting Spa	Rome, Italy	25
Non-consolidated indirect Investments		
Equity Trust Holdings Sàrl	Luxembourg, Grand-Duchy of Luxembourg	10.4

1) Depository receipts of shares

2) Non-consolidated

EVENTS AFTER THE BALANCE SHEET DATE

The Company is preparing an offer to its shareholders for the placing of one floating rate loan note 2015 with twelve warrants attached (each entitling the holder to subscribe for one ordinary share in Insinger de Beaufort Holdings S.A. at a price of €8) for every one hundred ordinary shares in Insinger de Beaufort Holdings S.A. currently in issue. The subscription price will be €100 per loan note; anticipated gross proceeds are €12,500,000.

The proceeds will be used by the Company to repay the current subordinated loan note that is due to be redeemed on 1 July 2008 and to reduce the intercompany indebtedness to Bank Insinger de Beaufort N.V.

The major shareholders have underwritten the placing of the loan notes.

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