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ANNUAL REPORT 2008
INSINGER DE BEAUFORT HOLDINGS S.A.

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Directors and professional advisors

Insinger de Beaufort Holdings S.A.

Board of directors

Kardol, Bas Chairman resigned March 27, 2009

Kantor, Ian Executive Chairman

Sieradzki, Peter Chief Operating Officer

Mooij, Rob Chief Financial Officer

Georgala, Steven (Non-Executive)

Ernzer, Marcel (Non-Executive)

Jaakke, John (Non-Executive) appointed March 27, 2009

Legal advisors Luxembourg

Arendt & Medernach

Maitland & Co

Registered office and number

Insinger de Beaufort Holdings S.A.

58 Rue Charles Martel

L-2134 Luxembourg

INSINGER DE BEAUFORT HOLDINGS S.A.

Consolidated

Salient Features

	2008	2007	Change %
Results – continued operations			
Operating income (€ million)	0,6	1,4	(57%)
Operating profit (€ million)	0,1	1,1	(91%)
Profit before tax (€ million)	0,1	1,1	(91%)
Net result (€ million)	-	0,9	(100%)
Results – discontinued operations			
Operating income (€ million)	40,0	63,7	(37%)
Operating profit (€ million)	2,3	12,2	(81%)
Profit before tax (€ million)	2,3	12,7	(82%)
Net result (€ million)	3,0	(15,4)	(119%)
Per ordinary share – continued operations			
Diluted Earnings (€ cents) – continuing operations	(0.1)	6.5	(102%)
Dividends (€ cents)	-	22	(100%)
Per ordinary share – discontinued operations			
Diluted Earnings (€ cents) – discontinuing operations	21,3	(107,2)	(120%)
Balance sheet - continued			
Total assets (€ million)	477,1	514,4	(7%)
Shareholders' equity (€ million)	39,7	40,1	(1%)
Number of ordinary shares of € 2.00 each in issue (million)	13.5	13.2	2%
Other			
Assets under management (excluding fiduciary assets) (€ billion)	4,6	6.1	(25%)
Number of staff employed at year-end–discontinued operations	171	182	(6%)

Directors' Report

The past year has been an important year for The Insinger de Beaufort Group. As mentioned in the circular to shareholders of 5 March 2009, the Board had recognized that the Group needed to extend its service and product range and that its business would benefit from:

- the support of a shareholder with solid financials and strong ratings;
- a facilitated access to funding capacities in order to develop competitive treasury and credit products, including deposits and integrated mortgage products;
- access to a broad range of financial products and services; and
- an enlarged client base.

The Board therefore chose to seek a prominent partner with whom to share the significant synergies of management, competence, scale, product and markets. Assisted by external corporate finance advisors, discussions were held with selected parties who were considered potentially to be appropriate partners for the Group and offers were received from such parties. After careful consideration, the Board resolved that it would be in the best interest of the Company, the Group and its stakeholders to accept the offer of BNP Paribas Wealth Management S.A. ("BNPWM", formerly; BNP Paribas Private Bank S.A.). The resulting transaction, a strategic partnership between BNPWM and Insinger de Beaufort, was announced on 1 August 2008 in a joint press release. As part of this transaction, BNPWM would acquire a 35% interest in Insinger de Beaufort Holding B.V., the immediate holding company of Bank Insinger de Beaufort N.V. for a goodwill consideration of EUR 60.525 million. In parallel, BNPWM would contribute its Dutch subsidiary, Nachenius Tjeenk & Co N.V., and its London based private banking activities, BNPWM UK, to Bank Insinger de Beaufort N.V., together with a contribution of additional share capital and the provision of a subordinated facility to Bank Insinger de Beaufort N.V. As a result, the indirect shareholding which the Company has in Insinger de Beaufort Holding B.V. would reduce to approximately 38%. As a consequence these operations have been classified as discontinued operations in the 2008 financial statements of the Company. More details on the impact of the strategic partnership are described in the circular to shareholders. As announced on 10 April 2009 a substantial part of the transaction creating the strategic partnership has been completed and the Company now holds, through its subsidiary IdB Finance S.à.r.l, an interest of 42% in Bank Insinger de Beaufort N.V.

Results

The Group reports a net profit of €3.0 million for 2008 compared to a loss of €14.6 million (which included a loss on discontinued operations of €15.5 million) for 2007. The financial figures of the discontinued operations are reported separately from the continued operations. As the completion of the strategic partnership with BNP Paribas takes place in 2009, the result of this transaction will be booked in the financial year 2009.

Review of the discontinued operations for 2008

Consolidated results

(million euros)	2008	2007
Operating income – discontinued operations	40.1	63.7
Operating profit – discontinued operations	2.3	12.2
Profit before tax – discontinued operations	2.3	12.7

Due to the extreme market circumstances in 2008 fee and commission income together with performance fees declined significantly compared to 2007. The reported operating income amounted to €40.1 million in 2008 compared to €63.7 million in 2007. Operating profit in 2008 was €2.3 million compared to € 12.2 million in 2007.

Assets under management as at 31 December 2008 amounted to €4.6 billion compared to €6.1 billion as at 31 December 2007⁽¹⁾. The decrease was mainly caused by an overall decrease in market value. Net inflow of new assets in Private Banking was offset by a net outflow in Asset Management. This resulted in a net outflow of assets in 2008 of €75 million.

The number of employees for the discontinued operations decreased from 182 to 171.

Private Banking

Operating income

Operating income was impacted by the severe market circumstances in 2008 and amounted to €22.1 million compared to €32.7 million for 2007. Assets under management decreased by €807 million from €4,173 million as at 31 December 2007 to €3,366 million as at 31 December 2008. This 19% decrease is entirely accounted for by market depreciation, while the deconsolidation of the assets under management of the Italian operations was offset by a 3% net inflow of new assets from clients.

Despite these difficult market circumstances the unit was able to retain its existing client base and to attract new clients with asset inflows.

Main developments

The operating income of the Domestic Private Banking activities in The Netherlands was impacted by the severe market circumstances and although costs were able to be contained, the operating profit was considerably lower compared to 2007.

The UK-based International Private Banking unit managed largely to sustain its operating income and operating profit levels in 2008 compared to 2007. This is an excellent achievement in these difficult markets.

Although the investment results on the managed portfolios were impacted by the general down turn in the markets, the relative performance of the different managed portfolio models was good adjusted for their risk profile.

The Italian branch is in the process of creating a combination with local partners in which the Company will retain a minority stake. As part of the implementation of this strategy and as announced on 2 April 2009, the activities of the Italian branch in their current form will be discontinued and the branch's asset management and broking activities will be transferred to a newly formed company, which will be a subsidiary of IdB Finance S. à .r.l.

Asset Management

Operating income

The Asset Management unit has also been significantly impacted by the down turn in the markets. The operating income amounted to €13.0 million for 2008, compared to €27.3 million for 2007. Lower management and performance fees accounted for the decrease. The past year saw a decrease in assets under management of €681 million of which €513 million was due to decline in market value. The total assets under management amounted to €1,248 million as at 31 December 2008 compared to €1,928 million as at 31 December 2007.

Main developments

The Asset Management division suffered from the down turn in the equity markets and the general trend of retail investors redeeming their holdings in investment funds.

Although the decrease in operating income was partly setoff by lower expenses, the operating profit for 2008 was considerably lower compared to 2007.

Despite the difficult market for real estate in general, our real estate fund once again limited the downside through successful hedging, and significantly outperformed its peers. The fund has now been nominated for a Morningstar award for the second year in a row (award was announced on 7 March). Our European Bond fund received the Lipper award for the best performing European Bond Fund over the three years to 31 December 2008. Our Equity Income fund's defensive characteristics also enabled it to significantly outperform its peers over the year. Conditions in the small cap environment remained harsh and the performance of our Alchemy fund lagged.

Development in support areas

In 2008 the support units managed to reduce the costs in all areas.

Insinger de Beaufort Holdings S.A. Annual report 2008

Board composition

On 27 March 2009 Mr. J.J. Jaakke, who has been associated with the Group for many years as a supervisory board member of Bank Insinger de Beaufort N.V., was appointed as non-executive member of the board and at the same date Mr B. Kardol stepped down as chairman of the board.

In the many years that mr Kardol has been associated with the Group he has consistently demonstrated a high level of commitment to the Company and through his extensive knowledge and experience has made an important contribution to the development of the Company. The Board thank Mr Kardol for this valuable contribution.

Dividends and earnings per share

Basic earnings for 2008 were € 0.225 per share. On a fully diluted basis earnings were € 0.212 per share. The circular to shareholders contains a proposal to return surplus funds to shareholders. In light of this no proposal will be made for a dividend payment.

Outlook

After full implementation of the strategic partnership with BNP Paribas Wealth Management S.A., the Group will retain an approximately 38% stake in the combined business. In the circular to shareholders more detailed information is provided on the strategic partnership.

Gratitude to staff

The Board acknowledges the contribution to the development of the Group made by everyone associated with the Group and in particular we thank management and staff of Insinger de Beaufort for their commitment and enthusiasm that is central to the success of the Group.

29 April 2009

Ian Kantor

On behalf of the directors

Statement of the CEO and CFO

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

To the best of our knowledge, the financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union ("IFRS"), give a true and fair view of the assets, liabilities, financial position and the profit of the Company and the undertakings included in the consolidation taken as a whole. The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole.

The independent auditor is required to confirm that the financial statements are prepared in accordance with IFRS.

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

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

Such controls are based on established policies, and procedures are reinforced by appropriate risk management forums and processes. Internal controls are developed to ensure that their cost do not exceed their benefit. The controls are implemented by suitably qualified personnel with appropriate level of 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. The directors are not aware of indications that the internal risk and control systems are not adequate or not effective.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Company will not continue as a going concern until the next reporting date. The financial statements have been prepared by the Board of Directors. The financial statements, which appear on pages 13 to 95, were signed by the directors on 29 April 2009 and authorised for issue,

Ian Kantor
Chief Executive Officer

Rob Mooij
Chief Financial Officer

Independent Auditor's report

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

Report on the parent company financial statements and consolidated financial statements

We have audited the accompanying parent company financial statements of Insinger de Beaufort Holdings S.A. and consolidated financial statements of Insinger de Beaufort Holdings S.A. and its subsidiaries (the "Group") which comprise the parent company balance sheet and consolidated balance sheet as of December 31, 2008, the parent company and consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on these parent company financial statements and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the parent company financial statements and consolidated financial statements are free from material misstatement.

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

Board of Directors, as well as evaluating the overall presentation of the parent company financial statements and consolidated financial statements.

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

Opinion

In our opinion:

- the accompanying parent company financial statements present fairly, in all material respects, the financial position of Insinger de Beaufort Holdings S.A. as of December 31, 2008, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2008, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers S.à r.l.

Luxembourg, 29 April 2009

Réviseur d'entreprises

Represented by

Philippe Sergiel

Five-year summary***Consolidated**

EURO	2008** € '000	2007 € '000 restated	2007 € '000	2006 € '000	2005* € '000	2004* € '000
Results						
Operating income (€ million) – continuing	0,6	1.4	68.1	69.0	81.9	75.4
Operating profit (€ million) – continuing	0.1	1.1	11.9	14.4	3.9	3.0
Profit before tax (€ million) – continuing	0.1	1.1	12.4	14.4	8.8	2.3
Net result (€ million)	3.1	(14.5)	(14.5)	7.4	9.1	2.7
Per ordinary share						
Diluted earnings (eurocents) - continuing	(0.1)	6.5	6.5	65.5	65.7	22.6
Dividends (eurocents)	-	22.0	22.0	22.0	18.0	12.0
Balance sheet						
Total assets (€ million)	477.1	514.4	459.5	437.4	407.6	370.4
Shareholders' equity (€ million)	39,7	40.1	40.1	56.4	53.0	49.2
Number of ordinary shares of €2.00	13.5	13.2	13.2	12.9	12.9	12.9
Other						
Assets under management (excluding fiduciary assets) (€ billion)	4.6	6.1	6.1	6.3	5.3	4.9
Number of staff employed at year-end ¹	171	182	182	235	340	436

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

** The financial figures of 2008 represent the continued activity of Insinger de Beaufort Holdings SA. The figures of the discontinued operations are reported separately.

¹ For 2007 and 2008 the Italian operations and the Corporate and Institutional business are excluded

**Financial Statements
for the year 31 December 2008**

Consolidated profit and loss account for the year ended 31 December 2008

	Note	2008 € '000	2007 € '000
Interest income		1,614	1,614
Interest expense		(986)	(766)
Net interest income	7	628	848
Fee and commission income		-	-
Fee and commission expense		-	-
Net fee and commission income		-	-
Gains financial assets held for trading		-	-
Other operating income	8	(31)	591
Operating income		597	1,439
Personnel costs	9	(9)	(8)
Other operating expenses	10	(439)	(298)
Operating profit		149	1,133
Share of profits from associates		-	-
Profit before taxation		149	1,133
Taxation	11	(163)	(186)
(Loss)/Profit for the year from continuing operations		(14)	947
Profit/(Loss) for the year from discontinued operations	6	3,029	(15,511)
Net profit/(loss) for the year		3,015	(14,564)
 EARNINGS PER SHARE	23		
Basic earnings per share – continuing (in cents)		(0.1)	7.3
Diluted earnings per share – continuing (in cents)		(0.1)	6.5
Dividend per share (in cents) ¹		-	22.0

The notes on pages 20 to 92 are an integral part of these financial statements

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

Consolidated balance sheet as at 31 December 2008
(after appropriation of result)

	Notes	2008	2007
		€ '000	€ '000
Assets			
Loans and advances to credit institutions	12	6	6
Investment securities:			
- available-for-sale	13	12,120	11,436
Loans and advances to customers	14	25,500	18,923
Intangible assets	15	-	227
Other assets	16	242	6,269
Assets held for sale	6	439,202	477,522
Total assets		477,070	514,383
Liabilities			
Loan notes and other long-term debt	17	252	309
Loan notes and other short-term debt	18	9,829	7,329
Other liabilities	19	715	1,455
Current income tax liabilities	20	1,610	2,269
Liabilities held for sale	6	424,920	462,969
Total liabilities		437,326	474,331
Capital resources			
Shareholders' equity		37,681	37,989
Shareholders' compulsory convertible loan note	21	2,063	2,063
		39,744	40,052
Total equity and liabilities		477,070	514,383
Off Balance sheet items: contingent assets	22	11,464	11,464
Off Balance sheet items: contingent liabilities	22	3,037	3,270

The notes on pages 20 to 92 are an integral part of these financial statements

**Consolidated statement of changes in equity
for the year ended 31 December 2008**

	Shares net of treasury shares	Attributable to shareholders								Total
		Share Capital	Share premium	Revaluation reserves	Translation reserve	Other reserves	Treasury shares reserve	Subtotal	Compulsory convertible loan note	
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2007	12,889,297	26,771	10,231	(1,133)	(8,216)	45,646	(18,933)	54,366	2,063	56,429
Dividend						(2,849)		(2,849)		(2,849)
Net gains from changes in fair value, net of tax				225				225		225
Employee share option plan: -equity settled share based payment plan, net of tax						481		481		481
-proceeds from options exercised	195,705	392	722					1,114		1,114
Translation adjustments and other movements, net of tax						(813)		(813)		(813)
Movement minority interest, net of tax					(559)			(559)		(559)
(Purchases)/Sales of treasury shares ¹	67,979					(858)	1,446	588		588
Net loss						(14,564)		(14,564)		(14,564)
Balance at 31 December 2007	13,152,981	27,163	10,953	(908)	(8,775)	27,043	(17,487)	37,989	2,063	40,052

The notes on pages 20 to 92 are an integral part of these financial statements

¹ See note 24

**Consolidated statement of changes in equity
for the year ended 31 December 2008**

	Shares net of treasury shares	Attributable to shareholders							Compulsory convertible loan note	Total
		Share Capital	Share premium	Revaluation reserves	Translation reserve	Other reserves	Treasury shares reserve	Subtotal		
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2008	13,152,981	27,163	10,953	(908)	(8,775)	27,043	(17,487)	37,989	2,063	40,052
Dividend						(2,946)		(2,946)		(2,946)
Net gains from changes in fair value, net of tax				(94)				(94)		(94)
Employee share option plan:										
-equity settled share based payment plan, net of tax						658		658		658
- cash settled share based payment plan, net of tax						(133)		(133)		(133)
-proceeds from warrants exercised	237,259	475	949					1,424		1,424
Translation adjustments and other movements, net of tax	(3)				7,902	(8,330)		(428)		(428)
Sales/(Purchases) of treasury shares ¹	122,652					(8,754)	6,950	(1,804)		(1,804)
Net profit						3,015		3,015		3,015
Balance at 31 December 2008	13,512,889	27,638	11,902	(1,002)	(873)	10,553	(10,537)	37,681	2,063	39,744

The notes on pages 20 to 92 are an integral part of these financial statements

¹ See note 24

Consolidated statement of cash flow:

	Notes	2008 €'000	2007 €'000
Cash flows from operating activities			
Net result		3,015	(14,564)
Adjustment for:			
Result discontinued operations		(3,029)	15,511
Taxation	11	163	186
Impairment charges	15	227	1,315
Interest on equity trust loan notes		(684)	(614)
Share-based compensation		658	481
<i>Net cash inflow from operating activities before changes in operating assets and liabilities</i>		350	2,314
Decrease/(Increase) in operating assets:			
Loans and advances to credit institutions		-	442
Loans and advances to customers		(6,577)	7,120
Other assets		8,943	(5,332)
(Decrease)/Increase in operating liabilities:			
Other liabilities		(1,514)	(1,286)
<i>Net cash inflow from operating activities before payment of taxation</i>		1,202	3,258
Taxation (paid)		(48)	(124)
<i>Net cash inflow from operating activities after payment of taxation</i>		1,154	3,134
Cash flows from investing activities			
Purchase of Equity Trust loan notes		-	(1,021)
Purchase of investment securities		-	(44)
<i>Net cash inflow / (outflow) from investing activities</i>		0	(1,065)

		2008	2007
		€'000	€'000
Cash flows from financing activities			
Dividends paid		(2,946)	(2,849)
Warrant exercise	27	1,424	-
Share issue		-	300
Intragroup cash settlement of share options		(133)	-
Treasury shares		(1,804)	588
Accrued Interest on loan notes		(57)	(52)
Short term loan	18	2,500	-
Net cash inflow / (outflow) from financing activities		(1,016)	(2,013)
Net increase / (decrease) in cash and cash equivalents		138	56
Cash and cash equivalents at beginning of year		-	-
Net increase / (decrease) in cash and cash equivalents		138	56
Exchange differences		(138)	(56)
Cash and cash equivalents at end of year		-	-
*Cash flows from operating activities include:			
Interest received		930	1,000
Interest paid		(815)	(613)
Dividends received		-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2008

1. General

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

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

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

2. Summary of significant accounting policies

2.1 General

The Financial Statements of the Company and the Group have been prepared in accordance with IFRS and issued and effective for the annual report beginning January 1, 2008. The accounting policies for the Company and the Group are the same.

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

- IFRS 7 Financial Instruments: Disclosures and the complementary amendment to IAS 1: Capital disclosure. This standard and amendment introduce new disclosures relating to financial statements and does not have any impact on the classification and valuation of the Group's financial instruments.

- IFRIC 10 Interim financial reporting and impairment. Prohibits the impairment losses recognized in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the group's financial statements.

- IFRIC 11, IFRS 2 – Group and treasury share transactions. This interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as

Insinger de Beaufort Holdings S.A. Annual report 2008

equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's financial statements.

The following IFRS and IFRIC interpretations were issued with an effective date for financial periods beginning on or after 31 December 2008. The Group has chosen not to early adopt these standards and interpretations:

- IFRS 2 (amendment) Share-based payments, vesting conditions and cancellations. This amendment is effective for financial years beginning on or after 1 January 2009. The amendment restricts the definition of vesting condition to a condition that includes an explicit or implicit requirement to provide services. The Group does not anticipate any significant impacts on its financial statement.

- IFRS 3R (amendment) Business combination. This standard is applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This amendment introduces a number of changes in accounting for business combinations that will impact the amount of goodwill to be recognized, accounting for step-acquisitions and the treatment of contingent consideration. In addition all acquisition related costs will be required to be expensed at the time the services are received. As a consequence, future acquisitions of subsidiaries will be accounted differently from the past ones.

- IFRS 5 (amendment) Non-current assets held for sale and discontinued operations (effective from 1 July 2009) . The amendment clarifies all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. The Group will apply the IFRS 5 (amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

- IFRS 8 Operating Segments. This standard is to be applied for annual periods beginning on or after 1 January 2009. This standard requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary and secondary reporting segments of the Group.

- IAS 1R (amendment) Presentation of financial statements, effective from 1 January 2009 . The revision is aimed at improving users' ability to analyze and compare the information given in financial statements. In case an entity restates or reclassifies comparative information, it will be required to present a restated balance as at the beginning comparative period in addition to the current requirement to present a balance sheet at the end of the current and comparative period.

- IAS 23R (amendment) Borrowing costs. This amendment is to be applied for annual periods beginning on or after 1 January 2009. It eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. As a Group current policy is to capitalize borrowing costs, the Group does not anticipate any significant impacts on its financial statements.

-IAS 28 (amendment) Investments in associates. The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment

- IAS 27R (amendment) Consolidated financial statements. This amendment is applicable for annual periods beginning on or after 1 July 2009 and must be adopted simultaneously with the adoption of IFRS 3R. The revised IAS 27 will require entities to account for changes in the ownership of a subsidiary, which does not result in the loss of control, as an equity transaction and therefore will not give rise to a gain or loss in income. In addition losses incurred by a subsidiary will be required to be allocated between the controlling and non-controlling interests, even if the losses exceed the non-controlling equity investment in the subsidiary. Finally, on loss of control of a subsidiary entities will be required to re-measure to fair value any retained interest, which will impact the gain or loss recognised on the disposal linked to the loss of control. As a consequence, future acquisitions of subsidiaries will be accounted differently from the past ones.

- IAS 32 (amendment) and IAS 1 (amendment) Financial instruments puttable at fair value and obligations arising on liquidation. These amendments are applicable for annual periods beginning on or after 1 January 2009 and will not have any impact for the Group.

- IAS 36 (amendment) Impairment of assets (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

- IAS 38 (amendment), Intangible assets (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The group will apply the IAS 38 (amendment) from 1 January 2009.

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IAS 39(Amendment), 'Financial instruments: Recognition and measurement'(effective from 1 January 2009).

- This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge

- The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.

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

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

- IFRIC 14 IAS 19 amendment .The limit on a defined benefit asset, minimum funding requirements and their interaction. This interpretation is to be applied for annual periods beginning on or after 1 January 2009. The interpretation addresses how to assess the limit under IAS 19 Employee Benefits, on the amount of the surplus that can be recognised as an asset, in particular, when a minimum funding requirement exists. This standard will not have any impact on the Group's financial statements.

- IFRIC 15 Agreements for construction of real estates (effective from 1 January 2009). The interpretation clarifies whether IAS 18 Revenue, or IAS 11 Construction contracts should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions. IFRIC 15 will not have any impact on the Group's financial statements.

- IFRIC 16 Hedges of a net investment in a foreign operation (effective from 1 October 2008). IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do

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apply to the hedged item. The group will apply IFRIC 16 from 1 January 2009. It is not expected to have a material impact on the group's financial statements.

2.2 Accounting convention

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

2.3 Principles of consolidation

The Consolidated Financial Statements comprise Insinger de Beaufort Holdings S.A., its subsidiaries and companies over which it has power to control. The list of significant subsidiaries and Group companies is disclosed in 'Other Information' on page 93 . Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

2.4 Comparison with prior year

The comparative figures have been restated to reflect the split between continued and discontinued operations. In total there is no effect on equity and profit & loss, however the presentation was adjusted.

2.5 Revenue recognition

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

Net interest revenues

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment

options) but does not consider future credit losses. The calculation includes all fees and interest basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees and commissions

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

2.6 Goodwill

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

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

Goodwill is presented under intangible assets.

2.7 Foreign currency translation

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

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

Transactions arising in foreign currencies are translated into the functional currency at the spot exchange rate at the date of transaction. Monetary assets and liabilities denominated

in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Resulting gains or losses are recognised in the profit and loss account.

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

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

2.8 Financial assets

The Group classifies its financial assets in the following categories:

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

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

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

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

Management determines the classification of its securities at initial recognition.

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

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

ad. III - Loans and advances

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

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

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

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

Derecognition of financial assets

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

2.9 Financial liability

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

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

2.10 Impairment of financial assets

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

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

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

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

- delinquency in contractual payment of principal or interest;
- cash flow difficulties experience by the borrower;
- breach of loan covenants or conditions;

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- initiation of bankruptcy proceedings;
- deterioration of the borrower's competitive position;
- deterioration in the value of collateral; and
- downgrading below investment grade level.

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

2.11 Tangible assets

The valuation principles for tangible assets are as follows:

Leasehold improvements

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

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

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

The following rate is applied:

Leasehold improvements 10.0%

Other tangible fixed assets

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

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

The following rates are applied:

Furniture and fixtures 10.0% - 20.0%

Computer equipment 20.0% - 33.3%

2.12 Shares in subsidiary undertakings

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

The company recognises income from the investment only to the extent that the company receives distributions from accumulated profits of the subsidiary arising after the date of

acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the company.

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

2.13 Interest in associates

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

2.14 Taxation

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

2.15 Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The tax effects of income tax losses available for carry forward are only recognised as an asset when it is probable that future taxable profits will be available to compensate for those losses. Deferred income tax is recognised in full.

2.16 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds

net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

2.17 Provisions and contingent liabilities

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

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

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

2.18 Compulsory convertible loan notes

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

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

2.19 Shareholders' equity

a) Share capital

Share capital consists of paid up capital.

b) Share premium

Share premium consists of premium contributions upon issue of shares.

- c) Revaluation reserve
The revaluation reserve represents unrealised differences, net of deferred taxation, on the revaluation of available-for-sale assets.
- d) Translation reserves
Reference is made to note 2.7 foreign currency translation
- e) Other reserves
Other reserves comprise retained earnings.
- f) Minority interest
Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. The minority interest is included in equity, but separate from Group equity.
- g) Treasury shares
Where the Company or other members of the Group purchases the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. The Company uses the cost method, which means that Treasury shares will not be revaluated when in treasury.
- h) Dividends
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the note dividends.

2.20 Earnings per share

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

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

2.21 Derivative financial instruments

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

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

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

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

2.22 Employee benefits

a) Pension obligations

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

b) Share-based payments

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

The Group issues equity-settled and cash-settled share-based payments to certain employees. Share-based payments are measured at fair value at the date of grant. The fair

value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Cash-settled share-based payments are revalued periodically through the profit and loss account and recorded as a liability on the balance sheet.

The fair values of the share-based payments have been determined by using an option-pricing model. This model takes the risk free interest rate into account, as well as the expected life of the options granted, the exercise price, the current share price, the expected volatility and the expected dividends.

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

2.23 Cash flow statement

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

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

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

2.24 Leasing

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

2.25 Fiduciary activities

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

2.26 Segment reporting

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

2.27 Assets/liabilities held for sale

This represents the assets/liabilities of discontinued activities, which are sold within 1 year. The assets and liabilities held for sale are recorded based on the same accounting policies applied as for the Group.

3. Accounting estimates

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

a) Impairment losses on loans and advances

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

b) Litigation

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

c) Fair value of financial assets and liabilities

Fair value of financial assets and liabilities is determined using quoted market prices. For certain financial assets and liabilities fair value is determined using valuation techniques. Models are subjective in nature and significant judgment is involved in establishing fair values for financial assets and liabilities. Estimates are mainly made in the valuation of the Equity Trust Holdings S.à.r.l loan notes. Reference is made to note 6.14.

d) Estimated impairment of goodwill

The Group tests at least on an annual basis whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. These calculations require the use of estimates. If the estimated gross margin had been 10% lower or the pre-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates, the Group would also not have recognised an impairment.

- e) Estimated net proceeds from discontinued operations

See note 6.

- f) Deferred tax asset

Deferred tax assets arise mainly from tax losses that can be carried forward to be utilized against profits in future years. The level of deferred tax asset recognition is influenced by management's assessment of the future profitability. At each balance sheet date, existing assessments are reviewed and, if necessary, revised to reflect changed circumstances. At 31 December 2008, recognized deferred tax assets amount to € 11,557,000 (2007: € 6,936,000)

4. Financial risk management

4.1 General

This note relates to the discontinued operations of the Group. The continued operations of the Group are limited to the holding of minority participations. The risk as such are to be considered minimal. The real business is included in the discontinued part. The risk management process of the discontinued operations of the Group is fostered through a formal substructure in which executive management is made responsible for ensuring that risks and controls are addressed in each of their operations. Our risk management department provides them with support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the Group.

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

Overlaying this process our internal audit independently monitors the ongoing adequacy and execution of this structure. They report their findings to responsible management and directly to the Audit Committee, which oversees our risk management and control systems on behalf of the Supervisory Board of Bank Insinger de Beaufort N.V.

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

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

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

4.2 Credit risk

The credit policy of the Group is to extend credit on the basis of sufficient liquid collateral. This collateral is mostly comprised of listed securities with sufficient liquidity or mortgages on private residential property. The policy on the level of required collateral coverage is determined by the Group's Risk Committee. In general the maximum collateral value applied to a mixed portfolio of listed securities is not more than 60%. For mortgage loans the collateral value applied is in general a maximum of 75% of the stress value.

Collateral values are monitored daily against the outstanding loans. Loan facilities provided on the basis of liquid securities are uncommitted and can be withdrawn on short notice. Undrawn amounts of loan facilities are immediately revocable.

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

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

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

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

	2008 €'000	2007 €'000
Discontinued		
Financial institutions	68,864	140,172
Others	<u>139,533</u>	<u>165,188</u>
	208,397	305,360
European Union	161,323	244,260
Rest of Europe	10,019	14,134
Other	<u>37,055</u>	<u>46,966</u>
	208,397	305,360

The maximum exposure in respect of credit risk is recorded on the balance sheet.

4.3 Geographical concentration of assets and liabilities

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

At 31 December 2008	Total assets €'000	Total liabilities €'000	Off balance contingent assets €'000	Off balance contingent liabilities €'000	Operating income €'000	Capital expenditure €'000
European Union	390,717	331,445	11,464	3,037	38,745	504
Rest of Europe	9,991	55,872			150	
Other	38,367	37,604			1,164	13
Share of associates	347					
Total	439,422	424,921	11,464	3,037	40,059	517

At 31 December 2007	Total assets €'000	Total liabilities €'000	Off balance contingent assets €'000	Off balance contingent liabilities €'000	Operating income €'000	Capital expenditure €'000
European Union	333,406	300,211	11,464	3,270	59,622	266
Rest of Europe	17,406	12,305			198	
Other	126,530	150,453			3,812	19
Share of associates	351					
Total	477,693	462,969	11,464	3,270	68,132	285

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

4.4 Market risk

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

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

The one-day VAR is calculated with a confidence level of 99%. The average daily VAR during 2008 was € 8,319 (2007: €8,149) and the maximum at any one-day during the year was € 15,584 (2007: €42,804).

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

4.5 Currency risk

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

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

At 31 December 2008	EUR €'000	GBP €'000	USD €'000	CHF €'000	ZAR €'000	Other €'000	Total €'000
Assets							
Cash and balances with central banks	35,602						35,602
Treasury bills	139,357						139,357
Loans and advances to credit institutions	54,173	79	8,379	446	4,987	799	68,864
Trading securities	131						131
Derivative financial instruments							
Investment securities:							
- available-for-sale	14,862	1	117		202		15,182
- held-to-maturity							
Loans and advances to customers	134,763	9,492	(19,334)	13,645	741	227	139,533
Tangible fixed assets	1,356	402			26		1,784
Intangible assets	11,211	204					11,415
Investments in associates	347						347
Deferred tax assets	11,557						11,557
Current income tax receivable	97						97
Other assets	14,859	(50)	533	124	90	(104)	15,552
Total assets	418,315	10,129	(10,204)	14,216	6,046	922	439,422
Liabilities							
Financial liabilities held for trading	546						546
Amounts owed to credit institutions	10,131	(20,867)	13,204	15,743	(186)	(11,254)	6,772
Amounts owed to customers	269,677	32,076	18,993	(1,947)	5,709	12,158	336,666
Loan notes and other long-term debt	65,260						65,260
Loan notes short-term							
Other liabilities	55,898	1,395	(42,475)	168	17		15,003
Current income tax liabilities	693				(19)		674
Total liabilities	402,205	12,794	(10,141)	13,964	5,532	918	424,921
Net on balance sheet position	16,110	(2,665)	(64)	252	514	4	14,501
Off balance sheet items: contingent assets	11,464						11,464
Off balance sheet items: contingent liabilities	2,850		108		79		3,037
At 31 December 2007							
Total assets	493,654	37,794	(84,930)	852	6,538	23,785	477,693
Total liabilities	474,255	44,818	(85,887)	498	5,509	23,776	462,969
Net on balance sheet position	19,399	(7,024)	957	354	1,029	9	14,724
Off balance sheet items: contingent assets	11,464						11,464
Off balance sheet items: contingent liabilities	2,816	350			104		3,270

4.6 Liquidity risk

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

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

Table: liquidity risk

At 31 December 2008	Up to 1 month €'000	1-3 months €'000	3-12 months €'000	1-5 years €'000	Over 5 years €'000	Not allocated ¹ €'000	Total €'000
Assets							
Cash and balances with central banks	35,392	210					35,602
Treasury bills		89,617	49,740				139,357
Loans and advances to credit institutions	67,361	1,503					68,864
Trading securities						131	131
Derivative financial instruments							
Investment securities							
- available-for-sale					14,493	689	15,182
- held-to-maturity							
Loans and advances to customers	90,155		1,137	31,104	17,137		139,533
Tangible fixed assets						1,784	1,784
Intangible assets						11,415	11,415
Investments in associates						347	347
Deferred tax assets						11,557	11,557
Current income tax receivable						97	97
Other assets						15,552	15,552
Total assets	192,910	91,330	50,877	31,103	31,630	41,570	439,422
Liabilities							
Financial liabilities held for trading						546	546
Amounts owed to credit institutions	6,772						6,772
Amounts owed to customers ²	97,575	183,681	55,771	(360)			336,667
Loan notes and other long-term debt				65,260			65,260
Loan notes short-term							
Other liabilities						15,003	15,003
Current income tax liabilities						674	674
Total liabilities	104,347	183,681	55,771	64,900		16,223	424,921
Net liquidity position	88,563	(92,351)	(4,893)	(33,797)	31,630	25,349	14,501
At 31 December 2007							
Total assets	290,135	37,127	38,690	7,093	26,203	78,444	477,693
Total liabilities	297,565	66,412	10,082	65,620	309	22,980	462,969
Net liquidity position	(7,430)	(29,285)	28,608	(58,527)	25,894	55,464	14,724

1) Relates mainly to non-interest bearing securities

2) History shows that amounts owed to customers recorded up to 1 month are not claimed on demand.

5. Related parties

Remuneration of key personnel

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

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

	2008	2007
	€'000	€'000
Non-Executive	58	58
Executive	1,225	1,326
	1,283	1,384
At 31 December advances made to directors amount to:	5,658	3,727

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

The Group has issued various call options to the directors and staff. One option gives the right to acquire one share in Insinger de Beaufort Holdings S.A. at the respective price.

As at 31 December 2008 the directors of the Company held 403,680 options (2007: 403,680) with exercise prices varying between €5.35 and €7.88 (2007: €5.35 and €7.88) and with exercise period expiring from 25 October 2008 through to 25 November 2009.

During the year no options (2007: nil) were granted and 46,172 options (2007: 46,172) have been exercised by the directors, and all completed at the day of completion of the transaction with BNP Paribas.

In 2007 and 2008 the Group has granted some key personnel share-based compensation arrangements. See note 26 for details.

Some key personnel provided funding to the Group by way of a subordinated loan (note 18) and a shareholders' compulsory convertible loan note (note 21).

Company

The following related party transactions are identified for the company:

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

Refer to company notes for further details.

6. Discontinued operations

As announced on 1 August 2008 in a joint press release, BNP Paribas Wealth Management S.A. and Insinger de Beaufort Holdings SA have concluded a strategic partnership. As a result, the indirect shareholding Insinger de Beaufort Holdings SA has in Insinger de Beaufort Holding B.V., the immediate parent company of Bank Insinger de Beaufort N.V, will reduce to approximately 38%. Therefore these operations have been classified as discontinued operations .

Insinger de Beaufort Holding B.V. includes activities which classifies as discontinued operations. These consist of the UK Corporate and Institutional business and our Italian operations. The comparative figures are restated accordingly.

Bank Insinger de Beaufort N.V. is in well-advanced discussions with local partners in respect to the activities of its Italian Branch. This includes the potential transfer of the activities of the branch to a vehicle in which Bank Insinger de Beaufort N.V. will hold a minority stake. As part of the implementation of this strategy and as announced on 2 April 2009, the activities of the Italian branch in their current form will be discontinued and the branch's asset management and broking activities will be transferred to a newly formed company, which will be a subsidiary of IdB Finance S. à .r.l.

The profit & loss from discontinued activities follow below:

	Notes	2008 €000's	2007 €000's
Interest income		18,343	17,673
Interest expense		(14,935)	(14,476)
Net interest income	6.3	3,408	3,197
Fee and commission income		42,192	65,624
Fee and commission expense		(10,220)	(15,454)
Net fee and commission income	6.4	31,972	50,170
Gains financial assets held for trading		46	-
Other operating income	6.5	4,633	10,305
Operating income		40,059	63,672
Personnel costs	6.6	(19,861)	(27,614)
Redundancy expense	6.7	(162)	(661)
Impairment charges	6.16	(234)	-
Amortisation of intangible assets	6.16	(242)	(189)
Depreciation	6.17	(330)	(448)
Other operating expenses	6.8	(16,930)	(22,586)
Operating profit		2,300	12,174
Income on sale of subsidiaries	6.2	-	504
Share of profits from associates		(4)	4
Profit before taxation		2,296	12,682
Taxation	6.9	(369)	(1,684)
Profit/(loss) for the year from continued operations		1,927	10,998
Profit/(loss) for the year from discontinued operations	6.1	1,161	(26,420)
Net profit/(loss) for the year		3,088	(15,422)
Attributable to:			
Equity holders of the parents		3,029	(15,511)
Minority interest		59	89
Net profit/(loss) for the period		3,088	(15,422)
EARNINGS PER SHARE			
Basic earnings per share (in cents)		22.6	(119.6)
Diluted earnings per share (in cents)		21.3	(107.2)

The balance sheet for the discontinued activities follows below:

		2008	2007
		€000's	€000's
Assets			
Cash and balances with central banks	6.10	35,602	7,933
Treasury bills	6.11/6.14	139,357	67,405
Loans and advances to credit institutions	6.12	68,864	140,172
Trading securities	6.14	131	125
Derivative financial instruments	6.23	-	299
Investment securities:			
- available for sale	6.14	15,182	14,467
- held to maturity	6.14	-	39,844
Loans and advances to customers	6.13	139,533	165,188
Investment in associates	6.15	347	351
Intangible assets	6.16	11,415	11,665
Tangible fixed assets	6.17	1,784	1,597
Deferred tax assets	6.9	11,557	6,936
Current income tax receivable	6.9	97	97
Other assets	6.18	15,552	19,468
Assets held for sale		-	2,146
Total assets		439,422	477,693
Liabilities			
Financial liabilities held for trading	6.23	546	-
Amounts owed to credit institutions	6.19	6,772	12,232
Amounts owed to customers	6.20	336,666	359,508
Subordinated liabilities	6.21	65,260	65,260
Other liabilities	6.22	15,003	25,283
Current income tax liabilities	6.9	674	686
Total liabilities		424,921	462,969
Capital resources			
Shareholders' equity		14,281	14,553
Minority interest		220	171
		14,501	14,724
Total equity and liabilities		439,422	477,693

The cash flows for the discontinued activities were as follows:

	Notes	2008 €'000	2007 €'000
Cash flows from operating activities			
Net result		3,088	(15,422)
Adjustment for:			
Result discontinued operations		(1,161)	26,420
Taxation	6.9	369	1,684
Depreciation of tangible fixed assets	6.17	330	448
Amortisation of intangible assets	6.16	242	189
Fair value losses / (gains) on derivative instruments		854	(162)
Income from associates	6.15	4	(4)
Profit on sale of Insinger de Beaufort (Luxembourg) S.A.		-	(504)
<i>Net cash inflow from operating activities before changes in operating assets and liabilities</i>		<u>3,725</u>	<u>12,649</u>
Decrease/(Increase) in operating assets:			
Loans and advances to credit institutions		71,308	(11,859)
Loans and advances to customers		25,655	(10,249)
Purchase of trading securities		(6)	(132)
Other assets		2,742	5,802
(Decrease)/Increase in operating liabilities:			
Amounts owed to credit institutions		(5,460)	11,049
Amounts owed to customers		(22,842)	49,721
Other liabilities		<u>(13,317)</u>	<u>(435)</u>
<i>Net cash inflow from operating activities before payment of taxation</i>		<u>61,805</u>	<u>56,546</u>
Taxation (paid)		<u>(460)</u>	<u>(1,303)</u>
<i>Net cash inflow from operating activities after payment of taxation</i>		<u>61,345</u>	<u>55,243</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(2,000)
Purchase of investment securities	6.14	(925)	(324,747)
Proceeds from sale and redemptions of investment securities	6.14	39,844	285,000
Purchase of associates	6.15	-	(43)
Purchase of treasury bills	6.14	(412,952)	(141,710)
Proceeds from sale and redemptions of treasury bills	6.14	341,000	131,939
Net purchase of fixed assets	6.17	(517)	(218)
		-	1,201
<i>Net cash inflow/(outflow) from investing activities</i>		<u>(33,550)</u>	<u>(50,578)</u>

Cash flows from financing activities

Dividends paid	<u>(33)</u>	<u>(30)</u>
<i>Net cash (outflow) financing activities</i>	<u>(33)</u>	<u>(30)</u>
Net increase in cash and cash equivalents	27,762	4,635
Cash and cash equivalents at beginning of year	7,933	2,590
Net increase in cash and cash equivalents	27,762	4,635
Exchange differences	<u>(93)</u>	<u>708</u>
Cash and cash equivalents at end of year	<u>35,602</u>	<u>7,933</u>
* Cash flows from operating activities include:		
Interest received	17,412	16,673
Interest paid	(14,935)	(14,476)
Dividends received	-	-

6.1 Profit & Loss discontinued

The discontinued activities consist of the Corporate and Institutional business and our Italian activities.

	2008	2007
	€000's	€000's
Interest income	1,077	3,204
Interest expense	(482)	(540)
Net interest income	595	2,664
Fee and commission income	13,025	40,667
Fee and commission expense	(6,133)	(19,281)
Net fee and commission income	6,892	21,386
Gains financial assets held for trading	-	208
Other operating income	4,740	1,539
Operating income	12,227	25,796
Personnel costs	(7,530)	(17,590)
Redundancy expense	(646)	(1,788)
Provisions	-	(2,885)
Impairment charges	-	(16,152)
Net sale proceeds	-	5,080
Depreciation	(104)	(1,174)
Other operating expenses	(8,248)	(17,261)
Operating profit	(4,302)	(25,976)
Taxation	5,463	(446)
Net profit/(loss) for the year	1,161	(26,420)

6.2 Disposal of Insinger de Beaufort (Luxembourg) SA

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

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

	2007
	€000's
Cash	7
Loans and advances to credit institutions	1,244
Tangible assets	47
Other assets	739
Other liabilities	(264)
Accruals and deferred income	(1,069)
Net asset value sold	704
Attributable expenses	(376)
Cash received	1,584
Profit on sale	504
Cash received	1,584
Cash in sold company	(7)
Cash paid regarding expenses	(376)
Net cash inflow	1,201

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

6.3 Net interest income

	2008	2007
	€'000	€'000
Fixed income securities	3,890	4,095
Other interest and similar income	14,453	13,578
Interest income	18,343	17,673
Interest expense	(14,935)	(14,476)
	3,408	3,197

Net interest includes €53,869 (2007: €55,077) interest accrued on impaired financial assets. Refer to note 6.13.

6.4 Net fee and commission income

Group	2008	2007
	€'000	€'000
Management fees	25,612	31,019
Performance fees	521	9,003
Net commission received	4,103	7,056
Upfront fees	877	2,689
Custodian fees	949	1,007
Settlement expenses	(140)	(828)
Other	50	223
	31,972	50,170

6.5 Other operating income

	2008	2007
	€'000	€'000
Administration fees	686	1,670
Foreign exchange income	2,843	3,809
Advisory fee income	-	58
Other	1,104	4,768
	4,633	10,305

The category "other" in 2007 consists mainly of placing fees received. Included in "other" in 2008 are penalties received from Ordina for not implementing a new back office system.

6.6 Personnel costs

	2008	2007
	€000's	€000's
Wages and salaries	14,868	15,107
Pension costs	1,417	1,361
Social security costs	1,376	1,515
Other staff costs (including bonus entitlements)	2,200	9,631
	19,861	27,614

The Group's pension schemes are defined contribution plans.

6.7 Redundancy expense

In 2008 certain employees became redundant. The expense recorded under this item relates to severance pay for these employees.

6.8 Other operating expenses

Group	2008	2007
	€'000	€'000
Audit fees	169	296
Bad debt	(524)	98
Systems & information suppliers & outsourcing	5,991	6,178
Communication & travel	2,064	2,302
Other administrative expenses	9,230	13,713
	16,930	22,586

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

6.9 Taxation

Group

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

	Tax rate %	2008 €'000	2007 €'000
Profit before tax		2,296	12,682
Tax calculated at a tax rate of 25.5% (2007: 25.5%)	25.5	(585)	(3,234)
Tax on non-deductible expenses	48.7	(1,119)	(124)
Tax on non-taxable income	(52.4)	1,203	1,621
Effect of different tax rates in other countries	(5.7)	132	53
Effective tax rate/tax expense for the year	16.1	(369)	(1,684)

The movement in the deferred tax assets is as follows:

	2008 €'000	2007 €'000
At 1 January	6,936	9,473
Income/ (charge) for the year*	5,093	(2,130)
Reclassify from/(to) current tax	(472)	(407)
	11,557	6,936

* includes discontinued part

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

6.10 Cash and balances with central banks

	2008	2007
	€'000	€'000
Cash in hand	20	23
Balances with central banks	35,582	7,910
	35,602	7,933

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

6.11 Treasury Bills

This relates to zero coupon short-term Dutch Government paper. An amount of €3,587,000 (2007: €30,541,000) of the treasury bills have been pledged as security for the execution of payments and security settlements. Due to the short remaining life of the treasury bills the fair value does not differ materially from the recorded amount in the balance sheet. Reference is made to note 6.14 for the classification of the treasury bills.

6.12 Loans and advances to credit institutions

	2008	2007
	€'000	€'000
Receivable in relation to settlements of securities transactions	475	11,004
Placements with other banks	68,389	135,588
	68,864	140,172

Of the placements with other banks € nil (2007: €3,704,296) is deposited as an escrow account for the deferred portion of the purchase price of Monument Securities Ltd. This balance is not at the free disposal of the Group.

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

6.13 Loans and advances to customers

	2008	2007
	<u>€'000</u>	<u>€'000</u>
Receivable in relation to settlements of securities transactions	9,722	12,027
Advances against securities	33,954	64,954
Mortgages	50,758	41,621
Other loans	45,899	47,990
	<u>140,333</u>	<u>166,592</u>
Less: impairment losses on loans and advances	(800)	(1,404)
	139,533	165,188

Past due items

There are no past due items recorded under the loans and advances to customers.

Impairment losses on loans and advances

Group	2008	2007
	<u>€'000</u>	<u>€'000</u>
At 1 January	1,404	1,274
Charge for the year	31	98
Disposal of subsidiary	-	69
Recovery on impaired loans	(634)	(37)
	800	1,404

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

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

6.14 Investment securities

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

Group	2008				2007			
	Listed €'000	Unlisted €'000	Total €'000		Listed €'000	Unlisted €'000	Total €'000	
Treasury bills	139,357		139,357		67,405		67,405	
Interest-bearing securities		14,492	14,492		39,844	13,562	53,406	
Shares	116	705	821		129	902	1,031	
Total	139,473	15,197	154,670		107,378	14,464	121,842	
	Held-to-maturity €'000	Available-for-sale €'000	Trading €'000	Total €'000	Held-to-maturity €'000	Available-for-sale €'000	Trading €'000	Total €'000
Treasury bills	139,357			139,357	67,405			67,405
Interest-bearing securities		14,492		14,492	39,844	13,562		53,406
Shares		690	131	821	-	906	125	1,031
Total	139,357	15,182	131	154,670	107,249	14,468	125	121,842

Of the interest-bearing securities € nil (2007: € nil) of the available-for-sale portfolio has been pledged as security for execution of payments and security settlement. Of the interest bearing securities € 14,492,325 (2007: €13,562,325) is invested in Equity Holdings S.à.r.l. The fair value of this investment has been calculated using an estimated repayment date and a market-related discount rate. A 10% change to these variables does not result in a material change in the fair value.

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

The movement in investment securities may be summarised as follows:

	Available- for-sale €'000	Held-to- maturity €'000	Total €'000
Balance as at 1 January	14,468	107,249	121,717
Additions	-	481,218 1)	481,218
Sale	(6)		(6)
Redemptions	-	(453,000) 1)	(453,000)
Changes in valuations	835	3,890	4,725
Foreign exchange difference	(115)	-	(115)
Balance as at 31 December	15,182	139,357	154,539

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

6.15 Investments in Associates

Group	2008 €'000	2007 €'000
At 1 January	351	303
Acquired during the year	-	44
Share in results	(4)	4
Sale	-	-
At 31 December	347	351

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

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/Loss	Interest held %
2008¹		€	€	€	€	
B & S Insinger Beheer	The Netherlands	253,039	22,176	83,753	1,079	50%
Holland Immo Groep Insinger de Beaufort Beheer B.V.	The Netherlands	336,817	99,955	270,765	1,080	50%
Holland Immo Groep Insinger de Beaufort V B.V.	The Netherlands	18,881	536	875	797	50%
Holland Immo Groep Insinger de Beaufort VI B.V.	The Netherlands	19,721	599	667	558	50%
Holland Immo Groep VII/Winkelfonds Zuidplein B.V.	The Netherlands	19,408	511	0	132	50%
Holland Immo Groep X/Woningfonds B.V.	The Netherlands	93,824	71,947	72,080	906	50%
Holland Immo Groep XI/Retail Residential Fund B.V.	The Netherlands	49,869	29,730	29,384	700	50%
Germany Residential Fund Management B.V.	The Netherlands	37,795	22,231	(2,719)	(844)	50%
Bouwfonds Germany Residential Fund II Management B.V.	The Netherlands	36,099	19,504	(1,264)	495	50%
Bouwfonds Germany Residential Fund III Management B.V.	The Netherlands	45,368	27,794	865	644	50%
Bouwfonds Germany Residential Fund IV Management B.V.	The Netherlands	32,328	16,306	(2,950)	(1,978)	50%
Bouwfonds Germany Residential Fund V Management B.V.	The Netherlands	25,417	9,900	(2,349)	(2,483)	50%
Insinger Consulting Spa	Italy	300,881	299,681	-	(139)	25%

1) Figures are based on annual reports for the year ended 31 December 2007.

6.16 Intangible assets

	2008	2007
	<u>€'000</u>	<u>€'000</u>
At 1 January	11,665	21,794
Additions arising during the year	-	2,000
Amortisation of intangible assets	(242)	(189)
Impairment charges	-	(11,134)
Foreign exchange translation adjustments	8	(806)
At 31 December	11,415	11,665

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

Goodwill	10,636	10,870
Customer-related intangible assets	<u>779</u>	<u>1,022</u>
	11,415	11,665

The addition in 2007 relates entirely to the acquisition of Klein Haneveld Consulting B.V. The impairment charges in 2007 relate to the discontinued activities of the Corporate and Institutional business.

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

	2008	2007
	<u>€'000</u>	<u>€'000</u>
Private banking	11,415	11,665
Institutional	<u>-</u>	<u>-</u>
	11,415	11,665

6.17 Tangible fixed assets

Group	Leasehold improvements	Computing equipment	Other fixtures, fittings and equipment	Total 2008	Total 2007
	€'000	€'000	€'000	€000's	€'000
Cost	3,182	9,444	3,626	16,252	17,363
Accumulated depreciation	(2,667)	(9,223)	(2,578)	(14,468)	(15,767)
Net book value	515	221	1,048	1,784	1,597

	Leasehold improvements	Computing equipment	Other fixtures, fittings and equipment	Total 2008	Total 2007
	€'000	€'000	€'000	€'000	€'000
Net book value					
At 1 January 2007	324	229	1,044	1,597	6,435
Additions	296	141	80	517	886
Disposals				-	(136)
Depreciation	(108)	(146)	(76)	(330)	(1,596)
Foreign exchange translation adjustments and other	3	(3)	-	-	(136)
At 31 December 2008	515	221	1,048	1,784	1,597

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

Assets are depreciated using the straight-line method:

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

6.18 Other assets

	2008	2007
	€'000	€'000
Trade debtors	765	1,569
Staff advances	1	9
Accrued income	5,186	9,149
Receivable on discontinued operations	4,441	4,447
Other receivables and prepaid amounts	5,187	4,300
	<u>15,580</u>	<u>19,474</u>
Less: impairment charges	(28)	(6)
	15,552	19,468

Included in the other assets is a collateral of €0.4 mln (2007: €2,6 mln) which has been deposited at another bank in the Netherlands.

6.19 Amounts owed to credit institutions

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

	2008	2007
	€'000	€'000
Payable in relation to settlements of securities transactions	3,459	2,362
Other loans	3,313	9,870
	<u>6,772</u>	<u>12,232</u>

6.20 Amounts owed to customers

	2008	2007
	€'000	€'000
Payable in relation to settlements of securities transactions	2,262	964
Current accounts	140,310	177,538
Time deposits	194,094	181,006
	<u>336,666</u>	<u>359,508</u>

6.21 Subordinated liabilities

	2008	2007
	€'000	€'000
Subordinated loan note	65,260	65,260
	65,260	65,260

The subordinated loan has been granted from the parent company of Insinger de Beaufort Holding B.V., IdB Finance S.à.r.l. The term and interest percentages can be split as follows:

	Amount	Interest	Repayment
1	12,605,396	80% x 3 months EURIBOR + 2.125%	90 days notice
2	27,750,028	LIBOR + 1.85%	fully on 9 October 2015
3	9,470,529	LIBOR + 1.875%	fully on 11 May 2016
4	15,434,343	LIBOR + 2.00%	fully on 22 August 2016
	<u>65,260,296</u>		

6.22 Other liabilities

	2008	2007
	€'000	€'000
Trade creditors	937	1,049
Salaries payable	5	18
Payroll taxes payable	1,895	166
VAT payable	7	303
Accruals and deferred income	9,597	21,708
Interest payable	1,057	789
Payable to continued operations	1,253	1,195
Other short-term payables	252	55
	15,003	25,283

6.23 Derivative financial instruments

	2008	2007
	<u>€'000</u>	<u>€'000</u>
Fair value of derivative financial instruments	(546)	299

Includes interest rate swaps and options which consists of the following notional amounts

	2008	2007
	<u>€'000</u>	<u>€'000</u>
Interest rate swaps	10,895	4,500
Options	3,143	2,930

The interest rate swaps and options hedges the interest on mortgage loans.

The Group hedges its foreign currency positions by means of forward contracts relating to the UK operations (British Pounds Sterling). The results of this net investment hedge are recorded in the translation reserve when the hedge is considered effective. At year end the Euro equivalent fair value of sold forward contracts amounted to €8,273,749 (2007: €5,423,400). The forward contracts will be renewed on a revolving basis as required.

The effectiveness of the hedge is determined on a monthly basis. During 2008 no hedge accounting was applied. In 2007 the ineffective portion of €117,004 loss is recorded under the foreign exchange income.

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

6.24 Leasehold commitments

	2008	2007
	<u>€'000</u>	<u>€'000</u>
Minimum lease payments under operating leases recognised in income for the year	6,731	6,558

Note that the leasehold commitments of the discontinued operations, UK Corporate and Institutional and Italy are excluded.

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

	2008	2007
	<u>€'000</u>	<u>€'000</u>
Amounts payable:		
within one year	7,250	7,630
more than one year and less than five years	19,729	26,244
more than five years	100	-
	27,080	33,873

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

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

	2008	2007
	€'000	€'000
Amounts receivable:		
within one year	563	810
more than one year and less than five years	1,408	2,836
more than five years	-	-
	1,971	3,646

The subleases related to the office in Amsterdam started in 2005.

The sublease related to the office in Eindhoven started in 2007.

6.25 Litigation

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

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

In September 2005 a payment was made of €4.4 million. The branch filed an appeal with the Court for a second level trial, and subsequently made a provision for the full amount claimed per 31 December 2005. The second level trial is expected to be held during the course of 2010.

As per 30 April 2003 the Group has sold its Trust Group activities. The purchaser of the Trust Group has made a claim against the Company under the warranties provided in the sale and purchase agreement. This claim relates to damages incurred and potentially to be incurred by the Trust Group from an alleged error made by the Trust Group in the services provided to a client. The Company is in proceedings brought forward by the purchaser of the Trust Group before the High Court in England. The amount of damages claimed is uncertain but the potential amount of damages could be approximately £10 million. The Company believes the claim is unfounded and is vigorously denying any liability. The

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proceedings before the high court have been suspended for the time being pending the outcome of proceedings between the Trust Group and their insurer.

No payments other than legal expenses that are included in the operating expenses are recorded during the year.

6.26 Segmental analysis

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

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

Secondary segmentation is the geographical information as disclosed in note 4.3.

Due to the discontinued operations, mainly in the UK, the segment Institutional and Corporate products and services is no longer applicable as a separate segment. The discontinued column includes the Italian operations and Corporate and Institutional business.

At 31 December 2008	Private Banking	Asset Management	Ops & Support	Group	Other	Subtotal	Discontinued	Total
Operating income	22,096	12,961	365	2,569	2,068	40,059	12,227	52,286
Impairment charges	(249)					(249)		(249)
Provisions								
Operating profit	1,624	1,822	294	(566)	(874)	2,300	(4,302)	(2,002)
Income on sale of subsidiaries	(4)					(4)		(4)
Share of results of associates								
Profit before tax	1,620	1,822	294	(566)	(874)	2,296	(4,302)	(2,006)
Income tax expense						(369)	5,463	5,094
Net profit						1,927	1,161	3,088
Segment assets	85,090	4,124	7,610	338,850	1,988	437,662	1,413	439,075
Associates	347					347	-	347
Total assets	85,437	4,124	7,610	338,850	1,988	438,009	1,413	439,422
Total liabilities	275,839	41,057	12,478	88,917	6,630	424,921	-	424,921
Other segment items								
Capital expenditure	463	13	73	-	-	549	-	549
Depreciation	(96)	(11)	(285)	-	-	(330)	(104)	(434)

At 31 December 2007

	Private Banking	Asset Management	Ops & Support	Group	Other	Continued total	Discontinued	Total
Operating income	32,709	27,297	(673)	2,255	2,084	63,672	25,796	89,468
Impairment charges					(189)	(189)		(189)
Provisions								
Operating profit	9,190	11,877	(4,679)	(2,622)	(1,591)	12,175	(25,975)	(13,799)
Income on sale of subsidiaries	4					4	-	4
Share of results of associates	504					504		504
Profit before tax	9,698	11,877	(4,679)	(2,622)	(1,591)	12,683	(25,975)	(13,292)
Income tax expense						(1,685)	(446)	(2,131)
Net profit						10,998	(26,421)	(15,423)
Segment assets	92,695	13,536	29,761	336,747	2,459	475,197	2,146	477,343
Associates	351					351	-	351
Total assets	93,046	13,536	29,761	336,747	2,459	475,548	2,146	477,694
Total liabilities	324,811	55,461	8,916	69,137	4,645	462,970	-	462,970
Other segment items								
Capital expenditure	65	19	201	-	-	284	666	951
Depreciation	(66)	(11)	(371)	-	-	(448)	(1,174)	(1,622)

6.27 Employees

The average number of employees was:

	2008	2007
	Individuals	Individuals
Private Banking	69	77
Asset Management	42	39
Operations & Support	38	38
Group	23	27
Other	6	10
Continued	178	189
Discontinued ¹	96	163
Total	272	352

¹ Includes Italian operations and Corporate and Institutional business

Continued operations

7. Net interest income

	2008	2007
	€'000	€'000
Fixed income securities	1,614	1,614
Interest income	1,614	1,614
Interest expense	(986)	(766)
	628	848

8. Other operating income

	2008	2007
	€'000	€'000
Foreign currency revaluations	(31)	(12)
Release deferred consideration	-	603
	(31)	591

9. Personnel costs

This relates to salaries paid in Insinger de Beaufort Holdings SA

10. Other operating expenses

	2008	2007
	€'000	€'000
Audit fees	31	31
Bad debt	12	-
Consultancy fees	276	120
Rent & rates	15	15
Other	105	132
	439	298

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11. Taxation

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

The taxation can be split between the following companies:

	2008	2007
	€'000	€'000
Insinger de Beaufort Holdings SA	90	92
IdB Finance S.à.r.l	73	94
	163	186

12. Loans and advances to credit institutions

These amounts represent bank balances with external banks

13. Investment securities

	2008	2007
	€'000	€'000
Equity Trust Holdings S.à.r.l loan notes	10,666	9,982
Share in Equity Trust Holdings S.à.r.l	680	680
Share in Special Purpose Entity	774	774
	12,120	11,436

The share in the special purpose entity is entity that held the Convertible Loan Notes on behalf of current and former senior employees of the Group (see note 21).

The share in Equity Trust Holdings S.à.r.l is the interest of 10.1% (2007: 10,4%) in Equity Trust Holdings S.à.r.l.

14. Loans and advances to customers

	2008	2007
	€'000	€'000
Capital loan to Insinger de Beaufort Holding B.V.	65,260	65,260
Accrued interest capital loan	1,185	1,111
Receivable on discontinued activities	68	85
Bank accounts with Bank Insinger de Beaufort N.V.	(41,013)	(47,533)
	25,500	18,923

15. Intangible assets

	2008	2007
	€'000	€'000
At 1 January	227	1,546
Impairment charges	(227)	(1,315)
Foreign exchange translation adjustments	-	(4)
At 31 December	-	227

The nature of the intangible assets is goodwill related to the private banking segment.

16. Other assets

	2008	2007
	€'000	€'000
Prepaid amounts	529	1,358
Capitalized option expenses	(287)	(1,122)
Receivable on discontinued operations	-	6,072
Other	-	(39)
	242	6,269

17. Loan notes and other long-term debt

The amounts relate to accrued interest on the compulsory convertible loan note. At initial recognition of the compulsory convertible loan note the loan note has been split in an equity instrument and as a financial liability. See note 21 for the equity instrument.

18. Loan notes and other short term debt

On 24 December 2003 a Euro-denominated, subordinated loan note 2008 in the amount of €8,929,000 was issued by Insinger de Beaufort Holdings SA to the note holder. The loan note is subordinated to all the current and future liabilities of the Company. The note was redeemable on 1 July 2008 but has been extended to 1 July 2009. In the meantime, the loan note will attract interest at the rate of the 12-month EURIBOR plus 3% per annum. Due to the repayment in 2009 the loan note is classified as short term.

In the event that more than 30% of the Banking Group's assets are distributed or sold, or if a controlling interest in the Company (namely, 30% or more of the issued ordinary share capital) is transferred to a single party, then within three months of such event, the note holder will be entitled to demand the early redemption of such a loan note. During 2008 € nil has been repaid (2007: € nil).

On 1 July 2008 IdB Finance S.à.r.l entered into a short-term credit facility of € 2,500,000. The facility should be repaid on 1 June 2009. Interest is calculated on the 3 months EURIBOR plus 3%.

19. Other liabilities

	2008	2007
	€'000	€'000
Provision legal claims	400	400
Accrued interest	146	194
Stock appreciation rights	-	128
Accrued audit fees	42	47
Other payables	127	686
	715	1,455

20. Current income tax liabilities

The split between companies is as follows:

	2008	2007
	€'000	€'000
IdB Finance S.à.r.l	204	392
Insinger Trust Holdings Ltd	515	515
Insinger de Beaufort Holdings SA	891	1,362
	1,610	2,269

21. Shareholders' compulsory convertible loan note

On 24 November 2003 a Group company issued a compulsory convertible loan note (CCLN2011) of €1,475,000 to part of (former) senior management of the Group. The CCLN2011 will mature in 2011 and will pay 150 interest basis points above the 3-month Euribor and ranks pari passu with all other unsecured obligations of the issuing company. The conversion rate has been set at €5.00, which will lead to an issuance of 295,000 shares in Insinger de Beaufort Holding S.A. in 2011. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2008 amounts to €1,347,113 (2007: €1,408,285).

On 11 May 2005, a Group company issued a compulsory convertible loan note (CCLN2013) of €995,875 to part of (former) senior management of the Group. The CCLN2013 will mature in 2013 and will pay 150 interest basis points above the 3-month Euribor and ranks pari passu with all other unsecured obligations of the issuing company. The conversion rate has been set at €7.75, which will lead to an issuance of 128,500 shares in 2013. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2008 amounts to €776,579 (2007: €890,965).

Due to the transaction with BNP Paribas the loan notes are converted into shares on completion of the transaction. Reference is made to the Circular to shareholders dated 5 March 2009

22. Contingent assets & liabilities

	<u>2008</u>	<u>2007</u>
	€'000	€'000
Contingent asset:	11,464	11,464

This represents the deferred consideration loan notes due by Equity Trust Holdings S.à.r.l. Repayment of these loan notes depends on certain return levels realized by the shareholders of Equity Trust Holdings S.à.r.l when selling their interest. As the Group considers the realisation to be highly uncertain, the Group did not account for the loan notes in the balance sheet.

Contingent liability:

Guarantees and other direct substitutes for credit	3,037	3,270
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23. Earnings per share

	<u>2008</u>	<u>2007</u>
Basic earnings per share: (cents)	22.5	(112.3)
Diluted earnings per share: (cents)	21.2	(100.6)
Basic earnings per share from continued operations: (cents)	(0.1)	7.3
Diluted earnings per share from continued operations: (cents)	(0.1)	6.5

	<u>2008</u>	<u>2007</u>
	Shares	Shares
Weighted average		
Number of ordinary shares outstanding	13,375,473	12,970,686
Dilutive potential ordinary shares ¹	854,257	1,504,875
Number of ordinary shares for the purpose of diluted earnings per share	<u>14,229,730</u>	<u>14,475,560</u>

Diluted earnings per share take into account the effect of outstanding employee stock options and other dilutive equity instruments. See note 25.

Due to the transaction with BNP Paribas the employee stock options are exercised and/or bought off at completion of the transaction. Reference is made to the Circular to shareholders dated 5 March 2009.

¹ Based on average share price over the year

24. Treasury shares

The movement in Treasury shares is as follows:

	<u>2008</u>	<u>2007</u>
At 1 January	428,307	496,286
Movement in Treasury shares	<u>(122,652)</u>	<u>(67,979)</u>
At 31 December	305,655	428,307

Treasury shares which are held by a consolidated subsidiary are deducted.

25. Options

The Company has issued various call option series to staff and staff related vehicles. One option gives the right to acquire one share at the respective exercise price. The following number of options were outstanding as at 31 December 2008:

Exercise Date	at 31 Dec 2007	Number of options		cancelled	at 31 Dec 2008	Exercise price	Vesting period applicable
		issued	exercised/buy off				
9 June 2007	40,000		(40,000)		0	6.00	yes
25 October 2007	28,560		(28,560)		0	6.30	yes
25 October 2007	2,000		(2,000)		0	4.04	yes
25 October 2007	21,667		(21,667)		0	5.78	yes
25 October 2007	8,620		(8,620)		0	3.52	yes
25 October 2008	1,470,840		(1,423,240)	(47,600)	0	7.88	yes
25 November 2009	897,000		(864,750)	(32,250)	0	5.35	yes
9 November 2009	355,000		(320,700)	(34,300)	0	6.50	yes
21 December 2009	100,000		(100,000)		0	7.50	yes
15 April 2008	60,000		(39,999)	(20,001)	0	7.50	yes
15 April 2010	40,000		(16,000)	(24,000)	0	7.50	yes
25 October 2010	145,600		(131,650)	(13,950)	0	10.00	yes
	3,169,287	-	(2,997,186)	(172,101)	0		

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

The average share price at the date of exercise for share options exercised during the period was €6.72 (2007: €10.00).

The fair value of the options determined at grant date is expensed on a straight-line basis over the vesting period. This calculation is adjusted at each balance sheet date in accordance with the vesting conditions and included in the other staff costs in note 6.6. In accordance with the regulations applicable to these schemes, option holders have been forced to exercise their rights prior to or at completion date of the acquisition of an 35% interest in Insinger de Beaufort Holding BV by BNP Paribas Wealth Management S.A., whereby part of the rights are being compensated at the calculated transaction value of EUR 12.80 per Ordinary Share. Reference is made to the Circular to shareholders dated 5 March 2009.

26. Share-based compensation

During 2007 and 2008 various subsidiaries issued share-based compensation arrangements for certain staff members where a settlement is paid in cash when the staff member is still employed by the Group at the reference date. The amount to be paid is determined on the basis of the difference between the share price of the Company on the Luxembourg stock exchange on the reference date and the reference price. Below is a summary of the outstanding arrangements:

Reference date	Number	Reference price
15 September 2009	5,000	€10.-
22 October 2012	143,700	€12.-
22 October 2013	143,700	€12.50
Total	<u>292,400</u>	

In accordance with the regulations applicable the share based compensation arrangements have been forced to settle to or at completion date of the acquisition of a 35% interest in IdB Holding BV by BNP Paribas Wealth Management S.A., whereby the arrangements are being compensated at the calculated transaction value of EUR 12.80 per Ordinary Share.

The change in fair value of the granted outstanding arrangements has been recorded under staff expenses for the total of €6,770 revenue (2007: €74,226 revenue). An accrual of €172,070 has been recorded under the other short-term payables. See note 19.

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

27. Warrants

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

	Outstanding number	Owned by Group Companies	Net number
At 1 January 2007	1,204,667	905,321	299,346
Repurchased			
Exercised		-	
At 1 January 2008	1,204,667	905,321	299,346
Cancelled	(967,408)	(905,321)	(62,087)
Exercised	(237,259)	-	(237,259)
At 31 December 2008	-	-	-

27. Dividends

A dividend of nil euro cents per ordinary share (2007: 0.22 euro cents per ordinary share totaling €2,893,656) is proposed by the Board of Directors for shareholder approval at the general meeting on 22 May 2009. Dividend proposals have not been included under the liabilities in the financial statements. Dividend payments are exempt from withholding tax.

**Company Financial Statements
for the year 31 December 2008**

Company Profit and Loss Account for the year ended 31 December 2008

	Notes	2008 €'000	2007 €'000
Interest income		2,578	2,265
Interest expense		(1,163)	(915)
Net interest income	2	1,416	1,350
Other operating income	3	176	1,141
Impairment charges		-	(1,249)
Operating income		1,592	1,242
Personnel costs		(9)	(8)
Other general administrative expenses	4	(316)	(213)
Profit before taxation		1,267	1,021
Taxation	5	(90)	(92)
Net profit		1,177	929

Company Balance Sheet as at 31 December 2008

	Notes	2008	2007
		€'000	€'000
Assets			
Shares in subsidiary undertakings	6	49,647	49,647
Other assets	7	40,158	40,401
Total assets		89,805	90,048
Liabilities			
Amounts owed to credit institutions	8	12,518	11,271
Loan notes and other short-term debt	9	7,329	7,329
Other liabilities	10	426	1,360
Total liabilities		20,273	19,960
Capital resources			
Shareholders' equity		69,532	70,088
Total equity and liabilities		89,805	90,048

Company statement of changes in equity for the year ended 31 December 2008

	Shares	Share capital €'000	Share premium €'000	Other reserves €'000	Total €'000
Balance at 1 January 2007	13,385,583	26,771	10,231	38,233	75,235
Dividend				(2,944)	(2,944)
Employee share option plan:					
-equity settled share-based payment plan, net of tax				481	481
-cash settled share-based payment plan, net of tax				(813)	(813)
Net option exercise				(333)	(333)
Intragroup cash settlement of share options ¹				(3,580)	(3,580)
Share issue	195,705	391	722		1,113
Net result				929	929
Balance at 1 January 2008	13,581,288	27,162	10,953	31,973	70,088
Dividend				(3,040)	(3,040)
Employee share option plan:					
-equity settled share-based payment plan, net of tax				658	658
-cash settled share-based payment plan, net of tax				(133)	(133)
Intragroup cash settlement of share options				(643)	(643)
Share issue	237,256	476	949		1,425
Net result				1,177	1,177
Balance at 31 December 2008	13,818,544	27,638	11,902	29,992	69,532

The total authorised number of ordinary shares at year-end was 115,000,000 (2007: 115,000,000) with a par value of €2 per share (2007: €2 per share). All issued shares are fully paid.

1) For the options exercised in 2007 and 2008 the Company entered into an agreement with a subsidiary that holds shares of the Company in treasury. In this agreement the subsidiary acts as the counterparty to the option holders and is reimbursed by the Company for the difference between the actual share price on the date of exercise and the exercise price of the options.

Company statement of Cash Flows for the year ended 31 December 2008

	Notes	2008	2007
		€'000	€'000
Cash flows from operating activities*			
Net profit		1,177	929
Adjustment for:			
Taxation		90	92
Impairment charges		-	1,249
Share-based compensation (IFRS 2)		658	481
Option recharge revenue		(176)	(534)
<i>Net cash (outflow)/inflow from operating activities before changes in operating assets and liabilities</i>		<u>1,749</u>	<u>2,217</u>
Decrease/(Increase) in operating assets:			
Loans and advances to credit institutions		-	-
Other assets		419	307
(Decrease)/Increase in operating liabilities:			
Amounts owed to credit institutions		1,247	5,496
Other liabilities		(974)	(1,339)
<i>Net cash inflow from operating activities before payment of taxation</i>		<u>2,441</u>	<u>6,681</u>
Taxation (paid)		(48)	(124)
<i>Net cash inflow from operating activities after payment of taxation</i>		<u>2,393</u>	<u>6,557</u>

**Company statement of Cash flows for the year ended 31 December 2008
(continued)**

	Notes	2008 €'000	2007 €'000
Cash flows from financing activities			
Dividends paid		(3,040)	(2,944)
Option exercise		-	(33)
Warrant exercise		1,424	-
Intragroup cash settlement of share options		(777)	(3,580)
<i>Net cash (outflow) from financing activities</i>		<u>(2,393)</u>	<u>(6,557)</u>
Net (Decrease)/Increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Net (Increase)/Decrease in cash and cash equivalents		-	-
Exchange differences		-	-
Cash and cash equivalents at end of year		<u>-</u>	<u>-</u>
* Cash flows from operating activities include:			
Interest received		2,578	2,265
Interest paid		(1,163)	(915)
Dividends received		-	-

1. General

The company represents Insinger de Beaufort Holdings S.A. For the accounting policies reference is made to note 2 of the consolidated financial statements.

2. Net interest income

	2008	2007
	€'000	€'000
Net intercompany interest	2,016	1,896
Other	(600)	(546)
	1,416	1,350

3. Other operating income

	2008	2007
	€'000	€'000
Recharged option expense	176	534
Release deferred consideration	-	603
Foreign exchange income	-	4
	176	1,141

4. Other general administrative expenses

	2008	2007
	€'000	€'000
Audit fees	32	32
Rent & rates	15	15
Other administrative expenses	269	166
	316	213

5. Taxation

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

The Company has no deferred tax assets and liabilities.

6. Shares in subsidiary undertakings

2008	2007
€'000	€'000
49,647	49,647

A list of significant subsidiaries held as direct and indirect investments of Insinger de Beaufort Holdings S.A. is disclosed in 'Information' on page 93.

7. Other assets

	2008	2007
	€'000	€'000
Amounts due from IdB Finance S.à.r.l	40,545	40,694
Amounts due from Insinger de Beaufort Investments (SA) Pty	3	-
Amounts payable to Insinger de Beaufort Investments Ltd	(676)	(33)
Amounts payable to Insinger Finance (BVI) SA	(260)	(260)
Prepaid expenses	546	-
	<u>40,158</u>	<u>40,401</u>

8. Amounts owed to credit institutions

	2008	2007
	€'000	€'000
Bank Insinger de Beaufort N.V.	12,518	11,271
	<u>12,518</u>	<u>11,271</u>

9. Loan notes and other short-term debt

Reference is made to note 18 of the continued consolidated financial statements.

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10. Other liabilities

	2008 €'000	2007 €'000
Recharged option expenses	287	1,122
Accrued audit fees	35	32
Accrued interest	8	154
Taxation	75	33
Other accruals	21	19
	426	1,360

Other Information

List of significant investments

Direct Investments

Name	Registered office	Issued equity held %
IdB Finance S.à.r.l	Luxembourg, Grand-Duchy of Luxembourg	100
Insinger Finance (BVI) S.A.	Tortola, British Virgin Islands	100
Insinger Trust Holdings Limited	Tortola, British Virgin Islands	100

Indirect Investments

Name	Registered office	Issued equity held%
Bank Insinger de Beaufort Safe Custody N.V.	Amsterdam, The Netherlands	100 ¹
Bank Insinger de Beaufort NV	Amsterdam, The Netherlands	100
Insinger Asset Management AG	Zug, Switzerland	50
Insinger de Beaufort Asset Management N.V.	Amsterdam, The Netherlands	100
Insinger de Beaufort Holding B.V.	Amsterdam, The Netherlands	100
Insinger de Beaufort Investments Limited	Tortola, British Virgin Islands	100
Insinger de Beaufort Associates B.V.	Eindhoven, The Netherlands	100
Insinger de Beaufort Investments (S.A.) (Proprietary) limited	Claremont, South Africa	100

Associates 2

Name	Registered office	Issued equity held%
B & S Insinger Beheer B.V.	Laren, The Netherlands	50
Holland Immo Groep Insinger de Beaufort Beheer B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep Insinger de Beaufort V B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep Insinger de Beaufort VI B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep VII/Winkelfonds Zuidplein B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep X/Woningfonds B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep XI/Retail Residential Fund B.V.	Eindhoven, The Netherlands	50
Germany Residential Fund Management B.V.	Amersfoort, The Netherlands	50
Bouwfonds Germany Residential Fund II Management B.V.	Hoevelaken, The Netherlands	50
Bouwfonds Germany Residential Fund III Management B.V.	Hoevelaken, The Netherlands	50
Bouwfonds Germany Residential Fund IV Management B.V.	Hoevelaken, The Netherlands	50
Bouwfonds Germany Residential Fund V Management B.V.	Hoevelaken, The Netherlands	50
Insinger Consulting Spa	Rome, Italy	25

Non-consolidated indirect Investments

Name	Registered office	Issued equity held%
Equity Trust Holdings S.à.r.l	Luxembourg, Grand-Duchy of Luxembourg	10.1

¹ Depository receipts of shares

² Non-consolidated

Events after the balance sheet date

On 10 April 2009 BNP Wealth Management S.A.(BNPWM) has acquired a 35% interest in Insinger de Beaufort Holding B.V.(IdB Holding), The immediate holding company of Bank Insinger de Beaufort N.V., for a goodwill consideration of EUR 60.525 million. The acquisition of the 35% interest in IdB Holding by BNPWM will be followed by a legal merger on 10 April 2009 of IdB Holding and Bank Insinger de Beaufort N.V. as surviving entity. As a result, IdB Finance S.à .r.l. and BNPWM will be direct shareholders of Bank Insinger de Beaufort N.V.

In parallel, BNPWM has contributed its Dutch subsidiary, Nachenius Tjeenk & Co N.V. to Bank Insinger de Beaufort, together with a contribution of additional share capital and the provision of a subordinated facility of approximately EUR 10 million to Bank Insinger de Beaufort. Subsequently BNPWM will contribute its London based private banking activities to Bank Insinger de Beaufort N.V. As a result, BNPWM will receive additional shares in this new Combined Group to reach an ownership of approximately 62% on a fully diluted basis (depending on the relative net asset values of the combined businesses). The Company will hold the remaining 38% through its subsidiary IdB Finance S.à.r.l.

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