

**Insinger de Beaufort
Holdings S.A.**
Annual Report
31 December 2003

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Professional Advisors

Insinger de Beaufort Holdings S.A.

Board of Directors

Kardol, Bas *Chairman*

Kantor, Ian *Chief Executive Officer*

Davin, Graham ^{*1}

Sieradzki, Peter *Chief Operating Officer*

Woodthorpe, Peter ^{*2}

Clegg, Nicholas ^{*3} (*Non-Executive*)

Georgala, Steven (*Non-Executive*)

Auditors

Deloitte

KPMG

Legal Advisors

Luxembourg

Elvinger, Hoss and Prussen

Registered office and number

Insinger de Beaufort Holdings S.A.

66 Avenue Victor Hugo

L-1750 Luxembourg

R.C. Luxembourg B49429

^{*1} resigned 14th November 2003

^{*2} resigned 28th May 2003

^{*3} resigned 12th December 2003

Senior Executives

Group Management Board

Kantor, Ian
Human, Kobus
Mooij, Rob
Peijster, Frans
Sieradzki, Peter
White, Piers

Private Banking

Private Banking

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

International Private Banking

Berkowitz, Trevor
Mun-Gavin, David
Schewitz, Kelvan

Treasury Services

Boddéus, Elsa
Speld, Alexander van der

Institutional Clients

United Kingdom

Bond broking

Blackwell, Andrew
Bruell, Nick
Lloyd-Davies, James
Maconie, Peter
Reynolds, Mark
Syriopoulos, Dionissis

Equity Trading

Townsley, Barry
Dunnoos, Elie
Goldbart, Ian
Graft, Russell
Martin, Frank
Olstead, Simon
Peskin, Andrew
Shaw, Elliot
Simon, John
Warnford-Davis, Darryll

Corporate Finance

Allen, Jasper
Fox, Simon
Goschalk, Stephen
Somerville-Ryan, Mark
Ward, Peter

Europe

Equity Trading

Kee, Frans
Krabbenbos, Machiel
Leur, Patrick van
Muller, Tom
Pluijgers, Hans
Scheper, Harry

Corporate Finance

Reitsma, Krijn

Asset Management

Europe and South Africa

Human, Kobus
Dugmore, Ina
Ester, Guy
Martens, Eelco
Williams, David
Yeo, Peter

Jersey

Coote, Timothy
Cuming, Nigel
Huelin, Christopher
Lovett, Grahame

Group

Finance & Control

Baltus, Marc
Mooij, Rob

Secretary

Staring, Mike

Marketing & Communications

Bongers, Han

Internal audit

Pickott, Francis

Operations and Support Europe

Baltus, Marc
Witjes, Sjarrel

Operations and Support United Kingdom

Howard, David

Salient Features

	2003	2002	Change
Results	€million	€million	%
Gross income (million)	90.1	149.2	(40)%
Operating profit (million)	8.6	19.0	(55)%
Profit before tax (million)			
- before amortization of goodwill	2.3	0.4	463%
- after amortization of goodwill and including sale of subsidiaries	43.0	(15.9)	(370)%
Profit attributable to shareholders (million)			
- before amortization of goodwill	2.6	4.1	(38)%
- after amortization of goodwill	43.3	(12.2)	(453)%
Per ordinary share			
Diluted Earnings (cents)			
- before amortization of goodwill	325.2	15.3	2,019%
- after amortization of goodwill	211.3	(45.9)	(561)%
Dividends (cents)	8	6	33%
Balance sheet			
Total assets (million)	472.2	573.4	(18)%
Shareholders' equity (million)	39.6	86.2	(54)%
Number of ordinary shares of € 2.00 each in issue (million)	10.3	26.1	(60)%
Other			
Assets under management (excluding fiduciary assets) (billion)	4.4	4.6	(4)%
Number of staff employed	434	1,078	(60)%

Chairman's Report

The environment

As stated in the report of the executive the past three years have been amongst the toughest in the history of financial markets. At Insinger de Beaufort we are stronger for having weathered this period and having taken the necessary steps at the right time. While we look forward to an economic recovery and return of confidence, we do not lose sight of the long road ahead necessary to restore the soundness of the global economy and financial markets.

Throughout this Insinger de Beaufort has remained an independent organisation with a sound balance sheet and income statement and a good and growing clientele. Insinger de Beaufort has an on balance young but experienced workforce that, through their participation in this independence and the process of the past few years, is committed to provide high quality services to our clients.

Financial results

The Group reports a net profit after tax and before goodwill of € 66.6 million for the year 2003. This includes the net profit made on the sale of a majority stake in the Trust Group of € 64.2 million, which was effective on 30 April 2003, and also includes redundancy expenses of € 1.6 million.

The operational result, being profit before tax, amortization of goodwill and redundancy expense decreased from € 9.9 million to € 3.9 million, this mainly due to the deconsolidation of the Trust Group from 30 April 2003. The results from the non trust activities showed an important improvement compared to 2002. This is largely attributable to the cost savings resulting from the measures taken during 2002 and improved contribution from both Asset Management and Private Banking.

Gross income, before these exceptional items, decreased by € 59.1 million, largely due to the impact of the deconsolidation of the Trust Group activities after 30 April 2003.

Amortization of goodwill amounted to € 23.3 million, inclusive of € 16.6 million of extraordinary amortization in relation with the activities of our Italian branch and our corporate finance, UK equity broking and property development finance units. Due to the income realised on the sale of subsidiaries of € 64.1 million, including the income realised on the sale of the Trust Group of € 64.2 million, a net profit was realised, after goodwill amortization, of € 43.3 million.

The implementation of the proposals contained in the circular to shareholders of 10 July 2003, which were approved in the shareholders meeting of 4 August 2003, has further enhanced the financial basis for our ongoing operations.

The benefits of the streamlining and restructuring which commenced in 2002 have become visible in 2003. Nevertheless, there is still a great deal to be done to improve operational leverage, which should help to bring the cost to income ratio closer to our goal of less than 70%. On the whole the organisation is now well positioned to meet the anticipated market conditions and opportunities.

Strategy and Structure

The sale of a majority stake in the Trust Group instigated an important financial restructure and enabled the group to release considerable value to its shareholders. Subsequently the group agreed to the sale, at the end of the year, of a majority stake in the UK property development finance business, United Trust Bank, to the management of that company, including one of the directors of Insinger de Beaufort. Part of these transactions was the purchase by the group of in total 12.5% of the issued share capital from the family interests of these directors. With these transactions Insinger de Beaufort has broadly completed the refocus, initiated last year, with Private Banking, Asset Management and Institutional & Corporate Clients as the three main lines of business. They are well positioned in their markets to provide a top class answer to the needs of their growing clientele.

Chairman's Report

(continued)

Corporate governance

In the past years public attention to having a proper corporate governance structure in organisations has increased considerably. We are constantly reviewing our structure in this respect in order to ensure that “doing the right thing” is embedded in our organisation and our behaviour.

Board composition

With the sale of the Trust Group and property development finance business (United Trust Bank) the group saw the departure of the executive directors Peter Woodthorpe and Graham Davin. Both, together with many of their colleagues in those two organisations, have made a major contribution to Insinger de Beaufort over the past two decades for which we are deeply grateful. The board is delighted to be able to sustain a relationship with them and their colleagues by retaining a participation in which they are now respectively leading. We wish them every success.

At the end of the year the non-executive director Nicholas Clegg came to the end of his term of appointment and stepped down. Nicholas has made a significant and material contribution to the group with his extensive experience in the financial industry. Equally we are grateful to Nicholas and will continue to enjoy our association with him as Chairman of United Trust Bank, which role he retains.

Staff tribute

This successful transformation has been achieved through the contribution of everyone in the group at all levels. The turbulent times have asked a lot of us all and I would like to thank all board members, management and staff. The opportunity for development of the group will certainly demand continued commitment, dedication and expertise of all. The Board has great confidence that the quality of the organisation will enable this, and allow the group to significantly develop its contribution to its stakeholders, clients, staff, shareholders and the communities within which it operates.

5 April 2004



Bas Kardol

Chairman, Insinger de Beaufort Holdings S.A.

Report of the Executive

Annual Review

The past three years have been amongst the toughest in the history of financial markets, witnessing wealth destruction on an unprecedented scale and causing widespread uncertainty. At Insinger de Beaufort we are stronger for having weathered this period and having taken the necessary steps at the right time.

Insinger de Beaufort is a financial markets business and the markets and our approach to the markets is central to our business. This begins with a view on the markets as a whole, a Macro view.

Current View

We have all felt the distress within the financial markets and have seen the confidence vanish for institutions as much as individual investors, for whom the risk of loss loomed larger than gain. However, last year we pointed out that these symptoms were less signals of a general economic downturn than a contraction in the wake of previous excesses. In our Annual Review of 2002 we said that it would be surprising if this were not already well discounted by most participants and that high valuations were not necessarily a basis for further weakness. In addition, dividend yields had improved and the average in Europe was in excess of the 10-year bond rates. At the same time housing prices remained generally stable and, through all of this, the economy had continued to perform reasonably well. We were witnessing co-ordinated global fiscal and monetary stimulation so that, in this sweet spot for equities, as we had pointed out, it was entirely possible that prices were in the process of establishing comfortable levels and would find some support in the coming period. Those individuals, funds and companies who were struggling to meet their obligations would experience a contradictory period of activity and the financial markets would provide some relief, albeit in the short or medium term only.

In this period we are witnessing an extension of the recovery worldwide and confidence in that recovery. Various risk parameters have fallen to near historic low levels. For instance: share price volatility, the interest rate spread of commercial loans over government bonds, the interest rate spread of emerging market rates over US and EURO and Sterling rate structures, the performance and price levels of small and mid cap shares to blue chips and so on. As long as this sustains and the economy continues to hold, there is no obvious reason not to expect markets to be benign, certainly until later in the year.

However accurate this view may be, we continue to think long term; relatively high valuations and a lack of new profit growth all militate against any sustainable recovery. Surprises on the downside cannot be ruled out, whereas surprises on the upside seem unlikely. The values at the end of the 20th century have been structurally destroyed. The debate that remains is about the duration and extent of the current recovery and what happens hereafter. Coming off extreme lows numbers can be misleading: an 80% recovery following a fall of 80% still leaves a market lower by at least 60%. The debts that were built in the boom years still exist. The demand for protectionism continues to grow, however paradoxical, as to block cheaper imports can only serve to make the US less competitive. Inflation arising from that would be extremely difficult to manage as economic survival at this point is based on historically low interest rates and any rise to head off inflation would do severe damage. Growth in new employment is very slow and employment figures continue to deteriorate. This in itself ultimately has an impact on retail sales which remain under pressure. The same holds for capital investment in a period of surplus capacity. The world is once again experiencing twin deficits: a shortfall in the US on both the current account and the fiscal account, where, within less than three years, a surplus was turned into the largest deficit in history, a developing dollar crisis and ever threatening deflation notwithstanding these measures. In 2003 base rate US inflation was 0.7%, and the Federal Reserve does not expect this to be higher in 2004.

Report of the Executive

(continued)

In summary we look forward to benefiting from current economic recovery and a return of confidence and stability to financial markets, while not losing sight of the long road to be travelled before the soundness of the global economy and financial markets is restored.

Investment Process

Importantly, the group had also centralised and streamlined its investment management process. To share in one process is in practice very difficult to achieve without coercion, which disempowers the very people, at the coalface, who we require to be empowered. The positioning of this as a core process within the nucleus of the organisation, accountable to the executive committee, both in form and substance, is what makes this almost uniquely possible. Investing on behalf of private and institutional clients demands the greatest prudence and we are guided by a core number of essential disciplines.

First is clear understanding that the future cannot be predicted. This does not absolve us from the need to have a Macro View. To the contrary, it is the translation of the Macro View in to Asset Allocation that is responsible for the greatest part of performance.

There remain views in the market that as more risk is taken, that is how returns are generated. However, pension savings and the like are not risk capital, it is passive capital. The responsibility toward that capital is not to take risk, but to manage risk. For Insinger de Beaufort managing risk is a core discipline.

To our knowledge there is no law in economics that says that taking risks generates profits. There is a law in financial markets that any practice or strategy that succeeds eventually fails through its own success (Karl Marx). i.e. when everybody believes, for example, that equities must outperform bonds, then it is usually fully, or more than fully, discounted in the prices, so that in reality the opposite happens. Generally institutions take risk in shares through an index, or covert index (benchmark). And that while indexation has always been less than prudent and little more than a self-fulfilling directional bet, it has now become visibly so, with all the attendant consequences. That dictates stock selection.

Hence the third discipline is that, to manage stock selection risk, we invest for returns.

Whereas there is a common view that managing risk equates to diversification, our experience is that diversification works on the upside limiting performance to an aggregate, while on meltdowns diversification somehow turns into massive correlation as everything gets sold off indiscriminately. For Insinger de Beaufort risk management does not mean spreading risk. It means knowing the risk. It means knowledge, in depth knowledge of an investment and the relationship between investments, not just in terms of stress testing and degrees of correlation, but the underlying vulnerability to the possible and probable economic and financial developments.

Our fourth discipline is in the selection of third party fund managers for sectors of the market that we do not cover directly ourselves. Within the broad universe of active managers, there is just a small group who consistently perform well in terms of both risk and returns on a risk-adjusted basis, with a clear spread of attribution and over extensive periods. Increasingly over the past decade we have invested significantly in developing methodology to enhance our performance evaluation capabilities. This is now central to what we do – not only for our own stock selections and portfolios, but also for those of competitors, clients and third-party managers. We currently evaluate, track and monitor 6,000 third-party managers. This allows us not only to improve our own performance significantly but also to identify the best managers, or combinations of managers, for different mandates, and so both measure and continually improve the risk adjusted returns for our clients.

Strategy

Under the conditions we have sketched it could be very easy to envisage that the drive to consolidate is enormous and it would be tempting to join that process. Margins are under pressure and volumes are shrinking. However the sense of ownership and independence among the stakeholders of Insinger de Beaufort, clients, staff and shareholders alike, is very high. As the Bank is predominantly owned by management and staff it allows us to attract not only good clients but also quality, committed people who want to contribute to the destiny of the organisation and its clients. We have also long held the belief that it is during the tough times that one has the chance and affordable opportunities to build a lasting business. As an independent group with a wealth of good people, we are well equipped to act with assurance in a changing climate.

New inflow of assets under management remains key, as it is the source for potential fee flow and other income, indicating the economic value of the company.

We aim to be active only within the markets that we understand and relate to, namely the private clients, corporate and institutional clients, with a particular focus on owner managed private companies and small to medium sized listed companies, the client and his family, the companies themselves and their pension funds. Separately we serve the institutions that may invest in small to medium sized listed companies. Our emphasis of concentrating only within those areas is what allows us to add true value and offer exceptional expertise.

To a large extent we have refocused extensively during the past two years. The key to building on that, in a complex and competitive world with few simple solutions, is to continually deepen our understanding of our environment and what we offer and so continually refocus our business so that we can provide our clients with a depth of expertise, unrivalled performance, care and services.

Refocus of the business implies a reconsideration of the brand and its positioning.

As the brand is one of the main differentiating factors, adjustments in the positioning ask for ultimate care. More attention will be given to the independent status of Insinger de Beaufort and as a result of that the well developed skill of selection. The brand will evolve in a more mature way thus reflecting the evolutionary development of the business and the brand in a balanced way.

During the year the sale of a majority stake in the Trust Group was successfully completed. This has enabled the Trust Group to pursue its own expansion strategy. This transaction had a major impact on our organisation and on the financial position of the Bank. Staff numbers more than halved and the operations are now mainly concentrated in continental Europe and the United Kingdom. The proceeds of the sale instigated a financial restructure that was contained in a circular to shareholders on 10 July 2003 and approved by shareholders on 4 August 2003. This resulted in a buy back of 50% of the outstanding share capital on 15 September 2003 for a total amount of € 60.2 million for 13.4 million shares. We have retained 13.6% of share capital of the Trust Group, now rebranded as Equity Trust. In the second half of the year the sale, to the local management, including one of the directors of Insinger de Beaufort, of a majority stake in the property development finance unit in the UK, United Trust Bank, was also concluded. The Group will retain a 25% shareholding in this business after completion, which is expected to be completed in the second quarter of 2004.

Related to these transactions was the purchase by the group of in total 12.5% of the issued share capital from the family interests of these directors.

With these transactions Insinger de Beaufort has broadly completed the refocus, initiated in 2001, with Private Banking, Asset Management and Institutional and Corporate clients as the three main lines of business.

Report of the Executive

(continued)

The benefits of the streamlining and restructuring which commenced in 2002 and were completed in 2003 became visible in 2003. Costs have been structurally reduced and brought into line with the changed market conditions. Our processes are under constant review for further improvements in efficiency and effectiveness. There is still a great deal that can be done to improve operational leverage, which should help to bring the cost to income ratio closer to our goal of less than 70%. Broadly however the organisation is now well positioned to meet the anticipated market conditions and opportunities.

The Private Banking and Asset Management units are already well positioned in their markets to provide the depth of expertise, and unrivalled performance, care and service to clients, and in so doing to achieve considerable growth for the future. These business units will provide considerable annuity based income.

The Institutional & Corporate Clients units suffer more volatility in their income but can on average produce a good contribution to our results over the years. This is a business that has a strong nexus with private banking. Whereas the focus for private banking is on the owner manager and family, the focus here is on the business. This focus on listed small and midcap business is supported by deepening the relationship through top quality research coverage. The Institutional & Corporate Client units in the UK form a good basis for servicing clients in certain niches and with special products. The Equity Stock broking unit together with the Corporate Finance unit do deliver quality services and have seen a recovery of business during the year with increased stock broking volumes and completion of certain Corporate Finance deals. The Bond Broking unit has enjoyed success with a quality service to a growing number of clients and continues to develop very well.

The Amsterdam Institutional Equity Sales, Research and Broking unit had a difficult year, but has completed its restructuring program and is now focussed on building its position in the market for the coming years.

The three business lines are serviced by locally managed Operations and Finance & Control units, while detailed financial control is centralised. The Operations unit in Amsterdam is working on a project to replace the old legacy back office systems with a new system that will reduce our operational risk and will enable a more efficient processing of transactions. The new system will have an interface with the current front office system that will remain unchanged from a functional point of view.

The ongoing review, assessment and realignment of businesses, income flows, support systems and processes was undertaken with a view to increasing standardisation and simplifying management procedures. The implementation of this has allowed for significant decentralisation without sacrificing the high standards that have been set. A streamlining of functions has been achieved within all areas. These actions have led to a significant reduction in staff numbers. Total annualised savings from these measures amount to well in excess of last years € 15 million. Stringent key performance indicators provide the basis of ongoing review for both individuals and business units which are now rigorously reviewed.

Corporate Governance

Despite governmental, economic and regulatory supervision over the past decades becoming better, tighter and more effective, and increasingly so, it has been impossible to prevent the biggest financial misadventures in history. And they continue to happen. It becomes difficult to believe that supervision can prevent those things from happening. Rules do not make honest people. The same applies to businesses. This reinforces for Insinger de Beaufort the need for an environment in which people can be honest with each other and clearly understand their responsibilities and know that they will be held accountable. It remains important to us to develop a culture that is open, transparent and flexible, with people who comfortably fit into such a way of working. It equally remains important to continue to develop the highest standards of corporate governance practice, not because "honesty is the best policy" but because we recognize how

difficult it is to maintain the level of organizational and corporate integrity that we aspire to and believe that these practices will help us in that.

In our complex, fast moving and demanding environment, risk management is part of managing your business. Knowledge of relevant risks, risk exposure and effectiveness of risk mitigating controls is essential for our success. Therefore we have integrated risk management in our culture, our people, our behaviour.

This 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 conceptual support in order to ensure that this process is consistent and adequate for the environment in which we operate.

Specific expertise is provided by our Compliance Department, the Credit & Deal Committee and the Asset & Liability Committee who support executive management with managing respectively compliance risks, credit risks and market & liquidity risks.

An additional layer of comfort is provided by our internal audit who independently scrutinise the ongoing adequacy of this structure and report their findings directly to the Audit Committee who supervise our risk management and control systems on behalf of the Board.

Our risk profile towards our balance sheet is based on an ongoing assessment of the environment resulting in high liquidity, limited credit risk exposures and a healthy capital base as per the end of 2003. In addition, the group has a policy to hedge all foreign currency exposures.

Central to our business are a number of elements: our positioning as an innovative, independent, employee-owned, managed and controlled institution; serving our clients, whether private or institutional, with unrivalled solutions in order to pursue sustainable returns on their investment and quality, independent advice.

Consolidated Results

(million Euro)	2003	2002
Gross income	90.1	149.2
Ordinary profit before tax and amortization of goodwill	2.3	0.4
Ordinary net profit before amortization of goodwill	2.6	4.1
Net profit after goodwill amortization	43.3	(12.2)
Diluted earnings per share before amortization of goodwill (in Euro)	3.25	0.15

Gross income decreased by €59.1 million to €90.1 million, largely due to the impact of the deconsolidation of the Trust Group activities after 30 April 2003.

The operational result, being profit before tax for the year 2003 excluding the disposal profit and redundancy expenses, amounted to € 3.9 million. The comparative figure for 2002 was a profit of € 9.9 million, but this figure included the full year profits of the Trust Group compared to only four months for 2003. In this light the Group's banking activities showed a considerable improvement over the previous year. This was largely attributable to the cost savings resulting from the actions taken during 2002 and improved income from both Asset Management and Private Banking.

Our operational results have improved considerably compared to last year. The focus on our core competencies and the full benefit of cost savings have resulted in a considerable improvement in operating results. The operating result of the business in the second half of 2003 (i.e. excluding the Trust Group) amounted to € 1.0 million compared to a pro forma loss for the second half of 2002 of € 12.4 million, and demonstrates the turnaround of the business.

Report of the Executive

(continued)

Amortization of goodwill amounted to € 23.3 million, including € 1.7 million for four months of amortization for the Trust Group, € 0.4 million of amortization for the United Trust Bank and € 16.6 million of extraordinary amortization in relation with the activities of our Italian branch, corporate finance, UK equity broking and property development finance. The expected market conditions for the first three activities made us reevaluate the goodwill in our books for these activities to a lower level. The extraordinary amortization of goodwill for the property development finance business was a result of the sale of these activities with effect 1 January 2004.

As a result, after the income realised on the sale of subsidiaries of € 64.1 million, including the income realised on the sale of the Trust Group of € 64.2 million, we realised a net profit after goodwill amortization of € 43.3 million.

The assets under management amounted to € 4.4 billion as at 31 December 2003 (2002: € 4.6 billion). The decline was mainly caused by the termination of some low margin institutional mandates at the end of the year in the amount of € 0.7 billion.

The number of employees declined from 1,078 to 434 mainly due to the sale of the Trust Group and employment terminations of 2002 redundancy arrangements that came into effect in 2003.

Report of the Executive

The Operational Units

Private Banking

Gross income

Declined to € 41.2 million from € 46.6 million. The past year showed an inflow of new assets under management of € 54.2 million reflecting the successful approach of the unit in servicing private clients. The total assets under management grew from € 1.630 million as at 31 December 2002 to € 2.146 million as at 31 December 2003. Our Private Banking activities have made an important turnaround in operating results compared to last year. Besides cost reductions, a continued inflow of assets under management and the offering of alternative investment solutions like real estate partnerships and private equity programs have contributed to this development. On the basis of our strong investment process and continued search for alternative investment solutions we expect this development to continue in the coming year.

Main developments

The Private Banking unit in The Netherlands continued to upgrade its services to clients with a more focussed application of the views developed in our investment process. The unit realised two successful placements of real estate private partnerships in cooperation with a professional real estate company and also launched a private fund that allows investors to participate in venture capital investments at lower participation levels and as such in a more diverse way. The unit is looking into alternative investment solutions as an addition to the investment views developed in our group investment process. In June a new office in The Hague was opened to more effectively service our growing client base in this area. At the end of the year our Eindhoven office relocated to more suitable premises.

The International Private Banking unit has now concentrated its operations in our London offices while applying the views of the group's investment process in a more structured way. The unit remains successful through its dedicated personal approach to its clients throughout the world. The Channel Island Investment business performed consistently well through the year, both increasing its assets under management, as well as sustaining its profitable securities trading business by combining its equity and bond broking units into one team. Although the performance of the Italian branch needs improvement the unit showed promising inflows of new money under management.

Treasury works closely with the private bankers to develop structured products that can provide more attractive alternatives for standard money market products.

Future developments

The Private Banking units aim to differentiate themselves by understanding the client's needs and servicing clients with a wide variety of products. For this the unit will look for partners that can provide services to clients in addition to our own expertise of asset management and related services. This approach has already proved to be successful and is expected to attract new assets under management. In addition the units are expanding through the hiring of experienced private bankers.

Report of the Executive

The Operational Units

Asset Management

Gross income

Gross income grew to € 12.9 million from € 9.8 million. The past year showed an inflow of new assets under management of € 315 million reflecting the success of our range of funds and programme products. Due to policy changes at certain institutional clients the unit lost € 700 million of low margin institutional mandates at the end of the year. During the year the investment management of € 480 million in assets was transferred to the private banking unit. The total assets under management declined from € 1,945 million as at 31 December 2002 to € 1,161 million as at 31 December 2003.

Main developments

Our well developed manager selection process has again proved its value and rendered a good performance for our clients. Consequently the unit benefited from performance fees. Our funds have continued to attract new money inflows from our distribution through independent financial advisors. The unit introduced a guaranteed product under the name Pegasus. This product was developed in collaboration with J P Morgan. During the year the unit introduced our funds to the UK market. Although this market has a wide range of well-established funds, the unit managed to attract money inflows well above expectations. The special features of our fund offerings, which include a certain amount of hedge, have attracted groups of clients that are looking for these differentiations.

The Jersey and Isle of Man business showed good growth on the back of increased volumes and assets under management.

The unit now leads the group wide investment process in a well-structured manner and services the private banking units of the group. This is one of the core processes of our group.

Future developments

The unit is looking to expand the distribution of its core products through independent financial advisors. This is aimed at The Netherlands, where we already have a strong presence, and the UK and South Africa where we have already established a base to work from. We also see possibilities of offering the unit's expertise to institutional investors who are looking for alternative investment strategies.

Institutional and Corporate Clients

Gross Income

Gross income declined to € 22.2 million from € 26.6 million for the Institutional and Corporate Clients business units. The decrease in gross income is mainly due to decreased income levels from the Equity Sales Research and Trading unit in Amsterdam offset by increased activity in the London based units. The fixed income and the property development finance units both again had a very good year, while the broking and corporate finance units experienced increased volumes again, particularly in the second half.

Main developments

The Institutional and Corporate Clients market has been a difficult market with low levels of activity in both equity broking and corporate finance transactions. We expect that these markets will remain difficult but that business activity will gradually improve. In the UK we have managed to retain and grow our relative position in these markets. In particular the second half year showed increased activities. In Amsterdam our Equity Sales Research and Trading unit experienced very low volumes. This unit had to go through a restructuring again to bring the cost level down. The unit is in a process of refocusing and re-evaluating its product offering.

The fixed income unit had another very good year. The service of this unit is very well appreciated by its customers and the unit is successful in expanding its customer base.

The property development finance unit had a good year with a high activity in projects and good results. However, this type of risk capital intensive business is considered not to be part of our core activities and during the second half of the year we reached agreement with management of the property development finance unit for them to take a majority stake in this business with effect from 1st January 2004. We will retain a 25% share in this business.

Future developments

The UK institutional broking and corporate finance market has been rationalised in the past years and we are ready to benefit from this as one of the remaining players in the market. We are one of the few independent players left as an alternative to the major financial institutions. In a modestly improving market we are looking for opportunities to expand our activities. In this respect our current UK premises are a constraint and we are planning to move to new premises during the year. The equity sales research and trading unit in Amsterdam will go through a process to redefine its product offerings and we are looking for opportunities to expand our institutional and corporate clients business in The Netherlands. Particularly in the small and mid cap segment is where we see that there are fewer players in this market.

Systems development

During 2003 an intensive evaluation has been performed on the replacement of our back office systems in Amsterdam. We are looking to decide on a system solution in the beginning of 2004 and plan to implement a new system before the end of the year. This implementation will have a considerable impact on the operations department in Amsterdam and will create a substantially straight through processing environment. This will enhance the efficiency and further reduce the operational risk.

Dividends and earnings per share

We have executed the buy back of 50% of the issued share capital on 15 September 2003, as described in the circular to shareholders of July 2003. This in relation to the proceeds received on the sale of the majority stake in the Trust Group. On the basis of the development of the operating profits in the past year and the expectations of the coming year, the board proposes to declare a dividend of € 0.08 (2002: € 0.06).

Outlook

In summary in our annual review of 2002 we were concerned that we could be accused of doing too little too late. With hindsight we know that that was in all probability not the case.

Report of the Executive

The Operational Units

We have refocused by selling a major percentage of the Trust Group and United Trust Bank which had become non core, while retaining a relationship with and stake in both businesses. At the same time we have streamlined and in so doing cut annual costs by well in excess of € 15 million.

Cost control is a state of mind which has become etched into our corporate thinking. In the process we have also built a balance sheet which is not only solvent but also liquid, low risk and transparent, with only loans to portfolio clients against their portfolios and otherwise bank and sovereign risk. And an income statement which is profitable and moving to a cost to income ratio which provides a good buffer.

The detailed planning for a major makeover of the back office and systems side of the business is well advanced and we are confident this will make a meaningful improvement to the efficiency and security of the processing as well as save costs.

We have restructured our incentive schemes so that management and staff are now well incentivised through bonus schemes, option and share schemes and ownership as well performance related salaries. In addition there is clear recognition of performance by the organisation. Although remuneration hygiene is at a high level, we are constantly reviewing for better ways of doing this.

Importantly, following the financial restructuring the value of our assets under management, which were previously spread over close to 31 million shares in issue, are now spread over approximately 16 million shares (including fully potential dilution).

The business is now clearly focused on private clients, corporate and institutional clients with particularly the owner managers as central focus point. The asset management, trading and advisory services we offer are deep in expertise and unrivalled for performance, service levels and care.


This is in the context of an independent institution owned significantly by management and staff, in an industry in which capacity is being sharply reduced following devastation.

The financial position of the group has been strengthened following the implementation of the proposals in the circular to shareholders. As indicated in our offer of 2 April 2004 we are looking to further improve our financing structure through a refinancing of our outstanding group loan notes with an offer for an early exercise of warrants 2008. This will lower our interest cost further and will create a strong capital base to support the further development of our ongoing business. We are expecting that the positive turnaround in operating results in 2003 will continue in 2004.

The potential for future development has been significantly enhanced not only by the improved positioning, financial structure and quality of the organisation, but also by its strength post the turbulence going into an extended period of industry consolidation allowing Insinger de Beaufort plenty of time in which to develop. This development is happening in its brand strength and communication as well as clear client propositions and growth both in the organisation and in new clients and funds under management.

While markets in Europe collapsed, in some instances by more than 70%, Insinger de Beaufort remains a strong independent organisation with a sound balance sheet and income statement and a good and growing clientele. Insinger de Beaufort has a group of well trained, well educated and, on balance, young people who know and control their own destiny. After the past two years, they are now also well weathered and experienced professionals, welded into a coherent and aligned organisation. Our focus remains on providing our clients with depth of expertise, unrivalled performance, care and service, mindful always of the discipline required for the long road. We have no doubt that this will reflect itself in the group's performance.

5 April 2004



Ian Kantor
Chief Executive Officer

Directors' Approval

The directors are responsible for monitoring the preparation and reviewing the reliability of the Financial Statements, the underlying accounting policies and the integrity of all information included in this report.

The independent auditor is required to report whether the annual Financial Statements fairly present the operations and financial position of the company and group. The Financial Statements are prepared in accordance with international accounting standards.

Internal control

The controls throughout the group concentrate on focused critical risk areas. These areas are identified by operational management, confirmed by group management, monitored by directors and reviewed annually by the external auditors.

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, and
- 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 to identify material breakdowns and to ensure that corrective action is taken.

Going concern

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 remain a going concern until the next reporting date.

Approvals

The Financial Statements, which appear on pages 20 to 26, were approved by the Board of Directors on 5 April 2004 and are signed on its behalf by.



Ian Kantor
Chief Executive Officer

Auditor's Report

To the shareholders of Insinger de Beaufort Holdings S.A.

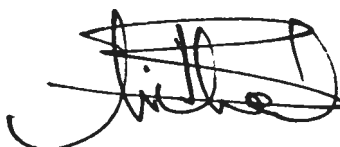
We have audited the Financial Statements and Consolidated Financial Statements of Insinger de Beaufort Holdings S.A. for the year ended December 31, 2003 consisting of the balance sheet, the profit and loss account and the statement of cash flows as well as the notes to the financial statements for the year than ended and have read the related Management report. These Financial statements and the Management report are the responsibility of the company's Board of Directors. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Director, as well as evaluating the overall Financial Statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements and Consolidated Financial Statements present fairly, in all material respects, the financial position of Insinger de Beaufort Holdings S.A. and the consolidated group as of December 31, 2003 and the results of its operations and its cash flows for the year than ended in accordance with International Financial Reporting Standards.

The Management report is consistent with the Financial Statements.

Deloitte S.A.
Réviseur d'entreprises



B. Michaelis
Partner

5 April 2004

Five Year Summary

Insinger de Beaufort Holdings SA
Five year summary*¹

Euro	2003 ^{*2}	2002 ^{*3}	2001 ^{*3}	2000 ^{*3}	1999 ^{*3}
Results					
Gross income (million)	90.1	149.2	125.7	114.4	68.6
Operating profit (million)	8.6	19.0	15.9	31.2	19.6
Profit before tax (million)					
- before amortization of goodwill	2.3	0.4	8.5	26.4	17.5
- after amortization of goodwill and including profit on sale of subsidiaries	43.0	(15.9)	(2.5)	19.4	13.8
Profit attributable to shareholders					
- before amortization of goodwill and profit on sale of subsidiaries (million)	2.6	4.1	8.7	21.9	14.1
- after amortization of goodwill (million)	43.3	(12.2)	(2.3)	14.9	10.4
Per ordinary share					
Diluted earnings (cents)					
- before amortization of goodwill	325.2	15.3	32.9	85.4	56.6
- after amortization of goodwill	211.3	(45.9)	(8.7)	58.0	42.1
Dividends (cents)	8	6	6	24.7	17.9
Balance sheet					
Total assets (million)	472.2	573.4	607.0	505.0	374.5
Shareholders' equity (million)	39.6	86.2	102.1	108.9	63.7
Number of ordinary shares of € 2.00 (2000 and before USD 1.75) each in issue (million)	10.3	26.1	25.9	25.9	24.2
Other					
Assets under management (excluding fiduciary assets) (billion)	4.4	4.6	5.2	5.7	4.4
Number of staff employed	434	1,078	1,120	920	602

*¹ Figures have not been adjusted for sale of Trust Group

*² Including 4 months of Trust Group activities

*³ Including full year of Trust Group activities

Group Profit and Loss Account

for the year ended 31 December 2003

	Notes	2003	2002
		€000's	€000's
Interest income		18,146	32,426
Interest expense		(11,613)	(25,745)
Net interest income	4	6,533	6,681
Commission income		75,571	87,279
Commission expense		(23,935)	(27,263)
Other operating income	5	31,889	82,475
Gross income	9	90,058	149,172
Personnel costs	10	(50,443)	(78,064)
Other general administrative expenses	10	(30,991)	(52,087)
Operating profit		8,624	19,021
Depreciation	21	(4,763)	(9,101)
Redundancy expense		(1,596)	(9,518)
Profit/(loss) before taxation	11	2,265	402
Taxation	12	286	3,685
Profit/(loss) after taxation		2,551	4,087
Income on sale of subsidiaries	7	64,050	–
Amortization of goodwill	20	(23,307)	(16,310)
Net profit/(loss) after goodwill amortization		43,294	(12,223)
Profit attributable to minority interest		(39)	11
Net profit/(loss)		43,255	(12,212)
Interest on shareholders' compulsory convertible loan note		(575)	(893)
Dividends	13	–	(1,566)
Retained (loss)/profit		42,680	(14,671)
Earnings per share	8		
Basic earnings per share (in cents)			
- before amortization of goodwill		335.9	15.7
- after amortization of goodwill		218.3	(47)
Diluted earnings per share (in cents)			
- before amortization of goodwill		325.2	15.3
- after amortization of goodwill		211.3	(45.9)
Dividend per share (in cents)		8	6

Group Balance Sheet

as at 31 December 2003

	Notes	2003	2002
		€000's	€000's
Assets			
Cash and balances with central banks		25,223	22,230
Treasury bills	14	74,379	99,669
Loans and advances to credit institutions	15	111,353	91,280
Loans and advances to customers	16	147,900	166,445
Debt securities and other fixed income securities	17		
- issued by public bodies	17	19,386	24,261
- issued by other borrowers	17	21,144	–
Shares and other variable yield securities	17	4,271	4,580
Financial fixed assets	19	838	–
Goodwill	20	20,523	81,189
Tangible fixed assets	21	12,467	23,601
Other assets	23	25,843	54,001
Deferred tax assets	12	8,919	6,115
Total assets		472,246	573,371
Liabilities			
Amounts owed to credit institutions	24	9,245	22,056
Amounts owed to customers	25	363,061	408,577
Loan notes and other long term debt	26	26,641	17,635
Other liabilities	27	33,576	42,204
Total liabilities		432,523	490,472
Capital resources			
Shareholders' equity	28, 30, 31	38,424	69,541
Shareholders' compulsory convertible loan note	29	1,200	16,609
Minority interests	32	99	(3,251)
		39,723	82,899
Total equity and liabilities		472,246	573,371
Off-Balance sheet items: contingent asset	35	11,464	–
Off-Balance sheet items: contingent liabilities	35	9,536	12,943

Group Statement of Cash Flows

for the year ended 31 December 2003

	2003	2002
Cash flows from operating activities	€000's	€000's
Net profit/(loss)	43,255	(12,212)
Adjustment for:		
Taxation	(286)	(3,685)
Profit attributable to minority interest	39	(11)
Amortization of goodwill	23,307	16,310
Depreciation of tangible fixed assets	4,763	9,101
Profit of sale Trust Group	(64,235)	—
<i>Net cash inflow from operating activities before changes in operating assets and liabilities</i>	<u>6,843</u>	<u>9,503</u>
(Decrease)/increase in operating assets:		
Loans and advances to credit institutions	(152,627)	16,340
Loans and advances to customers	106,405	12,391
Other assets	164	(13,102)
(Decrease)/increase in operating liabilities:		
Amounts owed to credit institutions	(11,932)	(34,666)
Amounts owed to customers	(43,238)	1,235
Other liabilities	13,258	12,512
<i>Net cash (outflow)/inflow from operating activities before payment of taxation</i>	<u>(81,127)</u>	<u>4,213</u>
Taxation paid	(1,254)	(1,952)
<i>Net cash (outflow)/inflow from operating activities after payment of taxation</i>	<u>(82,381)</u>	<u>2,261</u>
Cash flows from investing activities		
Net investment in non - trading securities	26,185	(27,200)
Net sale/(purchase) of fixed assets	(3,898)	40,212
Capitalisation deferred considerations	(2,728)	—
Unrealized loss/(profit) available for sale portfolio	—	(569)
Increase in goodwill due to change of ownership	—	(10,180)
Net sale/(purchase) of financial fixed assets	(1,795)	—
Sale of Trust	138,743	—
<i>Net cash (outflow)/inflow from investing activities</i>	<u>156,507</u>	<u>2,263</u>

Group Statement of Cash Flows

for the year ended 31 December 2003 (continued)

	2003	2002
Cash flows from financing activities	€000's	€000's
Movement in minority interests	3,311	(5,272)
Dividends paid	–	(1,566)
Shareholders' compulsory convertible loan note interest	(575)	(893)
Cancellation of compulsory convertible loan note	(16,609)	–
Issue of new subordinated loan note	8,929	10,437
Issue of new compulsory convertible loan note	1,475	–
Repayment of loans	(198)	–
Issue of warrants	–	1,957
Share buy back	(72,763)	–
Net proceeds from share issue	–	1,546
Net proceeds on sale of own shares	–	836
<i>Net cash (outflow)/inflow from financing activities</i>	<u>(76,430)</u>	<u>7,045</u>
Net (decrease)/increase in cash and cash equivalents	(2,304)	11,569
Cash and cash equivalents at beginning of year	22,230	4,027
Net (decrease)/increase in cash and cash equivalents	(2,304)	11,569
Exchange differences	5,297	6,634
Cash and cash equivalents at end of year	<u>25,223</u>	<u>22,230</u>

Company Profit and Loss Account

for the year ended 31 December 2003

	Notes	2003	2002
		€000's	€000's
Interest income		3,502	3,847
Interest expense		(1,890)	(102)
Net interest income	4	1,612	3,745
Commission income		(160)	(437)
Commission expense		(54)	(48)
Other operating income	5	(3,140)	639
Results from subsidiaries		32,225	–
Gross income		30,483	3,899
Other general administrative expenses	10	(1,646)	(87)
Operating profit		28,837	3,812
Profit/(loss) before taxation		28,837	3,812
Taxation		(50)	(5)
Profit after taxation		28,787	3,807
Income on sale of subsidiary		–	–
Amortization of goodwill		(565)	(448)
Net profit		28,222	3,359
Interest on shareholders' compulsory convertible loan note		(575)	(893)
Dividends	13	–	(1,606)
Retained profit		27,647	860

Company Balance Sheet

as at 31 December 2003

	Notes	2003	2002
		€000's	€000's
Assets			
Loans and advances to credit institutions	15	–	9,484
Shares in affiliates undertakings	18	49,647	46,503
Goodwill	20	1,249	1,814
Other assets	23	69,947	101,838
Total assets		120,843	159,639
Liabilities			
Amounts owed to credit institutions	15,24	61	–
Loan notes and other long term debt	26	26,365	17,635
Other liabilities	27	10,354	8,674
Total liabilities		36,780	26,309
Capital resources			
Subscribed capital	28	26,771	53,542
Share premium	30	15,026	48,560
Other reserves	31	42,266	14,619
Shareholders' equity		84,063	116,721
Shareholders' compulsory convertible loan note	29	–	16,609
		84,063	133,330
Total equity and liabilities		120,843	159,639

Company Statement of Cash Flows

for the year ended 31 December 2003

	2003	2002
	€000's	€000's
Cash flows from operating activities		
Net profit/(loss)	28,222	3,359
Adjustment for:		
Taxation	50	5
- Amortization of goodwill	565	448
- Option recharge revenue	(606)	-
<i>Net cash inflow from operating activities before changes in operating assets and liabilities</i>	<u>28,231</u>	<u>3,812</u>
(Decrease)/increase in operating assets and liabilities		
Loans and advances to credit institutions	9,545	14,214
Other assets	1,295	(32,127)
Other liabilities	3,284	2,473
<i>Net cash (outflow)/inflow from operating activities before payment of taxation</i>	<u>42,355</u>	<u>(11,628)</u>
Taxation paid	(48)	(5)
<i>Net cash (outflow)/inflow from operating activities after payment of taxation</i>	<u>42,307</u>	<u>(11,633)</u>
Cash flows from investing activities		
Net investment in new company	(3,144)	-
Cash paid for acquisitions net of cash acquired	-	(2,263)
<i>Net cash (outflow)/inflow from investing activities</i>	<u>(3,144)</u>	<u>(2,263)</u>
Cash flows from financing activities		
Dividends paid	(1,606)	(1,606)
Shareholders' compulsory convertible loan note interest	(575)	(893)
Cancellation of compulsory convertible loan note	(16,609)	-
Issue of new subordinated loan note	8,929	10,437
Issue of warrants	-	1,957
Repayment of capital loans from Insinger Finance SA	31,201	-
Share buy back	(60,305)	-
Repayment of loans	(199)	-
Net proceeds from share issue	-	1,546
<i>Net cash (outflow)/inflow from financing activities</i>	<u>(39,164)</u>	<u>11,441</u>
Net (decrease)/increase in cash and cash equivalents	(1)	(2,455)
Cash and cash equivalents at beginning of year	-	-
Net (decrease)/increase in cash and cash equivalents	(1)	(2,455)
Exchange differences	1	2,455
Cash and cash equivalents at end of year	<u>-</u>	<u>-</u>

Notes to the Financial Statements

for the year ended 31 December 2003

Notes to the Financial Statements

for the year ended 31 December 2003

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 services.

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). These Consolidated Financial Statements do not represent the Company's statutory accounts, which will be submitted for Luxembourg regulatory requirements.

For the 2003 segmentation reporting the functional organisation of Private Banking, Asset Management, Institutional Clients, Operations & Support and Group has been used as primary and the regions as secondary segmentation information. This is to better reflect our business line figures. Prior year comparable information has been restated where possible.

2. Summary of significant accounting policies

(a) General

The Financial Statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). For information regarding the statement of shareholders' equity reference is made to notes 28-31 and therefore a separate statement is not included.

The significant accounting policies applied in the preparation of these Financial Statements are set out below.

(b) Accounting convention

The Financial Statements are prepared under the historical cost convention. Income and expenses are allocated to the reporting period to which they relate. Assets and liabilities are stated at face value, unless otherwise indicated.

(c) Principles of consolidation

The Consolidated Financial Statements comprise Insinger de Beaufort Holdings S.A., its subsidiaries and companies over which it has management control. The list of significant subsidiaries and group companies is disclosed in 'Other Information' on page 68. Subsidiaries acquired during the year are consolidated from the effective date of acquisition to the end of the year under review.

Subsidiaries disposed of are consolidated from the beginning of the year under review to the effective date of disposal.

(d) Reclassifications

In 2003 “other long term debt” has been added to the loan notes to provide better insight. In previous year this was classified under other liabilities.

(e) Revenue recognition

In general revenue is recognized 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 from interest-bearing assets and liabilities is recognized on an accrual basis over the life of the asset or liability.

Fees and commissions:

Revenue of the various services of 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.

(f) 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. Goodwill is capitalised and amortised on a straight-line basis over a period of ten years. Additional amortization is booked when the value of the goodwill is considered to be impaired. On disposal of certain cash generating units, the attributable amount of unamortized goodwill is deducted from the result of the sale of these units.

(g) Foreign currency translation

Assets and liabilities of foreign subsidiaries and 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 as an adjustment to shareholders' equity.

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

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

(h) Loans and advances to customers

Loans and advances to customers are stated at amortized cost net of a provision for doubtful debts based on a case-by-case valuation.

(i) Marketable securities

The Group's portfolio of marketable securities is divided into three categories, of which the principal characteristics are the following:

- I. a held to maturity portfolio of financial fixed assets which are intended to be used on a continuing basis in the Group's activities;
- II. a trading portfolio of securities purchased with the intention of resale in the short term and;
- III. a financial asset is classified as available for sale if it does not properly belong in one of the two other categories of financial assets.

ad. I - Held to maturity

In accordance with IFRS 39.83 the Group values this category according to the available for sale category (see ad. III)

ad. II - Trading portfolio

Listed securities held for trading purposes are stated at the market value prevailing at the balance sheet date. Unlisted securities are stated at the lower of cost and estimated net realisable value. Resulting gains and losses are recognised net in the profit and loss account.

ad. III - Available for sale

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

(j) Tangible assets

The valuation principles for tangible fixed assets are as follows:

Land and buildings

This category includes land and buildings and leasehold improvement. Land and buildings are stated at fair value based on periodic revaluations by independent experts. Interim adjustments are based on a property index basis. Valuations upwards are reflected in the revaluation reserve after taking into account deferred tax liabilities. Valuations downwards are taken to the revaluation reserve to the extent of any credit balance and then to the profit and loss account. Leasehold improvement are shown at cost net of accumulated depreciation.

Other tangible fixed assets

Other tangible fixed assets are shown at cost net of accumulated depreciation.

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:

Leasehold improvements	10.0 %
Furniture and fixtures	10.0 % - 20.0 %
Computer equipment	20.0 % - 33.3 %
Motor vehicles	20.0 % - 25.0 %

(k) Shares in subsidiary undertakings

Investments in subsidiaries are stated at the lower of cost and directors' valuation. A provision is made for any permanent diminution in value. Foreign currency investments are translated into euros at the rates of exchange at the date of the transaction.

(l) Financial fixed assets

Including under financial fixed assets are other participating interests, which are minority interests over which the company has no significant influence, are stated at fair value.

(m) 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.

(n) 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 recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized 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.

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

(o) Shareholders' equity

Group shareholders' equity consists of subscribed capital, share premium and other reserves.

(p) Minority interests

Minority interests represent the outside shareholders' interests in the net equity of the Group companies at the balance sheet date in which minorities have an interest. Profit attributable to minority interests represents that portion of income attributable to the minority shareholders of Group companies, resulting from their percentage of ownership and the reported result net of taxes of the subsidiaries for the year.

(q) Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

(r) Derivative financial instruments

Derivative financial instruments are initially recorded at cost and remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated as 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 effective fair value hedge of a net investment 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.

(s) Employee share options

Costs associated with Employee Share Option schemes are accounted for based on the intrinsic value method.

3. Related party transactions

As indicated in the Circular to shareholders dated 10 July 2003, related to the disposal of an 87% interest in the Trust Group and proposals relating to the refinancing of loan notes and return of surplus funds to shareholders, the following related party transactions have been accounted for in the 2003 financial statements:

- i. On 24 August 1998, the Company issued Convertible Loan Notes in the aggregate amount of US \$ 14.95 million. The Convertible Loan Notes were held by a special purpose company, on behalf of current and former senior employees of the Group. The Convertible Loan Notes were convertible at the option of the holder at any time during a conversion period. Each conversion period began 30 days prior to and expired on 24 June each year. In any event, the Convertible Loan Notes would automatically convert on 24 June 2005. The Convertible Loan Notes were issued in units of US \$ 115.00 each, and each unit converted into 5 Ordinary Shares. As such the Convertible Loan Notes would convert into 650,000 Ordinary Shares. The rate of interest payable on the Convertible Loan Notes is 80% of the 3 month US \$ LIBOR rate plus 2%.
On 15 September 2003 US \$ 4.95 million of the Convertible Loan Notes have been converted and the proceeds thereof applied towards the purchase by the noteholders of 215,217 Ordinary Shares in the capital of the Company. The new Ordinary Shares received by the noteholders rank *pari passu* in all respects with the existing issued Ordinary Shares of the Company and as such, have participated in the return of capital on the same basis as all other Ordinary Shareholders on 15 September 2003.

The balance of the Convertible Loan Notes has been cancelled as per 24 December 2003 and in consideration therefore, new euro denominated, subordinated loan notes 2008 with a value of € 8,929 million have been issued by the Company to the noteholders.

The new loan notes are subordinated to all the current and future liabilities of the Company and will be capable of assignment by the holders. The notes will be redeemed on 1 July 2008 and will attract interest at the rate of the 12 month EURIBOR plus 3% per annum. In the event that more than 30% of the 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 noteholders will be entitled to demand the early redemption of such loan notes.

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

- ii. The Group previously operated a staff share ownership scheme ("ESOP") which was open to all permanent employees of the Insinger Group on specified allocation dates. The Ordinary Shares which have been allocated to the staff under these schemes are initially owned and registered in the name of the trustee of ESOP which is a separate independent legal entity from the Company. The Ordinary Shares held by ESOP are freely tradeable and are entitled to receive dividends and vote at any general meeting of the Company. There are no restrictions placed on the Ordinary Shares which have been issued to ESOP. However, ESOP does impose restrictions on how such shares are allocated to staff. Previously, under the scheme, employees were offered Ordinary Shares for purchase at market value and were required to pay the amount due in full. Payment for the Ordinary Shares was funded by a commercial loan from Bank Insinger de Beaufort N.V.. In order to participate in each scheme, staff were required to be in the employment of the Insinger Group for a minimum period of two years from the allocation date before taking delivery of the Ordinary Shares purchased and then only up to a maximum of 25% of their total allocation per year with a view to completing the payment between six and ten years of the initial date of allocation.

During July 2001, ESOP agreed to give employees who had participated in certain scheme allocations, the opportunity to defer their loan repayment obligations by introducing an arrangement involving the establishment of the ESOP Investment Companies to accept employees' shareholding interests in exchange for equity and debt instruments. The proposal was accepted by such employees who received shares in the Investment Companies together with loan notes and interest coupons. The loan notes and coupons were pledged by way of continuing security for the repayment of loans made to them by Bank Insinger de Beaufort N.V. for the purposes of purchasing the Ordinary Shares. The loan notes are repayable on 2 July 2007. It was intended that the Ordinary Shares previously transferred by employees to the ESOP Investment Companies be sold in 2007 and the proceeds thereof applied towards settlement of the loan notes. In the meantime, the ESOP Investment Companies use the value of the Ordinary Shares and also the dividends payable thereon to service the quarterly interest payments payable on the loan note coupons.

As a consequence of the disposal of the Trust Group, the Group will repurchase from ESOP and ESOP Investment Companies their holding of approximately 1.8 million Ordinary Shares at € 5.00 per Ordinary Share (figures pre buy back as per 15 September 2003) and hold them as Treasury Shares. The Group has provided and set aside a cash sum in full for its ESOP liability under the loan notes due for redemption in July 2007 in the amount of € 23.6 million. The Ordinary Shares repurchased from ESOP and the ESOP Investment Companies have participated in the Proposals on the basis of 1 Ordinary Share for every 2 Ordinary Shares held, which means that approximately 0.9 million shares will be repurchased from ESOP and ESOP Investment Companies. This buy back has been accounted for in the group's capital as per 31 December 2003.

- iii. As part of the rollover agreements with senior management and staff of the Trust Group, the Company agreed that it or its subsidiaries acquired 1.8 million Ordinary Shares held by senior employees of the Trust Group at 30 May 2003, at a price of € 4.40 per share plus a proportionate share of the deferred consideration loan notes in an amount of € 0.60 per share. In addition, the Company agreed that it or its subsidiaries acquired a total of 1.2 million options from the Trust Group employees for an aggregate amount of € 1.0 million. It was also agreed that the Company or its subsidiaries acquired a total of 15.7% interest in the capital of the special purpose company that holds the Convertible Loan Notes mentioned under i above for a total of US \$ 0.6 million from Trust Group employees. This would enable Trust Group employees to purchase an interest in the new holding company of the Trust Group. All the senior employees agreed to roll over and exchange their interest in the Company at the date of the transaction. Of the 1.8 million shares bought back, 1.4 million shares were bought from the family interests of Mr Peter Woodthorpe, director of the company till 28 May 2003.
- iv. The Group at completion of the disposal of the Trust Group entered into a contract with a company owned by the family interests of Mr Peter Woodthorpe, a founder director and shareholder of the Company and associated with the Group since 1987, whereby in consideration, inter alia, of his signing certain contracts in relation to the disposal which contain certain restraining clauses, an amount of € 3.3 million was paid which included a sum of € 0.33 million in deferred consideration loan notes. In addition, he received a bonus of € 1.5 million relating to the successful sale of the Trust Group.

As announced on 14 November 2003 the Company has reached agreement to sell a 75% controlling interest in one of its UK subsidiaries, Bank Insinger de Beaufort plc (“the UK Bank”) to an investor syndicate led by Mr Graham Davin, Chief Executive of Insinger de Beaufort’s UK business interests and director of the Company till 14 November 2003. The investor syndicate led by Mr Davin includes Mr Roger Tidyman, Managing Director and Mr Harley Kagan, Chief Financial Officer of the UK Bank. This transaction is still subject to regulatory approval. In relation to this, the Company has acquired through a subsidiary into treasury 980 thousand ordinary shares of the Company and 313 thousand new warrants 2008 that are in issue from certain family interests associated with Mr Davin for a total amount of € 6.8 million. It was also agreed that the Company or its subsidiaries acquired a total of 10% interest in the capital of the special purpose company that holds the Convertible Loan Notes mentioned under i above for a total of € 0.4 million and € 0.9 million Loan Notes 2008 at par from certain family interests associated with Mr Davin.

On 24 November, 2003 a Group company issued a compulsory convertible loan note (“CCLN”) of € 1,475,000 to part of senior management of the Company. The CCLN will mature in 2011 and will pay 150 basis points above the 3-month Euribor and ranks pari passu with all other unsecured obligations of the Company. The conversion rate has been set at € 5.00, which will lead to an issuance of 295,000 shares in 2011. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note.

Notes to the Financial Statements

for the year ended 31 December 2003 (continued)

4. Net interest income

	2003	2002
Group	€000's	€000's
Fixed income securities	4,667	5,771
Other interest and similar income	13,479	26,655
Interest income	18,146	32,426
Interest expense	(11,801)	(25,859)
Net interest income continued operations	6,345	6,567
Net interest income discontinued operations	188	114
Net interest income	6,533	6,681
Company		
Net intercompany interest income	2,544	3,745
Other	(932)	–
	1,612	3,745

5. Other operating income

	2003	2002
Group	€000's	€000's
Administration fees	3,515	1,331
Foreign exchange income	3,695	3,094
Other	6,104	19,521
Continuing operations	13,314	23,946
Discontinuing operations	18,575	58,529
	31,889	82,475
<p>In 2002 the category Other consists amongst others of advisory fee income and profit of € 12,602,000 on the 25% sale of part of the Trust activities to the minority shareholder in the Trust Group.</p>		
Company		
Foreign exchange gain	–	96
Other	(3,140)	34
Recharged option expenses	–	509
	(3,140)	639

6. Discontinued operations

Following a preliminary announcement made on 19 November 2002 that the Company had received indications of interest from institutions to acquire a stake in the Trust Group, the Directors of Insinger de Beaufort announced on 30 May 2003, that the Company had sold an 87% interest in the Trust Group for an enterprise value of € 183.9 million plus € 15.0 million in deferred consideration loan notes, of which the repayment is dependent upon the future performance of the Trust Group. The deferred consideration has not been valued by the Company. The Company's share of the enterprise value, net of outside shareholders' interests, deal costs and staff transfer and bonus costs, amounts to € 159.7 million. The Company has retained a 13,6% interest in the Trust Group, which will enable it to continue to participate in the ongoing development and growth of this business.

The Trust Group represents the Trust and Fiduciary services business of Insinger de Beaufort comprising substantially Insinger Trust Guernsey Limited, a company incorporated in Guernsey; Insinger de Beaufort Holdings (Asia) Limited, a company incorporated in Labuan F.T., Malaysia; Insinger Holdings (BVI) Limited, a company incorporated in the British Virgin Islands and Equity Trust Co. N.V. a company incorporated in the Netherlands and all their respective subsidiaries.

The results of the Trust Group for the period 1 January through 30 April, which are included in the consolidated financial statements of the Company, were as follows:

	1 January - 30 April, 2003	2002
	€000's	€000's
Gross income	21,689	64,594
Operating cost	(16,253)	(49,089)
Depreciation	(748)	(1,989)
Profit before tax	4,688	13,516
Taxation	(27)	(259)
Profit after taxation	4,661	13,257
Goodwill amortization	(1,244)	(5,567)
Net result	3,417	7,690

During the year, the Trust Group contributed € 5.4 million (2002: 15.5 million) to the Company's net operating cashflows. There is no impact on financing and investing cashflows. The carrying amounts of the assets and liabilities of the Trust Group at the date of disposal are disclosed in note 7.

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

7. Disposal of subsidiary

As referred to in note 6, on 30 April 2003 the Group discontinued its Trust operations. The net assets of the Trust Group at the date of disposal and at 31 December 2002 were as follows:

	30 April 2003	2002
	€000's	€000's
Goodwill	15,870	18,413
Tangible fixed assets	6,480	6,167
Financial fixed assets	1,171	225
Other assets	28,995	26,366
Loans & advances to credit institutions	10,411	24,284
Cash and bank balances	39	38
Amounts owed to credit institutions	(878)	(579)
Long term loans	(15,186)	(36,855)
Other liabilities	(24,131)	(21,389)
	22,771	16,670
Attributable goodwill	18,491	
ESOP provision	23,625	
Deferred consideration not valued	15,000	
Repayment of long term loans	15,186	
Buy Out Minority shareholders	10,950	
Bonus entitlements	6,530	
Equity instruments entitlements	2,449	
Other (including deal cost)	19,691	
Total	134,693	
Gain on sale of Trust Group subsidiaries*	64,235	
Total consideration	198,928	

* The amount in the Group Profit and Loss Account of € 64,050,000 includes also a € 185,000 loss on sale of other subsidiaries.

	30 April 2003	2002
Satisfied by :		
Cash	138,743	
Shares in Equity Trust Sarl	1,212	
Loan notes due by Equity Trust Sarl	28,787	
Deferred consideration due by Equity Trust Sarl	15,000	
Repayment of intergroup loans from Trust Group subsidiaries	<u>15,186</u>	
	198,928	
Net cash inflow arising on disposal:		
Cash consideration	138,743	
Bank balances and cash disposed of	<u>(39)</u>	
	138,704	

The impact of the Trust Group on the Company's results in the current and prior periods is disclosed in note 6. The companies that sold Trust Group Subsidiaries are not subject to taxes on these capital gains.

Notes to the Financial Statements

for the year ended 31 December 2003 (continued)

8. Earnings per share

	2003	2002
	€000's	€000's
Basic earnings per share:		
before the amortization of goodwill (cents)	335.9	15.7
after the amortization of goodwill (cents)	218.3	(47.0)
Diluted earnings per share:		
before the amortization of goodwill (cents)	325.2	15.3
after the amortization of goodwill (cents)	211.3	(45.9)
Basic earnings per share excluding discontinuing operations:		
before the amortization of goodwill (cents)	(11.8)	(35.1)
after the amortization of goodwill (cents)	(123.1)	(76.6)
Diluted earnings per share excluding discontinuing operations:		
before the amortization of goodwill (cents)	(11.4)	(34.4)
after the amortization of goodwill (cents)	(119.2)	(74.7)
The additional basic and diluted earnings per share present earnings data after elimination of the effects of operations discontinued in the period.		
Net profit / (loss) for the year	43,255	(12,212)
Adjustments for:		
Net result from discontinued operations	3,417	7,690
Profit on disposal of Trust Group	64,235	—
Earnings for the purposes of basic and diluted earnings per share excluding discontinued operations	(24,397)	(19,902)
Adjustments for:		
Goodwill amortization continuing operations	22,064	10,743
Earnings for the purposes of basic and diluted earnings per share excluding discontinued operations before goodwill amortization	(2,333)	(9,159)

8. Earnings per share (continued)

	2003	2002
Weighted average	shares	shares
Number of ordinary shares outstanding	19,818,162	25,983,608
Dilutive potential ordinary shares	647,909	650,000
Number of ordinary shares for the purpose of diluted earnings per share	20,466,071	26,633,608

Earnings per share figures before the effect of the amortization of goodwill are also disclosed for information purposes.

Diluted earnings per share take into account the effect of outstanding employee stock options. See note 28.

Notes to the Financial Statements

for the year ended 31 December 2003 (continued)

9. Segmentation of gross income

	2003	2002
Group	€000's	€000's
Private Banking	41,270	46,609
Asset Management	12,863	9,760
Institutional Clients	22,226	26,618
Ops & Support	(2,176)	(4,519)
Group	(5,814)	6,110
Continuing operations	68,369	84,578
Discontinuing operations	21,689	64,594
	90,058	149,172
European Union	42,406	71,641
Rest of Europe	7,722	9,478
Other	18,241	3,459
Continuing operations	68,369	84,578
Discontinuing operations	21,689	64,594
	90,058	149,172

10. General administrative expenses

	2003	2002
Group	€000's	€000's
Wages and salaries	43,828	68,726
Pension costs	2,018	3,338
Other social security costs	4,597	6,000
Personnel costs	50,443	78,064
Audit fees	772	1,135
Other administrative expenses	30,219	50,952
Other general administrative expenses	30,991	52,087
	81,434	130,151
Company		
Audit fees	55	9
Other administrative expenses	1,591	78
Other general administrative expenses	1,646	87
<p>The pension plans in the Group are based on defined contribution basis. The average number of the Group personnel employed during the year may be analyzed as follows:</p>		
European Union	364	399
United Kingdom	107	118
Group Holding	13	18
Other	6	20
Continuing operations	490	555
Discontinuing operations	560	537
	1,050	1,092
<p>At 30 April 2003 the Trust activities have been sold. The average for the Trust has been calculated using the period end of 30 April 2003</p>		
Provision Bad Debt		
At 1 January	7,326	7,647
Charge for the year	998	4,374
Sale of Trust Group	(3,232)	-
Write off/release	(350)	(4,695)
	4,742	7,326

Notes to the Financial Statements

for the year ended 31 December 2003 (continued)

11. Segmentation of profit before taxation

	2003	2002
Group	€000's	€000's
Private Banking	5,887	(2,840)
Asset Management	3,378	1,476
Institutional Clients	351	(2,974)
Ops & Support	(2,604)	(8,000)
Group	(9,435)	(776)
Continuing operations	(2,423)	(13,114)
Discontinuing operations	4,688	13,516
	2,265	402
European Union	(5,813)	(11,622)
Rest of Europe	1,153	(1,148)
Other	2,237	(344)
Continuing operations	(2,423)	(13,114)
Discontinuing operations	4,688	13,516
	2,265	402

12. Taxation

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

	Tax rate	2003	2002
		€000's	€000's
Profit before tax		2,265	402
Tax on profit before taxation at expected rate	30.4%	(688)	(122)
Tax on non deductible expenses * ¹		(3,278)	(5,712)
Tax on non taxable income		3,733	4,572
Tax rate differences		519	4,947
Effective tax rate / tax expense for the year (12.6%)		286 ^{*2}	3,685
Deferred tax assets			
At 1 January 2003		6,115	
Revenue/(charge) for the year		286	
Sale of Trust Group		4,032	
Reclassify to current tax		(1,514)	
		8,919	

The deferred tax assets for the Group relates to accrued tax on losses carried forward. The net operating losse can be carried forward indefinitely.

*¹ Included under the tax on nondeductable expenses are certain tax losses for which the deferred tax asset has not been valued.

*²This amount relates entirely to deferred taxes.

13. Dividends

A dividend of 8 eurocent per ordinary share totalling € 827,081 (2002: 6 eurocent per ordinary share totalling € 1,565,620) is proposed by the Board of Directors and is payable as soon as possible after shareholder approval at the general meeting on 21 May 2004 to those shareholders registered on 14 May 2004.

The dividend proposal has not been included in the liabilities in the Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

14. Treasury Bills

	2003	2002
Treasury Bills	€000's 74,379	€000's 99,669

This represents 3 bills with a remaining life of less than 7 months. The Treasury Bills are valued at market value. € 21,196,000 (2002: € 74,757,211) of the Treasury Bills have been pledged as security for the execution of payments and security settlement.

15. Loans and advances to credit institutions

	2003	2002
Group	€000's	€000's
Maturity schedule – amounts repayable:		
on demand	63,901	48,933
within three months	47,452	41,987
between three months and five years	–	–
after five years	–	360
	111,353	91,280
Company		
Maturity schedule – amounts repayable:		
on demand	–	9,484

This item relates to cash balances held with Bank Insinger de Beaufort N.V.

16. Loans and advances to customers

	Notes	2003	2002
Group		€000's	€000's
Maturity schedule – amounts repayable:			
within three months	a	118,549	133,270
between three months and one year	b	28,898	28,273
between one and five years	b	453	4,902
five years and thereafter		–	–
	b	147,900	166,445

Group loans and advances to customers include:

(a) an amount due in respect of outstanding securities settlements of € 38,451,197 (2002: € 31,219,246) arising from transactions with professional counterparties; and

(b) a long-term receivable of € 27,599,000 (2002: € 32,437,000) for shares in Insinger de Beaufort Holdings S.A. issued to a special purpose company, on behalf of current and former employees of the Group and to staff through the Group's Employee Share Ownership Plan Trust and related investment companies, the holder of 1,029,813 ordinary shares of € 2.00 each (2002: 2,185,564 ordinary shares, before buy back) and 261,095 Insinger de Beaufort Holdings SA warrants 2008.

Pursuant to the proposals mentioned in the Circular to shareholders dated 10 July 2003, the Group has provided for the net liabilities relating to the Group's Employee Share Ownership Plan in the amount of € 23,014,000 as at 31 December 2003. In addition, as announced by the company on 10 July 2003, buy back of approximately 910,000 shares by the group from ESOP and related investment companies has been accounted for as Treasury shares and have been deducted from shareholder's equity in the amount of € 4,550,000.

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

17. Transferable securities

Transferable securities which are included in the following balance sheet categories may be analyzed between listed and unlisted securities, and investment and trading portfolios as follows:

	2003			2002		
	Listed €000's	Unlisted €000's	Total €000's	Listed €000's	Unlisted €000's	Total €000's
Group						
Debt securities and other fixed income securities	24,386	16,144	40,530	24,261		24,261
Shares and other variable yield securities	1,597	2,674	4,271	2,768	1,812	4,580
	25,983	18,818	44,801	27,029	1,812	28,841
Group						
Debt securities and other fixed income securities	2,138	38,392	40,530	24,261		24,261
Shares and other variable yield securities	–	4,271	4,271	432	4,148	4,580
	2,138	42,663	44,801	24,693	4,148	28,841

On the debt securities € 1,487,906 (2002: € 5,692,291) of the available for sale portfolio has been pledged as security for execution of payments and security settlement.

Of the debt securities € 16,144,663 is invested in Equity Trust Sarl.

Included in the unlisted, available for sale shares is the Group's holding of € 600,327 in the special purpose company that held the Convertible Loan Notes on behalf of current and former senior employees of the Group (see note 3.i).

18. Shares in affiliate undertakings

	2003	2002
Company	€000's	€000's
	49,647	46,503

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 68.

19. Financial fixed assets

	2003	2002
Group	€000's	€000's
Financial fixed assets	838	–

This amount includes the non-consolidated investments of which € 679,775 relates to Equity Trust Sarl.

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

20. Goodwill

	2003
Group	€000's
	Capitalized Goodwill
At 1 January 2003	81,189
Additions arising during the year*	2,728
Sale of Trust Group	(34,361)
Impairment charge	(16,587)
Amortized during the year	(6,720)
Foreign exchange translation adjustments	(5,726)
At 31 December 2003	20,523
Accumulated depreciation at 1 January 2003	(32,821)
Accumulated depreciation at 31 December 2003	(42,950)
For segmented impairment information see note 36.6	
Company	
At 1 January 2003	1,814
Amortized during the year	(565)
At 31 December 2003	1,249
Accumulated depreciation at 1 January 2003	(448)
Accumulated depreciation at 31 December 2003	(1,013)

* Represents mainly deferred consideration capitalized in the United Kingdom.

21. Tangible fixed assets

	2003			
	Land and buildings	Computing equipment	Other fixtures, fittings & equipment	Total
	€000's	€000's	€000's	€000's
Net book value				
At 1 January 2003	7,784	11,175	4,642	23,601
Additions	1,456	856	2,129	4,441
Sale of Trust Group	(2,845)	(1,041)	(2,594)	(6,480)
Disposals	(341)	(31)	(171)	(543)
Valuation adjustments*	(566)	(2,675)	–	(3,241)
Depreciation	(163)	(3,266)	(1,334)	(4,763)
Foreign exchange translation adjustments and other	(419)	(123)	(6)	(548)
At 31 December 2003	4,906	4,895	2,666	12,467
Accumulated depreciation 2003	(1,511)	(12,633)	(4,051)	(18,195)
Accumulated depreciation 2002	(1,669)	(18,595)	(7,038)	(27,302)

The fair value of the fixed assets is estimated to be in excess of the carrying amounts.

- * This relates to items impaired as a result of the sale of the Trust Group and included in the result of the sale of the Trust Group (see note 7: other expense) and a write down of a building to net realisable value against revaluation reserve.

Notes to the Financial Statements

for the year ended 31 December 2003 (continued)

22. Current year depreciation and amortization charge by business segment and region

	2003	2002
Group	€000's	€000's
Private Banking	8,093	5,093
Institutional Clients	13,979	5,826
Ops & Support	3,468	5,894
Group	538	1,042
Continuing operations	26,078	17,855
Discontinuing operations	1,992	7,556
	28,070	25,411
European Union	24,252	15,287
Rest of Europe	244	636
Other	1,582	1,932
Continuing operations	26,078	17,855
Discontinuing operations	1,992	7,556
	28,070	25,411

23. Other assets

	2003	2002
Group	€000's	€000's
Other receivables	15,913	41,430
Prepayments and accrued income	9,930	12,571
	25,843	54,001
Company		
Amounts due from Group companies	68,388	99,624
Prepayments and accrued income	1,559	2,214
	69,947	101,838

24. Amounts owed to credit institutions

	2003	2002
Group	€000's	€000's
Maturity schedule – amounts repayable:		
on demand	9,245	13,878
within three months	–	7,715
between three months and one year	–	126
between one year and five years	–	337
after five years	–	–
	<u>9,245</u>	<u>22,056</u>

Amounts due to credit institutions on demand include an amount of € 7,352,381 (2002: € 3,699,096) in respect of outstanding securities trading settlements.

	2003	2002
Company		
Maturity schedule - amounts repayable:		
on demand	61	–

25. Amounts owed to customers

	2003	2002
Group	€000's	€000's
Deposits		
Maturity schedule – amounts repayable:		
on demand*	243,074	269,186
within three months	105,674	121,853
between three months and one year	<u>14,313</u>	<u>17,538</u>
	<u>363,061</u>	<u>408,577</u>

Group loans and advances owed to customers include: * an amount due in respect of securities settlements of € 3 9,292,736 (2002: € 12,922,422).

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

26. Loan notes and other long term debt

	2003	2002
Group	€000's	€000's
Loan notes 2008	10,437	10,437
Deferred consideration loan notes	6,420	6,570
Accrued Interest compulsory convertible loan note	275	–
Other	580	628
	17,712	17,635
Subordinated loan note	8,929	–
	26,641	17,635

In September 2002 the Company issued € 10,437,472 unsecured loan notes. The loan notes with a nominal value of € 8.00 each, will be repayable no later than 1 January 2008.

The Company may at its option repay the loan notes in part or in full at any time before that date, subject to giving 30 days' notice. The loan notes carry interest at the rate of 9% per annum payable quarterly in arrears. See at "Other Information - post balance events".

On 24 December 2003, US \$ 10,000,000 of the compulsory convertible loan notes was cancelled and in consideration therefore, a new Euro denominated, subordinated convertible loan note 2008 in an amount of € 8,929,000 was issued by the Company to the noteholder. The new 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. In the event that more than 50% 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 noteholder will be entitled to demand the early redemption of such loan note.

The deferred consideration loan notes are repayable on demand at certain dates in 2004 with a 15 business days notice period.

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.

27. Other liabilities

	2003	2002
Group	€000's	€000's
Short-term payables	21,433	23,069
Accruals and deferred income	11,688	16,827
Pensions	81	642
Taxation	362	995
Other	12	671
	<u>33,576</u>	<u>42,204</u>
Company		
Short-term payables	3,368	2,115
Accruals and deferred income	2,655	6,239
Amounts owed to Group companies	4,009	–
Taxation	322	320
	<u>10,354</u>	<u>8,674</u>

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

28. Subscribed capital

				2003
Group and Company			Number	€000's
Authorized: At 31 December 2003 - ordinary shares of € 2.00 each			115,000,000	230,000
Group	Ordinary	Treasury	Total	
Issued: At 1 January 2003				
Ordinary shares of € 2.00 each	26,771,163	(677,493)	26,093,670	52,187
Movement Treasury shares before buy back		(1,754,627)	(1,754,627)	(3,509)
Share buy back*	(13,385,580)	1,216,060	(12,169,520)	(24,339)
Movement Treasury shares after buy back		(1,831,015)	(1,831,015)	(3,662)
At 31 December 2003	13,385,583	(3,047,075)	10,338,508	20,677
The Treasury stock are not deducted from the Company balance sheet as they are held by a consolidated subsidiary.				
Company			Total	€000's
Issued: At 1 January 2003				
Ordinary shares of € 2.00 each			26,771,163	53,542
Share buy back			(13,385,580)	26,771
At 31 December 2003			13,385,583	26,771

* This relates to the share buy back and cancellation of shares as proposed in the circular to shareholders dated 10 July 2003 which were approved in the shareholders meeting of 4 August 2003.

				2002
Group and Company			Number	€000's
Authorized: At 31 December 2002 - ordinary shares of € 2.00 each (at 31 December 2000 USD 2.00)			115,000,000	230,000
Group	Ordinary	Treasury	Total	
Issued: At 1 January 2002				
Ordinary shares of € 2.00 each	26,581,063	(677,493)	25,903,570	51,807
Issued	190,100		-	380
Exchange difference on conversion to EUR		-	-	-
Translation adjustments	-	-	-	-
At 31 December 2003	26,771,163	(677,493)	26,093,670	52,187
Company			Total	€000's
Issued: At 1 January 2002				
Ordinary shares of € 2.00 each			26,581,163	53,162
Issued			190,100	380
At 31 December 2002			26,771,163	53,542

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

28. Subscribed capital (continued)

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 2003:

Number of options in issue										
Exercise Date	At 31 Dec 2002	Before the Adjustment		Adjustment Event	After the Adjustment		At 31 Dec 2003	Exercise Price	Capped Profit Above	Vesting Period Applic.
		Issued	Cancelled		Issued	Cancelled				
25 Oct 2005	1,144,765		(460,480)	(342,143)		(60,633)	281,509	4.04		yes
25 Oct 2007	1,142,536		(460,480)	(341,028)		(80,363)	283,242	3.70		yes
25 Oct 2007	45,694			(22,847)			22,847	4.04		yes
25 Oct 2007	33,800			(16,900)			16,900	3.20		yes
25 Oct 2007	111,700			(55,850)			(55,850)	3.52		yes
25 Oct 2008	2,360,000		(405,000)	(977,500)		(102,500)	875,000	4.70		yes
25 Nov 2009					982,000	0	982,000	5.35		yes
21 Oct 2005	706,245			(353,123)			353,122	4.00	29.40	no
21 Oct 2005	152,260			(76,130)			76,130	4.00	29.40	no
21 Oct 2005	650,000			(325,000)			325,000	4.12	24.44	no
25 Oct 2005	200,000			(100,000)			100,000	4.08	12.34	yes
26 Jan 2006		278,259		(139,130)			139,129	2.82	7.03	yes
	6,547,000	278,259	(1,325,960)	(2,749,651)	982,000	(243,496)	3,488,152			

Where a vesting period is applicable the option rights can only be exercised in full 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.

Included under 'cancelled before the adjustment' are the option entitlements of the employees of the Trust Group that have been cancelled following the sale of the Trust Group. A sum equal to the cash cancellation value as determined by the Directors in consultation with the Company's auditors, amounting to between € 0.77 and € 0.93 per option has been paid out in cash to the optionholder.

The number of option entitlements and exercise price have been adjusted in accordance with the option terms as Adjustment Event, as determined by the Directors in consultation with the Company's auditors. The determination of the new option terms is an automatic consequence of the distribution to Ordinary Shareholders of new warrants 2008 and the buy back of 50% of the issued share capital as per 15 September 2003.

All options granted during the year where with exercise prices above market value and therefore no costs have been recorded during the year.

29. Shareholders' compulsory convertible loan note

	2003	2002
Group	€000's	€000's
Shareholders' compulsory convertible loan note	1,200	16,609
Company		
Shareholders' compulsory convertible loan note	–	16,609

On 24 August 1998, the Company issued Convertible Loan Notes in the aggregate amount of US \$ 14,950,000. The Convertible Loan Notes were held by a special purpose company, on behalf of current and former senior employees of the Group.

As indicated in the Circular to shareholders dated 10 July 2003, related to the disposal of an 87% interest in the Trust Group and proposals relating to the refinancing of loan notes and return of surplus funds to shareholders, on 15 September 2003 US \$ 4,950,000 of the convertible loan note was converted into 215,217 Ordinary Shares in the capital of the Company. These ordinary shares are included in the Treasury share movement in note 28.

On 24 December 2003, the balance of the convertible loan notes was cancelled and in consideration therefore, a new Euro denominated, subordinated loan note 2008 in an amount of € 8,929,000 was issued by the Company to the noteholder. This loan note is recorded under the long term debt, see note 26.

On 24 November 2003, a Group company issued a compulsory convertible loan note ("CCLN") of € 1,475,000 to part of senior management of the Group. The CCLN will mature in 2011 and will pay 150 basis points above the 3-month EURIBOR and ranks pari passu with all other unsecured obligations of the Group. The conversion rate has been set at € 5.00, which will lead to an issuance of 295,000 shares in 2011. The CCLN accounted for as shareholders' compulsory loan note of € 1,200,000 and accrued interest of € 275,000 (see note 26 for further explanation).

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

30. Share premium

	2003	2002
Group	€000's	€000's
At 1 January	35,728	33,726
Shares issued during the year	–	1,166
Share buy back	(33,464)	–
Circular expenses	(70)	–
Profit on trade of own shares	–	836
	<u>2,194</u>	<u>35,728</u>
Less share premium in Treasury stock	(7,719)	–
At 31 December	(5,525)	35,728
The share premium in Treasury stock are not deducted for the Company balance sheet as they are held by a consolidated subsidiary		
Company		
At 1 January	48,560	47,394
Share buy back	(33,464)	–
Shares issued during the year	–	1,166
Circular expenses	(70)	–
At 31 December	15,026	48,560

31. Other reserves

2003				
Group	General reserve net €000's	Legal reserve €000's	Revaluation reserve €000's	Total reserves €000's
Balance brought forward 1 January 2003	(21,174)	5,072	(2,272)	(18,374)
Retained profit for the year	42,680			42,680
Translation adjustments and other movements	(2,196)		1,162	(1,034)
Balance carried forward 31 December 2003	19,310	5,072	(1,110)	23,272
Company	General reserve €000's	Legal reserve €000's		Total reserves €000's
Balance brought forward 1 January 2003	9,547	5,072		14,619
Retained profit for the year	27,647			27,647
Balance carried forward 31 December 2003	37,194	5,072		42,266

Included in the translation adjustments and other movement are taxes of € 1,842,196 on hedge results taxable in the Netherlands. The movement in the revaluation reserve is non taxable.

Notes to the Financial Statements

for the year ended 31 December 2003

(continued)

2002				
Group	General reserve net €000's	Legal reserve €000's	Revaluation reserve €000's	Total reserves €000's
Balance brought forward 1 January 2002	(3,592)	5,072	(1,703)	(223)
Retained profit for the year	(13,105)			(13,105)
Warrants	1,957			1,957
Dividends	(1,566)			(1,566)
Translation adjustments and other movements	(4,868)		(569)	(5,437)
Balance carried forward 31 December 2002	(21,174)	5,072	(2,272)	(18,374)
Company	General reserve €000's	Legal reserve €000's		Total reserves €000's
Balance brought forward 1 January 2002	4,078	5,072		9,150
Retained profit for the year	2,466			2,466
Warrants	1,957			1,957
Dividends	(1,606)			(1,606)
Translation adjustments and other movements	2,652			2,652
Balance carried forward 31 December 2002	9,547	5,072		14,619

32. Minority Interest

This includes the share of third parties in the Group Funds.

33. Derivatives

The Group hedges its foreign currency positions by ways of forward contracts mainly relating to the GBP. The results of these forward contracts are recorded as translation adjustments and other movements in the

other reserves. At year end the Euro equivalent of sold forward contracts amounted to € 31,223,329 (2002: € 97,061,718). The forward contracts will be renewed on a revolving basis as required.

Companies in the Group enter into various off-balance sheet financial instruments (derivatives) to manage balance sheet interest rate risk from time to time. The positions held by the Group as at the year end is an interest rate swap contract with a nominal value of € 3,000,000 (market value negative € 49,054) with a termination date on 13 August 2004.

34. Leasehold commitments

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

	2003	2002
	€000's	€000's
Amounts payable:		
within one year	3,887	5,290
more than one year and less than five years	11,672	15,684
more than five years	9,943	41,766
	<u>25,502</u>	<u>62,740</u>

The Company had no commitments under non-cancellable operating leases at 31 December 2003 (2002: € Nil).

Notes to the Financial Statements

for the year ended 31 December 2003 (continued)

35. Contingent assets & liabilities

	2003	2002
Group	€000's	€000's
Contingent asset:	11,464	–
This represents the deferred consideration loan notes due by Equity Trust Sarl.		
Contingent liability:		
Guarantees and other direct subtitles for credit	9,536	12,943

36. Segmental analysis

36.1 Concentration of credit risk and currency risk

The loans and advances to credit institutions and customers may be analyzed by sector and geographical region as follows:

	2003	2002
Group	€000's	€000's
Financial institutions	111,353	75,379
Other customers	147,900	158,062
Continuing operations	259,253	233,441
Discontinuing operations	–	24,284
	259,253	257,725
European Union	233,140	216,466
Rest of Europe	25,513	16,333
Other	600	642
Continuing operations	259,253	233,441
Discontinuing operations	–	24,284
	259,253	257,725

The total EURO equivalent of assets in foreign currencies is € 53,719,088 (2002: € 201,005,850) while the total EURO equivalent of liabilities in foreign currencies is € 26,360,745 (2002: € 143,789,177).

36.2 Net assets by region

Net assets, defined as shareholders' equity plus shareholders' convertible loan note, can be specified as follows:

	2003	2002
Group	€000's	€000's
European Union	33,103	26,378
Rest of Europe	6,029	17,210
Other	492	25,892
Continuing operations	39,624	69,480
Discontinuing operations	–	16,670
	39,624	86,150

36.3 Total assets by region

	2003	2002
Group	€000's	€000's
European Union	417,029	470,476
Rest of Europe	27,790	18,371
Other	27,427	9,031
Continuing operations	472,246	497,878
Discontinuing operations	–	75,493
	472,246	573,371

36.4 Total liabilities and minority interests by region

	2003	2002
Group	€000's	€000's
European Union	383,926	444,098
Rest of Europe	21,761	1,160
Other	26,935	(16,860)
Continuing operations	432,622	428,398
Discontinuing operations	–	58,823
	432,622	487,221

Notes to the Financial Statements

for the year ended 31 December 2003 (continued)

36.5 Tangible and intangible fixed assets acquired in the year by region

	2003	2002
Group	€000's	€000's
European Union	3,381	5,884
Rest of Europe	651	62
Other	1,373	—
Continuing operations	5,405	5,946
Discontinuing operations	1,764	11,439
	7,169	17,385

36.6 Impairment charge for the year by region

	2003	2002
Group	€000's	€000's
European Union	19,641	1,076
Other	187	2,316
Continuing operations	19,828	3,392
Discontinuing operations	—	—
	19,828	3,392

The impairment charge includes € 16,587,000 goodwill impairment and € 3,241,000 valuation adjustment on tangible fixed assets.

37. Group asset and liability management

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 conceptual support in order to ensure that this process is consistent and adequate for the environment in which we operate.

Specific expertise is provided by our Compliance Department, the Credit & Deal Committee and the Asset & Liability Committee who support executive management with managing respectively compliance risks, credit risks and market & liquidity risks.

An additional layer of comfort is provided by our internal audit who independently scrutinise the ongoing adequacy of this structure and report their findings directly to the Audit Committee who supervise our risk management and control systems on behalf of the Board.

Our risk profile towards our balance sheet is based on an ongoing assessment of the environment resulting in high liquidity, limited credit risk exposures and a healthy capital base as per the end of 2003. In addition, the Group has a policy to hedge all foreign currency exposures.

Other Information

List of significant investments

Direct Investments

Name	Registered office	Issued equity held %
Insinger de Beaufort Finance Sà rl	Luxembourg, Grand-Duchy of Luxembourg	100

Indirect investments

Name	Registered office	Issued equity held %
Bank Insinger de Beaufort NV	Amsterdam, The Netherlands	100
Bank Insinger de Beaufort Plc	London, United Kingdom	100
Insinger de Beaufort	London, United Kingdom	100
Insinger Asset Management AG	Zug, Switzerland	50
Insinger de Beaufort Asset Management NV	Amsterdam, The Netherlands	100
Insinger de Beaufort Holding BV	Amsterdam, The Netherlands	100
Insinger de Beaufort International Limited	St Helier, Jersey	100
Insinger de Beaufort Investments Limited	Tortola, British Virgin Islands	100
Insinger de Beaufort (Luxembourg) SA	Luxembourg, Grand-Duchy of Luxembourg	100
Insinger de Beaufort SA Genève	Geneva, Switzerland	100
Insinger de Beaufort (UK) Limited	London, United Kingdom	100
Reitsma & Wertheim & Partners BV	Amsterdam, The Netherlands	100

Non consolidated investments

Name	Registered office	Issued equity held %
Equity Trust Holdings Sà rl	Luxembourg, Grand-Duchy of Luxembourg	13.60

Post balance sheet date events

Proposal to amend the exercise price of warrants 2008 and to purchase warrants 2008

On 2 April 2004 the Company announced that it wishes to further improve the capital structure of the Company and to lower the Company's financing costs. It is envisaged that this will be achieved by inviting warrant-holders to exercise and/or sell their warrants to the Company and that the proceeds arising therefrom be applied towards the early repayment of the 9% Fixed Rate Unsecured Loan Notes 2008.

Only with respect to the first exercise period, which starts on 25 May 2004 and ends on 24 June 2004, the Company proposed to change the exercise price of the warrants from € 6.00 to € 4.60. The Company will procure that warrant-holders receive the ordinary share(s) in respect of the warrants exercised from the Company and/or one of its subsidiaries.

In addition to the amended exercise, the Company invited warrant-holders, who do not elect to exercise all or part of their warrants during the first exercise period, to sell (all or part of) their warrants to the Company at a price of € 1.45 per warrant during the first exercise period. Warrants so purchased by the Company will be cancelled.

All other terms and conditions of the warrants, including the exercise price of € 6.00 in respect of future exercise periods, will remain unchanged.

An extraordinary meeting of shareholders and warrant-holders has been scheduled on 26 April 2004 to approve these proposals. Undertakings to vote in favour of the proposals have been received in respect of:

- 6,771,246 ordinary shares, representing 65.5 % of the issued ordinary shares (excluding ordinary shares held in treasury); and
- 2,274,136 warrants, representing 69.5 % of the warrants (excluding warrants held in treasury).

The Company has received undertakings from warrant-holders, in respect of 2,274,136 warrants, whereby such warrant-holders will exercise their warrants in accordance with the terms of the amended exercise. This will result in an increase in shareholders' equity of approximately € 10.5 million.

Once the proposal has been approved and implemented, the Company will use the proceeds from the amended exercise to repay the 9% Fixed Rate Unsecured Loan Notes 2008 in the amount of € 10.4 million in full.

A proforma balance sheet as per 31 December 2003 with these movements taken into account is disclosed on page 70.

Pro-forma Group Balance Sheet

after the proposal made on 4 April 2004
(unaudited)

	2003	Adjustment for the Proposal	Proforma 2003
	€000's	€000's	€000's
Assets			
Cash and balances with central banks	25,223		25,223
Treasury bills	74,379		74,379
Loans and advances to credit institutions	111,353	972	112,325
Loans and advances to customers	147,900		147,900
Debt securities and other fixed income securities			
- issued by public bodies	19,386		19,386
- issued by other borrowers	21,144		21,144
Shares and other variable yield securities	4,271		4,271
Financial fixed assets	838		838
Intangible fixed assets	20,523		20,523
Tangible fixed assets	12,467		12,467
Other assets	25,843		25,843
Deferred Tax assets	8,919		8,919
Total assets	472,246	972	473,218
Liabilities			
Amounts owed to credit institutions	9,245		9,245
Amounts owed to customers	363,061		363,061
Loan notes and other long term debt	26,641	(9,489)	17,152
Other liabilities	33,576		33,576
Total liabilities	432,523	(9,489)	423,034
Capital resources			
Shareholders' equity	38,424	10,461	48,885
Shareholders' compulsory convertible loan note	1,200		1,200
Minority interests	99		99
	39,723	10,461	50,184
Total equity and liabilities	472,246	972	473,218
Off-Balance sheet items: contingent asset	11,464		11,464
Off-Balance sheet items: contingent liability	9,536		9,536

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