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UNCOVERING VALUE  
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Insinger de Beaufort  
Asset Management N.V.

# ANNUAL REPORT 2007

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31 December 2007

# CONTENTS

<b>General information</b>	3
<b>Directors' report</b> Annual Review	4
<b>Profit and loss account</b> for the period ended 31 December 2007	8
<b>Balance sheet</b> as at 31 December 2007	9
<b>Statement of changes in equity</b> for the period ended 31 December 2007	10
<b>Cash flow statement</b> for the period ended 31 December 2007	11
<b>Summary of significant accounting policies</b> for the period ended 31 December 2007	12
<b>Notes</b>	13
<b>Other information</b> Appropriation of the result Auditors' report	17

## GENERAL INFORMATION

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# DIRECTORS' REPORT

## ANNUAL REVIEW

### The investment environment

2007 was a year of two distinct halves. The first six months saw a continuation of the positive trends of 2006. Economic growth, although expected to slow, was generally seen as likely to remain positive, and global stock markets continued to grind higher. Yet increasing concerns over economic growth and growing equity market volatility reached a turning point in July. The sub-prime meltdown in the US became front page news and began to work its way through the global financial system. US house prices ended 2007 with their first calendar year decline since the Great Depression, and the year ended with growing concerns over a consumer-led recession.

Within the financial industry, around USD100 billion of sub-prime losses were written off, many companies involved in the sub-prime business went bankrupt and the CEOs of Citigroup, UBS and Merrill Lynch were all forced out. But perhaps most importantly, inter-bank lending froze up. With an expected USD 100-200 billion of further write-offs, banks held onto their cash, unwilling to trust other institutions as creditworthy.

The economic direction of 2008 will depend for a large part on the ability of global central banks to re-instil confidence in the global financial system. With continued concerns over inflation, they have resisted slashing interest rates too aggressively, although they have injected liquidity through other means. One key measure indicates that they have been partially successful: the second half of December saw LIBOR spreads in both the US and eurozone decline significantly from credit crisis highs. Yet these spreads ended the year still elevated – the risks associated with contagion from the sub-prime meltdown have far from disappeared and will continue to impact economic growth and equity and bond markets worldwide in 2008.

Equity market volatility closely followed sentiment over US consumer retrenchment and the global impact of the unfolding sub-prime crisis and its contagion. MSCI World declined 0.9% in euros for the year. It was up 6.6% at the end of June, yet gave these gains away during the second half of the year.

2008 is likely to be a volatile year, with uncertainty over global economic growth likely to remain in place at least till the middle of the year. A further key question is the extent to which emerging economies, China in particular, will be affected by a slowdown in the major developed markets, given that they are still experiencing such strong growth. This question is also relevant for understanding the current bull market under way for many commodities, with precious metals and certain agricultural commodities performing especially well in 2007.

### Currencies

2007 was a year of significant dollar weakness, as well as significant pound weakness in the second half of the year, with the pound giving up most of its gains that it had made against the dollar earlier in 2007. Against the euro, 2007 saw the dollar weaken 14c from 1.32 to 1.46; the yen also appreciated against the dollar, strengthening from 119.1 to 111.7. The strongest of the major currencies was the euro, which strengthened against the pound from 1.48 to 1.36 over the course of the year.

The continued fallout from the US credit crisis and related consumer retrenchment saw declining sentiment towards US economic growth. With the Fed cutting interest rates by over 1% as the crisis unfolded, interest rate differentials also moved against the US. This combination was instrumental in pushing the dollar to new lows. The ECB has been unwilling to cut rates, and the interest rate differential between the US and the eurozone is now at its lowest level since the beginning of 2005. This has contributed to the euro being the major beneficiary (or one could argue, the major victim) of dollar weakness. In the UK, the combination of a weak housing market, a stretched consumer, and a central bank that has begun cutting rates to stimulate the economy despite a sticky inflation rate, contributed to worsening sentiment and a rapidly weakening currency.

# DIRECTORS' REPORT

## ANNUAL REVIEW

### (CONTINUED)

#### Fixed income

Following a weak first half of the year, government bonds rallied strongly in the second half of the year, in line with negative sentiments over economic growth and a general flight to safety. The US in particular saw yields decline strongly. Over 2007 as a whole, the US 10-year Treasury yield declined almost 70bp from 4.70 to 4.02. The eurozone 10-year government bond yield, although declining in the second half of the year, rose over the course of the entire year by 38bp from 3.95 to 4.33. November saw the crossover point, when the US 10-Treasury began yielding less than the eurozone 10-year for the first time since 2004. Dollar bond investors therefore performed far better than euro investors. JP Morgan US returned 9.2% while JP Morgan Europe returned only 0.9%. JP Morgan Global Bond hedged into euros returned 4.6%, in between the two extremes of the US and Europe.

The credit crisis in the second half of the year, although initially centered around inter-bank lending, fed through quickly to both investment grade and high yield bond spreads. In Europe, AAA credit spreads rose almost 30bp over the year, ending the year at around 50bp. Lower quality BBB investment grade bonds saw spreads rising even more, from 115bp to 205bp. High yield bonds were hit the hardest, with spreads in Europe rising over 280bp, and ending the year at just over 5%. This led to a decline in the JP Morgan Euro High Yield Index of just over 2% for the year. Although concerns in the inter-bank market eased at the end of December, sustained worries over the US consumer in particular and the risks of a recession have continued to push high yield spreads further.

Emerging market bonds fared better than developed market high yield. The JP Morgan GBI Emerging Market Index hedged into euros returned 1.78%. The unhedged performance in euros was 4.87%. This reflects continued strength in global emerging markets despite weakness in developed markets.

#### Equities

Equity market performance in 2007 depended for a large part on the reporting currency, with MSCI AC World rising 12.3% in dollars but only 1.5% when measured in euros. Yet when measuring in the same currency (in this case, euros), there were some large deviations between regions. Amongst the developed markets, Europe performed best, with MSCI Europe rising by 3.5%, measured in euros. The S&P 500 declined by 4.6% and the Topix declined by just over 14%. Japan clearly had a particularly disappointing year, with economic forecasts downgraded throughout the year, and the much touted consumer recovery never materialised. Financials were the hardest hit sector, and any banks with US mortgage exposure were severely punished by the markets. MSCI World Financials ended the year down almost 19% in euros. Small caps also performed poorly, suffering especially hard in the second half of the year in an environment of reduced equity market liquidity. For the year as a whole, MSCI World Small Cap declined by 10% in euros.

Yet it was a year of exceptional performance for developing markets. The spectacular rise in China's A-shares (88% in euros) was front page news, yet emerging markets performed well across most regions, with MSCI Emerging Markets returning 26% in euros, outperforming MSCI Asia Pacific ex Japan, which rose 24% in euros. These strong returns mirrored the current resilience of developing market economies to the slowdown in the developed economies. Whether developed equities and emerging equities can continue to perform in line with this diverging trend remains unclear. Emerging market equity valuations are no longer that attractive relative to developed market equities, and in some cases they now factor in clear growth premiums over developed markets, with little emphasis on the traditional risks associated with emerging markets.

# DIRECTORS' REPORT

## ANNUAL REVIEW

### (CONTINUED)

The developed market weakness of the last six months of the year was relatively indiscriminate, and many well managed, attractively valued companies sold off in line with the broader indices. This provided an attractive opportunity for fund managers to invest in undervalued stocks in anticipation of an eventual recovery. However an equity market recovery could be several months away. The risk remains that the Federal Reserve and other central banks, possibly through insufficient action, fail to inject the necessary liquidity to re-instil investor and consumer confidence and the related investing and spending.

#### **Main developments**

Our Institutional Sales activities booked significant success with inflows into our hedge and specialty funds, meeting our high expectations for the year.

The market once again remained difficult for our Dutch distribution efforts, however we were satisfied with the gross inflows that this unit was able to achieve and, in conjunction with Credit Suisse, we successfully launched a new guaranteed product, Double Locker, which was well received in the market.

The group's expansion in South Africa continued strongly which led to significant inflows into the products that we manage.

The Insinger group decided to exit the UK fund market during the year. As a result, the UK range of OEICs that we managed were sold in the 3rd quarter. Despite this, the distribution of our other products in the UK remained reasonably robust, particularly with inflows into our specialty range of funds.

As part of the planned expansion of our hedge fund platform, we successfully assisted the group in integrating the Oxford and Cambridge Investment Management hedge fund into the UK operations.

On the legal side, we successfully implemented the new MiFID requirements in time to meet the 1 November 2007 deadline. We also continued with our product rationalisation during the year.

#### **Risk management**

An important part of our governance structure are our risk management processes. As a financial institution we are constantly evaluating the potential risks that underlie our business and how to mitigate these risks. We have processes in place to control and monitor risks and members of the executive management are responsible for ensuring that risks and controls are addressed in each of their areas of operations. Particular attention is paid to:

**Market and Portfolio Risk:** although we have no market positions in our own name, it is vital for us to manage market and portfolio risk within all the portfolios that we manage on behalf of our clients. As such, management of market and portfolio risks is an integral part of our investment processes.

**Operational Risk:** it is essential for us to have an adequate administrative organisation and system of internal controls in place. All our processes and controls are documented in our Bwise risk management system and are regularly monitored to ensure the effective working of the controls, particularly those in high risk areas.

**Legal & Compliance Risk:** the regulatory environment in which we operate is continually changing with existing legislation being regularly updated or new laws being implemented. Greater emphasis is being placed by regulators on the integrity risks, particularly in respect of customer due diligence and transparency. We have a dedicated Legal & Compliance team which is responsible for reviewing all changes in the legal and compliance environment and implementing these changes within our products, policies and processes.

# DIRECTORS' REPORT ANNUAL REVIEW (CONTINUED)

In addition to our own risk management processes, as part of the Insinger de Beaufort ('IdB') group we also 'plug in' to the group's risk management processes and policies. We have access to the group's risk management department which supplies us with support and tools to ensure that risk management is adequately executed in a consistent manner throughout the IdB group. Overlaying this process, the IdB group's Internal Audit department independently monitors the ongoing adequacy and execution of our processes and controls. They report their findings both to us and to the IdB group's Audit Committee, which oversees the group's risk management and control systems on behalf of the group's supervisory board.

We can confirm that we have written procedures of the administrative organisation and internal controls that comply with the requirements of the Wet financieel toezicht ('Wft') and related legislation.

During the course of the year we reviewed various aspects of the administrative organisation and internal controls. This review indicated nothing that could conclude that the written procedures of the administrative organisation and internal controls as required by article 121 of the Besluit gedragstoezicht financiële ondernemingen ('Bgfo') did not comply with the requirements of the Bgfo and the related legislation. There was also no indication that the administrative organisation and system of internal controls did not function effectively or in accordance with the written procedures.

## Results

Gross income declined to €25.6 million from €29.8 million. Although our annual recurring income was higher in 2007, the decline in gross income was as a result of a decline in the levels of performance fees. The past year showed a net inflow of new assets under management of €152 million. Despite the positive net inflow of new assets, our total assets under management amounted to €1,917 million as at 31 December 2007 compared to €2,065 million as at 31 December 2006. This decrease was as a result of the impact of the significant decline in the markets over the second half of 2007.

## Strategy and outlook

Given the downturn in the markets experienced in 2007, and the muted expectations for the markets in 2008, we believe that 2008 will be a challenging year. We intend to meet this challenge by developing innovative products to support our institutional and Dutch distribution activities. As an example of this, we plan to launch a new socially responsible investment fund at the end of the first quarter 2008, having built up experience in this field in our multi manager department over the last couple of years.

We will continue to actively sell our products in the UK but will also now shift more focus to the intermediary market in the rest of Europe and beyond.

We believe that the group's South African operations will go from strength to strength, and we will continue to assist them in the developing of, and the management of, products suitable for their particular market.

As per 1 April 2008 director E. Martens has resigned.

Amsterdam, 29 April 2008

Directors

J.J. Human  
P.G. Sieradzki  
G.R. Ester  
P.D. Yeo  
D.H. Williams

# PROFIT AND LOSS ACCOUNT

## FOR THE PERIOD ENDED 31 DECEMBER 2007

	<u>Notes</u>	<u>2007</u> € 000's	<u>2006</u> € 000's
<b>Income</b>			
Net interest income		2,048,831	946,117
Commission and management fee income	1	23,573,167	28,826,689
		<b>25,621,998</b>	<b>29,772,806</b>
<b>Expenses</b>			
Salaries, pension and social security expenses	2	6,839,577	10,611,672
Other expenses	3	4,590,701	3,936,236
		<b>11,430,278</b>	<b>14,547,908</b>
		<b>14,191,720</b>	<b>15,224,898</b>
Result on ordinary activities before taxation		14,191,720	15,224,898
Taxation on ordinary activities		(3,618,888)	(3,882,349)
Result after taxation		<b>10,572,832</b>	<b>11,342,549</b>

# BALANCE SHEET

## AS AT 31 DECEMBER 2007

### (BEFORE RESULT APPROPRIATION)

<b>Assets</b>	<b>Notes</b>	<b>2007</b>	<b>2006</b>
		€ 000's	€ 000's
<b>Current assets</b>			
Receivable from related parties	4	52,437,666	42,978,351
Loans and advances to customers	5	86,546	97,321
Receivables and accrued income	6	2,907,002	8,119,535
		<b>55,431,214</b>	<b>51,195,207</b>
<b>Shareholder's equity and liabilities</b>			
<b>Shareholder's equity</b>			
Issued and paid-up share capital	7	70,000	70,000
Other reserves		30,211,863	18,869,314
Result for the period		10,572,832	11,342,549
		<b>40,854,695</b>	<b>30,281,863</b>
<b>Current liabilities</b>			
Taxes and social securities		3,618,888	3,882,349
Other liabilities	8	10,047,807	10,749,755
Liabilities to related parties	9	909,824	6,281,240
		<b>14,576,519</b>	<b>20,913,344</b>
		<b>55,431,214</b>	<b>51,195,207</b>

# STATEMENT OF CHANGES IN EQUITY

## FOR THE PERIOD ENDED 31 DECEMBER 2007

	<b>Share Capital</b>	<b>Other Reserves</b>	<b>Result for the year</b>	<b>Total</b>
Balance as at 1 January 2006	70,000	11,305,599	7,563,715	18,939,314
Appropriation of the result of prior year		7,563,715	(7,563,715)	—
Net profit			11,342,549	11,342,549
<b>Balance as at 31 December 2006</b>	<b>70,000</b>	<b>18,869,314</b>	<b>11,342,549</b>	<b>30,281,863</b>
Balance as at 1 January 2007	70,000	18,869,314	11,342,549	30,281,863
Appropriation of the result of prior year		11,342,549	(11,342,549)	—
Net profit			10,572,832	10,572,832
<b>Balance as at 31 December 2007</b>	<b>70,000</b>	<b>30,211,863</b>	<b>10,572,832</b>	<b>40,854,695</b>

# CASH FLOW STATEMENT

## FOR THE PERIOD ENDED 31 DECEMBER 2007

	<b>2007</b>	<b>2006</b>
	€ 000's	€ 000's
<b>Cash flows from operating activities</b>		
Net profit	10,572,832	11,342,549
Adjustment for:		
Taxation	3,618,888	3,882,349
Net cash inflow from operating activities before changes in operating assets and liabilities	<b>14,191,720</b>	<b>15,224,898</b>
<b>Decrease/(Increase) in operating assets:</b>		
Receivable from related parties	152,526	(42,766)
Loans and advances to customers	10,775	(97,321)
Other assets	5,212,533	(4,056,896)
<b>(Decrease)/Increase in operating liabilities:</b>		
Liabilities to related parties	(5,371,416)	970,343
Other liabilities	(701,948)	3,616,292
Net cash inflow from operating activities before payment of taxation	<b>13,494,190</b>	<b>15,614,550</b>
Taxation paid	(3,882,349)	(3,180,197)
Net cash inflow from operating activities after payment of taxation	<b>9,611,841</b>	<b>12,434,353</b>
Net increase in cash and cash equivalents	9,611,841	12,434,353
Cash and cash equivalents at beginning of year	42,802,555	30,368,202
Net increase in cash and cash equivalents	9,611,841	12,434,353
Cash and cash equivalents at the end of year	<b>52,414,396</b>	<b>42,802,555</b>

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE PERIOD ENDED 31 DECEMBER 2007

## General

Insinger de Beaufort Asset Management N.V. ('the N.V.') is a 100% subsidiary of Bank Insinger de Beaufort N.V., Amsterdam. The ultimate holding company is Insinger de Beaufort Holdings S.A., Luxembourg. The annual accounts of the N.V. are included in the consolidated annual accounts of Insinger de Beaufort Holdings S.A., Luxembourg.

The activities of Insinger de Beaufort Asset Management N.V. are not significantly impacted by seasonal influences.

## Accounting policies

The annual accounts were prepared in accordance with the statutory provisions of Title 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The annual accounts are denominated in euros.

## Basis of valuation of assets and liabilities

### General information

Unless stated otherwise, assets and liabilities have been stated at nominal value.

### Foreign currency

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

### Receivables and accrued income

Receivables are valued against face value after deduction of provisions for bad debts. This item has a period shorter than one year.

## Basis for determination of results

### General

Income and expenses are recorded in the year to which they relate.

### Fees and commissions

Revenue from the various services the Company 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.

## Foreign exchange

Income and expenses are translated at the rate of exchange ruling at the date of the transaction.

## Employee benefits

The parent company, Bank Insinger de Beaufort N.V., has only defined contribution plans. A defined contribution plan is a pension plan under which the parent company pays fixed contributions into a separate entity. The parent company has no legal or constructive obligations to pay further contributions once the contributions have been paid.

## Taxation

The tax charge is calculated on the profit before taxes for the year under review in accordance with ruling tax legislation. The N.V. forms part of the fiscal unit headed by Insinger de Beaufort Holding B.V. As a member of the fiscal unit headed by Insinger de Beaufort Holding B.V., the N.V. is severally liable for the tax liability of the fiscal unit.

## 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, deposits at other banks and with Bank Insinger de Beaufort N.V.

## Accounting estimates

Insinger de Beaufort Asset Management N.V. makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated. No significant changes have occurred compared to 2006.

# NOTES

	<u>2007</u>	<u>2006</u>
	€ 000's	€ 000's
<b>1 COMMISSION AND MANAGEMENT FEE INCOME</b>	<b>23,573,167</b>	<b>28,826,689</b>

Included under the line commission and management fee income are management fees, commissions received and paid, upfront fees and performance fees.

	<u>2007</u>	<u>2006</u>
	€ 000's	€ 000's
<b>2 SALARIES, PENSION AND SOCIAL SECURITY EXPENSES</b>	<b>6,839,577</b>	<b>10,611,672</b>
Salaries	6,533,517	10,354,477
Social security expenses	165,203	140,041
Pension costs	140,857	117,154
	<b>6,839,577</b>	<b>10,611,672</b>

This relates to recharged personnel costs. An amount of EUR 5,442,146 (2006: EUR 6,598,034) relates to directors of which is variable EUR 3,974,000 (2006: EUR 5,425,000).

	<u>2007</u>	<u>2006</u>
	€ 000's	€ 000's
<b>3 OTHER EXPENSES</b>	<b>4,590,701</b>	<b>3,936,236</b>
Recharges <sup>1</sup>	3,134,807	2,791,360
Information suppliers	469,397	393,620
Communication & travel	309,670	203,028
Other	676,827	548,228
	<b>4,590,701</b>	<b>3,936,236</b>

1) Relate to recharged expenses from the parent company Bank Insinger de Beaufort N.V. for various services received.

## NOTES

	<b>2007</b>	<b>2006</b>
	€ 000's	€ 000's
<b>4 RECEIVABLE FROM RELATED PARTIES</b>	<b>52,437,666</b>	<b>42,978,351</b>

This relates to the following items:

Bank Insinger de Beaufort N.V.	52,431,050	42,805,047
Insinger Finance (Pty) Limited	6,616	6,041
Insinger de Beaufort (ACD) Limited	—	167,263
	<b>52,437,666</b>	<b>42,978,351</b>

	<b>2007</b>	<b>2006</b>
	€ 000's	€ 000's
<b>5 LOANS AND ADVANCES TO CUSTOMERS</b>	<b>86,546</b>	<b>97,321</b>

This amount comprises two loans to business partners with no interest. As security for this credit facility future income flow is pledged.

	<b>2007</b>	<b>2006</b>
	€ 000's	€ 000's
<b>6 RECEIVABLES AND ACCRUED INCOME</b>	<b>2,907,002</b>	<b>8,119,535</b>

This relates primarily to debtors and receivables from investment management. The remaining term is less than one year.

## NOTES

	<u>2007</u>	<u>2006</u>
	€ 000's	€ 000's
<b>7 SHAREHOLDER'S EQUITY</b>	<b>70,000</b>	<b>70,000</b>
<b>Issued and paid-up share capital</b>		
The authorised capital of EUR 350,000 consists of 350 shares with a nominal value of EUR 1,000.		
The issued and paid up share capital amounts to EUR 70,000 and consists of 70 shares with a nominal value of EUR 1,000.		
<b>8 OTHER LIABILITIES</b>	<b>10,047,807</b>	<b>10,749,755</b>
This item includes accrued expenses and deferred income. The remaining term is less than one year.		
<b>9 LIABILITIES TO RELATED PARTIES</b>	<b>909,824</b>	<b>6,281,240</b>
The breakdown of this item is as follows:		
Bank Insinger de Beaufort N.V.	894,651	6,225,814
Insinger de Beaufort	—	46,900
Insinger de Beaufort Investments (S.A.) (Proprietary) Limited	15,173	8,526
	<b>909,824</b>	<b>6,281,240</b>

## NOTES

### 10 RELATED-PARTY TRANSACTIONS

Insinger de Beaufort Asset Management N.V. is controlled by Bank Insinger de Beaufort N.V. which owns 100% of the ordinary shares. A number of banking transactions are entered into with related parties in the normal course of business.

The outstanding balances with related parties are separately disclosed in the balance sheet.

### 11 EMPLOYEES

Insinger de Beaufort Asset Management N.V. has no employees. A group company has recharged the total personnel costs of 28 FTEs (2006: 26).

### 12 CONTINGENT LIABILITIES

As a member of the fiscal unity headed by Insinger de Beaufort Holding B.V., the N.V. is severally liable for the tax liability of the fiscal unity.

Amsterdam, 29 April 2008

Directors

J.J. Human  
P.G. Sieradzki  
G.R. Ester  
P.D. Yeo  
D.H. Williams

## OTHER INFORMATION

### APPROPRIATION OF THE RESULT

Article 16 of the articles of association states

1. All profit as revealed in the adopted annual accounts is at the disposal of the general meeting.
2. The company is entitled to allocate payments to shareholders and other beneficiaries from the profit available for distribution only insofar as shareholders' equity exceeds the paid-up and called-up portion of the share capital augmented by statutorily retainable reserves. No distribution of profit can be made to the company itself on shares held by the company itself.
3. The general meeting is entitled, with due regard to the provisions laid down in paragraph 2 of this article and to Article 2:105 of the Civil Code, to make one or more interim dividends available for distribution.
4. Profit distribution takes place after the adoption of the annual accounts showing that such appropriation is permissible.

The proposed appropriation of the result for 2007 is as follows:

Net profit 2007	10,572,832
Dividend paid	—
Addition to the other reserves	<b>10,572,832</b>

### AUDITORS' REPORT

The auditors' report can be found on the next page.



To the Management Board and Shareholder of  
Insinger de Beaufort Asset Management N.V.

## Auditor's report

**PricewaterhouseCoopers  
Accountants N.V.**

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1006 BJ Amsterdam  
The Netherlands  
Telephone +31 (20) 568 66 66  
Facsimile +31 (20) 568 68 88  
[www.pwc.com/nl](http://www.pwc.com/nl)

### Report on the financial statements

We have audited the accompanying financial statements 2007 of Insinger de Beaufort Asset Management N.V., Amsterdam as set out on pages 8 to 16 which comprise the balance sheet as at 31 December 2007, the profit and loss account and cashflow statements for the year then ended and the notes.

#### *Directors' responsibility*

Directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Insinger de Beaufort Asset Management N.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 29 April 2008  
PricewaterhouseCoopers Accountants N.V.

J.M. de Jonge RA