

A bright sun is positioned in the upper center of the frame, set against a clear, light blue sky. The sun's light creates a soft, circular glow that fades into the surrounding sky. The text 'The Space Between' is centered horizontally and placed within the sun's glow. The text is rendered in a bold, black, serif font, with 'The Space' on the top line and 'Between' on the bottom line.

The Space Between

 **Insinger
de Beaufort**

**Uncovering
value in the
space
between**

As bankers we are charged with the responsibility of investing other people's capital. It's a task we take extremely seriously.

We aim to earn consistent, above average returns for our clients. We are passionately committed to that.

We operate in an inherently unpredictable environment. Our clients are entitled to ask why we think we can deliver superior performance.

Financial markets are founded on belief; sustained by emotion. At any given moment certain themes dominate; others are repressed and rendered invisible. Evidence can be amassed to support almost any point of view.

Uncovering value in this maelstrom of data depends on separating significant information from meaningless chatter. Before others do.

That implies understanding our limitations and questioning orthodoxies. It means seeking – and often finding – answers in the most unlikely places.

Which is why, before we take on markets, we lock horns with each other. We test our opinions and articulate how they differ. This forges a collective wisdom, far greater than the sum of its parts.

So often, the gaps in our knowledge – the spaces in-between – have the greatest potential to shift the way our world appears.

Exposure to alternative perspectives can unearth unimagined possibilities. Tiny anomalies can develop into major fault lines.

And it can happen in the blink of an eye.



Ian Kantor
Chief Executive Officer
8 May 2007

What are we missing?

There are always blind spots.
Looking again – thinking differently –
unearths hidden value.

Page 007

Where is the doubt?

Orthodoxies deserve to be
challenged. No matter how good
the idea, asking why it is wrong
will always improve it.

Page 023

Why fight?

Conflicting perspectives spark new
ideas. When different views and
insights enter the fray, fresh and
unexpected solutions arise.

Page 047

How far should we go?

Anyone can scratch the surface.
Those who are prepared to go
further will come back with more.

Page 063

**What are
we missing?**

BEFORE THIS VIDEO BEGINS, THE AUDIENCE IS ASKED TO COUNT THE NUMBER OF TIMES THAT THE PEOPLE WEARING WHITE PASS THE BASKETBALL AND TO IGNORE PASSES MADE BY PEOPLE WEARING BLACK.



EACH TEAM PASSES THEIR BALL BETWEEN TEAM MATES REPEATEDLY IN A PARTICULAR ORDER.

A MAN IN A GORILLA SUIT ENTERS THE ROOM. IT DOESN'T ALTER THE CATCHERS' RHYTHM.



HE EXITS. THE THROWERS AND CATCHERS IGNORE THIS.

HE STANDS IN THE MIDDLE OF THEM AND WAVES AT THE CAMERA. BALLS ARE STILL BEING THROWN.

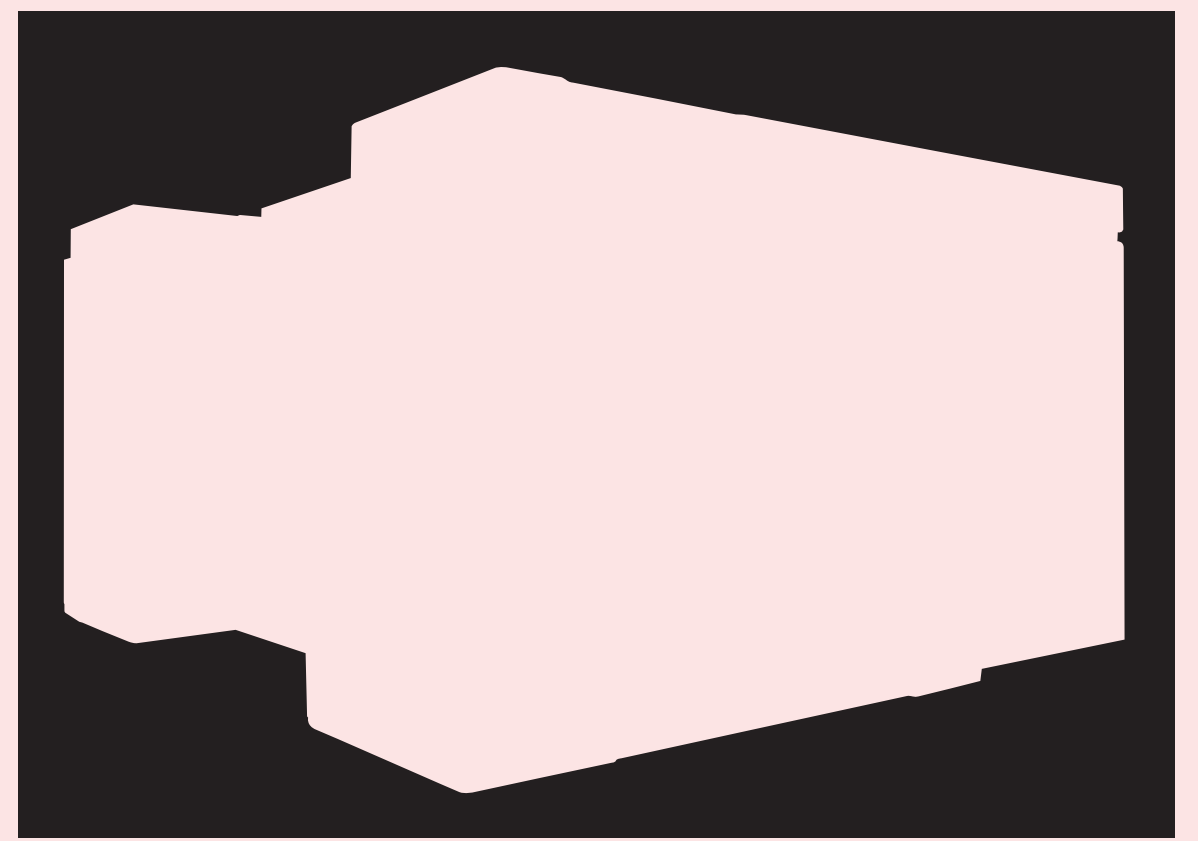


THE CATCHING AND THROWING CONTINUES.

FADE TO BLACK.

WHEN THE VIDEO ENDS THE AUDIENCE IS ASKED ABOUT THE MAN IN THE GORILLA SUIT. MANY NEVER SAW HIM.

(WITH THIS VIDEO EXPERIMENT DANIEL SIMONS AND CHRISTOPHER CHABRIS WON THE 2004 IG NOBEL PRIZE FOR PSYCHOLOGY) TO SEE THE VIDEO, GO TO WWW.VISCOG.COM



Sculptor Rachel Whiteread activates negative spaces; the areas that objects do not inhabit. Her work recalls the shifting realm between things – where memory and imagination shape perception. It reminds us that we only see what we choose to see.



Courtesy of Gagosian Gallery © Rachel Whiteread

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Fix your gaze on a scene in front of you. It's detected by your retina and processed by your brain, right? Wrong. Actually your eyes are darting around at high speed, scanning the scene to pick out its key features. Your eyes fix on an image for a few milliseconds and take a snapshot. You won't actually see the image until 1/4 of a second later because your brain has to process the visual data.

What you're doing is bringing all the points of interest into the fovea of your eye, which has the highest concentration of colour-sensitive cells and deals with critical detail. Hold your thumb at arm's length and look at your thumbnail. That's how much detail you see at any given moment.

Between these bouts of vision are moving phases called saccades. They are dazzlingly quick – the fastest external movements the human body makes. Each one lasts a mere 20 milliseconds.

If we carried on seeing during a saccade our world would be a blur. So the brain switches off its retinal processing during saccades, a phenomenon known as saccadic masking. It means that most of the time that we think we are seeing we are in fact blind.

What we actually see is a series of snapshots – thumbnail images separated by temporal and spatial gaps. We perceive it as a smooth, continuous scan because our brains join the dots for us.

... 5... 6... 7... 8



FLOATING

Immersion in a solution of Epsom salts in a dark, enclosed tank for about fifty minutes induces a feeling of deep relaxation. Hearing, vision, sense of smell and skin sensation are greatly reduced, and eventually the awareness of one's own physical boundaries disappears.

"The first few minutes are quite difficult. I don't like the water in my ears and the womb-like interior feels oppressive. But I let go. I'm floating on a warm ocean, rocked by my own pulse— then I'm weightless, soaring through space with colours streaking around me. I am a point of light among them—"

"I'm just getting used to being at one with the cosmos when the flute music comes on. Times up—"

SILENCE

In the late 1940s, American musician John Cage visited the anechoic chamber at Harvard University. An anechoic chamber absorbs all sound internally and is soundproofed externally. Cage entered the chamber expecting to hear silence; what happened instead profoundly affected his thinking and his music.

"I heard two sounds, one high and one low. When I described them to the engineer in charge, he informed me that the high one was my nervous system in operation, the low one my blood in circulation."

"I found out by experiment— that silence is not acoustic. It is a change of mind, a turning around. I devoted my music to it."

IMPERCEPTIBLE

TREMORS

By detecting tiny events, seismologists can locate the source of a tremor and track the course of a slip over days —improving their ability to forecast a major earthquake.

Seismologists have discovered a connection between slow, imperceptible tremors deep in the earth's crust and major earthquakes that occur, sometimes years later, at the surface.

Weak, 'non-volcanic tremors' are a relatively recent discovery. Because they are not a threat in themselves and produce relatively insignificant seismic readings, they have always been regarded as part of the background data 'noise' produced by the grinding of the earth's crust; of negligible use as earthquake forecasting tools.

However, sampling carried out across a network of locations over time dramatically enhanced their significance. Following a study conducted by Stanford University, California and the University of Tokyo, *Nature* magazine reported the discovery of a near-perfect correlation between non-volcanic tremor and low-frequency earthquakes (LFEs) – seismic activity deep underground. When LFEs 'swarm' or group together, they become tremors that can shake the earth, even though they are not felt on the surface.

Until recently, non-volcanic tremors and LFEs were considered separate phenomena. Now, scientists studying seismic activity beneath the southern Japanese island of Shikoku believe that they are different manifestations of the same event – a slow, vertical movement or 'slip' in a fault in the rock. These slips most often take place in subduction zones, where two tectonic plates collide, with one plate being forced under the other. This, of course, is how sudden earthquakes occur. A deep tremor event may unfold over weeks, but the massive stress it exerts on the fault results in the same potential for devastation.





A NOTICEABLE

ABSENCE

In April 2007, a small glass dish containing a culture of *penicillium notatum* was sold by Sotheby's for £11,400.

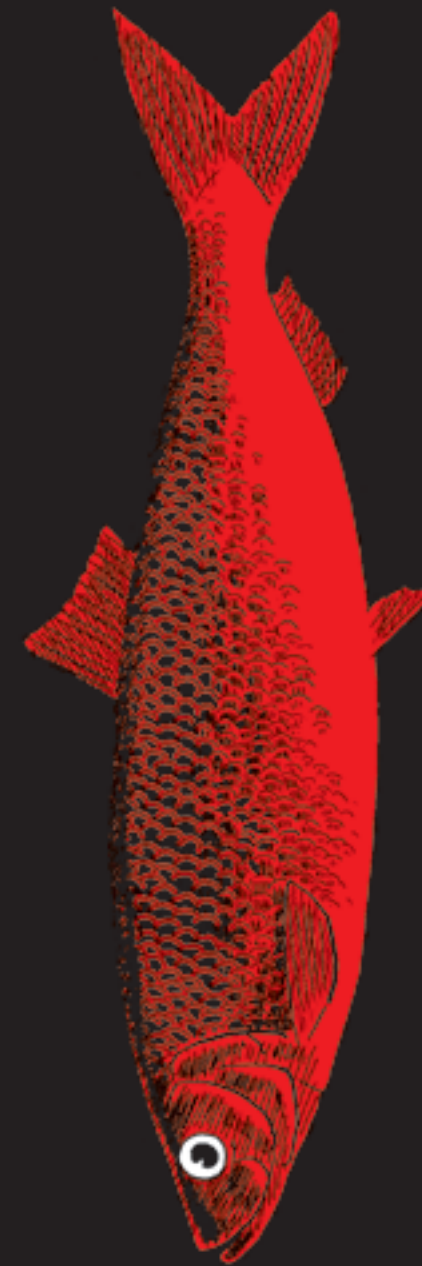
This was grown from spores of the mould that led to the discovery of penicillin and antibiotics – and ultimately saved millions of lives.

The story of how Professor Alexander Fleming noticed a clear area surrounding a growth of mould in a petri dish otherwise dotted with bacteria is well known, though the details vary.

Fleming changed the course of history by paying attention to what was missing.

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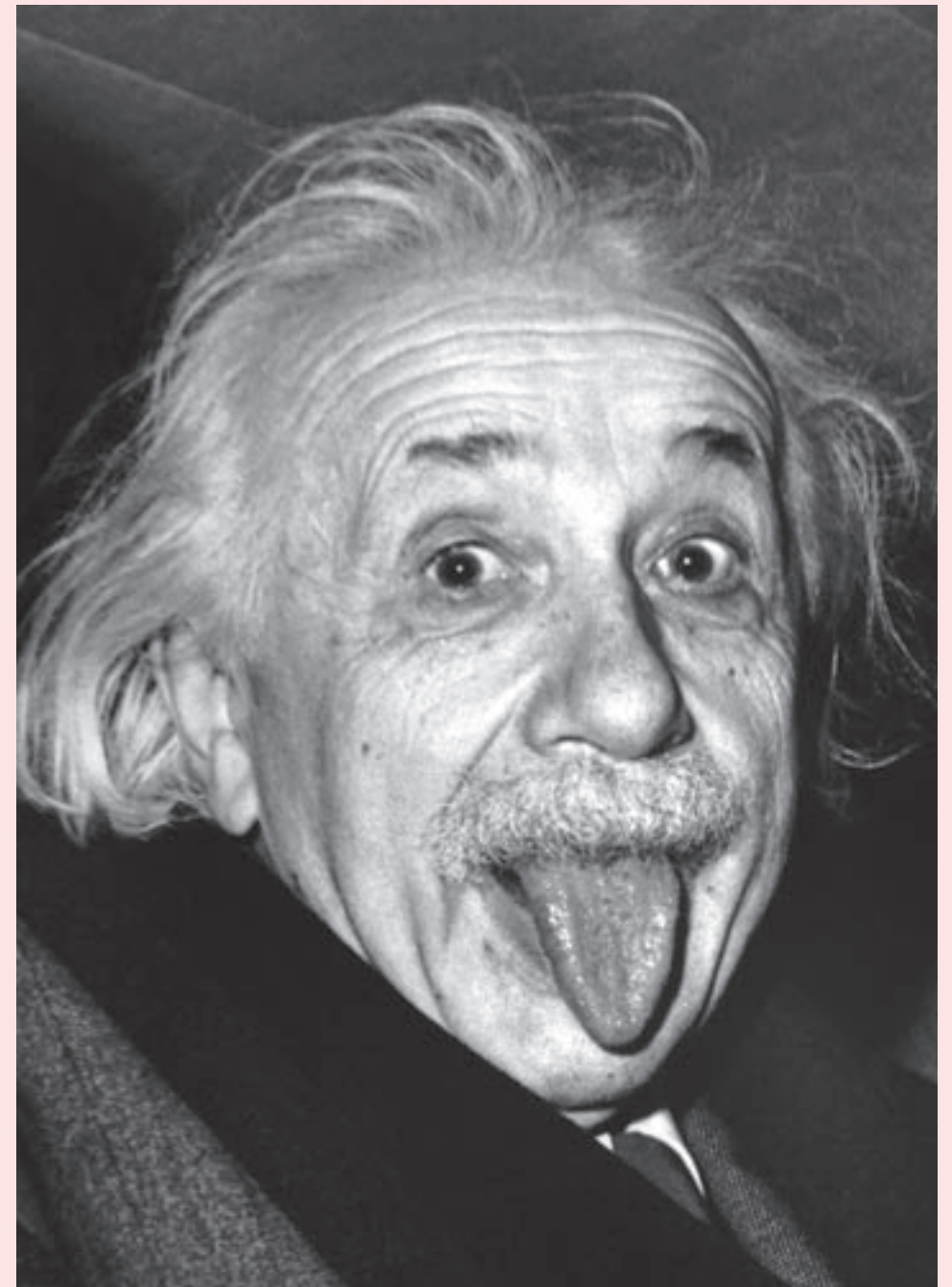
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**Where
is the
doubt?**

**“WE SHOULD TAKE CARE
NOT TO MAKE THE
INTELLECT OUR GOD;
IT HAS, OF COURSE,
POWERFUL MUSCLE,
BUT NO PERSONALITY.”**

Albert Einstein, 1879 – 1955



JOKING

APART

Many serious thinkers have analysed the meaning and purpose of jokes. Their conclusions are similar – that humour happens in the space between expectation and resolution. But their explanations reflect their own philosophical concerns and theories.

Why did Freud cross the road? He believed that a joke was a way for the subconscious to beat its 'censor', challenge authority and express repressed feelings for a brief moment.

- **Knock knock**
- **Who's there?**
- **Kant**
- **Kant who?**

– **Kant you see** that a joke is something which is initially threatening but turns out to be benign. Laughter is the expression of relief when a threat is removed.

How many philosophers does it take to change a lightbulb?

Plato and Hobbes thought the joke arose from the need to make fun of our fellow human beings and feel a sense of superiority. Our laughter expresses the relief that we are more self-aware than others and less prone to their weaknesses.

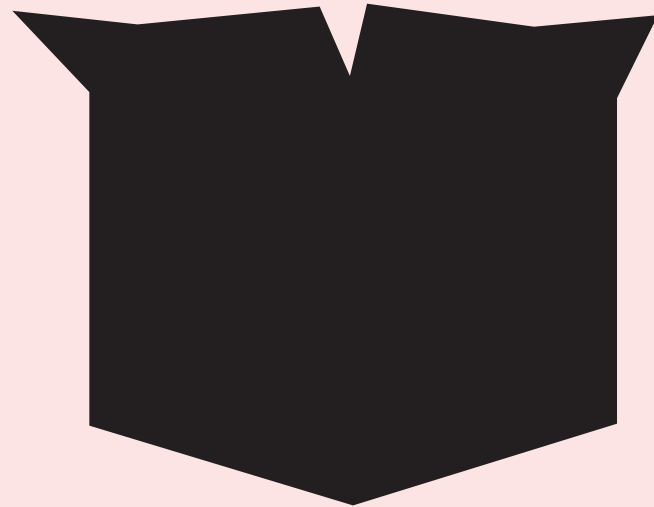
Two linguists walk into a bar... Victor Raskin and Salvatore Attardo see the joke as something which unexpectedly unites two 'scripts'. The greater the difference between the scripts, the greater the element of surprise and the more pleasure to be had from the joke.

What's the difference between 'self' and 'other'?

According to psychoanalyst Jacques Lacan, a joke arises from different interpretations of 'the symbolic'. It forces us to move away from our own, egocentric viewpoint and to see another's. Paradoxically, by reminding us of our differences, a joke reinforces our sense of shared humanity.

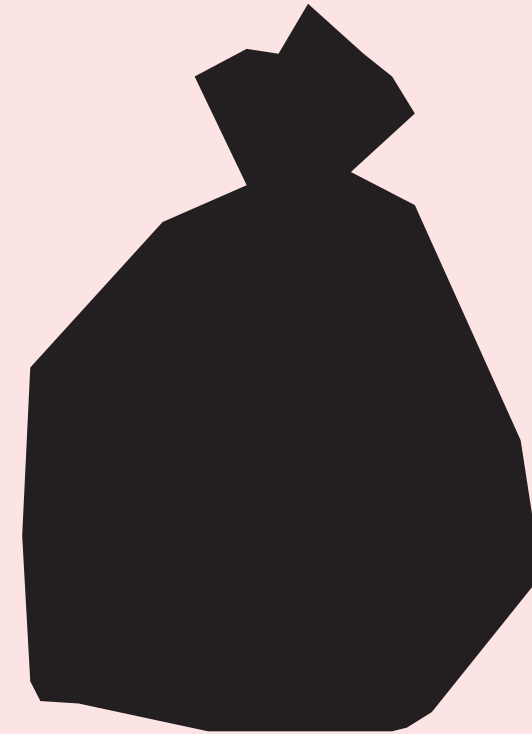
Q: How many elephants can you get in a Mini?

A: For Schopenhauer a joke becomes a joke when the audience suddenly feels the difference between an object and the concept it has been using to see that object.



Box logic. Boxes can only hold smaller boxes.

People who think with box logic have a hierarchical view of reality. Categories are both mutually exclusive and subdividable into smaller categories. Hierarchical thinking privileges certain authorities and arguments at the expense of others. The religious perspective is one instance of this mode of thinking. It takes the reality of God's existence as an incontestable truth.

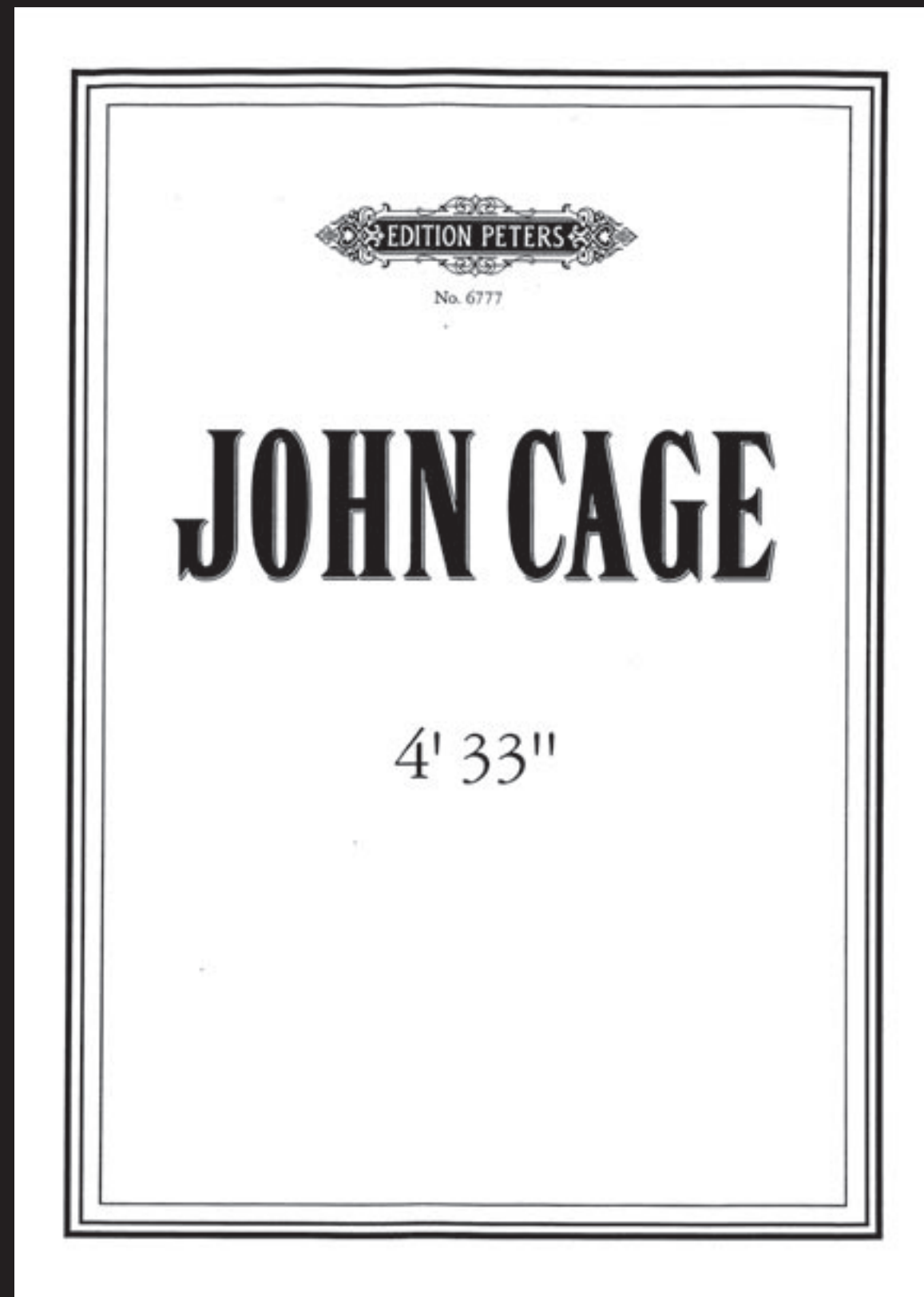


Sack logic. Large sacks can fit inside small sacks as well as contain them.

People who think with sack logic recognise that reality cannot be divided neatly into mutually exclusive categories. They are relativists, a mode of thinking which now dominates secular Western culture. For relativists no opinion has incontestable authority. They are left to argue their case by asserting their opinions, always aware that counter-opinions carry equal weight and presence.

**“PROBABLE
IMPOSSIBILITIES
ARE TO BE
PREFERRED TO
IMPROBABLE
POSSIBILITIES.”**

Aristotle, 384 –322BCE



4' 33"

FOR ANY INSTRUMENT OR COMBINATIONS OF INSTRUMENTS

John Cage

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NOTE: THE TITLE OF THIS WORK IS THE TOTAL LENGTH IN MINUTES AND SECONDS OF ITS PERFORMANCE. AT WOODSTOCK, N.Y., AUGUST 29, 1952, THE TITLE WAS 4' 33" AND THE THREE PARTS WERE 35", 2' 40", AND 1' 20". IT WAS PERFORMED BY DAVID TUDOR, PIANIST, WHO INDICATED THE BEGINNINGS OF PARTS BY CLOSING THE REHDS BY OPENING THE KEYPAD LID. AFTER THE WOODSTOCK PERFORMANCE, A COPY IN PROPORTIONAL NOTATION WAS MADE FOR IRWIN KRAMER. IN IT THE DUREMENTS OF THE MOVEMENTS WERE 30", 2' 23", AND 1' 40". HOWEVER, THE WORK MAY BE PERFORMED BY ANY INSTRUMENTALIST(S) AND THE MOVEMENTS MAY LAST ANY LENGTHS OF TIME.

FOR IRWIN KRAMER

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II
TACET
III
TACET

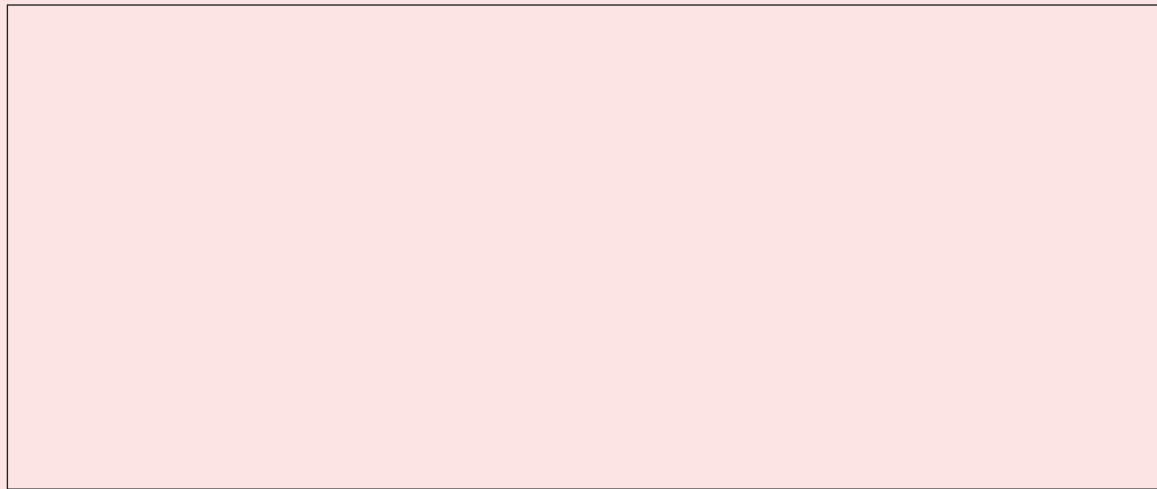
John Cage: 4.33 Edition Peters No. 6777 © 1960 by Henmar Press Inc., New York — Reproduced by permission of Peters Edition Limited, London

ALL
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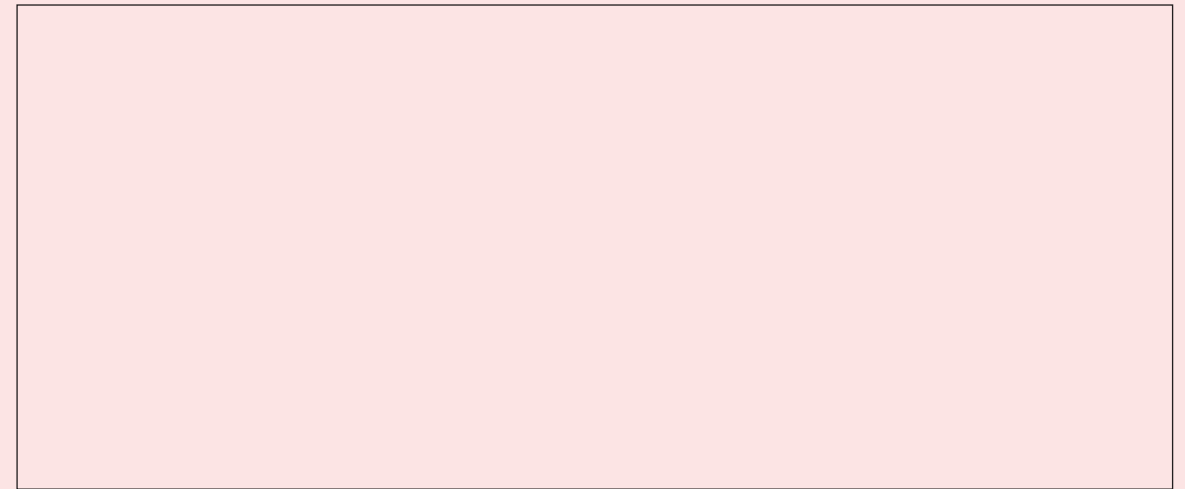
Francis Bacon, 1561 —1626

Viganella, northern Italy is completely overshadowed by the Alps from mid-November to early February. In an attempt to prevent an increasing number of inhabitants from leaving the village, a giant computer-steered mirror, which can project sunlight onto Viganella seven hours a day, has been placed on the mountainside.





IN LIMBO



In traditional Roman Catholic doctrine, limbo (Latin: *limbus*, edge) is the region between heaven and hell reserved for unbaptised babies. Unlike purgatory, limbo is not a place of punishment, but it is permanent, and offers no hope of entering heaven.

Before limbo was introduced in the 13th century, it was believed that all unbaptised people would suffer the everlasting torment of hell, as they had not been cleansed of original sin. At the time, limbo – a state in which souls would not experience heaven, but were spared the pains of hell – was an enlightened concept.

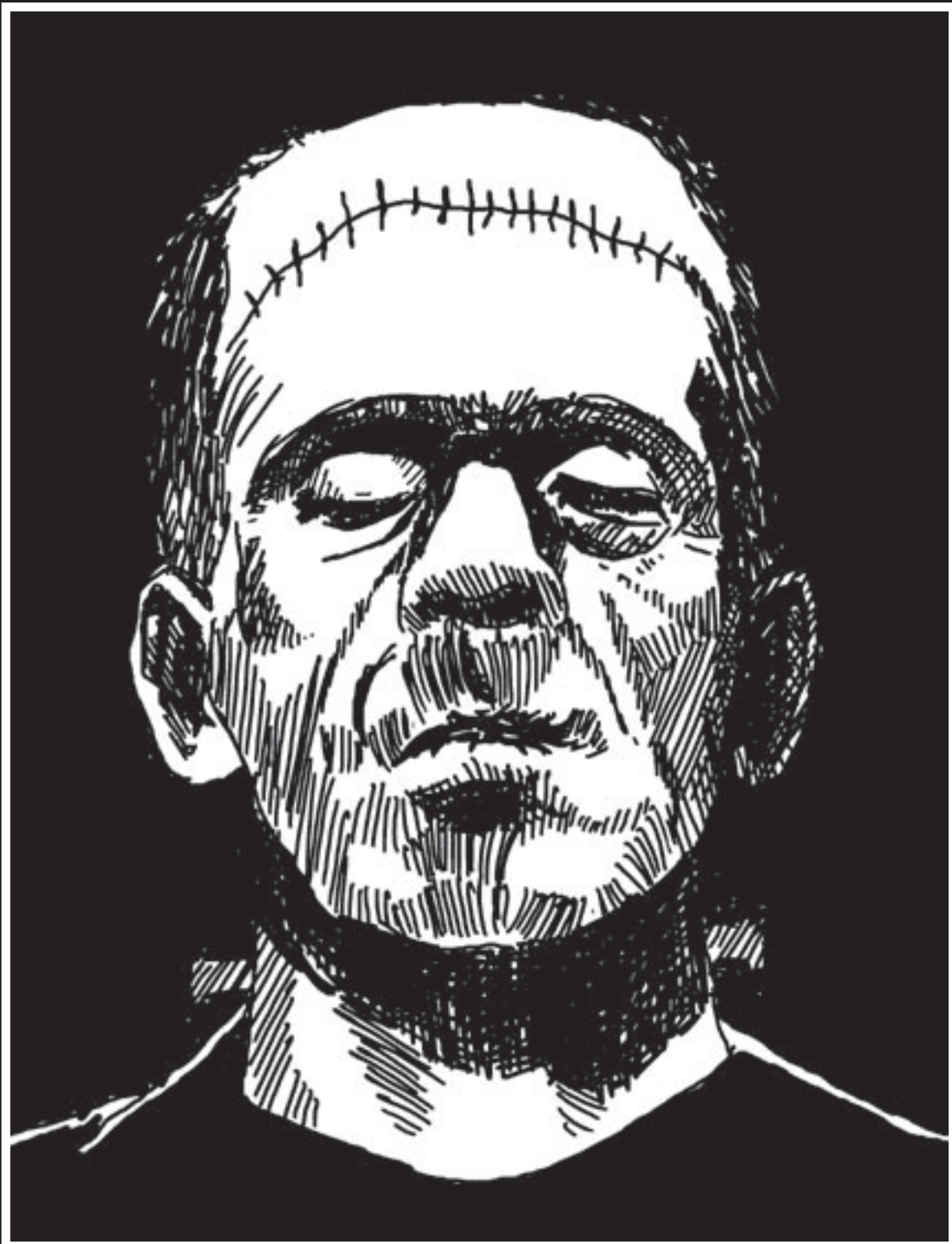
At the time of writing, limbo is itself in limbo. Some theologians argue that Catholicism must preserve limbo if it is to reconcile its salvation message with the concepts of original sin and a loving God. Although no final edict has yet been issued, the signs are that Pope Benedict XVI will remove limbo from official doctrine in the near future.



"I am condemned to be free."

**"IT WAS ALREADY ONE IN THE MORNING; THE RAIN PATTERNED DISMALLY AGAINST THE PANES,
AND MY CANDLE WAS NEARLY BURNT OUT, WHEN, BY THE GLIMMER OF THE HALF-EXTINGUISHED LIGHT,
I SAW THE DULL YELLOW EYE OF THE CREATURE OPEN..."**

Frankenstein, the Modern Prometheus. By Mary Shelley, first published 1818



THE THING

ABOUT MONSTERS

Monsters have always had a tenacious grip on the human psyche. From Hieronymus Bosch's medieval bestiaries through Bram Stoker's *Dracula* to *Star Trek's* Borg, they roam the perimeter of the place we call normality, and attack its walls.

The word comes from the Latin, *monstrum*, meaning an omen or a warning. What are monsters warning us about? And what does that tell us about ourselves?

They frighten us. Frankenstein's inexpertly sewn, animated corpse; leering, bloody-fanged vampires; hairy-palmed werewolves – a ghastly appearance, it seems, is a prerequisite. But monsters are also misunderstood: Frankenstein's creature picks flowers and plays happily with a child and a blind man. The real monster, says Mary Shelley, is in us.

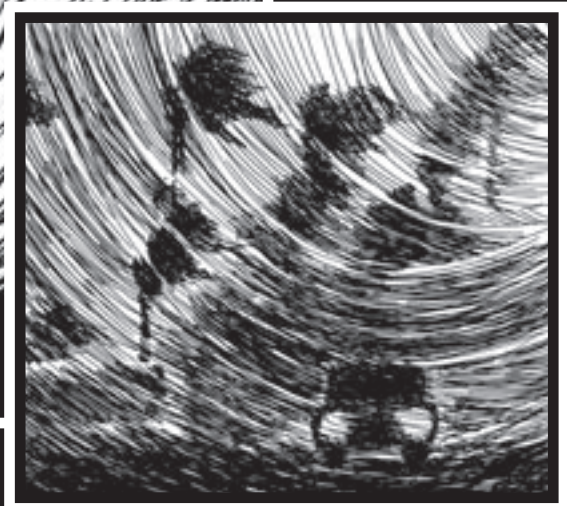
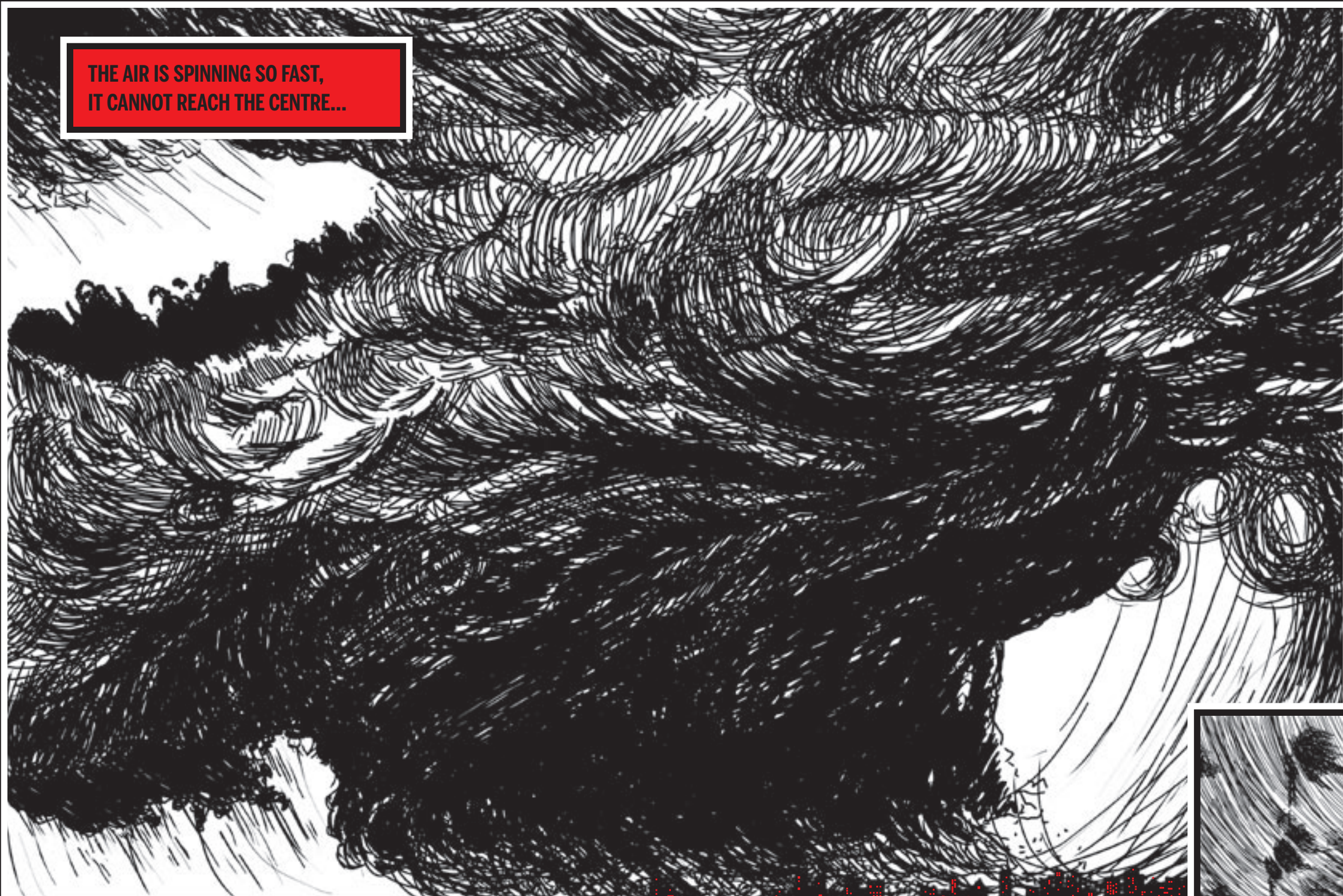
They don't fit. Monsters will not fit in with the way we interpret the world. They transgress it. That tells us a lot about our own taboos and restrictions. Monsters are mythological hybrids, violent fusions of mutually exclusive categories: the half-bull, half-man minotaur; the griffin, half-lion, half-eagle; the part-man, part-insect, part-machine that is David Cronenberg's *Fly*.

You can't get rid of them. As societies and as individuals we may want to ignore our monsters, but they refuse to go away. The monster in the film *Alien* was "one tough son-of-a-bitch". Both the Hydra and the Green Knight could survive decapitation. *Dracula* lived on for centuries. The monster's persistence reminds us that our own world view is unstable.

That's the thing about monsters; they mirror our inner demons. You can run away, try to kill them or you can try to learn from them – but you can never ignore them.

Why fight?

THE AIR IS SPINNING SO FAST,
IT CANNOT REACH THE CENTRE...



A HURRICANE BREWS.

A STORM DEVELOPS.

A hurricane brews. Near the equator the sun-cooked sea evaporates massive quantities of water.

It rises to the upper atmosphere, carried in warm, moisture-laden air. There, the altitude acts like a refrigerator. The moisture condenses; the air cools.

Hyper-cooled air rushes back to the surface – bringing with it sheeting rain – as a massive downdraft wind.

A storm develops. Huge, cumulus thunderclouds form a squall line at the intersection with a cold front. A slight kink in upper level air pressure – the squall line begins to rotate. Warm air is sucked into a vortex. The more air gets sucked in the faster the vortex spins.

Soon the air is spinning so fast that it cannot reach the centre. An impenetrable wall of wind surrounds a central column of still, dry air. Birds are trapped in the hurricane's eye.

Hurricanes can persist across the ocean for more than two weeks. They traverse the entire Atlantic Coast. These are astonishingly powerful systems; the average hurricane contains enough energy to power the United States for three to four years.

Wind power. From where does all this energy spring? Evaporation is the primary source; the surface of the ocean fuels the hurricane by furnishing it with steam. But it is still not enough on its own.

In the 1960s Sir James Lighthill proposed that a third fluid, in-between sea and water vapour, plays a pivotal role. His candidate: ocean spray.

A fluid dynamics devotee, Lighthill knew intuitively that airflow turbulence must counteract extreme wind speeds. He realised that ocean spray, because it reduces airflow turbulence, must actually be accelerating wind speeds.

Pouring oil on troubled waters. Controlling ocean spray might help us to control offshore weather systems. We could prevent or dampen hurricanes by depositing environmentally benign surfactants on the ocean surface.

Lighthill's insight has recently been expanded into a mathematical model, which correlates ocean spray levels to wind speeds. The model lends scientific credence to the ancient maritime practice of pouring oil on the sea to forestall bad weather.

TURN UP THE HEAT



Monograph of the U.S.D. 1926 21st Ed.

Viscum. Viscum album L. Mistletoe. European Mistletoe. Gui de Ohene, muon, Fr. Mistel G. Fam. Loranthaceae



Fig. 9
Weiß - Mistel. (Viscum album.)
Eiser-Nestel. Thymel.

Fig. 10
Weiß - Mistel. (Viscum album.)
Eiser-Nestel. Thymel.

POISONOUS

PEACE

For a poisonous, parasitic and not particularly attractive plant, mistletoe has a long tradition of promoting love and peace.

The Druids revered mistletoe as an all-healing, fertility-promoting gift from heaven. Old Norse myths refer to it as a plant of peace: any warring Scandinavians who met by chance under a tree bearing mistletoe were obliged to lay down their weapons and call a truce for a day.

Sprigs of the plant came to be hung in doorways. In Latin, *limen* means threshold. For anthropologists, the liminal state takes place between two states of being – for example, from child to adult. Here, long-held beliefs about role and identity fall away to allow for new forms of thinking.

'Under the mistletoe' thus became a ritual space – a space in which the taboos, boundaries and obligations of the social world do not apply. It is thought that the modern ritual of kissing under the mistletoe, overriding the ties of marriage and personal relationships, evolved from this.

***WE
DEMAND
THE RIGHT***

***TO
CONTRADICT
OURSELVES***

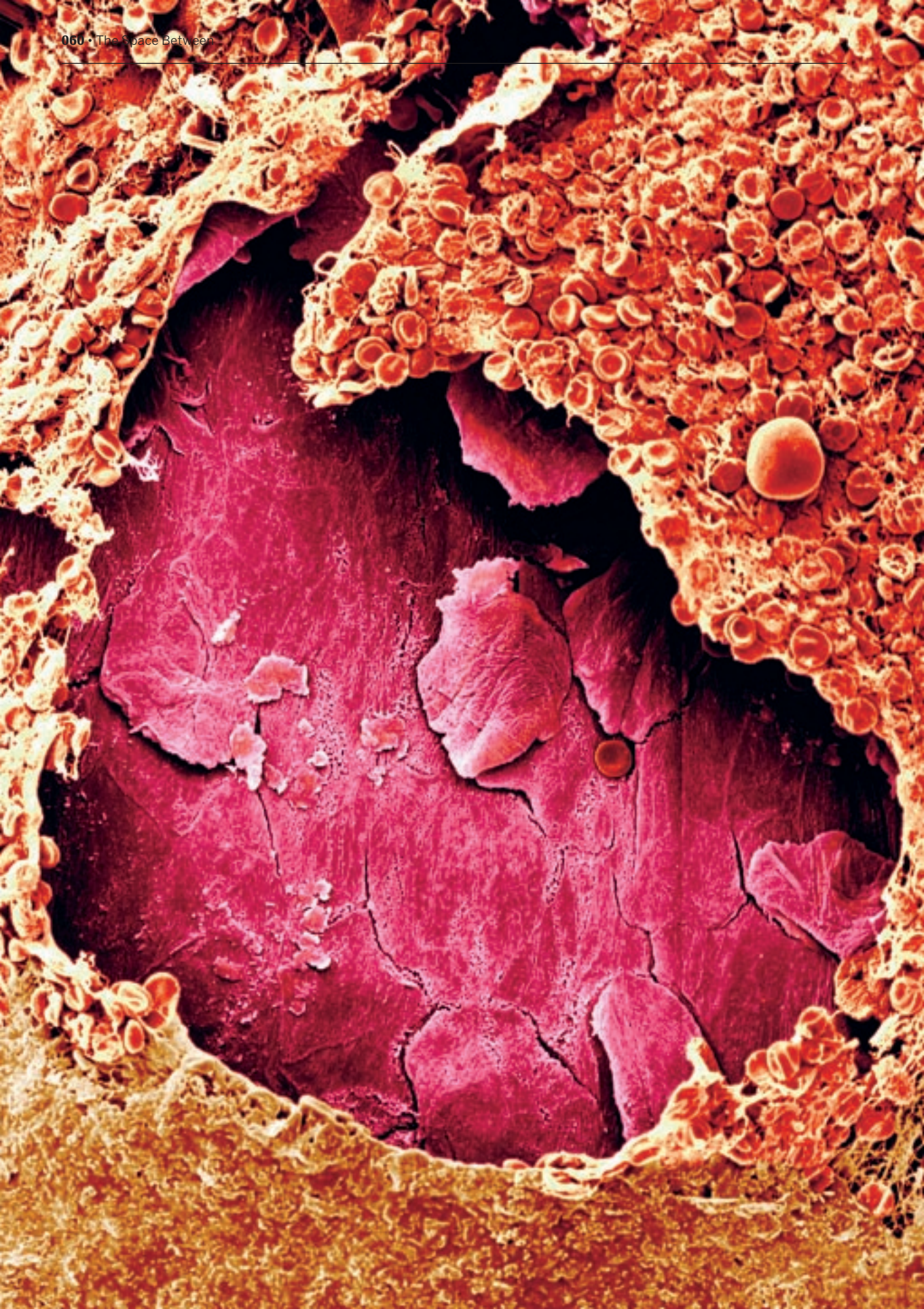


**DIV
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**JANI
TO
R**

Janus, the two-faced god of gateways, was a guardian of the Greek gods' treasurehouse. His occupancy of the middle ground meant he was often used to symbolise transition from one state to another – from the past to the future, from youth to adulthood, barbarity to civilisation. In this capacity Janus was worshipped at times of beginnings, such as planting, marriages and births.

Etymologically, Janus survives today as the month of January and in the role of janitor. Poetic justice, perhaps, for a god who gave the nymph Carna power over door hinges and handles in return for her favours.



A CHEMICAL

CONVERSATION

The resurfacing of wounds with healthy skin (epithelium) is a process of communication, co-operation and organisation called epithelialisation.

Once the wound bed has filled in, a moist, pink, open space remains, ready for resurfacing. Now the epithelial cells at the wound margins start talking to each other. They send chemical messages across the surface of the healthy wound, signalling that they are ready to move in. Any infection, dead tissue or unrepaired areas in the wound will disrupt their conversation and stop forward movement. The quality of the wound surface is, therefore, vital to success.

Epithelial cells are cautious and only move forward when absolutely sure that they won't be stranded. The first delicate, transparent cell moves a little bit into the wound, but doesn't lose contact with the edge. The next slides over the first, also remaining in contact with it. This is followed by another and another, each 'holding hands' for safety. Gradually, a chain of cells is formed that leads into the centre of the wound. The same process has occurred simultaneously at other points around the wound, stimulated by the chemical conversation.

As the cells meet in the middle of the wound, the signal goes back that they are among friends. Only then do cells at the margin let go and move forward, ultimately forming a central land mass capable of generating new epithelial cells. From this 'island' the process begins all over again. The next islands form halfway between the pioneering group and the wound edges, stimulating further migration. Over time, each emerging island reduces the distance that needs to be travelled by the next wave of migrating cells, accelerating resurfacing and producing a uniform archipelago of epithelial islands, each equidistant to its neighbour.

Once every open space has been covered with a single layer of transparent cells, and communication across the wound bed is no longer possible, upward movement can begin. The thickness of the epithelium increases to the point where it is level with the surrounding healthy skin.

**How far
should we go?**

"Passepartout was now plunged into absorbing reverie. Up to his arrival at Bombay, he had entertained hopes that their journey would end there; but now that they were plainly whirling across India at full speed, a sudden change had come over the spirit of his dreams. His old vagabond nature returned to him; the fantastic ideas of his youth once more took possession of him. He came to regard his master's project as intended in good earnest, believed in the reality of the bet, and therefore in the tour of the world, and the necessity of making it without fail within the designated period. Already he began to worry about possible delays, and accidents which might happen on the way. He recognised himself as being personally interested in the wager, and trembled at the thought that he might have been the means of losing it by his unpardonable folly of the night before. Being much less cool-headed than Mr. Fogg, he was much more restless, counting and recounting the days passed over, uttering maledictions when the train stopped, and accusing it of sluggishness, and mentally blaming Mr. Fogg for not having bribed the engineer. The worthy fellow was ignorant that, while it was possible by such means to hasten the rate of a steamer, it could not be done on the railway.

The train entered the defiles of the Sutpaur Mountains, which separate the Khandeish from Bundelcund, towards evening. The next day Sir Francis Cromarty asked Passepartout what time it was; to which, on consulting with his watch, he replied that it was three in the morning. This famous time-piece, always regulated on the Greenwich meridian, which was now some seventy-seven degrees westward, was at least four hours slow. Sir Francis corrected Passepartout's time, whereupon the latter made the same remark that he had done to Fix; and upon the general insisting that the watch should be regulated in each new meridian, since he was constantly going eastward, that is, in the face of the sun, and therefore the days were shorter by four minutes for each degree gone over, Passepartout obstinately refused to alter his watch, which he kept at London time. **It was an innocent delusion which could harm no one.**"



ARE WE THERE YET?



The sights and sounds of a busy shopping street: gridlocked traffic, a mill of people, tourists and window shoppers ambling along.

Darting in amongst all this, a determined pedestrian. This woman knows what she wants and she knows where to find it.

She's near her destination. Ahead, the department store. She makes for the entrance, leans against the glass door and steps across the threshold.

Once in, momentum carries her forward.

A few metres in: she stops to take stock. You wouldn't know it from her demeanour, but her senses are working overtime. Her eyes are adjusting to the difference in light; she's listening, taking in smells, sensing the temperature – getting to grips with this new environment.

She is standing in the shop, but she isn't really there yet.

She never saw the logo when she got to the door; she was looking for the handle. The items she wanted were right next to her, but she completely missed them. And she blanked the assistant who offered her help.

It'll be a few more seconds until the shopper arrives. In the meantime, she's in the transition zone.

Transition zone is a term coined by Paco Underhill to describe the inactive retail space at the front of every shop. Customers use this area to adjust from the outside to the inside.

Jo Twist (left) also known as (aka) Doctor Schnook



Doctor Schnook (left) aka Jo Twist



ALTER

EGO

For those of us who have visited a virtual world such as Second Life, the chance to create an avatar – an animated persona – is surely one of its most fascinating features. It seems the urge to transform our physical appearance – and everything this implies – is almost universal.

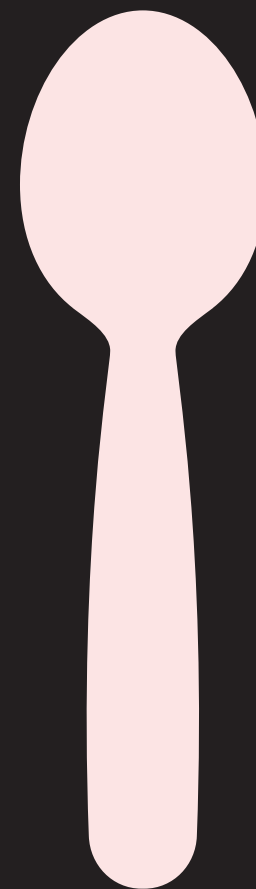
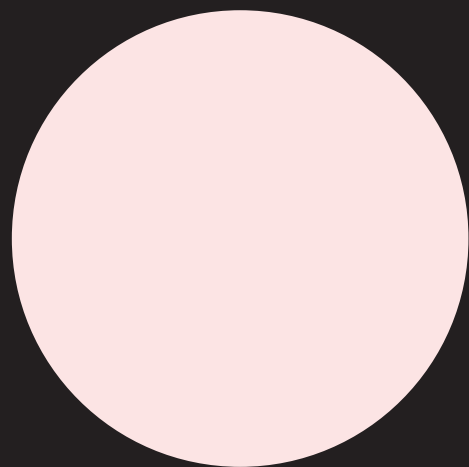
The word 'avatar', Sanskrit in origin, means 'the manifestation of a god in human form'. Certainly, creating one does give you the god-like power to transcend the restrictions of your appearance and identity; and you would expect this freedom to result in the birth of some very strange 'gods' indeed.

Surprisingly, however, Second Life is not entirely populated by beings with animal heads, little clothing and scaly purple skin. Most avatars look 'normal' (if you ignore the fact that nearly all have impossibly slender, superhero physiques).

A recently published book *Alter Ego: Avatars and their Creators** juxtaposes pictures of individuals and their avatars, revealing how people play with identity online. Sometimes, the appeal is pure escapism: a stressed-out mother can morph into a scantily-clad vamp; a lonely teenager can live like a rock star. The book shows that, rather than reinventing themselves completely, many individuals use their avatar to express aspects of their personality.

The boundaries between existing and new social spaces – between real and virtual reality – are becoming increasingly blurred as, inch by inch, technology overcomes the 'biological platform'. "What will it be like when technology allows us to touch and feel inside the virtual world?" asks entrepreneur Allin Qiin, also known as Anshe Chung.

* By Robbie Cooper and Julian Dibbell. Published by Chris Boot, 2007.



HYPNAGOGIANS

Hypnagogia is the state of consciousness between wakefulness and sleep.
Thinkers use it to stimulate ideas and solve problems.

Whenever he reached a sticking point in his thinking,
Thomas Edison would relax in an armchair, holding
a heavy ball over the wooden floor.

When he fell asleep, the thud of the ball hitting the floor
would wake him. He usually awoke with fresh insights
and ideas that enabled him to continue his work.

Whenever he reached a sticking point in his
imagination, Salvador Dali would relax in an armchair,
holding a spoon over a pan.

When he fell asleep, the noise of the spoon hitting the
pan would wake him. He usually awoke with vivid images
and ideas that enabled him to continue his work.

SUBSONIC

SUPERSONIC

Date: 28 October 1947

Appendix II

Pilot: Capt. Charles E. Yeager

Time: 14 Minutes

9th Powered Flight

1. After normal pilot entry and the subsequent climb, the X-1 was dropped from the B-29 at 20,000' and at 250 MPH IAS. This was slower than desired.
2. Immediately after drop, all four cylinders were turned on in rapid sequence, their operation stabilizing at the chamber and line pressures reported in the last flight. The ensuing climb was made at .85-.88 Mach₁, and, as usual, it was necessary to change the stabilizer setting to 2 degrees nose down from its pre-drop setting of 1 degree nose down. Two cylinders were turned off between 35,000' and 40,000', but speed had increased to .92 Mach₁ as the airplane was leveled off at 42,000'. Incidentally, during the slight push-over at this altitude, the lox line pressure dropped perhaps 40 psi and the resultant rich mixture caused the chamber pressures to decrease slightly. The effect was only momentary, occurring at .5 G's, and all pressures returned to normal at 1 G.
3. In anticipation of the decrease in elevator effectiveness at speeds above .93 Mach₁, longitudinal control by means of the stabilizer was tried during the climb at .83, .88, and .92 Mach₁. The stabilizer was moved in increments of 1/4 - 1/3 degree and proved to be very effective; also, no change in effectiveness was noticed at the different speeds.
4. At 42,000' in approximately level flight, a third cylinder was turned on. Acceleration was rapid and speed increased to .98 Mach₁. The needle of the machmeter fluctuated at this reading momentarily, then passed off the scale. Assuming that the off-scale reading remained linear, it is estimated that 1.05 Mach₁ was attained at this time. Approximately 30% of fuel and lox remained when this speed was reached and the motor was turned off.
5. While the usual light buffet and instability characteristics were encountered in the .88-90 Mach₁ range and elevator effectiveness was very greatly decreased at .94 Mach₁, stability about all three axes was good as speed increased and elevator effectiveness was regained above .97 Mach₁. As speed decreased after turning off the motor, the various phenomena occurred in reverse sequence at the usual speeds, and in addition, a slight longitudinal porpoising was noticed from 1.05-96 Mach₁ which controllable by the elevators alone. Incidentally, the stabilizer setting was not changed from its 2 degree nose down position after trial at .92 Mach₁.
6. After jettisoning the remaining fuel and lox a 1 G stall was performed at 45,000'. The flight was concluded by the subsequent glide and a normal landing on the lake bed.

IN ACCORD TO UNDERSTANDING
 MADE BY WITNESSES
 29 Oct 47 BY Charles E. Yeager
 CHARLES E. YEAGER
 Capt., Air Corps

L. Hamill 7/7/58

Transonic velocity occurs just below and above the speed of sound (usually between mach-0.8 and mach-1.2). At these speeds some parts of the airflow over an aircraft become supersonic, while other parts remain subsonic. This discrepancy creates a sudden variation in airflow density, which affects elevation.

In 1947, Chuck Yeager's mach-1 busting test flight in the X-1 jet proved that no such barrier exists (although the terminology persists in popular culture). Air turbulence is caused by the shift in relative airflows at transonic speeds. Once an aircraft goes supersonic the turbulence decreases again.

This was responsible for several accidents in the 1930s and 1940s. At that time, because air turbulence increases radically as we approach the speed of sound, some mathematicians hypothesized a 'sound barrier'. At mach-1, they said, air turbulence reaches infinity as stacked-up sound waves become an impenetrable wall.

This photo, taken by a military observer from the deck of an aircraft carrier, depicts an F/A-18 passing through a condensation cloud. Visible for just a fraction of a second, condensation clouds form in transonic conditions when extreme disparities in airflow create shock waves which lead to rapid changes in pressure and temperature. They are not, as commonly believed, the visual manifestation of the sound barrier.



CEO comment

The beginning of reflation

For over twenty years, disinflation has underpinned market performance. More efficient production, international competition, deregulation and global sourcing all played their part. Throughout this period the assumption that average unit costs were falling was axiomatic to our investment thinking. We now believe that balance is shifting. We are entering a reflationary phase in the economic cycle.

We are living in an age when technologies and cost-cutting innovations are rapidly replicable; productivity has effectively been globalised. The prices of many consumer goods, in real terms and on a like-for-like basis, have reached historic lows. Incremental productivity improvements may continue but there is now limited scope, at least in the developed Western economies, for substantial productivity gains.

At the same time consumers in Western economies have become more discerning. No longer satisfied with mere products, we choose brands that resonate with our values and priorities. We don't just want to buy things, we want to buy into them.

The response from industry has been to channel more investment into getting its goods onto the shelves and into consumers' hands. There is increased emphasis on marketing, advertising and packaging. Producers are switching from making things to satisfying lifestyle choices.

The thirst for service

Businesses continue to innovate, but the focus now is on building distinctiveness and finding better ways to engage with customers rather than cost-cutting measures. Low-cost production is of course a prerequisite for business survival, but it is customer service that is the true competitive differentiator. And that costs money.

The demand for high-quality service is not restricted to industry. Our societies want better healthcare, improved education and enhanced security.

Fewer people are available to provide these services and their customers, baby boomers and the elderly, are richer, more numerous and surviving longer. Supply and demand dictate that service costs will continue to increase.

Service is labour-intensive and usually has to be delivered locally. Historically, business has used global labour surpluses to keep local wage demands in check. China, India, to some extent South America, Africa and Eastern Europe all provided cheap labour. Much of the labour that global businesses can outsource has already been outsourced. Many of these economies are providing attractive employment opportunities. Little by little, the global surplus is drying up.

As labour becomes scarcer, labour markets – particularly at the skilled end – are being priced up. Consequently we expect, and are already seeing, pressure on service wages, which raises the spectre of inflation.

Declining domestic birth rates imply increasing dependence by Western societies on large-scale immigration, both to provide services and to stimulate continued economic growth. The need to promote labour mobility and maintain social cohesion will present Western governments with difficult challenges in the years ahead.

While average salaries have remained fairly constant over the past few years, pay levels at the top end have increased dramatically. In the US, for instance, between 2003 and 2005 average pay increased by around 3 per cent and real income for low-paid workers actually fell. During the same period, the average S&P500 CEO saw an annual increase of 25 per cent, from a base level of \$9 million.

Businesses now have to compete for talent in a global market and the scarcity of people with the skills to lead international companies allows them to command a premium. However, the perceived imbalance on pay levels is adding to the pressure on corporate wage bills.

Economic divergence is also exacerbating the two-tier society and this has real costs for the economy. Disenfranchised people behave in ways which business and society find difficult to cope with. As the haves demand protection from the have-nots, the cost of providing security to society is mounting.

The illusion of security

As people become prosperous they also feel they have more to lose. Populations demand more protection from their political leaders. Risks loom larger and this may be developing into a structural issue for Western economies. The actual risks we face are broadly unchanged, but we are no longer able to deal with them as effectively. It is no longer enough to manage risks; we want to control them.

In financial markets regulators are addressing risk by introducing new layers of protection and more comprehensive reporting requirements. Understandably, post-Enron, they are anxious to do all they can to prevent corporate and systemic collapse.

But is this the right approach? By definition, we cannot predict financial shocks. Imposing additional regulatory measures risks creating an illusion of security.

No matter how much we regulate we will only protect ourselves against those risks we can already foresee. Yet history shows, time and again, that it is the unforeseen, invisible factors which have the most devastating effect. A transparent, insurance-based system, which accepts that casualties are inevitable and focuses on compensating them directly, might be both fairer and more economically efficient.

This illusion of security suggests that a catastrophic market event can be legislated against. We take a different view. In our opinion a 'perfect storm' is not just probable, it is 100 per cent certain. The market itself will engineer the conditions to bring it about.

The Red Queen's race

In Lewis Carroll's *Through the Looking Glass* the ground moves under their feet as Alice and the Red Queen run; they end up exactly where they started. A similar phenomenon afflicts financial markets.

Markets seem not to learn from history. When trading conditions are favourable they push to the limit what can be achieved.

This is partly because the dice are loaded in favour of risk takers. The rewards for success are far greater than the cost of failure. Fund managers and corporate directors can earn substantial bonuses by meeting short-term performance targets. There is no equivalent penalty for underperformance.

Currently, private equity fund managers, awash with capital, are being encouraged to take risks. If buyouts fail, they are not the ones who will lose money; if they succeed, they will earn huge rewards. As more private equity chases a finite number of transactions the logic of the deals they take on inevitably becomes less compelling. Private equity investors are becoming caught up in the Red Queen's race.

Global deregulation, liberalisation and the swing away from capital-intensive to service-based industries have increased economic stability. This is reflected in financial markets where risk premiums are currently at historically low levels. However, as volatility has fallen the markets have grown accustomed to greater underlying stability. The market is exploiting these benign conditions to radically increase the level of liquidity in the global economy.

Markets are absorbing increasing amounts of leverage. The financial ecosystem is mutating. Increased liquidity is inflating the value of financial assets. Just as with the dotcom bubble, when additional capital was directed into the new economy so, now, funds, in the form of trade surpluses, are pouring into the new world.

With these surpluses China, India and other emerging markets are generating huge reserves. Because their own domestic financial markets are limited, these funds are being recycled and are helping to sustain the US economy. Ultimately, the biggest beneficiary of today's loose global monetary conditions is the US Treasury.

That situation can persist so long as financial asset inflation continues, but there is an ever-present risk that inflation will enter the real economy. When that happens central banks will be forced to raise interest rates. Areas of the economy based on leverage – hedge funds, property, private equity, emerging markets and the US – will be especially vulnerable.

Investing for returns

We take a different lesson from today's historically low-risk premiums. We believe there is no reason to suppose that just because volatility is currently at a low level it will always stay that way. In fact, the opposite is far more likely to be the case. Looked at in this light, the cost of insuring against price uncertainty represents very good value. We regard many forms of price insurance as a worthwhile investment in current conditions.

Emerging economies continue to grow at rapid rates. They are demanding their share of global resources, which is fuelling sustained demand for commodities. As a result, many commodity traders have made large profits from the recent bull market; no doubt there is more to come. However, as investors we take a long-term perspective. In our view, commodities eventually revert to their long-term mean values. We regard buying companies that are leveraged to rising commodities as inherently risky. We prefer to invest in stocks and in markets that are related to the emerging economies, which are driving the commodity price increases.

China and India are the main engines for growth, but their stock markets remain underdeveloped. Japan is a supplier of choice, particularly in the Far East. It has benefited enormously from the rise in Asian economies and, we believe, will continue to prosper as these markets develop.

Leaving space for doubt

We accept that we cannot understand all global markets in sufficient depth to outperform specialist fund managers. They have better access to information and better networks in their markets. It follows that on average they will achieve superior performance, which is why identifying the best specialist fund managers is a key investment discipline at Insinger de Beaufort.

How to identify the better performers? We start by looking for managers with a good track record, but this is only a first stage. We actively consider thousands of fund managers; pure chance dictates that some of them must outperform the rest. Many of these people are accorded star status: some actually believe their own publicity.

Past performance is not always the best guide. For instance, alpha males (and most fund managers are men) are genetically programmed to take risks. Overconfidence in one's own abilities brings success in the playground and sometimes, for a while, in financial markets. But in the end, believing that you are brighter is not a strategy. To understand the catastrophic consequences of overconfidence we need look no further than the current disastrous adventure in Iraq. What was missing from Bush and Blair's analysis? There was insufficient doubt.

We set great store by the personal and professional qualities of the managers we deal with. We are looking for people who are smart and know their business. They need patience, discipline and an even temperament, but we also value integrity, honesty and humility. We are looking for the characters who understand that they will not always get things right. They can be racked with self-doubt, they can appear tentative, they are sometimes inarticulate, but they have the huge advantage of being able to recognise, and learn from, their mistakes.

Allowing space for difference

Insinger de Beaufort today is a mature organisation. We have developed our own ways of doing things. We understand each other well and are able to communicate fluently and efficiently. The business has developed a shared intelligence, but this is never static. We usually agree in broad terms about what we want to achieve, but there is rarely a consensus about the best way forward.

Insinger de Beaufort people are smart and highly capable. We all have different perspectives and that fosters a dynamic culture. Everyone is encouraged to express his or her opinion. And defend it; vociferously. There is often debate – sometimes our exchanges get heated. We think that is healthy.

We believe we make better decisions this way. Very often the process of exposing and investigating our differences throws up new options that would never have been considered otherwise. Our opinions are tempered and tested in the heat of battle. This may not always make for an easy environment, but it is certainly a satisfying one. Staff turnover is exceptionally low and there is a strong bond between us. The same people who began the business over twenty years ago are still with us today.

Not taking the world for granted is hard-wired into Insinger de Beaufort's culture. Each of us understands instinctively that everything we say or do is liable to be contested by our peers, so we never make claims unless we can back them up. We welcome the rigour that promotes.

We apply that same rigour to financial analysis. We recognise that value is rarely obtainable on the surface. It has to be painstakingly unearthed, inch by inch.

We unpick orthodoxies and question axioms. In doing so we enter 'the space between'. This is a zone of uncertainty and it demands our attention. Without it there can be no rewards. Insinger de Beaufort's ability to operate in this space is what allows us to uncover value for our clients.

Results

Supervisory Board Report

The Supervisory Board has reviewed the annual report of Bank Insinger de Beaufort N.V. (the "Company") for the year 2006, as prepared by the Board of Directors and included in this annual report. PricewaterhouseCoopers has duly examined the Company's Financial Statements, and their Independent Auditor's Report is included in the annual report. The Board of Directors of the Bank is responsible for the management of the Company. It is the task of the Supervisory Board to supervise the policies of the Board of Directors and the general course of affairs in the Company. In addition, the Supervisory Board supports the Board of Directors with its advice.

Developments

In the year 2006 the Group showed good growth. The continued focus on the core financial services businesses of Private Banking, Asset Management and Institutional & Corporate products and services remains successful. The assets under management and recurring income continued to grow, which is central to the further development of the business. It is an important indicator of the Group's success in providing quality solutions to its clients. Insinger de Beaufort has a policy of being risk averse and maintaining a sound financial position. The policy is to have only a minimal exposure to market and credit risks and to focus on providing best of breed products and services to clients, where the Group remains free of any conflicts of interest.

Supervisory Board meetings

In 2006, the Supervisory Board met six times. No single member has been frequently absent from the meetings. The regular meetings included a review of the operations through presentations by management on business developments, including financial developments, compliance related items and the status of the investments in non-consolidated entities. In every meeting an update from the Audit Committee was discussed. During one meeting that was held in London in April, more detailed presentations and discussions were held on the UK operations. In the September meeting the risk management framework of the Group was presented and discussed. In December, the budget for 2007 and the business plans were presented by and discussed with management. Part of the December meeting was also used by the Board to meet without the presence of management and to evaluate their own functioning and the functioning of management individually and as a management board. In the December meeting the remuneration of the Management Board was also discussed.

Audit Committee meetings

The Audit Committee met six times in 2006. The Group's risk management and control systems were reviewed by the Audit Committee. As part of the ongoing monitoring of the proper functioning of the risk management and control systems, in all the meetings the internal audit plan and progress were discussed, together with the internal audit staffing. In addition the Audit Committee discussed the quarterly report on the results of the risk monitoring programme and the regular updates on regulatory items and pending litigation. In March 2006, the financial results for 2005 were discussed and the external auditors presented their findings on the audit of the 2005 Financial Statements. During the April meeting the performance of the external auditor was reviewed. In every meeting the developments with regard to the project on the replacement of the back office systems in Amsterdam were discussed. In the August meeting the external auditors presented their audit plan for 2006. The findings of the external auditor on their interim audit were discussed in the December meeting. Furthermore, the internal audit plan for 2007 and the audit committee charter were reviewed and discussed.

The current members of the Audit Committee are Mr P. Wennink (Chairman), Mr R. Mooij, Mr D. Howard, Mr S. Witjes and Mr M. Baltus.

Corporate governance

Having a proper corporate governance structure in a financial services organisation is essential. The Supervisory Board assists and supports the Board of Directors in its continuing efforts to ensure that the Company's practices and procedures reflect good corporate governance and comply with the relevant standards and associated best practices. Specific rules and procedures have been laid down in rules of procedure of the Supervisory Board, Audit Committee and the Board of Directors respectively. The compliance with these rules and procedures is monitored on a regular basis.

Supervisory Board Report

Board composition

On 24 May 2006 Mr B. Kardol was appointed to the Supervisory Board.

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

J.C. (John) Jaakke (acting Chairman)

Gender : male

Age : 52

Profession : former Chairman and attorney of Van Doorne, lawyers, civil-law notaries and tax consultants, Partner Boer & Croon process managers, Supervisory Director of Glaxo Smith Kline Nederland B.V. and Equity Trust Holdings Sarl.

Principal position : Partner Boer & Croon process managers

Nationality : Dutch

Other relevant positions : Chairman of the Board of Supervisory Directors of AFC Ajax N.V.

Date of initial appointment : 19–10–1999

Current term until : 31–12–2009

R.C.H. (Robert) Jeens

Gender : male

Age : 53

Profession : former Chief Financial Officer of Kleinwort Benson Group Plc and Woolwich Plc

Principal position : Chairman of nCipher Plc, a Cambridge-based technology company with a UK main market listing

Nationality : British

Other relevant positions : Non-executive Director of Insinger de Beaufort (UK)Limited, The Royal London Mutual Insurance Society Limited, Dialight Plc and TR European Growth Trust Plc

Date of initial appointment : 27–07–2005

Current term until : 30–06–2009

B. (Bas) Kardol

Gender : male

Age : 80

Principal positions : Bas Kardol was appointed Chairman of Insinger de Beaufort Holdings S.A. in 1994. He was also Chairman of Investec Bank (UK) Limited, Deputy Chairman of Investec Holdings Limited and a Director of Delta Motor Corporation (Proprietary) Limited. He has over 50 years of diverse business experience and has held a number of executive and non-executive directorships both in the Netherlands and South Africa. He has been associated with the Insinger de Beaufort and Investec groups for 14 years. He is also a past Chairman of the Netherlands South African Chamber of Commerce and a member of the International Advisory Board of Nijenrode University Business School in the Netherlands.

Nationality : Dutch

Date of initial appointment : 24–05–2006

Current term until : 31–05–2010

P.H.A.M. (Paul) Verhaegen

Gender : male

Age : 56

Profession : Professor of Entrepreneurial Finance, Technische Universiteit Eindhoven, former Dean International Affairs, Erasmus University Rotterdam and Professor Corporate Finance Rotterdam School of Management, former Director Economic Affairs of the Confederation of Netherlands Industry and Employers (VNO-NCW)

Principal position : Member of the Executive Board, Professor of Entrepreneurial Finance, Technische Universiteit Eindhoven

Nationality : Dutch

Other relevant positions : member of the Supervisory Board of Esso Nederland B.V. and Noordhollandsche van 1816 Groep, Director of BT (Netherlands) Holding B.V.

Date of initial appointment : 19–10–1999

Current term until : 31–12–2010

P.T.F.M. (Peter) Wennink

Gender : male

Age : 49

Profession : former Partner of Deloitte & Touche, Chief Financial Officer ASML Holding N.V.

Principal position : Executive Vice President and Chief Financial Officer ASML Holding N.V.

Nationality : Dutch

Other relevant positions : —

Date of initial appointment : 26–05–2003

Current term until : 31–12–2007

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is determined by the shareholder of the Company. The remuneration of the members of the Supervisory Board is not dependent on the financial results of the Company.

Independence

The Supervisory Board's rules of procedure contain criteria based on which members of the Supervisory Board are considered independent. The Supervisory Board considers all current members of the Company's Supervisory Board to be independent in accordance with the rules of procedure of the Supervisory Board.

Conflicts of interest

The Supervisory Board's rules of procedure contain procedures to deal with conflicts of interests of members of the Supervisory Board and the external auditor. During the financial year 2006, no such conflicts of interests have occurred.

Gratitude to staff

The Supervisory Board acknowledges the contributions to the successful development of the Company made by everyone associated with the Company and, in particular, we thank all Board members, management and staff of Insinger de Beaufort.

The Supervisory Board

Amsterdam

8 May 2007

Senior Executives

Bank Insinger de Beaufort N.V.

Management Board

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

Group

Finance, Operations and Support
Baltus, Marc

Secretary

Staring, Mike

Marketing and Communications

Bongers, Han
Brandsma, Oedo

United Kingdom

Finance, Operations and Support

Howard, David
Tokley, Jacqui

Private Banking

Europe

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

United Kingdom

Bayer, Elissa
Behrens, Debbie
Berkowitz, Trevor
Marlow, Edward
Martin, Frank
Mun-Gavin, David
Olstead, Simon
Schewitz, Kelvan
Simon, John

Institutional and Corporate Products and Services

United Kingdom

Bond Broking

Blackwell, Andrew
Bruell, Nick
Jordan, Phil
Matthews, Dean
Reynolds, Mark
Syriopolous, Dionissis

Equity and Derivatives Broking

Ash, Andy
Burton, Martin
Coate, Clive
Dunnoos, Elie
Glassock, Jonathan
Green, Robert
Peskin, Andrew
Shaw, Elliott
Stiasny, Collin

Corporate Finance/Broking

Allen, Jasper
Caldwell, Christopher
Sahgal, Nandita
Ward, Peter

Europe

Equity Trading

Leur, Patrick van
Monnik, Frank
Scheper, Harry

Asset Management

Europe and South Africa

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

Treasury and Credit

Speld, Alexander van der
Witjes, Sjarrel

Salient Features

	2006 Euro	2005 Euro	Change %
Results			
Operating income (million)	89.9	82.0	10
Operating profit (million)	9.3	4.2	119
Net profit (million)	4.4	5.9	(25)
Balance sheet			
Total assets (million)	461.3	432.5	7
Shareholders' equity (million)	54.2	51.0	6
Other			
Assets under management (excluding fiduciary assets) (billion)	6.3	5.3	19
Number of staff employed at year-end	374	340	10

Report of the Board of Managing Directors

2006 Review

The development of the core activities of the Group has been encouraging over the past year. The continued focus on the core business units remains central to the business' further development. In particular the Private Banking and Asset Management units operated from a well established base and continue to show sustainable growth. The Institutional & Corporate products and services activities operate in market segments with volatile earnings and the past year showed mixed performance as a result. In all that we do professional quality is central to our service to clients. We continue to cherish the independent and the entrepreneurial approach that is embedded in our culture. This is the basis on which we will continue to develop our organisation and deliver high quality services to our clients.

This review first looks at our strategy and then outlines the development of our business activities.

Strategy

We remain committed to our defined strategy of focusing on providing financial services to private clients, professional intermediaries and corporate and institutional clients. Our service offering is based on an in-depth professional approach to finding the best solutions for our clients. This approach is characterised as investigative, considered, flexible and with attention to detail. We always focus on achieving consistently good risk adjusted investment returns for our clients.

We operate as a 'professional banking partnership' which is reflected in meaningful ownership by management and staff with the commensurate independence and culture. This creates an entrepreneurial environment that attracts highly qualified staff and produces high calibre professional services. This concept remains an important part of our positioning and branding. It enables us to differentiate ourselves in the products and services we offer and in the way we deliver them. Our aim is to develop long-lasting relationships.

The growth of assets under management remains a key element of our business objectives. The longer term economic value of the Group is largely determined by the growth in assets under management. The level of net inflow of assets under management is an important indicator of the success of our services and our future growth. It forms an important basis of recurring income and future income growth. We aim to increase the portion of annuity-based income and to reduce the impact of relatively more volatile types of income.

We plan to bring our cost-to-income ratio down further over the coming years by improving our operational efficiency while at the same time increasing the service levels to our clients.

In Private Banking we continue to grow the business by producing quality services to clients. Key to this growth is the investment performance we achieve for our clients and therefore much attention is given to the investment process. This process is aimed at delivering consistent investment returns within the risk profiles of our clients. Through our open architecture we select the best available solution for our clients whether this is developed in-house or with third parties.

In servicing our clients we strive to develop long-term relationships, which mirrors our approach to both the investment process and the attraction and retention of personnel. This highly specialised approach creates the right environment for our professionals to develop their skills and to fully understand the clients' requirements through a longer term relationship. The business continues to seek expansion of our private banking services in the UK domestic market.

In the Asset Management unit we continue to pursue a well-established and thorough manager selection process, as well as managing direct European equity products with specialisation in absolute return strategies. The basis of our Group-wide investment process is maintained in the unit which then cascades through to the other units. It forms the basis of achieving sustainable returns on the assets we manage for our clients throughout the Group. We continue to expand our specialty investment products in-house and through selected partnerships. Widening the distribution of our investment services to institutional investors will continue. Attracting and retaining the right people is fundamental to the success of the unit. We create a professionally challenging environment in which our people can exploit their talents fully. We continue to develop our retail distribution further through financial intermediaries with a good market position in the Netherlands while also growing our position in the UK and South African intermediary markets. We expect that the unit will increase its assets under management where revenue is linked to performance.

In the Institutional & Corporate products and services units we have experienced more volatility in income. This volatility is inherent to these activities. We seek to mitigate income volatility by having a complete institutional service offering in equity stock broking, bond broking and derivatives. These units continue to serve a high quality client base with specialised service offerings. In addition to this we have our UK corporate finance unit that is a specialised Nominated Advisor for listings on London's Alternative Investment Market (AIM). We focus on the further expansion of our institutional investment advisory activities aimed at supporting institutional investors in an ongoing process of monitoring, evaluating and reporting the performance of asset managers in terms of risk, return, correlation and attribution.

Our three business lines continue to be supported on a decentralised basis from our locally managed Support and Finance & Control units. In addition to the local control functions, we operate a detailed centralised financial control, both of which are supported by a common accounting system. A substantial part of the back office operation, including systems development and IT support services, has been outsourced to professional service providers – where these services are positioned as their core competence – which brings qualitative and scale advantages.

We continue to pursue growth through the continued further development of the current core businesses, while retaining a tight control on costs and mitigating risk. Our risk management process is reviewed constantly and tightened where needed. Our policy is to maintain a highly liquid balance sheet. Operating without material proprietary positions also strengthens the independence and transparency inherent in the delivery of our services. This remains a cornerstone of our positioning.

Report of the Board of Managing Directors

Corporate governance and risk management

Having a proper corporate governance structure in a financial services organisation is essential. The Group's practices and procedures are continuously reviewed to ensure that they reflect good corporate governance and comply with the relevant standards and associated best practices, and at the same time are not replicated unnecessarily at different levels due to the various corporate governance codes which the Group takes into account. Specific rules and procedures have been laid down at various levels in the Group. Compliance with these rules and procedures is monitored on a regular basis.

The Group has established insider trading rules which apply to all employees of the Insinger de Beaufort Group. The rules include the prohibitions resulting from market abuse legislation. In accordance with these rules all securities transactions by directors and employees are reported to and monitored by the compliance department.

An important part of our governance structure is our risk management process. As a financial institution we are constantly evaluating potential risks that underlie our business and how to mitigate these risks. We have a comprehensive process to determine policies on risk tolerance and where we control and monitor risk positions as an integrated set of activities. Members of the executive management are responsible for ensuring that risks and controls are addressed within each of their operations. This process is fundamental to all business units in our organisation.

Our Risk Committee governs the risk management processes in accordance with the Group Risk Management Policy. Our Credit Committee, Asset & Liability Committee and Operational Risk Committee respectively provide the expertise and independent input for the management of credit risks, market and liquidity risks, operational and compliance risks. Our risk management department provides the operational units with support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the Group.

Overlaying this process our internal audit department independently monitors the ongoing adequacy and execution of this structure. They report their findings to responsible management and directly to the Audit Committee which oversees our risk management and control systems. Our policy on risk tolerance is based on an ongoing assessment of the environment that emphasises high liquidity, limited credit, market and foreign currency risk exposures and a healthy capital base. In managing interest rate and foreign currency positions we use derivative instruments for hedging purposes. An important element of our risk management is safeguarding us against reputational risk to ensure that our integrity is not compromised. Our compliance monitoring sits at the core of preserving our business ethics and making sure that we operate in line with the applicable rules and regulations.

Consolidated results

	2006 Euro million	2005 Euro million
Operating income	89.9	82.0
Operating profit	9.3	4.2
Profit before tax	9.3	5.0
Net profit	4.4	5.9

The reported operating income increased by EUR 7.9 million (10%) to EUR 89.9 million.

The operating profit increased to EUR 9.3 million in 2006 from EUR 4.2 million in 2005, which is an increase of EUR 5.1 million. The core operations of the Group showed a good improvement over the previous year. The Asset Management and Private Banking units continued to show a significant inflow of new assets and realised good performance on these assets. Consequently they managed to increase their operating income and operating margins with above average investment performance related fees. This illustrates the success of these units and provides an important basis for ongoing solid growth. Although Monument Securities Ltd performed in line with expectations, overall the Institutional units were adversely impacted by poor market conditions and produced results below expectations.

Agreement was reached to terminate the lease contract of the previously occupied premises in London resulting in a lower than expected liability. Consequently a net amount of EUR 1.3 million (pre tax) of the provision made in 2005 for these property lease commitments was released in 2006.

The higher effective tax rate for 2006 and the income in 2005 on the sale of subsidiaries caused the net profit for 2006 to come to EUR 4.4 million compared to EUR 5.9 million for 2005.

The Group continues to maintain a highly liquid balance sheet and most of the assets are invested in cash or near cash, and the loan assets have been collateralised by liquid securities. Capital resources increased from EUR 51.1 million to EUR 54.3 million, mainly due to the net result less dividend paid.

The assets under management as at 31 December 2006 increased by 19% to EUR 6.3 billion compared to EUR 5.3 billion as at 31 December 2005¹. The increase resulted from both a net inflow of new assets from clients (10%) and market value appreciation (9%).

The number of employees increased from 340 to 374, mainly due to the acquisition of Monument Securities Ltd at the beginning of 2006.

1) This amount includes reinvestments in own products.

Report of the Board of Managing Directors

The operating units

Private Banking

Operating income

Operating income increased to EUR 38.4 million from EUR 34.0 million, an increase of 13%. The past year showed an increase in assets under management of EUR 722 million. Of this 20% increase, approximately 10% resulted from market appreciation and 10% from a net inflow of new assets from clients. This continues to demonstrate our ability in both achieving good investment performance for our clients and attracting new private clients in a competitive market. The total assets under management grew from EUR 3,548 million as at 31 December 2005 to EUR 4,270 million as at 31 December 2006.

Main developments

Our Private Banking activities continued to show a growth in operating income and operating profit. The quality investment process has again delivered good investment returns for clients and a considerable net inflow of assets under management was achieved during the year. This illustrates the success of the unit and provides a good basis for continued growth. As part of the range of alternative investment offerings the unit remains active in the construction and distribution of structured products for clients as well as placing selected real estate partnerships (CVs). The dedicated, focused and professional approach of the units in servicing their clients is fundamental to the success of attracting an increasing number of clients.

Our London Private Banking unit has been successful in growing the assets under management considerably, both from new inflow of assets from clients as well as investment performance. Mainly, we provide a specialised service to our international clients throughout the world; in addition, we continue to grow our UK resident client base. In 2006 we were granted regulatory permission to open a UK branch operation.

Our Private Banking activities in the Italian branch continue to show growth and good inflows of new money under management with an increasing income. However, the unit is not yet operating at the desired scale and we are looking to improve this through potential local partnerships.

Our Luxembourg unit continued its good performance. As the nature of the business has shifted more towards administrative services we are in the process of repositioning the unit.

We continue to strive to improve the servicing of our clients in an independent and transparent manner.

Asset Management

Operating income

Operating income grew to EUR 29.9 million from EUR 27.4 million, an increase of 9%. The past year showed a net inflow of new assets under management of EUR 144 million (8%) reflecting the continued success of our range of funds and programme products. The total assets under management amounted to EUR 2,059 million as at 31 December 2006 compared to EUR 1,786 million as at 31 December 2005, an increase of 15% of which 7% was due to investment performance.

Main developments

The Asset Management division again had a good year with important net inflows of assets under management. The thorough investment process supporting both the direct European equity products and the manager selection products have again delivered good investment performance, and generated performance fees for the unit during the year that exceeded expectations. The unit continues to develop selective specialist skills that are producing consistently good results. There are good opportunities to further develop our own managed specialty funds and increase our institutional client base in this field.

Institutional & Corporate products and services

Operating income

Operating income increased to EUR 19.8 million from EUR 17.2 million in respect of our Institutional & Corporate products and services units due to the acquisition of Monument Securities Ltd at the start of the year, which partly offset lower trading levels in the bond markets and lower placing fees earned by Corporate Finance.

Main developments

Although Monument Securities Ltd performed in line with expectations, overall our Institutional units were adversely impacted by poor market conditions and produced results below expectations. The number of concluded introductions by Corporate Finance to the AIM market has been less than last year and the fixed income broking unit has made a lower contribution than expected caused by rising global interest rates and further tightening of credit spreads, which combined to create a difficult operating environment. These units are more susceptible to market fluctuations and therefore have more volatile income.

The investment advisory service for institutions is developing well and continues to attract new clients. The prospects for this activity are looking promising and investment in this area continues.

Our institutional broking units remain dependent on market volumes and opportunities available. Our Corporate Finance unit remains well positioned as Nominated Advisor to the AIM market and continues to attract mandates. Our placing capacity is to be increased through a more structured collaboration with distribution partners.

Report of the Board of Managing Directors

Development in support areas

The full year impact of outsourcing our back office processes and IT systems to Ordina BPO together with additional consulting fees for setting up our bank branch in London and preparing for the implementation of Basel II resulted in an increase in other administrative expenses during the year. The outsourcing arrangement includes the replacement of our back office systems in Amsterdam, which is now planned for completion in 2007. This will have a significant impact on the operations and IT departments in Amsterdam. The new operating environment will be on a substantially 'straight-through' basis and enable us to further reduce operational risk.

Outlook

The current specialised focus in our business is to ensure a high quality service to our clients. Our unique position as an independent financial institution with significant ownership by management and staff is essential for our continued success. It provides an entrepreneurial environment where our people can develop and use their talents fully in servicing clients. We believe that this type of working environment is an important factor, which enables us to attract and retain top professionals. This remains a differentiating feature of our organisation and an essential part of our culture and positioning.

With this highly focused and committed approach we aim to continue the further development of our business in a sustainable way and within the limited risk parameters we have established for our organisation. We will continue to pursue growth through the further development of the current core businesses, while retaining a tight control on costs. We do not rule out strategic acquisitions that will both add immediate value and fit with our culture. We are cautious of the development of the equity markets and the effect this may have on the level of performance fees for the coming year. We strongly believe that maintaining long-lasting relationships with our clients, staff, suppliers and other stakeholders builds value for the long term.



Ian Kantor
On behalf of the
Managing Directors
8 May 2007

Financial Statements for the year ended 31 December 2006

Consolidated Balance Sheet

as at 31 December before result appropriation

	Notes	2006 Euro thousand	2005 Euro thousand
Assets			
Cash and balances with central banks	15	2,928	6,445
Treasury bills	16	57,634	35,896
Loans and advances to credit institutions	17	146,435	147,805
Trading securities	19	815	882
Derivative financial instruments	20	122	38
Investment securities:			
— available-for-sale	19	7,196	5,449
— held-to-maturity	19	94	7,127
Loans and advances to customers	18	168,888	162,006
Investments in associates	22	303	3,917
Intangible assets	21	21,794	14,415
Tangible assets	23	6,549	6,627
Investment property	24	—	1,458
Other receivables and accrued income	25	31,351	15,722
Prepayments	26	10,828	14,599
Current income tax receivable		135	—
Deferred tax assets	14	6,254	10,076
		461,326	432,462
Liabilities			
Amounts owed to credit institutions	27	865	9,700
Amounts owed to customers			
— time deposits	28	113,747	79,353
— other funds entrusted	28	245,377	260,093
		359,124	339,446
Other liabilities	29	39,626	20,460
Accruals and deferred income	30	6,058	8,958
Provisions	12	—	1,986
Current income tax liabilities	14	1,322	853
Group equity	32	54,214	50,998
Minority interest		117	61
		54,331	51,059
		461,326	432,462
Contingent liabilities	33	6,332	9,432

The notes on pages 117 to 175 are an integral part of these Consolidated Financial Statements

Consolidated Profit & Loss Account

for the year ended 31 December 2006

	Notes	2006 Euro thousand	2005 Euro thousand
Income			
Interest income		14,453	12,671
Interest expense		9,420	5,707
Net interest income	7	5,033	6,964
Fee and commission income		104,653	93,503
Fee and commission expense		(30,285)	(29,175)
Net fee and commission income	8	74,368	64,328
Gains less losses from investment securities		—	464
Net trading income		670	1,797
Other operating income	9	9,863	8,442
Operating income		89,934	81,995
Expenses			
Personnel costs	10	(48,287)	(41,304)
Redundancy expenses	11	(458)	(624)
Provisions	12	1,302	(5,890)
Depreciation	23	(1,766)	(3,722)
Impairment charges to receivables	12	(374)	(435)
Other general administrative expenses	13	(31,099)	(25,795)
Operating profit		9,252	4,225
Share in profits from associates	22	3	739
Profit before taxation		9,255	4,964
Taxation	14	(4,818)	(2,124)
Profit after taxation		4,437	2,840
Income on sale of subsidiaries		—	3,056
Net profit for the year		4,437	5,896
Attributable to:			
Group shareholders		4,346	5,899
Minority interest		91	(3)
Net profit for the year		4,437	5,896

The notes on pages 117 to 175 are an integral part of these Consolidated Financial Statements

Consolidated & Company Statement of Changes in Equity

for the year ended 31 December 2006

	Shares	Share capital	Share premium	Revaluation reserves	Translation reserve	Other reserves	Minority interest	Total
	Euro thousand	Euro thousand	Euro thousand	Euro thousand	Euro thousand	Euro thousand	Euro thousand	Euro thousand
Balance at 1 January 2005	24,000	545	21,713	(781)	—	53,196	97	74,770
Dividend						(29,500)		(29,500)
Net gains from changes in fair value, net of tax				162				162
Net (gains) transferred to net profit on disposal and impairment, net of tax				(236)				(236)
Movement in minority interest						3	(39)	(36)
Net result						5,896	3	5,899
Balance at 1 January 2006	24,000	545	21,713	(855)	—	29,595	61	51,059
Dividend						(1,500)	(31)	(1,531)
Net gains from changes in fair value, net of tax				83				83
Translation adjustments and other movements, net of tax					285	2	(4)	283
Net result						4,346	91	4,437
Balance at 31 December 2006	24,000	545	21,713	(772)	285	32,443	117	54,331

The authorised capital of EUR 1,230,879 is unchanged and consists of 54,250 shares with a nominal value of EUR 22.69. The issued and paid-up capital amounts to EUR 544,536 and consists of 24,000 shares with a nominal value of EUR 22.69.

Consolidated Statement of Cash Flows

for the year ended 31 December 2006

	Notes	2006	2005
		Euro thousand	Euro thousand
Cash flows from operating activities			
Net profit		4,437	5,902
Adjustment for:			
Taxation	14	4,818	2,124
Depreciation of tangible fixed assets	23	1,766	3,722
Income from associates	22	(3)	(739)
Provisions	12	(1,986)	5,890
Profit on sale of subsidiaries in Jersey and Switzerland		—	(3,056)
Net cash inflow from operating activities before changes in operating assets and liabilities		9,032	13,843
Decrease/(Increase) in operating assets:			
Loans and advances to credit institutions		1,370	(35,713)
Loans and advances to customers		(6,882)	(51,452)
Purchase of trading securities		(17)	(920)
Other assets		(6,076)	(3,327)
(Decrease)/Increase in operating liabilities:			
Amounts owed to credit institutions		(8,835)	7,733
Amounts owed to customers		19,678	77,365
Other liabilities		7,755	405
Net cash inflow from operating activities before payment of taxation		16,025	7,934
Taxation received		659	528
Net cash inflow from operating activities after payment of taxation		16,684	8,462

Consolidated Statement of Cash Flows

	Notes	2006 Euro thousand	2005 Euro thousand
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	6	(7,396)	—
Purchase of investment securities	19	(45,293)	(309)
Proceeds from sale and redemptions of investment securities	19	52,155	18,142
Proceeds from sale of 25% shareholding in UTB Partners Ltd	22	3,588	—
Purchase of treasury bills	19	(158,738)	(81,726)
Proceeds from sale and redemption of treasury bills	19	137,000	86,631
Purchase of fixed assets		(84)	(2,766)
Sale of subsidiaries in Jersey and Switzerland		—	7,391
Net cash outflow from investing activities		(18,768)	27,363
Cash flows from financing activities			
Movement in minority interest		—	(39)
Dividends paid		(1,531)	(29,500)
Repayment of loans		—	(9,000)
Net cash (outflow) from financing activities		(1,531)	(38,539)
Net (decrease) in cash and cash equivalents		(3,615)	(2,714)
Cash and cash equivalents at beginning of year		6,445	9,430
Net (decrease)/increase in cash and cash equivalents		(3,615)	(2,714)
Exchange differences		98	(271)
Cash and cash equivalents at end of year		2,928	6,445
Cash flows from operating activities include:			
— Interest received		14,003	11,671
— Interest paid		(9,420)	(5,707)

The notes on pages 117 to 175 are an integral part of these Consolidated Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2006

1. Nature of business

Together with its subsidiaries, Bank Insinger de Beaufort N.V. ("the consolidated Group" or "the Group") operates in the fields of private banking, asset management, securities trading and corporate advisory.

2. Group structure

Bank Insinger de Beaufort N.V. ("the Company"), Amsterdam, is a wholly owned subsidiary of Insinger de Beaufort Holding B.V., Amsterdam. The ultimate holding company is Insinger de Beaufort Holdings S.A., Luxembourg. The annual accounts of the company are included in the consolidated annual accounts of Insinger de Beaufort Holdings S.A., Luxembourg.

3. Changes in accounting standards

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to or have no impact on the Group's operations:

- IAS 19 (Amendment), Actuarial Gains and Losses, Group Plans and Disclosures;
- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;

- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRIC 4, Determining whether an Arrangement contains a Lease;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.

4. Summary of significant accounting policies

4.1 General

The Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations (hereinafter referred to as IFRS) as such are endorsed by the European Union and are issued and effective for the annual report beginning 1 January 2006. The accounting policies for the Company and the Group are the same.

The significant accounting policies applied in the preparation of these Financial Statements are set out below. In 2006, the Group and the Company did not early adopt any standard. The following standards, interpretations and amendments to published standards are not yet effective:

- Amendments to IAS 1 – Capital disclosures (effective for annual periods beginning on or after 1 January 2007).

The amendments to IAS 1 require entities to present all income and expenses separately from changes in its equity that arise from transactions with its owners.

- IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007).

IFRS 7 introduces new disclosures relating to financial instruments and enhanced risk management disclosures. This standard does not have any impact on the classification and valuation of the Group's financial instruments.

- IFRS 8, Operating segments (effective for annual periods beginning on or after 1 January 2009).

IFRS 8 replaces IAS 14 Segment reporting. The standard requires identification of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker.

- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006).

IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Group will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Group's accounts; and

- IFRIC 9, Reassessment of embedded derivative (effective for annual periods beginning on or after 1 June 2006).

IFRIC 9 concludes that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Reassessment is prohibited, unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006).

Notes to the Financial Statements

IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Group's accounts.

— IFRIC 11, IFRS 2 – Group treasury share transactions (effective for annual periods beginning on or after 1 March 2007).

The interpretation addresses how to apply IFRS 2 Share-based Payment to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group (e.g. equity instruments of its parent).

— IFRIC 12, Service concession arrangements (effective for annual periods beginning on or after 1 January 2008).

IFRIC 12 addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements. IFRIC 12 does not address accounting for the government side of service concession.

Other new standards, amendments and interpretations issued are not relevant to the Group.

4.2 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.

4.3 Principles of consolidation

The Consolidated Financial Statements comprise Bank Insinger de Beaufort N.V., its subsidiaries and companies over which it has management control. The list of significant subsidiaries and Group companies is disclosed in 'Other Information' on page 174. 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.

4.4 Revenue recognition

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

Net interest revenues

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

Fees and commissions

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

4.5 Goodwill

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

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

Goodwill is presented under intangible assets.

4.6 Foreign currency translation

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

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

Transactions arising in foreign currencies are translated into functional currency at the spot exchange rate at the date of transaction. 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.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the translation reserve in equity.

4.7 Financial assets

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

I. Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. If the Group sells other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and 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 if so designated by management. 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 at cost less any impairment. Resulting gains and losses are recognised net in the profit and loss account.

ad. III – Loans and advances

Loans and advances are stated at amortised cost net of a provision for doubtful debts 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. 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.

Notes to the Financial Statements

4.8 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.

4.9 Tangible assets

The valuation principles for tangible fixed assets are as follows:

Leasehold improvements

Leasehold improvements are shown at cost net of accumulated depreciation less accumulated 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%

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise. Periodically the investment property is valued by an independent valuer. In 2006 no valuation has taken place by an independent valuer.

Other tangible fixed assets

Other tangible fixed assets are shown at cost net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets taking into account estimated residual values. The following rates are applied:
— Furniture and fixtures 10.0% – 20.0%
— Computer equipment 20.0% – 33.3%

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 Provisions

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 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.

4.15 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 and property for own use as at balance sheet date.

d) Translation reserve

Reference is made to note 4.6 foreign currency translation.

e) Other reserves

Other reserves comprise retained earnings.

f) Minority interest

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

g) Dividends on ordinary shares

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

4.16 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.

4.17 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 ultimate parent entity issues equity-settled and cash-settled share-based payments to certain employees within the Group. 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.

The equity-settled share-based payments are accounted for in Insinger de Beaufort Holdings S.A. Insinger de Beaufort Holdings S.A. recharged the option premiums to its subsidiaries depending on the category of options granted.

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

Notes to the Financial Statements

4.18 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.

4.19 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.

4.20 Accounting estimates

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements 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 judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flow from a 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 judgement is involved in establishing fair values for financial assets and liabilities. Estimates are mainly made in the valuation of the Equity Trust Sarl loan notes. Reference is made to note 19.

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 4.5. These calculations require the use of estimates. If the estimated gross margin had been 10% lower or the pre-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates, the Group would have also recognised no impairment.

4.21 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, and 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.

4.22 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.

5. Financial risk management

5.1 General

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

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

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

Our policy on risk tolerance is based on an ongoing assessment of the environment that emphasises high liquidity, limited credit and foreign currency risk exposures and a healthy capital base. The solvency (BIS) ratio as per 31 December 2006 was 15,69% (2005: 15,79%).

5.2 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 Risk Committee of the Group.

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

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

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

	2006	2005
	Euro thousand	Euro thousand
Financial institutions	146,435	186,266
Other customers	168,888	123,545
	<u>315,323</u>	<u>309,811</u>
European Union	283,812	263,645
Rest of Europe	6,048	5,457
Other	25,463	40,709
	<u>315,323</u>	<u>309,811</u>

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

Notes to the Financial Statements

	Total assets	Total liabilities	Operating income	Capital expenditure
	Euro thousand	Euro thousand	Euro thousand	Euro thousand
5.3 Geographical concentration of assets, liabilities and off balance sheet items				
The following note incorporates credit risk disclosures, geographical concentrations of assets, liabilities and off balance items disclosure and the Company's secondary segment disclosure.				
At 31 December 2006				
European Union	415,222	350,460	87,652	304
Rest of Europe	8,848	6,725	449	
Other	37,253	49,811	1,833	1,227
Investments in associates	3			
Unallocated assets/liabilities				
Total	461,326	406,996	89,934	1,531
At 31 December 2005				
European Union	364,102	283,270	73,400	4,299
Rest of Europe	7,618	32,455	6,124	51
Other	56,825	65,678	2,471	6
Investments in associates	3,917			
Unallocated assets/liabilities				
Total	432,462	381,403	81,995	4,356

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

5.4 Currency risk

The Group has a policy to hedge all foreign currency exposures and not to take trading positions in foreign currencies. Until 1 July 2006 Bank Insinger de Beaufort had an agreement with its parent company, Insinger de Beaufort Holding B.V. in which all currency differences in relation to the investments in subsidiaries were transferred to the parent company. The parent company hedged most of these foreign currency exposures. Positions are monitored on a continuous daily basis and closed in the market.

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

	EUR	GBP	USD	CHF	ZAR	Other	Total
At 31 December 2006							
Assets							
Cash and balances with central banks	2,926	2					2,928
Treasury bills	57,634						57,634
Loans and advances to credit institutions	216,711	10,819	(96,975)	(11,998)	10,038	17,840	146,435
Trading securities	94	721					815
Derivative financial instruments	56			66			122
Investment securities							
— available-for-sale	6,466	89	152		491		7,196
— held-to-maturity	94						94
Loans and advances to customers	156,348	22,664	(18,061)	12,008	(4,211)	140	168,888
Investments in associates	303						303
Intangible assets	9,649	12,145					21,794
Tangible fixed assets	1,944	4,591			14		6,549
Investment property	—						—
Deferred tax assets	6,254						6,254
Current income tax receivable	135						135
Other assets	11,131	13,282	15,534	1,579	660	(7)	42,179
Total assets	469,743	64,313	(99,350)	1,655	6,992	17,973	461,326

Notes to the Financial Statements

	EUR	GBP	USD	CHF	ZAR	Other	Total
Liabilities							
Amounts owed to credit institutions	217	310	75	182		81	865
Amounts owed to customers	254,665	29,681	51,689	87	5,239	17,763	359,124
Other liabilities	158,099	38,868	(151,842)	128	299	132	45,684
Provisions							
Current income tax liabilities	1,322						1,322
Total liabilities	414,303	68,859	(100,078)	397	5,538	17,976	406,995
Net on balance sheet position	55,438	(4,546)	728	1,259	1,454	(3)	54,331
Off balance sheet items:							
— contingent assets							
Off balance sheet items:							
— contingent liabilities	6,219				113		6,332
At 31 December 2005							
Total assets	228,903	34,579	150,472	2,527	9,662	6,319	432,462
Total liabilities	183,507	28,262	149,023	3,189	11,151	6,271	381,403
Net on balance sheet position	45,396	6,317	1,449	(662)	(1,489)	48	51,059
Off balance sheet items:							
— contingent assets							
Off balance sheet items:							
— contingent liabilities	9,293				139		9,432

5.5 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 Risk Committee of the Group. 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 2006 was EUR 13,900 and the maximum at any one day during the year was EUR 60,700.

5.6 Liquidity risk

The Group has a policy to have a comfortable surplus in available cash resources for draw-downs on current accounts and maturing deposits. In addition, lending to customers is primarily done on the basis of sufficient collateral in the form of liquid securities. Under the contractual lending arrangements these securities are available to the bank for refinancing.

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.

Notes to the Financial Statements

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Not allocated*2	Total
At 31 December 2006							
Assets							
Cash and balances with central banks	2,600	328					2,928
Treasury bills	19,943	21,877	15,814				57,634
Loans and advances to credit institutions	121,451	24,984					146,435
Trading securities						815	815
Derivative financial instruments						122	122
Investment securities							
— available-for-sale					6,113	1,083	7,196
— held-to-maturity			1	93			94
Loans and advances to customers	161,028	3,695	170	2,874	1,121		168,888
Investments in associates						303	303
Intangible assets						21,794	21,794
Tangible fixed assets						6,549	6,549
Investment property							
Deferred tax assets						6,254	6,254
Current income tax assets						135	135
Other assets						42,179	42,179
Total assets	305,022	50,884	15,985	2,967	7,234	79,234	461,326
Liabilities							
Amounts owed to credit institutions	865						865
Amounts owed to customers	322,975	33,059	90	3,000			359,124
Other liabilities						45,684	45,684
Provisions							
Current income tax liabilities			1,322				1,322
Total liabilities	323,840	33,059	1,412	3,000	—	45,684	406,995
Net liquidity position	(18,818)	17,825	14,573	(33)	7,234	33,550	54,331
At 31 December 2005							
Total assets	207,612	135,067	13,764	2,836	4,500	68,683	432,462
Total liabilities	269,022	79,917	1,410	1,373	263	29,418	381,403
Net liquidity position	(61,410)	55,150	12,354	1,463	4,237	39,265	51,059

2) Relates mainly to non-interest-bearing securities

2006

Euro thousand

6. Acquisitions and disposals

Acquisition of Monument Securities Ltd

On 4 January 2006 the Group acquired 100% of Monument Securities Ltd. The acquired company contributed revenue of EUR 5,432,796 and a net profit of EUR 165,952 to the Group for the period from 4 January to 31 December 2006.

Fair value

At the acquisition date the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities at their fair values at that date. No material revaluations were made to come to the fair values. The marketing, customers, artistic, contract and technology related intangible assets have been measured and no value was attributed to these intangible assets in light of this acquisition. The difference between the purchase consideration and the fair values is recognised as goodwill. The goodwill is attributable to the anticipated assembled workforce and future synergies that are expected to be created by the combined businesses.

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

Tangible fixed assets	53,607
Investment securities	250,527
Other assets	7,169,720 ^a
Cash	11,922,732
Other liabilities	(1,723,384) ^b
Goodwill	7,110,961
Purchase consideration	<u>24,784,163</u>
Cash paid	19,317,321
Loan notes issued	5,466,842
Cost of acquisition	<u>24,784,163</u>
Less: Cash and cash equivalents in subsidiary acquired	(11,922,732)
Loan notes issued	(5,466,842)
Cash outflow on acquisition	<u>7,394,589</u>

a) Includes mainly amounts due from clearing agent

b) Includes accruals and deferred income and social charges payable

Notes to the Financial Statements

Loan notes

Loan notes were issued to the sellers for EUR 5,466,842 (GBP 3,760,120). The loan notes were issued in two series. EUR 4,361,703 (GBP 3,000,000) is available on year one, two and three of the date of acquisition. Half of the value of the amount to be redeemed is conditional upon future performance of the business acquired. EUR 1,105,139 (GBP 760,120) is redeemable on or after the first anniversary of acquisition on 30 days written notice by the note holder, and must be redeemed on or before the fifth anniversary of the date of acquisition. Interest is payable at Barclays Bank base rate.

Contingent consideration

Conditional upon certain revenue levels being achieved during the three-year period after the date of acquisition, further loan notes will be issued to the sellers. At initial recording the issuance and the amount of these loan notes was highly uncertain. The Group has not accrued for this. At the end of December 2006 a new estimate has been made and an additional EUR 479,882 has been recoded as a liability in the balance sheet. There is no maximum amount on such loan notes potentially to be issued.

Merger of Bank Insinger de Beaufort N.V. with Reitsma & Wertheim & Partners B.V.

On 31 December 2006 Bank Insinger de Beaufort N.V. merged with Reitsma & Wertheim & Partners B.V., both Group companies.

	2006	2005
	Euro thousand	Euro thousand
7. Net interest income		
Fixed income securities	2,257	1,991
Other interest and similar income	12,196	10,680
	<hr/>	<hr/>
Interest income	14,453	12,671
	<hr/>	<hr/>
Interest expense	(9,420)	(5,707)
	<hr/>	<hr/>
Net interest income	5,033	6,964
Net interest includes EUR 63,801 (2005: EUR 69,377) of interest accrued on impaired financial assets.		
8. Net fee commission income		
Included under the line fee and commission income are, amongst others, management fees, commissions received, upfront fees, performance fees and custodian fees.		
Included under the line fee and commission expense are, amongst others, commissions paid, commissions paid to employees and settlement expenses.		
9. Other operating income		
Administration fees	1,568	1,751
Advisory fee income	1,810	2,442
Foreign exchange income	3,197	2,996
Other	3,288	1,253
	<hr/>	<hr/>
	9,863	8,442

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

Notes to the Financial Statements

	2006	2005
	Euro thousand	Euro thousand
10. Personnel costs		
Salaries	27,925	27,783
Social security costs	3,801	2,618
Pension costs	1,643	1,767
Other staff costs (including bonus entitlements)	14,918	9,136
	<u>48,287</u>	<u>41,304</u>

The increase in other staff costs is mainly due to bonus entitlements.

The Group's pension schemes are defined contribution plans.

11. Redundancy expense

In 2006 certain employees became redundant. The expense recorded under this item relates to severance pay for these employees.

12. Provisions and impairment losses on loans and advances

Onerous contract

Provisions comprise provisions in respect of obligations arising under property operating leases. During 2005 the Company vacated its then current premises at Worship Street and moved to new premises at 131 Finsbury Pavement. Vacation of Worship Street gave rise to an onerous lease provision to reflect the unavoidable obligations under the existing contract. The provision was discounted to the present value of the onerous lease. Contracts were exchanged in December 2006 for the surrender of the lease in respect of Worship Street with completion due in early January 2007. The exchange of contracts triggered a reversal of provisions held in respect of Worship Street. Any creditors arising from the exchange of contracts were recognised as at December 2006 and are included under note 29 Other liabilities.

Group

At 1 January	1,986
Terminations payments	(684)
Release to profit and loss account	(1,302)
	<u>—</u>

	2006	2005
	Euro thousand	Euro thousand
Litigation		
NUSA SIM SpA ("Nusa"), a company acquired by the Group in 2001, has been involved in a court case in Rome in relation 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 EUR 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 EUR 0.5 million.

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

The impact of the legal dispute can be summarised as follows:

Payment made	—	4,404
Escrow amount	—	(500)
Impairment booked on receivable	<u>—</u>	<u>3,904</u>

Impairment losses on loans and advances

At 1 January	1,782	1,591
Charge for the year	374	435
Disposal of subsidiaries	—	—
Used for write-offs	(882)	(244)
	<u>1,274</u>	<u>1,782</u>

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

13. Other operating expenses

Group

Audit fees	517	500
Systems and information suppliers*1	8,547	5,219
Communication and travel	3,966	3,606
Other administrative expenses*2	18,069	16,470
	<u>31,099</u>	<u>25,795</u>

1) Increase mainly due to full year impact of outsourcing contract with Ordina

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

Notes to the Financial Statements

	Tax rate	2006	2005
	%	Euro thousand	Euro thousand
14. Taxation			
The charge for the year can be reconciled to the profit as per the income statement as follows:			
Profit before tax		9,255	4,964
Tax calculated at a tax rate of 29.6% (2005: 31.5%)	29.6	(2,739)	(1,564)
Impairment on deferred tax asset due to expected rate adjustment in the Netherlands	7.6	(705)	(1,102)
Effect of liquidation of company on deferred tax asset	—	—	(428)
Tax on non-deductible expenses	17.9	(1,656)	(478)
Tax on non-taxable income	(1.4)	133	918
Effect of different tax rates in other countries	(1.6)	149	530
Effective tax rate/tax expense for the year	52.1	(4,818)	(2,124)
The movement in the deferred tax assets is as follows:			
At 1 January		10,076	12,573
Revenue/(charge) for the year		(4,818)	(2,124)
Reclassify from/ (to) current tax		996	(373)
		6,254	10,076

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 off-set against profits. Of the deferred tax assets EUR 1,904,000 can be carried forward indefinitely.

	2006	2005
	Euro thousand	Euro thousand
15. Cash and balances with central banks		
Cash in hand	51	23
Balances with central banks	2,877	6,422
	2,928	6,445
The balances with central banks include demand deposits with De Nederlandsche Bank N.V.		
16. Treasury bills		
This relates to zero coupon short-term Dutch Government paper. EUR 2,953,000 (2005: EUR 11,295,000) of treasury bills have been pledged as security for the execution of payments and security settlements. Due to the short remaining life of the treasury bills the fair value does not differ materially from the recorded amount in the balance sheet. Reference is made to note 19 for the classification of the treasury bills.		
17. Loans and advances to credit institutions		
Receivable in relation to settlements of securities transactions	10,372	13,785
Placements with other banks	136,063	134,020
	146,435	147,805
Of the placements with other banks EUR 3,759,502 (2005: nil) has been deposited in an escrow account for the purchase of Monument Securities Ltd. This balance is not at free disposal of the Group.		
18. Loans and advances to customers		
Receivable in relation to settlements of securities transactions	18,963	25,472
Advances against securities	60,357	53,057
Mortgages	38,937	25,226
Other loans	51,905	60,033
	170,162	163,788
Less: impairment losses on loans and advances	(1,274)	(1,782)
	168,888	162,006
Reference is made to note 36 for a specification of the related party receivables included under the loans and advances to customers.		

Notes to the Financial Statements

				2006
	Listed	Unlisted	Total	Euro thousand
19. Investment securities				
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:				
Treasury bills	57,634		57,634	
Interest-bearing securities	94	6,113	6,207	
Shares	881	1,018	1,899	
Total	58,609	7,131	65,740	
	Held-to-maturity	Available-for-sale	Trading	Total
Treasury bills	57,634			57,634
Interest-bearing securities	94	6,113	—	6,207
Shares		1,084	815	1,899
Total	57,728	7,197	815	65,740

Of the interest-bearing securities EUR 1,082,363 (2005: EUR 1,052,135) of the available-for-sale portfolio has been pledged as security for execution of payments and security settlement. Of the interest-bearing securities EUR 6,112,500 is invested in Equity Trust Holdings Sarl (2005: EUR 5,662,500). Note that in 2005 the accrued interest in the amount of EUR 1,162,500 on the loan notes was recorded under the other assets. 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	Held-to-maturity	Total
Balance as at 1 January	5,448	43,023	48,471
Additions	46,646	157,201	203,847
Additions from acquired companies	249	—	249
Sold during the year	(173)	—	(173)
Redemptions	(45,000)	(144,000)	(189,000)
Changes in valuations	83	1,574	1,657
Foreign exchange difference	(56)	(70)	(126)
Balance as at 31 December	7,197	57,728	64,925

				2005
	Listed	Unlisted	Total	Euro thousand
Treasury bills	35,896		35,896	
Interest-bearing securities	7,127	4,500	11,627	
Shares	1,148	683	1,831	
Total	44,171	5,183	49,354	
	Held-to-maturity	Available-for-sale	Trading	Total
Treasury bills	35,896			35,896
Interest-bearing securities	7,127	4,500	—	11,627
Shares	92	857	882	1,831
Total	43,115	5,357	882	49,354

Notes to the Financial Statements

	2006	2005
	Euro thousand	Euro thousand
20. Derivative financial instruments		
Fair value of derivative financial instruments	122	38

Includes interest rate swaps and options.

The Group hedges its foreign currency positions by way 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 EUR 17,913,960 (2005: EUR 19,495,474). The forward contracts will be renewed on a revolving basis as required.

The effectiveness of the hedge is determined on a monthly basis. During 2006 there was ineffectiveness recorded from net investment in foreign currency hedges. The ineffective portion of EUR 420,563 (2005: nil) is recorded under the foreign exchange income.

21. Intangible assets

At 1 January	14,415	20,320
Additions arising during the year	7,111	—
Sale of subsidiaries	—	(6,013)
Foreign exchange translation adjustments	268	108
At 31 December	21,794	14,415

The addition relates entirely to the acquisition of Monument Securities. The intangible assets are allocated to the cash-generating units as follows:

Private Banking	9,853	9,853
Institutional	11,911	4,562
	21,794	14,415

22. Investments in associates

At 1 January	3,917	3,077
Acquired during the year	18	18
Share in results	3	739
Sale	(3,635)	—
Exchange differences	—	83
At 31 December	303	3,917

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

		2006				2006
		Euro thousand				Euro thousand
Country of incorporation	Assets	Liabilities	Revenues	Profit/Loss	Interest held	%
The Group's interests in its principal associates, which are unlisted, are as follows:						
B & S Insinger Beheer* ¹	The Netherlands	230,533	401	87,744	(343)	50%
Holland Immo Groep Insinger de Beaufort Beheer B.V.* ¹	The Netherlands	359,880	128,544	416,598	4,382	50%
Holland Immo Groep Insinger de Beaufort V B.V.* ¹	The Netherlands	17,493	507	1,000	314	50%
Holland Immo Groep Insinger de Beaufort VI B.V.* ¹	The Netherlands	18,408	400	1,000	125	50%
Holland Immo Groep VII / Winkelfonds Zuidplein B.V.* ¹	The Netherlands	18,667	400	1,000	411	50%
Holland Immo Groep X / Woningfonds B.V.* ¹	The Netherlands	20,955	1,055	2,060	1,308	50%
Holland Immo Groep XI / Retail Residential Fund B.V.* ²	The Netherlands					50%
Germany Residential Fund Management B.V.* ²	The Netherlands					50%
Bouwfonds Germany Residential Fund II Management BV* ³	The Netherlands					50%
Bouwfonds Germany Residential Fund III Management BV* ⁴	The Netherlands					50%

1) Figures are based on annual reports for the year ended 31 December 2005

2) These companies were acquired in 2005 and have an extended fiscal year ending 31 December 2006. No annual report is available yet

3) Purchase of Bouwfonds Germany Residential Fund BV II in 2006. No annual report is available yet

4) Purchase of Bouwfonds Germany Residential Fund BV III in 2006. No annual report is available yet

Notes to the Financial Statements

			2006	2005
			Euro thousand	Euro thousand
	Leasehold improvements	Computing equipment	Other fixtures, fittings and equipment	Total
23. Tangible fixed assets				
Cost	3,993	12,564	4,665	21,222
Accumulated depreciation	(1,307)	(10,377)	(2,989)	(14,673)
Net book value	2,686	2,187	1,676	6,549
Net book value				
At 1 January 2006	2,836	2,080	1,711	6,627
Acquisitions		55		55
Additions	164	1,011	366	1,541
Disposals	—	—	—	(1,749)
Impairment	—	—	(173)	(173)
Impact of sale of consolidated subsidiary	—	—	—	(192)
Depreciation	(375)	(982)	(236)	(1,593)
Foreign exchange translation adjustments and 'other'	61	23	8	92
At 31 December 2006	2,686	2,187	1,676	6,549

The impairment relates to the write down of certain assets in our Italian office.
The fair value of the fixed assets is estimated to be in excess of the carrying amounts.

Assets are depreciated using the straight-line method:

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

	2006	2005
	Euro thousand	Euro thousand
24. Investment property		
At 1 January	1,458	1,858
Sale	(1,458)	—
Fair value adjustments	—	(400)
At 31 December	—	1,458
The investment property (Herengracht 529) has been sold as per 29 June 2006 for an amount of EUR 1,701,676. The profit on the sale amounted to EUR 244,048, which is recorded under other operating income.		
The fair value adjustments in 2005 relate to Dutch property.		
The following amounts have been recognised in the income statement:		
Rental income	35	34
Direct operating expense	(18)	(53)
25. Other receivables and accrued income		
Trade debtors	4,140	2,829
Staff advances	15	89
Accrued income	27,394	12,950
Other receivables	266	206
	31,815	16,074
Less: impairment charges	(464)	(352)
	31,351	15,722
Included in the other receivables are receivables on the ultimate parent company, Insinger de Beaufort Holdings S.A., and its subsidiaries of EUR nil (2005: EUR 29,428).		

Notes to the Financial Statements

	2006	2005
	Euro thousand	Euro thousand
26. Prepayments		
Included under the prepayments are capitalised option expenses. The ultimate shareholder of the Group, Insinger de Beaufort Holdings S.A., has granted options to staff within the Group. The option premiums are recharged to its subsidiaries depending on the category of options granted. The capitalised amounts are amortised over the vesting period of the options varying from three to six years. Total capitalised expense as of 31 December 2006 amounts to EUR 1,977,719 (2005: EUR 1,797,186).		
27. Amounts owed to credit institutions		
Payable in relation to settlements of securities transactions	858	3,960
Other loans	7	5,740
	<u>865</u>	<u>9,700</u>
28. Amounts owed to customers		
Payable in relation to settlements of securities transactions	13,578	12,306
Current accounts	231,799	247,787
Time deposits	113,747	79,353
	<u>359,124</u>	<u>339,446</u>
EUR 35.2 million (2005: 38.3 million) of current accounts relates to the ultimate parent company or one of its subsidiaries. These related parties have entered into a compensation agreement without preference.		
29. Other liabilities		
Trade creditors	2,667	2,933
Salaries payable	196	304
Payroll taxes payable	1,404	1,300
VAT payable	522	630
Other liabilities	34,837	15,293
	<u>39,626</u>	<u>20,460</u>

30. Accruals and deferred income

This includes accrued interest and deferred income.

31. Provisions

This item relates to the provision for onerous contract. See note 12.

32. Minority interest

This includes the share of third parties in the Group funds of the Bank.

33. Contingent liabilities

This relates to guarantees and other direct substitutes for credit.

34. Share-based compensation

In October 2006 the Company and 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 share-based compensation arrangements:

Reference date	Number	Reference price
	Euro	Euro
15 September 2009	10,000	10.—
22 October 2012	157,500	12.—
22 October 2013	157,500	12.50
Total	<u>325,000</u>	

The fair value of the share-based compensation arrangements have been recorded under staff expenses for the total of EUR 255,703.

The share-based compensation arrangements are cash settled.

Notes to the Financial Statements

	2006	2005
	Euro thousand	Euro thousand
35. Leasehold commitments		
Minimum lease payments under operating leases recognised in income for the year	2,539	3,871
Included in the lease payments is the release of the onerous contract in the UK. See note 12 for details.		
Group commitments due under non-cancellable operating leases may be summarised as follows over the periods in which amounts fall due:		
Amounts payable:		
within one year	4,169	3,391
more than one year and less than five years	13,689	11,066
more than five years	5,727	4,459
	<u>23,585</u>	<u>18,916</u>
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.		
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:		
Amounts receivable:		
within one year	794	406
more than one year and less than five years	3,040	1,548
more than five years	374	553
	<u>4,208</u>	<u>2,507</u>

The subleases relate to the office in Amsterdam and the office in Eindhoven. The sublease contracts started in 2005.

Process outsourcing

The outsourcing of our back office processes and IT systems to Ordina was completed in the third quarter of 2005. The term of the contract is seven years. The fixed costs of the contract are estimated at EUR 4.5 million a year.

36. Related party transactions

a. Parent Group companies

Included in the loans and advances to customers is a receivable of EUR 42,893,066 (2005: EUR 38,461,000) from parent Group companies. These companies have entered into a compensation agreement without preference.

Also included in the loans and advances to customers are loans of EUR 22,608 (2005: EUR 5,098,000) to participants in the Group's Employee Share Ownership Plan Trust.

On 24 November 2003 a parent Group company issued a compulsory convertible loan note ("CCLN2011") of EUR 1,475,000 to part of senior management of the Group. The CCLN2011 will mature in 2011 and will pay 150 interest basis points above the three-month Euribor and ranks *pari passu* with all other unsecured obligations of the issuing company. The conversion rate has been set at EUR 5.00, which will lead to an issuance of 295,000 shares in Insinger de Beaufort Holdings S.A. in 2011. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2006 amounts to EUR 1,398,864 (2005: EUR 1,409,187).

On 11 May 2005, a parent Group company issued a compulsory convertible loan note ("CCLN2013") of EUR 995,875 to part of senior management of the Group. The CCLN2013 will mature in 2013 and will pay 150 interest basis points above the three-month Euribor and ranks *pari passu* with all other unsecured obligations of the issuing company. The conversion rate has been set at EUR 7.75, which will lead to an issuance of 128,500 shares in 2013. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2006 amounts to EUR 929,979 (2005: EUR 970,278).

Notes to the Financial Statements

	2006	2005
	Euro thousand	Euro thousand
b. UTB Partners Limited		
On 24 March 2006 the subordinated loan of GBP 2.5 million was repaid by UTB Partners Limited. On 24 April 2006 the Group sold its share of the 25% shareholding in UTB Partners Limited for a consideration of GBP 2.5 million. This transaction has no effect on the result for the period.		
c. Remuneration of directors		
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 cost:		
Supervisory Board	134	118
Statutory directors	4,359	3,378
	<u>4,493</u>	<u>3,496</u>
Of which variable	2,086	1,208
At 31 December advances made to directors amount to:	4,251	1,845

The advances relate to the employee share ownership plan and mortgages. The interest rate is three-months Euribor + 1.5%. EUR 126,909 has been repaid during 2006 (2005: EUR 3,091,000).

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 exercise price. As at 31 December 2006 the directors of the Company held 1,302,020 options (2005: 1,368,334) with exercise prices varying between EUR 5.35 and EUR 7.88 (2005: between EUR 4.32 and EUR 7.88) and with exercise period expiring from 25 October 2007 through to 21 December 2009. During the year no options (2005: no options) were granted and 66,314 options (2005: 89,440) have been exercised by the directors.

As at 31 December 2006 staff of the Group held 3,192,951 options (2005: 3,194,235) with exercise prices varying between EUR 3.52 and EUR 10.00 (2005: between EUR 4.32 and EUR 7.88) and with exercise period expiring from 9 June 2007 through to 25 October 2010. During the year 322,850 options (2005: 140,824) were granted, 54,028 options were cancelled (2005: 274,240) and 270,105 options (2005: 1,083,377) have been exercised by staff.

In 2006 the Group granted some key personnel stock-based compensation arrangements. See note 34 for details.

37. Segmental analysis

For management purposes, the Group is currently organised into five operating divisions – Private Banking, Asset Management, Institutional & Corporate products and services, Operations & Support 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
- Institutional & Corporate products and services – Wide range of financial products and services aimed at institutions and corporate clients
- Operations & Support – Operations and support areas within the Group
- Group – All Group activities such as legal, head office and financing activities.

Secondary segmentation is the geographical information as disclosed in note 5.3.

Notes to the Financial Statements

						2006
	Private Banking	Asset Management	Institutional & Corporate	Ops & Support	Group	Total
Euro thousand						
At 31 December 2006						
Operating income	38,421	29,925	19,764	(481)	2,305	89,934
Provisions				1,302		1,302
Operating profit	5,417	15,119	(7,339)	(1,417)	(2,528)	9,252
Share of results of associates					3	3
Profit before tax	5,417	15,119	(7,339)	(1,417)	(2,525)	9,255
Income tax expense						(4,818)
Income on sale of subsidiaries						—
Result attributable to minority interest						(91)
Net profit						4,346
Segment assets	107,341	20,580	31,455	65,659	235,988	461,023
Associates					303	303
Unallocated assets						
Total assets	107,341	20,580	31,455	65,659	236,291	461,326
Segment liabilities	233,942	90,051	10,490	30,858	41,655	406,996
Unallocated liabilities						
Total liabilities	233,942	90,051	10,490	30,858	41,655	406,996
Other segment items						
Capital expenditure	79	27	628	797	—	1,531
Depreciation	(271)	(8)	(44)	(1,443)	—	(1,766)

						2005
	Private Banking	Asset Management	Institutional & Corporate	Ops & Support	Group	Total
Euro thousand						
At 31 December 2005						
Operating income	34,005	27,419	17,220	(5)	3,356	81,995
Provisions				(1,987)	(3,903)	(5,890)
Operating profit	2,888	10,289	108	(5,354)	(3,706)	4,225
Share of results of associates	—	—	—	—	739	739
Profit before tax	2,888	10,289	108	(5,354)	(2,967)	4,964
Income tax expense						(2,124)
Income on sale of subsidiaries						3,056
Result attributable to minority interest						3
Net profit						5,899
Segment assets	101,190	12,078	5,711	82,860	226,706	428,545
Associates	282				3,635	3,917
Unallocated assets						
Total assets	101,472	12,078	5,711	82,860	230,341	432,462
Segment liabilities	216,348	77,554	5,323	30,068	52,110	381,403
Unallocated liabilities						
Total liabilities	216,348	77,554	5,323	30,068	52,110	381,403
Other segment items						
Capital expenditure	11	57	—	4,288	—	4,356
Depreciation	(665)	(109)	—	(2,948)	—	(3,722)

**Notes to the Financial
Statements**

	2006 Individuals	2005 Individuals
Employees		
The average number of employees was:		
Private Banking	144	146
Asset Management	31	58
Institutional & Corporate	79	63
Operations & Support	88	111
Group	13	12
	<u>355</u>	<u>390</u>

Company Financial Statements

Company Balance Sheet

as at 31 December before result appropriation

	Notes	2006	2005
		Euro thousand	Euro thousand
Assets			
Cash and balances with central banks	2	2,923	6,440
Treasury bills	3	57,634	35,896
Loans and advances to credit institutions	4	133,091	142,025
Loans and advances to customers	5	125,865	123,506
Trading securities	6	94	92
Derivative financial instruments	7	122	38
Investment securities:			
— available-for-sale	6	6,395	4,903
— held-to-maturity	6	94	7,127
Investments in subsidiaries and receivables from Group companies	8	122,484	109,307
Intangible assets	9	9,849	9,849
Tangible fixed assets	10	1,702	2,358
Other receivables and accrued income	11	8,780	5,850
Prepayments	12	7,379	9,742
Related party receivables	13	42,893	38,461
Deferred tax assets	14	7,879	12,846
		527,184	508,440

	Notes	2006	2005
		Euro thousand	Euro thousand
Liabilities			
Amounts owed to credit institutions	15	858	9,653
Amounts owed to customers	16		
— time deposits		113,747	79,353
— other funds entrusted		209,345	221,722
		<u>323,092</u>	<u>301,075</u>
Liabilities to Group companies		98,600	98,806
Related parties payables		36,032	39,220
Other liabilities	17	12,399	6,098
Accruals and deferred income	18	1,989	2,590
		<u>472,970</u>	<u>457,442</u>
Share capital		545	545
Share premium		21,713	21,713
Revaluation reserves		(772)	(855)
Other reserves		28,382	23,696
Result for the year		4,346	5,899
Shareholders' equity	19	<u>54,214</u>	<u>50,998</u>
		527,184	508,440
Contingent liabilities	20	6,332	9,432

Company Profit & Loss Account

	2006	2005
	Euro thousand	Euro thousand
Share in result of Group companies after taxation	6,302	8,919
Other result after taxation	(1,956)	(3,020)
Net profit for the period	4,346	5,899

Company Statement of Cash Flows

	Notes	2006	2005
		Euro thousand	Euro thousand
Cash flows from operating activities			
Net profit		4,346	5,899
Adjustment for:			
Taxation	14	1,652	(244)
Depreciation of tangible fixed assets	10	957	2,325
Share in net profit of participating interest		(6,302)	(8,919)
Net cash inflow from operating activities before changes in operating assets and liabilities		(653)	(939)
Decrease/(Increase) in operating assets:			
Loans and advances to credit institutions		8,934	(37,413)
Loans and advances to customers		(2,359)	(19,576)
Purchase of trading securities		(84)	(35)
Net investment in subsidiaries, intercompany accounts and related parties		(14,701)	27,260
Other assets		(1,955)	1,582
(Decrease)/Increase in operating liabilities:			
Amounts owed to credit institutions		(8,795)	7,889
Amounts owed to customers		22,017	42,810
Other liabilities		5,700	(2,176)
Net cash inflow from operating activities before payment of taxation		9,410	19,402
Taxation received		3,315	5,060
Net cash inflow from operating activities after payment of taxation		12,725	24,462

Company Statement of Cash Flows

	Notes	2006	2005
		Euro thousand	Euro thousand
Cash flows from investing activities			
Purchase of investment securities	6	(45,288)	(7,070)
Proceeds from sale and redemptions of investment securities	6	52,173	13,249
Purchase of treasury bills	6	(158,738)	(81,726)
Proceeds from sale and redemption of treasury bills	6	137,000	86,632
Purchase of fixed assets	9	(301)	(31)
Net cash outflow from investing activities		(15,154)	11,054
Cash flows from financing activities			
Dividends paid		(1,500)	(29,500)
Repayment of loans		—	(9,000)
Net cash (outflow) from financing activities		(1,500)	(38,500)
Net (decrease) in cash and cash equivalents		(3,929)	(2,984)
Cash and cash equivalents at beginning of year		6,440	9,424
Net (decrease)/increase in cash and cash equivalents		(3,929)	(2,984)
Exchange differences		412	—
Cash and cash equivalents at end of year		2,923	6,440
Cash flows from operating activities include:			
— Interest received		11,866	9,803
— Interest paid		(8,476)	(5,409)

Notes to the Company Financial Statements

1. Summary of significant accounting policies

1.1 General

The principal accounting policies applied in the preparation of the Company annual accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The annual accounts have been prepared in accordance with the legal requirements for annual accounts contained in Title 9, Book 2, of the Netherlands Civil Code. The Company applies the provisions in Section 362, paragraph 8, Book 2, of the Netherlands Civil Code, that make it possible to prepare the Company annual accounts in accordance with the accounting policies (including those for the presentation of financial instruments as equity or liability) used in its consolidated annual accounts. The euro is the functional and presentation currency of the Company.

The accounting policies applied for the Company annual accounts are the same as those for the consolidated annual accounts. Reference is made to the accounting policies as stated in the consolidated annual accounts when no further accounting policies are stated.

With reference to the profit and loss account of the Company use has been made of the exemption pursuant to Section 402 of Book 2 of the Dutch Civil Code.

1.2 Changes in accounting policies

The Company prepares the Company Financial Statements for 2006 in accordance with the accounting policies used in its consolidated annual accounts. In principle, the reported figures for equity and net income in the consolidated annual accounts are equal to the concerned figures reported in the Company annual accounts, which is generally accepted in the Netherlands.

Notes to the Company Financial Statements

	2006	2005
	Euro thousand	Euro thousand
1.3 Investments in subsidiaries		
Subsidiaries are measured at net asset value. Net asset value is determined by measuring the assets, provisions, liabilities and income based on the accounting policies used in the consolidated annual accounts.		
Goodwill resulting from the acquisition of subsidiaries is presented separately on the balance sheet.		
2. Cash and balances with central banks		
Cash in hand	47	17
Balances with central banks	2,876	6,423
	<u>2,923</u>	<u>6,440</u>
3. Treasury bills		
Reference is made to note 16 of the Consolidated Financial Statements.		
4. Loans and advances to credit institutions		
Receivable in relation to settlements of securities transactions	5,883	13,785
Placements with other banks	127,208	128,240
	<u>133,091</u>	<u>142,025</u>

The loans and advances have a remaining maturity of less than three months. The loans and advances relate to several banks.

	2006	2005
	Euro thousand	Euro thousand
5. Loans and advances to customers		
Receivable in relation to settlements of securities transactions	18,963	25,472
Advances against securities	60,357	53,057
Mortgages	38,937	25,226
Other loans	8,882	21,533
	<u>127,139</u>	<u>125,288</u>
Less: impairment losses on loans and advances	(1,274)	(1,782)
	<u>125,865</u>	<u>123,506</u>
The remaining maturity is as follows:		
< 3 months	121,700	111,963
3 months > 1 year	170	8,707
1 > 5 years	2,874	2,836
5 years >	1,121	—
	<u>125,865</u>	<u>123,506</u>

Included in the other loans are loans of EUR 22,608 (2005: 5,098,000) to participants in the Group's Employee Share Ownership Plan Trust.

A movement schedule for the impairment on loans and advances is included in note 12 to the Consolidated Financial Statements.

No significant concentrations are identified in the loans and advances to customers.

Notes to the Company Financial Statements

				2006				2005
	Listed	Unlisted		Euro thousand Total	Listed	Unlisted		Euro thousand Total
6. Investment securities								
Investment securities, which are included in the following balance sheet categories, may be analysed between listed and unlisted securities, and investment and trading portfolios as follows:								
Treasury bills	57,634			57,634	35,896			35,896
Interest-bearing securities	94	6,113		6,207	7,127	4,500		11,627
Shares	—	376		376	120	375		495
Total	57,728	6,489		64,217	43,143	4,875		48,018
	Held-to-maturity	Available-for-sale	Trading	Total	Held-to-maturity	Available-for-sale	Trading	Total
Treasury bills	57,634			57,634	35,896			35,896
breakdown is as follows:								
— issued by public bodies	57,634			57,634	35,896			35,896
— issued by others								
Interest-bearing securities	94	6,113	—	6,207	7,127	4,500	—	11,627
breakdown is as follows:								
— issued by public bodies	94			94	7,127			7,127
— issued by others		6,113		6,113		4,500		4,500
Shares	—	282	94	376	—	403	92	495
breakdown is as follows:								
— issued by others		282	94	376	—	403	92	495
Total	57,728	6,395	94	64,217	43,023	4,903	92	48,018
On the interest-bearing securities EUR 1,082,363 (2005: EUR 1,052,135) of the available-for-sale portfolio has been pledged as security for execution of payments and security settlement.		Available-for-sale	Held-to-maturity	Total				
The movement in investment securities may be summarised as follows:								
Balance as at 1 January		4,903	43,023	47,926				
Additions		46,611	157,201	203,812				
Sold during the year		(44)	—	(44)				
Redemptions		(45,000)	(144,000)	(189,000)				
Changes in valuations		(75)	1,574	1,499				
Foreign exchange difference		—	(70)	(70)				
Balance as at 31 December		6,395	57,728	64,123				

Notes to the Company Financial Statements

	2006	2005
	Euro thousand	Euro thousand
7. Derivative financial instruments		
Reference is made to note 20 of the consolidated Financial Statements.		
8. Investments in subsidiaries and receivables from Group companies		
Net asset value of Group companies	66,250	60,106
Amounts receivable from participating interests	56,234	49,201
	<u>122,484</u>	<u>109,307</u>
The changes in the net asset value of Group companies are as follows:		
Balance as at 1 January	60,106	67,853
Share in net profit of participating interests	6,302	8,919
Acquired during the year	39	(97)
Sale of subsidiary in Jersey	—	(2,388)
Currency translation adjustment	(178)	252
Dividends received	(31)	(14,352)
Liquidation of subsidiaries	(307)	—
Merger Reitsma & Wertheim & Partners B.V.	159	—
Other movements* ¹	160	(81)
Balance as at 31 December	<u>66,250</u>	<u>60,106</u>
There are no credit institutions included in the subsidiaries.		
9. Goodwill		
The movement during the year is as follows:		
Balance as at 1 January	9,849	15,026
Sale of subsidiary in Jersey	—	(5,177)
Balance as at 31 December	<u>9,849</u>	<u>9,849</u>

1) Represents mainly revaluations

				2006	2005
				Euro thousand	Euro thousand
	Leasehold improvements	Computing equipment	Other fixtures, fittings and equipment	Total	Total
10. Tangible fixed assets					
Cost	522	7,196	3,702	11,420	14,450
Accumulated depreciation	(267)	(6,845)	(2,606)	(9,718)	(12,092)
Net book value	<u>255</u>	<u>351</u>	<u>1,096</u>	<u>1,702</u>	<u>2,358</u>
Net book value					
At 1 January 2006	155	910	1,293	2,358	4,652
Additions	121	65	115	301	154
Transfer	25	(38)	13	—	—
Disposals	—	—	—	—	(123)
Impairment	—	—	(173)	(173)	(416)
Depreciation	(46)	(586)	(152)	(784)	(1,909)
Foreign exchange translation adjustments and other					
At 31 December 2006	<u>255</u>	<u>351</u>	<u>1,096</u>	<u>1,702</u>	<u>2,358</u>
Assets are depreciated using the straight-line method:					
— Leasehold improvements: 10 years					
— Computing equipment: 3–5 years					
— Other: 4–5 years					

Notes to the Company Financial Statements

	2006	2005
	Euro thousand	Euro thousand
11. Other receivables and accrued income		
Trade debtors	2,409	732
Staff advances	15	89
Accrued income	6,423	5,069
	<u>8,847</u>	<u>5,890</u>
Less: impairment charges	(67)	(40)
	<u>8,780</u>	<u>5,850</u>
12. Related party receivables and payables		
The balances represent the following related parties:		
Insinger de Beaufort Investments Ltd	19,812	18,418
Insinger Trust Holdings Ltd	16,726	13,532
Insinger de Beaufort Holdings S.A.	6,218	6,478
Insinger de Beaufort Finance Sarl	137	33
Related party receivables	<u>42,893</u>	<u>38,461</u>
Insinger de Beaufort Holding B.V.	33,367	34,390
Insinger Finance (BVI) S.A.	1,861	4,049
Coin Consultancy Ltd	804	781
Related party payables	<u>36,032</u>	<u>39,220</u>

13. Prepayments

Included under the prepayments are rent deposits, bankaccounts from funds, other prepaid amounts and capitalised option expenses. The ultimate shareholder of the Group, Insinger de Beaufort Holdings S.A., has granted options to staff within the Group. The option premiums are recharged to its subsidiaries depending on the category of options granted. The capitalised amounts are amortised over the vesting period of the options varying from three to six years. Total capitalised expense as of 31 December 2006 amounts to EUR 1,198,525 (2005: EUR 1,419,000).

	Tax rate	2006
	%	Euro thousand
14. Taxation		
The charge for the year can be reconciled to the profit as per the income statement as follows:		
Result before tax		(304)
Tax calculated at a tax rate of 29,6% (2005: 31,5%)	29.6	90
Impairment on deferred tax asset due to expected rate adjustment in the Netherlands	(419.9)	(1,277)
Tax on non-deductible expenses	(153.0)	(465)
Tax on non-taxable income		—
Effective tax rate/tax expense for the year	<u>(543.4)</u>	<u>(1,652)</u>

	2006	2005
	Euro thousand	Euro thousand
The movement in the deferred tax assets is as follows:		
At 1 January	12,846	17,662
(Charge)/Revenue for the year	(973)	244
Transfer deferred tax asset balances from Group companies	(3,298)	(5,264)
Reclassify from/ (to) current tax	(17)	204
	<u>7,879</u>	<u>12,846</u>

The deferred tax assets for the Company 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.

Notes to the Company Financial Statements

	2006	2005
	Euro thousand	Euro thousand
15. Amounts owed to credit institutions		
Payable in relation to settlements of securities transactions	858	3,960
Other loans	—	5,693
	<u>858</u>	<u>9,653</u>
16. Amounts owed to customers		
Payable in relation to settlements of securities transactions	13,578	12,306
Current accounts	195,767	209,416
Time deposits	113,747	79,353
	<u>323,092</u>	<u>301,075</u>
17. Other liabilities		
Trade creditors	1,953	2,263
Salaries payable	59	77
Payroll taxes payable	631	793
VAT payable	286	185
Other liabilities	9,470	2,780
	<u>12,399</u>	<u>6,098</u>

18. Accruals and deferred income

This includes accrued interest and deferred income.

19. Equity

Reference is made to the statement of changes in equity recorded on page 114.

20. Contingent liabilities

Reference is made to note 33 in the Consolidated Financial Statements.

	2006	2005
	Euro thousand	Euro thousand
21. Leasehold commitments		
Minimum lease payments under operating leases recognised in income for the year	2,661	2,642
Group commitments due under non-cancellable operating leases may be summarised as follows over the periods in which amounts fall due:		
Amounts payable:		
within one year	2,742	2,556
more than one year and less than five years	8,326	8,317
more than five years	924	2,734
	<u>11,992</u>	<u>13,607</u>
Operating leases represent mainly rentals payable by the Group for certain of its office properties. The leases have varying terms, escalation clauses and renewal rights.		
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:		
Amounts receivable:		
within one year	794	406
more than one year and less than five years	3,040	1,548
more than five years	374	553
	<u>4,208</u>	<u>2,507</u>

The subleases relate to the office in Amsterdam and the office in Eindhoven. The sublease contracts started in 2005.

Notes to the Company Financial Statements

22. Remuneration of directors

Reference is made to note 36 of the Consolidated Financial Statements with the exception that in 2006 EUR 372,120 (2005: 372,120) is paid by a subsidiary and therefore not included in the company Financial Statements.

2006

Individuals

23. Employees

The average number of employees for the Company was:

Private Banking	97
Asset Management	25
Institutional	14
Operations & Support	45
Group	15
	<hr/>
	196

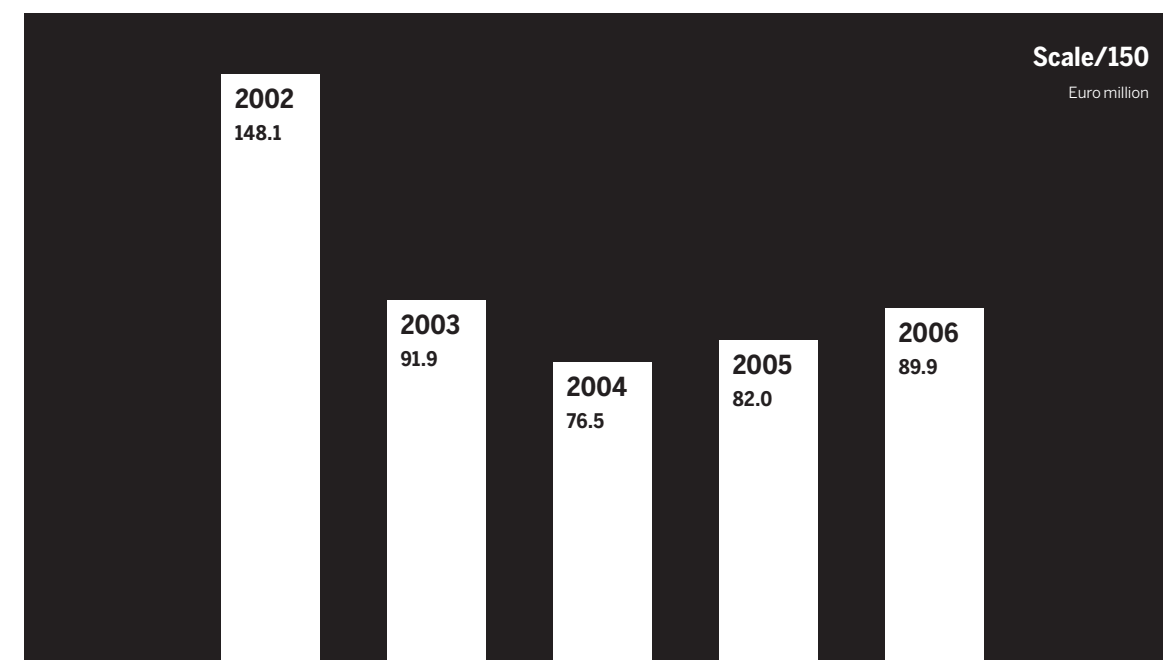
Post Balance Sheet Date Events

On 27 April 2007 the Company paid an interim dividend of EUR 2.7 million out of the 2006 results to its shareholder.

Five-year Summary

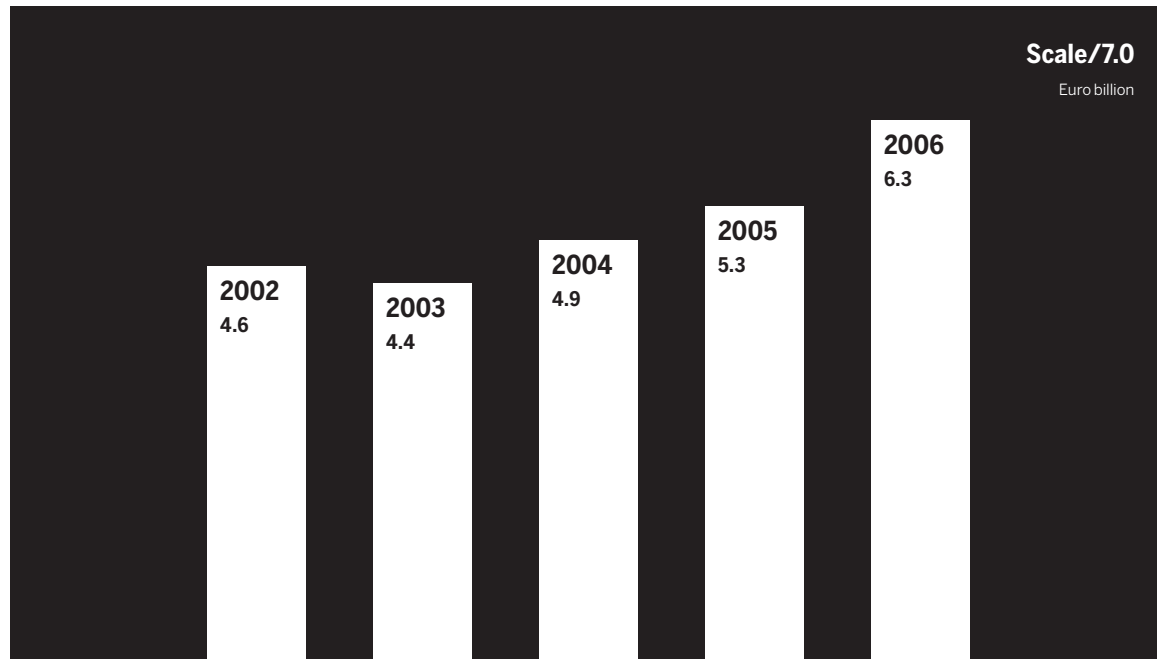
	IFRS 2006	IFRS 2005	Dutch Gaap 2004	Dutch Gaap 2003	Dutch Gaap 2002
	Euro	Euro	Euro	Euro	Euro
Results					
Operating income (million)	89.9	82.0	76.5	91.9	148.1
Operating profit/(loss) (million)					
— before amortisation of goodwill	9.3	4.2	3.6	4.6	0.2
— after amortisation of goodwill	9.3	4.2	3.6	(17.8)	(15.1)
Net profit/(loss) (million)					
— before amortisation of goodwill	4.4	5.9	2.8	98.7	3.1
— after amortisation of goodwill	4.4	5.9	2.8	76.3	(12.2)
Balance sheet					
Total assets (million)	461.3	432.5	401.9	566.9	627.6
Shareholders' equity (million)	54.2	51.0	74.7	70.6	109.1
Other					
Assets under management (excluding fiduciary assets) (billion)	6.3	5.3	4.9	4.4	4.6
Number of staff employed at year end	374	340	436	434	1,078

Operating Income



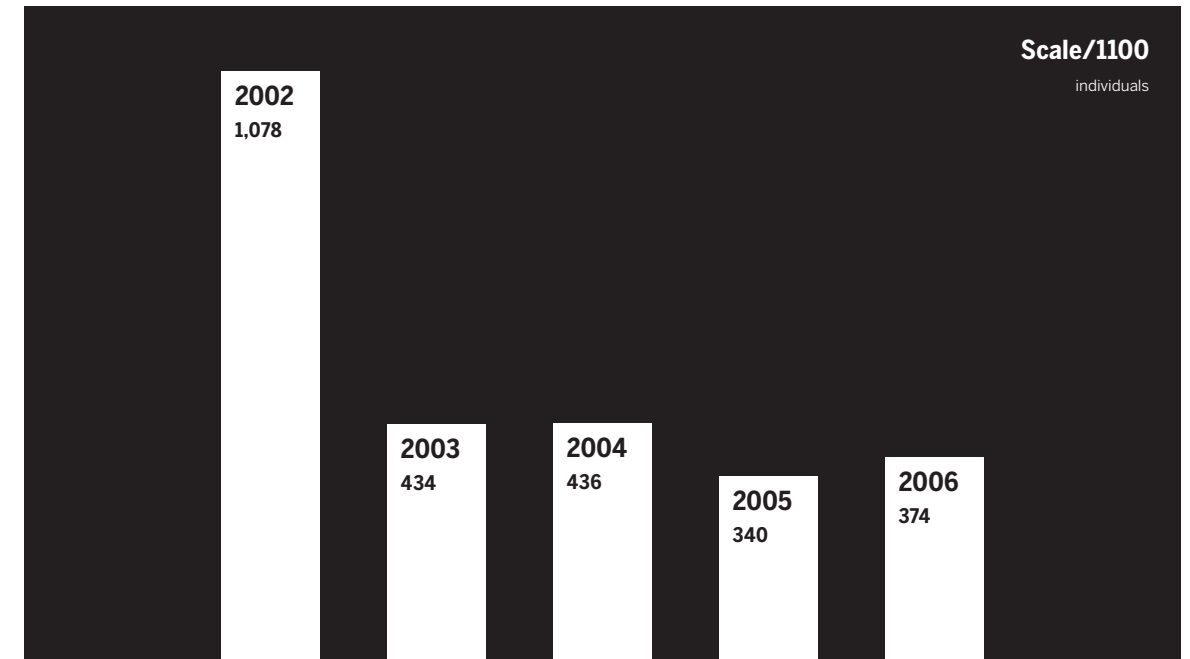
Assets Under Management

excluding fiduciary assets



Number of Staff Employed

at year end



Other Information

List of significant investments

Name	Registered office	Issued equity held %
Bank Insinger de Beaufort Safe Custody N.V.	Amsterdam, the Netherlands	100*2
Insinger de Beaufort	London, United Kingdom	100
Insinger Asset Management AG	Zug, Switzerland	50
Insinger de Beaufort Asset Management N.V.	Amsterdam, the Netherlands	100
Insinger de Beaufort (Luxembourg) S.A.	Luxembourg, Grand-Duchy of Luxembourg	100
Insinger de Beaufort (UK) Limited	London, United Kingdom	100
Insinger de Beaufort Investments (S.A.) (Proprietary) Limited	Claremont, South Africa	100
Insinger de Beaufort Associates B.V.	Eindhoven, the Netherlands	100

2) Depository receipts of shares

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. The independent auditor is required to confirm that the Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS).

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

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

Such controls are based on established policies, and procedures are reinforced by appropriate risk management forums and processes. Internal controls are developed to ensure that their cost does not exceed their benefit. The controls are implemented by suitably qualified personnel with appropriate segregation of duties and are monitored throughout the Group. Processes are in place to monitor the effectiveness of internal controls to identify material breakdowns and to ensure that corrective action is taken. 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 112 to 174, were signed by the directors on 8 May 2007.



Ian Kantor
Chief Executive Officer



Rob Mooij
Chief Financial Officer

Auditor's Report

to the Board of Management, Supervisory Board
and Shareholder of Bank Insinger de Beaufort N.V.

Report on the Financial Statements

We have audited the accompanying Financial Statements 2006 of Bank Insinger de Beaufort N.V., Amsterdam. The Financial Statements consist of the Consolidated Financial Statements and the Company Financial Statements. The Consolidated Financial Statements comprise the consolidated balance sheet as at 31 December 2006, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Company Financial Statements comprise the Company balance sheet as at 31 December 2006, the Company profit and loss account for the year then ended and the notes.

The management board's responsibility

The management board of the Company is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report 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 judgement, 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 the management board, 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 with respect to the Consolidated Financial Statements

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of Bank Insinger de Beaufort N.V. as at 31 December 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the Company Financial Statements

In our opinion, the Company Financial Statements give a true and fair view of the financial position of Bank Insinger de Beaufort N.V. as at 31 December 2006, 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 annual report is consistent with the Financial Statements as required by 2:391 sub 4 of the Netherlands Civil Code.



Amsterdam, 15 May 2007
PricewaterhouseCoopers Accountants N.V.
R.E.H.M. van Adrichem RA

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Nederlands

**Waarde
vinden in de
vrije ruimte**



Pagina 001

Waarde vinden in de vrije ruimte



Pagina 002/003

Als bankiers hebben wij de zware verantwoordelijkheid kapitaal van anderen te beleggen. Dat is werk dat wij zeer serieus nemen.

We streven naar vaste, bovengemiddelde rendementen voor onze cliënten. Dat is een doel waar we in geloven.

We werken in een in zijn aard onvoorspelbare omgeving. Onze cliënten hebben het recht ons te vragen waarom wij denken superieure prestaties te kunnen leveren.

Financiële markten zijn gegrondvest op geloof, en worden gedragen door emoties. Op elk willekeurig moment zijn bepaalde thema's dominant. Andere worden onderdrukt en onzichtbaar gehouden. Vrijwel ieder gezichtspunt kan met bewijzen onderbouwd worden.

Waarde vinden in deze stroom van gegevens lukt slechts als we relevante informatie kunnen scheiden van betekenisloze praat. Voordat anderen het doen.

Dit impliceert dat we onze beperkingen begrijpen en dogma's ter discussie stellen. Het betekent dat we op de op de vreemdste plaatsen antwoorden zoeken en vaak ook vinden.

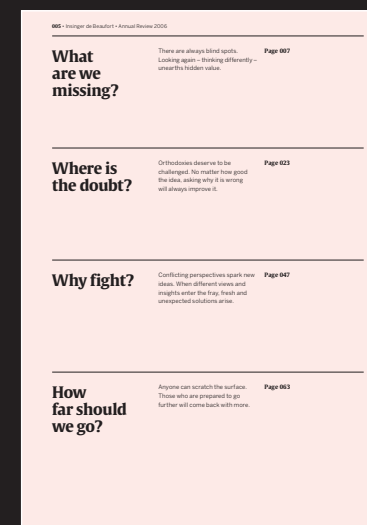
Daarom zoeken we, vóórdat we de markt op gaan, het conflict met elkaar. We beproeven onze meningen en leggen onze vinger op de verschillen. Dit tilt ons naar een collectieve wijsheid die veel groter is dan de som der delen.

Heel vaak hebben de leemten in onze kennis, de vrije ruimten, het meeste potentieel om nieuwe inzichten te bieden in de wereld om ons heen.

Blootstelling aan alternatieve perspectieven kan nooit gedachte mogelijkheden naar voren brengen. Kleine storingen kunnen breuklijnen worden.

En dat kan heel snel gaan.

Ian Kantor
Chief Executive Officer
8 Mei 2007



Pagina 004/005

Wat missen we?

Er zijn altijd blinde vlekken. Door opnieuw te kijken en anders te denken ontdekken we verborgen waarde.

Waar is de twijfel?

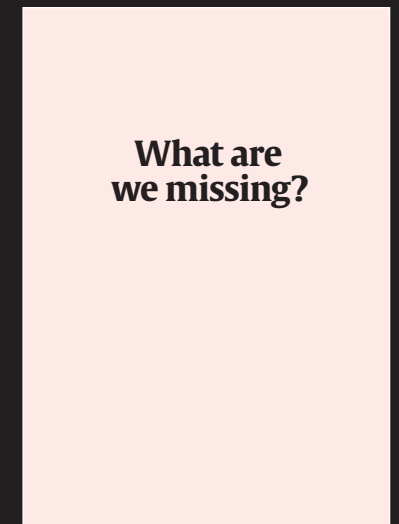
Dogma's verdienen het aangevallen te worden. Hoe goed een idee ook is, door je af te vragen wat er niet aan deugt wordt het altijd beter.

Waarom ruzie maken?

Botsende perspectieven brengen nieuwe ideeën. Wanneer verschillende standpunten en inzichten uitgesproken worden, komen er frisse en onverwachte oplossingen.

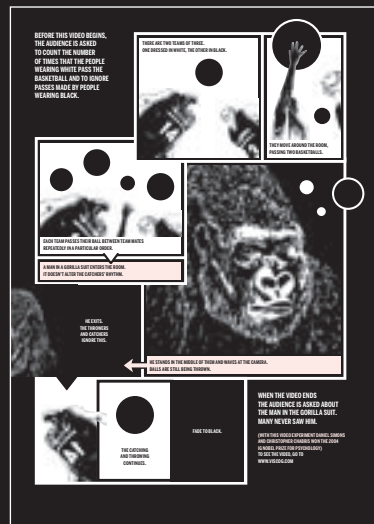
Hoever moeten we gaan?

Iedereen kan deukjes aan de oppervlakte maken. Wie bereid is verder te gaan kan er meer uithalen.



Pagina 006/007

Wat missen we?



Pagina 008

Voordat deze video begint, wordt de deelnemers gevraagd te tellen hoe vaak de mensen in het wit de basketbal overspelen en de keren dat mensen in het zwart de bal overspelen te negeren.

Er zijn twee teams van drie. Het ene is in het wit, het andere in het zwart.

Ze bewegen door de zaal terwijl ze twee basketballen overspelen.

Elk team speelt zijn bal regelmatig over naar de eigen teamgenoten, in een bepaalde volgorde.

Nu komt er een man in een gorillapak binnen. Het ritme van de spelers verandert er niet door.

Hij blijft in het midden staan en zwaait naar de camera. De ballen worden nog steeds overgegooid.

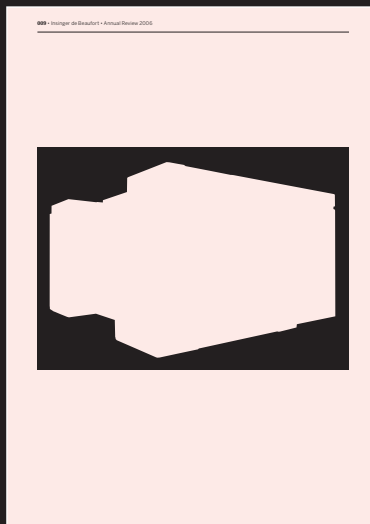
Hij gaat weer weg. De spelers zien het niet.

Ze gaan door met gooien en vangen.

Beeld wordt zwart.

Na afloop van de video wordt het publiek naar de man in het gorillapak gevraagd. Velen hebben hem helemaal niet gezien.

(Met dit video-experiment wonnen Daniel Simons en Christopher Chabris de Ig Nobel prijs voor psychologie in 2004.) Wilt u de video zien, ga dan naar www.viscog.com.



Pagina 009



Pagina 010

Beeldhouwer Rachel Whiteread activeert negatieve ruimten: gebieden die niet bewoond worden door dingen. Haar werk roept de verschuivende werkelijkheid tussen de dingen op de vrije ruimte waar geheugen en verbeelding de waarneming vormgeven. Het herinnert ons eraan dat we alleen zien wat we willen zien.



Pagina 011

Kijk strak naar een scène recht voor u. Alle visuele informatie wordt verwerkt door uw hersenen, denkt u? Fout. Uw ogen schieten met hoge snelheid over de scène, om deze te scannen op de belangrijkste kenmerken. Uw ogen blijven slechts milliseconden op een beeld gevestigd om het op te nemen. Pas ongeveer een kwart seconde later kunt u het beeld daadwerkelijk zien, omdat uw hersenen de visuele gegevens moeten verwerken.

Wat u doet, is het samenbrengen van alle belangrijke punten in de fovea centralis van uw oog. Deze heeft de grootste concentratie kleurgevoelige cellen en verwerkt de beslissende details. Houd uw duim op een armlengte afstand en kijk naar uw duimnagel. Dat is wat u op een willekeurig moment aan details ziet.

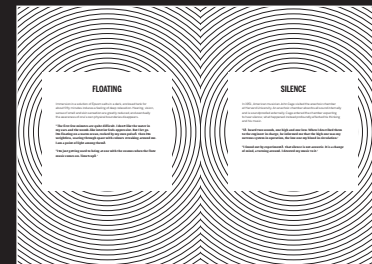
Tussen de momenten van waarneming bevinden zich bewegingsfasen: de oogsprongen of saccades. Deze zijn adembenemend snel het zijn de snelste externe bewegingen die het menselijk lichaam maakt. Eén oogsprong duurt slechts 20 milliseconden.

Als we bleven waarnemen tijdens een oogsprong zou onze wereld vaag blijven. Daarom schakelen de hersenen het verwerken van netvliesindrukken tijdens oogsprongen uit. Dit verschijnsel staat bekend als saccadische onderdrukking. Het betekent dat we het grootste deel van de tijd waarin we denken te zien, in feite blind zijn.

Wat we feitelijk zien is een reeks momentopnamen duimnagelgrote beelden, gescheiden in tijd en ruimte. Dat we het toch als een soepele, continue scan beschouwen, komt doordat onze hersenen de puntjes voor ons verbinden.



Pagina 012/013



Pagina 014/015

Drijven

Ongeveer 50 minuten liggen in een oplossing van magnesiumsulfaat in een donker, afgesloten bad geeft een gevoel van diepe ontspanning. Het gehoor, het gezichtsvermogen, het reukvermogen en het gevoel van de huid worden vergaand gereduceerd. Uiteindelijk ben je je niet meer bewust van je eigen fysieke grenzen.

‘De eerste paar minuten zijn niet makkelijk. Ik vind het water in mijn oren naar, en die baarmoederachtige ruimte is claustrofobisch. Maar ik geef me over. Ik drijf in een warme oceaan, gewiegd door mijn hartslag... Dan word ik gewichtsloos, ik vlieg door de ruimte met kleuren om me heen. Ik ben er zelf niet meer dan een lichtpuntje in.

Ik begin net te wennen aan het gevoel van één zijn met de kosmos wanneer ik fluitmuziek hoor. Uw tijd is over..’

Stilte

Aan het eind van de jaren '40 bezocht de Amerikaanse componist John Cage de dode kamer van Harvard University. Een dode kamer absorbeert alle geluiden die erbinnen gemaakt worden en is geïsoleerd tegen geluid van buiten. Toen Cage de kamer binnenging verwachtte hij stilte te horen. Maar wat er werkelijk gebeurde had diepe invloed op zijn ideeën en zijn muziek.

‘Ik hoorde twee geluiden, een hoog en een laag. Toen ik ze beschreef aan de technicus, legde die mij uit dat het hoge geluid dat van mijn zenuwstelsel was, en het lage dat van mijn bloedsomloop.’

‘Ik leerde toen dat stilte niet akoestisch is. Het is een bewustzijnswisseling, een omkering. Sindsdien heb ik mijn muziek eraan gewijd.’



Pagina 016/017

Onwaarneembare bevingen

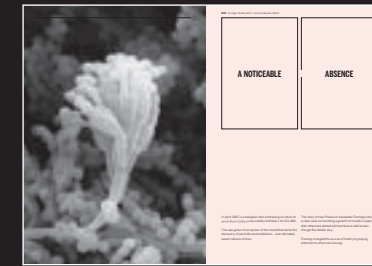
Door minuscule storingen te detecteren kunnen seismologen de bron van een beving vinden en het verloop van een verschuiving dagen volgen, waardoor ze grote aardbevingen steeds beter kunnen voorspellen.

Seismologen hebben een verband ontdekt tussen langzame, onwaarneembare bevingen diep in de aardkorst, en grote aardbevingen die, soms pas jaren later, aan de oppervlakte optreden.

Zwakke niet-vulkanische aardbevingen zijn een relatief recente ontdekking. Aangezien deze geen directe bedreiging vormen en relatief onbeduidende seismische registraties opleveren, werden ze altijd beschouwd als deel van de ‘achtergrondruis’ die wordt veroorzaakt door het schuren van de aardkorst. En dus verwaarloosbaar als het om het voorspellen van aardbevingen gaat.

Maar onderzoek over een netwerk van locaties op verschillende tijdstippen heeft geleid tot een dramatische herwaardering. Na een nieuw onderzoek door het Department of Geophysics van Stanford University, geleid door Gregory Beroza, meldde het tijdschrift Nature de ontdekking van een bijna perfecte correlatie naar voren tussen niet-vulkanische bevingen en laagfrequente aardbevingen (LFE's van ‘low frequency earthquakes’) – zeer diepe seismische activiteit. Wanneer LFE's ‘zwermen’, gegroepeerd optreden, worden het bevingen die de aarde in beweging kunnen zetten, al worden ze aan de oppervlakte niet gevoeld.

Tot voor kort werden niet-vulkanische bevingen en LFE's als aparte verschijnselen beschouwd. Nu echter denken wetenschappers die de seismische activiteit onder het Zuid-Japanse eiland Shikoku bestuderen dat het verschillende manifestaties van eenzelfde gebeurtenis zijn: een langzame, verticale verschuiving in de aardkorst. Deze verschuivingen treden vaak op in subductiezones, waar twee ‘schollen’ tegen elkaar botsen en de ene onder de andere wordt gedrukt. Dit is, als bekend, hoe plotselinge aardbevingen ontstaan. Een diepe beving kan over een periode van weken optreden, maar de enorme spanning die deze op de storing uitoefent veroorzaakt hetzelfde potentieel tot verwoesting.



Pagina 018/019

Een merkbare afwezigheid

In april 2007 werd een klein glazen schaalkje met een schimmelcultuur door het veiligheidskantoor van Sotheby's verkocht voor 11.400 pond.

Het was dan ook niet zomaar een schimmelcultuur. Hij was ontwikkeld uit de sporen van de originele schimmel die had geleid tot de ontdekking van penicilline en antibiotica en daarmee uiteindelijk miljoenen levens redde.

Het verhaal van professor Alexander Fleming, die een helder stukje rond een schimmelplek zag in een petrischaaltje dat verder vol bacteriën zat, is welbekend al wordt het op verschillende manieren verteld.

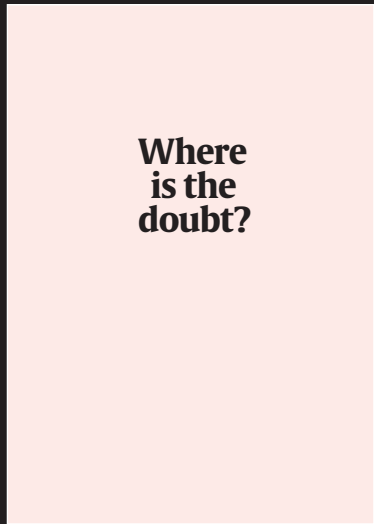
Fleming veranderde de wereldgeschiedenis door te kijken naar wat er ontbrak.



Pagina 020/021

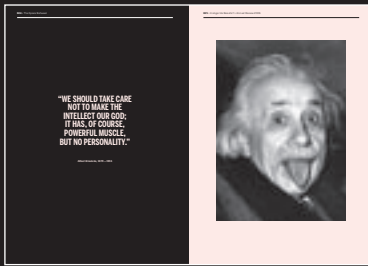
De faeolmne kachrt van het meeijsklne biern

Uit odeoonrzk van de Ueeiijnrstvt van Cabdgimre blijkt dat het neit uaaimktt in wklee vdgloore de Itetres van een wrood satan. Het egine baegijklnre is dat de etsree en lastate lteetr op de jisute patals beiljvn. De rset kan taootl vaehlprsd zijn, en tooh lees je het nog sedets peeroollmbs. Dit kmot daroodt het meeijsklne biern neit ekle lteetr aarpt lseet, maar het wrood als geeehi.



Pagina 022/023

Waar is de twijfel?



Pagina 024/025

"We moeten ervoor waken het intellect tot god te verheffen; het heeft natuurlijk de nodige kracht, maar geen persoonlijkheid."

Albert Einstein, 1879-1955



Pagina 026/027

Los van de grap

Vele serieuze denkers hebben de betekenis en het doel van grappen geanalyseerd. Hun conclusies komen in grote lijnen overeen: humor is wat er gebeurt in de vrije ruimte tussen verwachting en oplossing. Maar hun verklaringen reflecteren hun eigen filosofische gedachtegoed.

Freud loopt door de Kalverstraat... Hij dacht dat de grap een hulpmiddel voor het onbewuste was om zijn 'censor' te verslaan, autoriteiten uit te dagen en een ogenblik lang onderdrukte gevoelens kwijt te kunnen.

Hoeveel filosofen zijn er nodig om een lampje te wisselen? Plato en Hobbes dachten dat de grap voortkomt uit de behoefte onze medemens voor gek te zetten en een gevoel van superioriteit te krijgen. Ons lachen wordt veroorzaakt door het opgeluchte gevoel dat wij onszelf beter kennen, en daarom minder gevoelig zijn voor de zwakheden van de anderen.

Wat is het verschil tussen 'zelf' en 'ander'? Volgens psychoanalyticus Jacques Lacan komt een grap voort uit verschillende interpretaties van 'het symbolische'. De grap dwingt ons het eigen, egocentrische standpunt te verlaten en dat van een ander te zien. Door op de verschillen tussen mensen te wijzen, worden we er op paradoxale wijze aan herinnerd dat we veel menselijks gemeen hebben.

- Klop klop
- Wie is daar?
- Kant
- Welke Kant?
- De buitenkant maar als je me binnenlaat leg ik uit dat een grap eerst bedreigend is, maar daarna goedaardig blijkt. Dat je lacht is omdat je opgelucht bent dat de bedreiging weg is.

Komen twee taalkundigen bij de dokter... Victor Raskin en Salvatore Attardo zien de grap als iets dat onverwacht twee 'scenario's' bij elkaar brengt. Hoe groter het verschil tussen de scenario's, hoe groter de verrassing, en hoe meer plezier we aan de grap beleven.

Vraag: Hoeveel olifanten gaan er in een Mini? Antwoord: Voor Schopenhauer wordt een grap een grap wanneer de toehoorder zich plotse-ling bewust wordt van het verschil tussen een object en het concept dat hij tot dusver had gebruikt om dat object te zien.



Pagina 028/029

Dozenlogica.

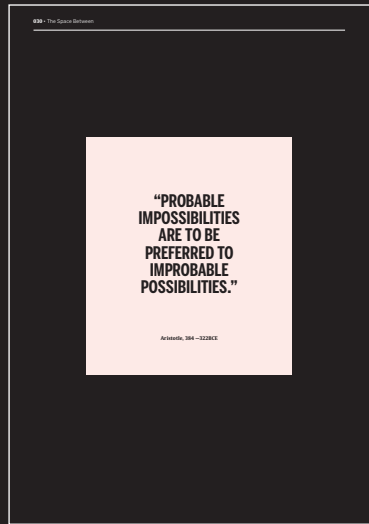
In dozen passen alleen kleinere dozen.

Mensen die in dozenlogica denken, hebben een hiërarchisch beeld van de werkelijkheid. Categorieën zijn wederzijds uitsluitend, en kunnen worden onderverdeeld in subcategorieën. Hiërarchisch denken bevoorrecht bepaalde autoriteiten en argumenten ten koste van andere. Het religieuze perspectief is een voorbeeld van deze denkwijze. Het beschouwt het bestaan van God als een onaantastbare waarheid.

Zakkenlogica.

Kleine zakken kun je in grote zakken stoppen, maar andersom kan ook.

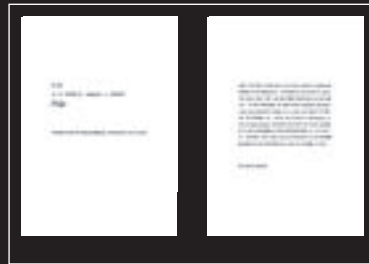
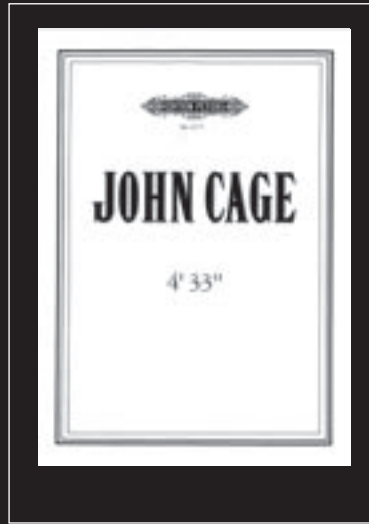
Mensen die in zakkenlogica denken, erkennen dat de werkelijkheid niet netjes in elkaar wederzijds uitsluitende categorieën is te verdelen. Ze relativiseren, en vertegenwoordigen daarmee een denkwijze die dominant is in de hedendaagse, seculiere westerse cultuur. Voor relativisten heeft geen enkele mening een onaantastbare autoriteit. Ze moeten hun standpunt beargumenteren, en zich er steeds van bewust zijn dat tegenargumenten even zwaar of zwaarder kunnen wegen.



Pagina 030

"Waarschijnlijke onmogelijkheden zijn beter dan onwaarschijnlijke mogelijkheden."

Aristoteles, 384 – 322 v.Chr.



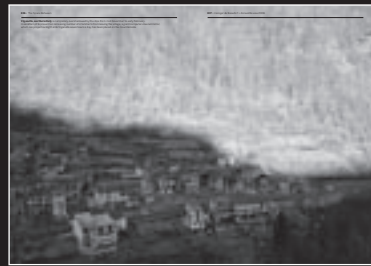
Pagina 031/034



Pagina 035

In het donker zijn alle kleuren gelijk

Francis Bacon, 1561 – 1626



Pagina 036/037

Het Noord-Italiaanse Viganella ligt van midden november tot begin februari geheel in de schaduw van de Alpen. Om te proberen de steeds grotere vlucht van de dorpsbewoners te keren, is tegen de bergwand een reusachtige, computergestuurde spiegel geplaatst, die zeven uur per dag zonlicht kan weerkaatsen op Viganella.



Pagina 038/039

Voorgeborchte

Volgens de traditionele rooms-katholieke theologie is het voorgeborchte (of limbo, van het Latijn voor "rand", "zoom") de ruimte tussen hemel en hel, waar ongedoopt gestorven baby's terecht zouden komen. Anders dan het vagevuur is het voorgeborchte geen plaats waar gestraft wordt. Maar het is wel een plaats van permanent verblijf, zonder kans tot de hemel toegelaten te worden.

Voordat het voorgeborchte werd geïntroduceerd, in de 13e eeuw, geloofde men dat alle ongedoopte mensen de eeuwige kwellingen van hel zouden moeten ondergaan, omdat zij niet bevrijd waren van de erfzonde. Op dat moment was het voorgeborchte een verlicht idee: een plaats waarin zielen dan wel niet de zaligheid van de hemel, maar ook niet de pijn van de hel zouden kennen.

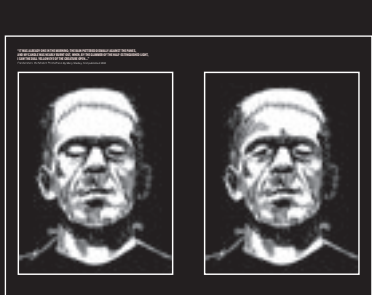
Maar op het moment van schrijven lijkt het voorgeborchte alweer achterhaald. Sommige theologen stellen dat het katholicisme het voorgeborchte moet handhaven, als het de boodschap van verlossing wil verzoenen met de erfzonde en een liefhebbende God. Maar hoewel er nog geen edict is uitgevaardigd, zijn er tekenen dat paus Benedictus XVI in de nabije toekomst het voorgeborchte uit de officiële leer zal verwijderen.



Pagina 040/041

"Ik ben veroordeeld tot vrij zijn."

Jean-Paul Sartre, 1905 – 1980



Pagina 042/043

"Het was reeds één uur Ɔ morgens; de regen tikte naargeestig tegen de ruiten en mijn kaars was bijna opgebrand, toen ik, bij het flakkerende schijnsel van het half gedoofde licht, het doffe, gele oog van het wezen zag opengaan..."

Frankenstein, de moderne Prometheus. Mary Shelley, eerste druk 1818



Pagina 044/045

Wat we met monsters hebben

Monsters hebben altijd een sterke greep gehad op de menselijke geest. Van de middel-eeuwse beesten van Jeroen Bosch tot Dracula van Bram Stoker en de Borg van Star Trek: ze lopen zich warm langs de omtrek van onze normale wereld, en komen nog net niet over de muren.

Het woord komt van het Latijnse *monstrum*: een voorteken of een waarschuwing. Waar waarschuwen monsters ons voor? En wat zegt dat over onszelf?

Ze maken ons bang. Frankenstein's slecht in elkaar gezette, tot leven gebrachte lichaam; wellustige vampieren met bloedige tanden; weerwolven met harige handpalmen – een afschrikwekkend uiterlijk lijkt de eerste voorwaarde. Maar monsters zijn ook onbegrepen. Dat van Frankenstein plukt bloemen en speelt blij met een kind en een blinde. Het echte monster, zegt Mary Shelley, zit in onszelf.

Ze horen er niet bij. Monsters passen niet bij de manier waarop we de wereld interpreteren. Ze vallen erbuiten. Dat zegt ons veel over onze taboes en beperkingen. Monsters zijn mythologische hybriden, gewelddadige samensmeltingen van categorieën die elkaar uitsluiten: de minotaurus half stier, half man; de griffioen half leeuw, half arend; de Fly van David Cronenberg: deels man, deels insect, deels machine.

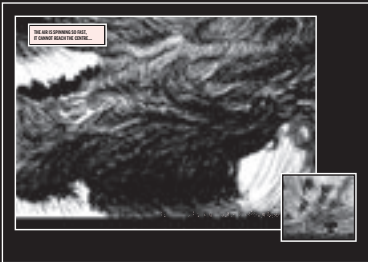
Je kunt er niet omheen. Als maatschappij en als individu willen we onze monsters misschien negeren, maar ze weigeren te vertrekken. Het monster in de film Alien was 'one tough son-of-a-bitch'. Zowel de Hydra als de Groene Ridder overleefden een onthoofding. Dracula leefde eeuwen door. De vasthoudendheid van monsters herinnert ons eraan dat ons eigen wereldbeeld onvast is.

Dat is het met monsters. Ze zijn de weerspiegeling van onze innerlijke demonen. Je kunt van ze weglopen, ze proberen te doden of van ze proberen te leren. Maar je kunt ze nooit negeren.



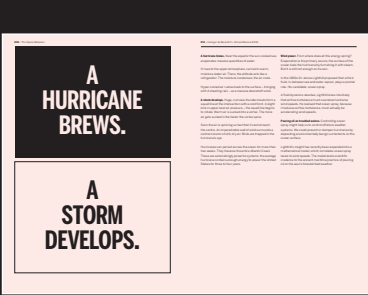
Pagina 046/047

Waarom ruzie maken?



Pagina 048/049

De lucht draait zo snel dat hij niet in het midden kan komen...



Pagina 050/051

Een orkaan in de maak. Een storm op til.

Een orkaan in de maak. Rond de evenaar verdampen enorme watermassa's uit de zondoorwarme oceaan.

Ze stijgen naar de bovenste lagen van de atmosfeer, meegenomen door warme, van vocht verzadigde lucht. Daar werkt de hoogte als een ijskast. Het vocht condenseert; de lucht koelt af.

Hypergekoelde lucht ijlt terug naar zeeniveau met stortregens, en een zware omlaag gerichte wind.

Een storm op til. Enorme zware wolkenmassa's vormen een buienlijn op de grens met een koufront. Eén kink in de luchtdruk in de hoogste laag, en de buienlijn begint te draaien. Warme lucht wordt in een draaikolk gezogen. Hoe meer lucht er wordt opgezogen, hoe sneller de draaikolk gaat.

Al snel draait de lucht zo hard dat hij niet meer in het midden kan komen. Een ondoordringbare muur van wind omringt een centrale kolom stilstaande, droge lucht. Vogels zitten gevangen in het oog van de orkaan.

Orkanen kunnen boven de oceaan meer dan twee weken doorrazen. Ze bewegen langs de hele Atlantische kust. Het zijn ontzagwekkend krachtige systemen; de gemiddelde orkaan bevat een hoeveelheid energie die voldoende zou zijn om de Verenigde Staten drie tot vier jaar van stroom te voorzien.

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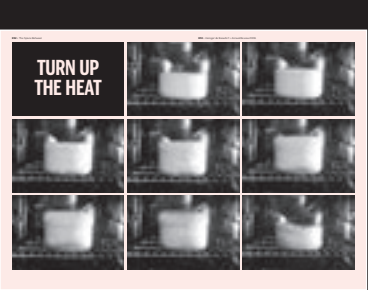
Windkracht. Waar komt al die energie vandaan? Verdamping is de belangrijkste bron; het oceaanoppervlak voedt de orkaan door hem van stoom te voorzien. Maar dat is nog niet genoeg.

In de jaren '60 suggereerde James Lighthill dat een derde stof, geen zeewater en geen waterdamp, een cruciale rol speelt. Zijn kandidaat: 'ocean spray'.

Als kenner van vloeistofdynamica wist Lighthill dat luchtturbulentie de extreme windsnelheden zou moeten tegenwerken. Hij beseftte dat ocean spray de windsnelheden moet opdrijven, omdat het de luchtturbulentie terugbrengt.

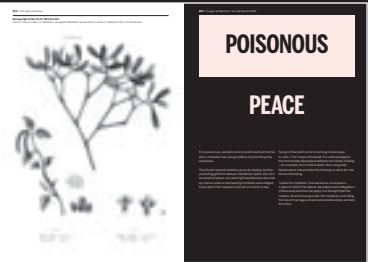
Olie op het water gooien. Het beheersen van ocean spray zou ons kunnen helpen weer-systemen op zee te beheersen. We zouden orkanen kunnen voorkomen of afzwakken door milieuvriendelijke operatieve stoffen over het oceaanoppervlak te verspreiden.

Het inzicht van Lighthill is recentelijk gebruikt als basis voor een wiskundig model, dat de niveaus van ocean spray relateert aan windsnelheden. Het model geeft een wetenschappelijke grondslag aan het reeds in de Oudheid bestaande maritieme gebruik om olie op de zee te gieten om slecht weer te vermijden.



Pagina 052/053

Schreef de warmte op



Pagina 054/055

Vergiftigde vrede

Voor een giftige, parasitische en niet speciaal aantrekkelijke plant heeft de maretak een lange traditie van aanmoediging van liefde en vrede.

De druïden aanbaden de maretak als een helend en de vruchtbaarheid vergrotend geschenk uit de hemel. Oude Noorse mythen noemen de maretak de plant van vrede. Alle oorlog voerende Scandinaviërs die elkaar per ongeluk tegenkwamen onder een boom met maretak waren verplicht hun wapens neer te leggen en een dag lang een bestand te houden.

Op zeker moment werden twijgen van de plant boven deuropeningen (Latijn: *limen*) gehangen. In de antropologie wordt het woord 'liminaal' gebruikt om de overgang tussen twee statussen aan te duiden bijvoorbeeld die van kind naar volwassene. Tijdens deze fase vallen de zekerheden over rol en identiteit weg, om plaats te maken voor nieuwe manieren van denken.

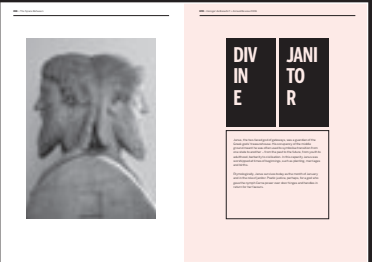
'Onder de maretak' werd een rituele ruimte een ruimte waarin de taboes, grenzen en plichten van de sociale wereld niet geldig zijn. Aangenomen wordt dat het moderne ritueel van kussen onder de maretak, zonder rekening te houden met de banden van huwelijk en relaties, hiervan is afgeleid.



Pagina 056/057

Wij eisen het recht onszelf tegen te spreken

Graffiti van studenten, Parijs 1968

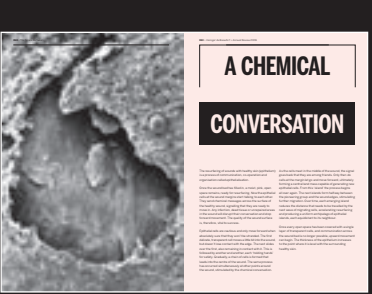


Pagina 058/059

Goddelijke portier

Janus, de god met twee gezichten van de doorgangen, was een wachter van de schatkamer van de Griekse goden. Omdat hij tussen anderen in stond, werd hij vaak gebruikt om een overgang te symboliseren: van verleden naar heden, van jeugd naar volwassenheid, van barbaarsheid naar beschaving. Daarom werd Janus vereerd als er een begin gevierd werd: het zaaien, huwelijken, geboortes.

We zien Janus' naam terug in de maand januari, in de januskop, en in het Engelse janitor portier. Een functie overigens die hij niet helemaal alleen kon uitvoeren, omdat hij in ruil voor zekere diensten de nimf Carna de macht over de scharnieren en deurknoppen had gegeven.



Pagina 060/061

Een chemische communicatie

Het opnieuw bedekken van wonden met gezonde huid (epitheel) is een proces van communicatie, coöperatie en organisatie dat epithelialisatie wordt genoemd.

Zodra het wondbed gevuld is, blijft een vochtige, roze, open ruimte over. Klaar om opnieuw bedekt te worden. De epitheelcellen aan de rand van de wond beginnen nu met elkaar te communiceren. Ze sturen chemische berichten over het oppervlak van de gezonde wond om aan te geven dat ze klaar zijn om naar binnen te komen. Infecties, dood weefsel of onherstelde gebieden in de wond onderbreken de communicatie en stoppen de beweging. De kwaliteit van het wondoppervlak is daarom cruciaal voor het welslagen.

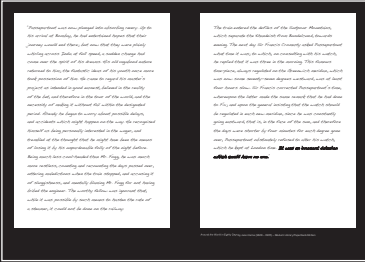
Epitheelcellen zijn voorzichtig en trekken er alleen op uit wanneer het absoluut zeker is dat ze niet zullen stranden. De eerste delicate, doorzichtige cel beweegt een klein stukje de wond in, maar houdt contact met de rand. De volgende glijdt over de eerste en blijft daar weer contact mee houden. Dit wordt gevolgd door nog een en nog een. Elk houdt steeds ‘handen vast’ voor de veiligheid. Geleidelijk aan vormt zich een keten van cellen die naar het midden van de wond leidt. Hetzelfde proces is tegelijkertijd opgetreden op andere punten rondom de wond, gestimuleerd door de chemische communicatie.

Op het moment dat de cellen elkaar in het midden ontmoet hebben, gaat er een signaal terug dat ze goed aangekomen zijn. Pas dan gaan de cellen langs de rand vooruitbewegen, om uiteindelijk een centrale ‘landmassa’ te vormen die nieuwe epitheelcellen kan genereren. Vanaf dit eiland begint het proces van voren af aan. De volgende eilandjes worden halverwege de pioniersgroep en de wondranden gevormd en stimuleren nieuwe migratie. Elk nieuwe eilandje reduceert de af te leggen afstand voor de volgende golf van migrerende cellen, waardoor het herbedekken steeds sneller gaat en er een uniforme archipel van epitheliale eilandjes ontstaat, allemaal op gelijke afstand van elkaar.

Zodra elke open ruimte is bedekt met een enkele laag van transparante cellen is communicatie over het wondbed niet meer mogelijk. De beweging omhoog kan nu beginnen. De dikte van het epitheel neemt toe tot het op gelijke hoogte met de omringende gezonde huid is gekomen.

How far should we go?

Hoe ver moeten we gaan?



Pagina 064/065

“Het is hier de geschikte plaats om mede te deelen wat er in den geest van Passepartout omging. Tot aan zijne komst te Bombay had hij geloofd en had hij kunnen gelooven, dat daarmede de zaak zou zijn afgelopen. Maar sedert hij in volle vaart Indië doorkliefde, had er eene omkeering in zijn geest plaats gehad. Zijn natuurlijke aanleg was weder geheel bovengekomen. De phantastische denkbeelden zijner jeugd herleefden in hem en hij geloofde in ernst aan de plannen van zijn meester; hij geloofde aan het wezenlijk bestaan van de weddenschap en dus ook aan die reis om de wereld en aan het maximum van tijd, dat niet mocht worden overschreden. Reeds begon hij zich ongerust te maken over een mogelijk oponthoud, over ongelukken, die hun onderweg konden overkomen. Het was of hij zelf belang had in die weddenschap en hij sidderde bij de gedachte, dat hij zelf de verzevenlijking in gevaar had kunnen brengen door zijne onvergeeflijke nieuwsgierigheid. Hij was dan ook veel onrustiger dan Fogg, wiens flegmatiek karakter hem niet ten deel was gevallen. Hij telde en telde nogmaals de dagen, die waren verlopen, verwenschte de halten van den trein, die hij van traagheid beschuldigde, terwijl hij er in zijn binnenste Fogg een verwijt van maakte, dat hij geen premie aan den machinist had uitgelopenf. De goede man wist niet, dat wat mogelijk is op eene mailboot, niet mogelijk is op eene spoor-trein, waarvan de snelheid door het reglement wordt bepaald.

Tegen den avond kwam men in de engte van het Sutpore gebergte dat het grondgebied van Khandeish scheidt van dat van Bundelkund. Den anderen morgen, 22 October, toen de heer Francis Cromarty vroeg hoe laat het was, raadpleegde Passepartout zijn horloge en antwoordde, dat het drie uren in den morgen was. Dat beroemde horloge, nog altijd geregeld naar den meridiaan over Greenwich, dat zeven en zestig graden westelijker ligt, liep vier uren achter en moest ook vier uren achterloopen. Sir Francis herleidde dus het uur door Passepartout opgegeven tot den werkelijken tijd en maakte hem dezelfde opmerking als reeds vroeger Fix had gemaakt. Hij trachtte hem aan het verstand te brengen, dat hij zijn uurwerk regelen moest naar elken nieuwen meridiaan, en dat, wanneer hij altijd oostelijk voorttrok, dus met de zon mede, de dagen zooveel maal vier minuten korter waren als men graden doorliep. Maar het baatte niet.

Of de koppige knecht den generaal al of niet begreep, zeker is het dat hij er bij volhardde om zijn horloge niet vooruit te zetten en het onveranderlijk op den Iondenschen tijd hield.

Het was trouwens een onschuldige manie, waarbij niemand schade kon hebben.”

De Reis om de Wereld in Tachtig Dagen. Jules Verne (1828-1905) Nederlandse vertaling naar de 30e Franse editie, Elsevier.



Pagina 066/067



Pagina 068

Zijn we er al?

De beelden en geluiden van een drukke winkelstraat: stilstaand verkeer, een maalstream van mensen, toeristen en etalagekijkers die hun tijd nemen.

Temidden daarvan: een vastberaden voetgangster. Deze vrouw weet wat ze wil, en ze weet waar ze moet zijn.

Ze nadert haar doel. Voor haar: het warenhuis. Ze beent naar de ingang, duwt tegen de glazen deur en stapt de drempel over.

Eenmaal binnen doen de wetten van de mechanica haar nog even doorlopen.

Maar na een paar meter stopt ze om de balans op te maken. Je zou het niet zeggen als je haar zag, maar haar zintuigen werken op volle toeren. Haar ogen passen zich aan aan het verschil in licht, ze luistert, neemt geuren op, voelt de temperatuur. Ze zoekt haar plaats in deze nieuwe omgeving.

Ze staat in de winkel, maar ze is er nog niet echt.

Ze zag het logo niet toen ze bij de deur aankwam, want ze zocht de deurknop. Wat ze wilde hebben was vlak naast haar. Helemaal gemist. En de juffrouw die vroeg of ze kon helpen werd beantwoord met een lege blik.

Nog een paar seconden, en dan is de klant er. Tot die tijd is ze in de overgangszone.

De term overgangszone is bedacht door Paco Underhill, om de inactieve ruimte in het begin van elke winkel te beschrijven. Klanten gebruiken dit gebied om zich aan te passen aan de binnenruimte.



Pagina 069

Jo Twist (links), alias Doctor Schnook



Pagina 070/071

Alter ego

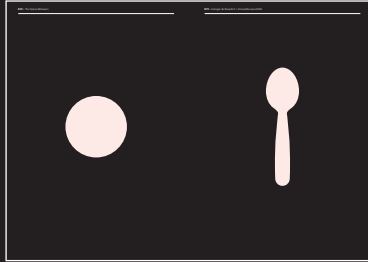
Voor degenen onder ons die wel eens een virtuele wereld als Second Life hebben bezocht, is het maken van een avatar, een geanimeerde figuur, ongetwijfeld een van de fascinerendste mogelijkheden. Het lijkt erop dat de drang om onze fysieke verschijning en alles wat daarmee samenhangt te veranderen haast universeel is.

Het woord ‘avatar’, afkomstig uit het Sanskriet, betekent ‘de manifestatie van een god in menselijke vorm’. En het maken van een avatar geeft je inderdaad de god-achtige macht om de beperkingen van je uiterlijk en identiteit te overstijgen: je zou verwachten dat deze vrijheid zou resulteren in de geboorte van een aantal allermerkwaardigste ‘goden’.

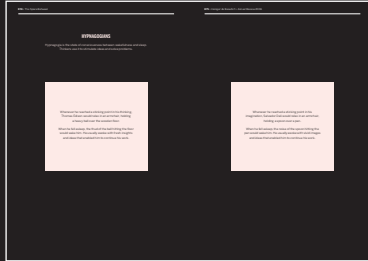
Maar vreemd genoeg wordt Second Life niet geheel bevolkt door wezens met dierenkoppen, weinig kleren en paarse schubben. De meeste avatars zien er ‘normaal’ uit los van het feit dat ze vrijwel allemaal onmogelijke superhelden-maten hebben.

In het recentelijk verschenen boek ‘Alter Ego: Avatars and their Creators’ zijn foto’s naast elkaar gezet van mensen en hun avatars, zodat een beeld ontstaat van de manier waarop mensen online met hun identiteit spelen. Sorns lijkt het motief puur escapisme te zijn: een overwerkte moeder kan zichzelf transformeren tot een schaars geklede vamp, een eenzame scholier wordt een rockster. Maar het boek laat vooral zien dat velen zichzelf niet compleet opnieuw uitvinden, maar hun avatar gebruiken om delen van hun persoonlijkheid naar voren te laten komen.

De grenzen tussen bestaande en nieuwe sociale ruimten tussen echte en virtuele realiteit vervagen steeds verder nu de technologie, stapje voor stapje, het terrein van de biologie betreedt. “Hoe zal het zijn wanneer de technologie ons in staat stelt aan te raken en te voelen in de virtuele wereld?” vraagt ondernemer Allin Qiin ook bekend als Anshe Chung.



Pagina 072/073



Pagina 074/075

Hypnagogen

De hypnagogische staat is de toestand tussen wakker zijn en slapen. Sommige denkers gebruiken deze om ideeën te stimuleren en problemen op te lossen.

Wanneer hij vastzat bij het overdenken van een probleem, ging Thomas Edison in een leunstoel zitten, terwijl hij een zware bal boven de houten vloer hield.

Op het moment dat hij in slaap viel, maakte het geluid van de op de vloer vallende bal hem wakker. Meestal werd hij wakker met frisse inzichten en ideeën waarmee hij weer verder kon werken.

Wanneer hij vastzat in zijn verbeelding, ging Salvador Dali in een leunstoel zitten, terwijl hij een lepel boven een pan hield.

Op het moment dat hij in slaap viel, maakte het geluid van de in de pan vallende lepel hem wakker. Meestal werd hij wakker met heldere beelden en ideeën waarmee hij weer verder kon werken.



Dit veroorzaakte in de jaren '30 en '40 van de vorige eeuw verschillende ongelukken. Aangezien de luchtturbulentie bij het naderen van de geluidssnelheid radicaal toeneemt, suggereerden sommige wiskundigen in die tijd dat er zoiets als een 'geluidsbarrière' bestaat. Bij mach-1, luidde hun hypothese, zou de lucht-turbulentie oneindig groot worden, en zouden gestapelde geluidsgolven een ondoordringbare muur vormen.

In 1947 toonde Chuck Yeager aan dat het anders zat door mach-1 te doorbreken in een testvlucht van de X-1. We weten nu dat er helemaal geen geluidsbarrière bestaat al wordt de term nog wel gebruikt. Luchtturbulentie wordt veroorzaakt door de variatie in luchtstromen bij transsonische snelheden. Zodra de snelheid supersonisch is neemt de turbulentie weer af.

Pagina 076



Pagina 077

Subsonisch
Supersonisch

De transsonische snelheid treedt net onder en net boven de geluidssnelheid op meestal tussen mach 0.8 en mach 1.2. Bij deze snelheid worden sommige luchtstromen langs een vliegtuig supersonisch, terwijl andere subsonisch blijven. Die ongelijkheid creëert een plotselinge variatie in de luchtdichtheid en is daarmee van invloed op de elevatie.



Pagina 078/079

Deze foto, genomen door een militaire waarnemer vanaf het dek van een vliegdekschip, toont een F/A-18 op het moment dat deze door een condensatiewolk vliegt.

Condensatiewolken zijn slechts een fractie van een seconde zichtbaar, en worden gevormd in transsonische omstandigheden, waarin extreem verschillende luchtstromen schokgolven veroorzaken die snelle druk- en temperatuurwisselingen teweegbrengen. Ze zijn niet, zoals vaak wordt gedacht, de zichtbare verschijningsvorm van de geluidsbarrière.

Commentaar van de CEO

Het begin van de reflatie

Meer dan twintig jaar is desinflatie een steun geweest voor de werking van de markt. Een efficiëntere productie, internationale concurrentie, deregulering en global sourcing speelden alle een rol. Gedurende deze periode was het in ons denken over beleggen een vanzelfsprekendheid dat de gemiddelde kosten per eenheid zouden dalen. Nu denken wij dat de balans anders komt te liggen. De economische cyclus gaat een fase van reflatie in.

We leven in een tijd waarin technologieën en kostenbesparende innovaties snel over te nemen zijn. De productie is al gemonialiseerd. De prijzen van vele consumentengoederen zijn lager dan ooit, in absolute termen en in vergelijking met gelijkwaardige goederen op een eerder moment. Het is mogelijk dat productiviteitsverbeteringen voor nieuwe sprongen vooruit blijven zorgen, maar de vooruitzichten voor substantiële productiviteitswinst zijn, in ieder geval voor de Westerse economieën, beperkt.

Tegelijkertijd zijn consumenten in diezelfde Westerse economieën kritischer geworden. Het gaat niet meer alleen om de producten. We kiezen merken die onze waarden en prioriteiten uitstralen. Dingen kopen is niet genoeg, we willen er deel aan hebben.

Het antwoord van de industrie is geweest meer te investeren in het in de schappen en in de handen van consumenten krijgen van producten. Er is meer aandacht voor marketing, reclame en verpakking. Producenten maken geen producten meer, maar voorzien in lifestyle-behoefte.

De dorst naar service

Bedrijven gaan door met innoveren, maar de focus is nu op het maken van onderscheid en het vinden van betere manieren om klanten te binden niet meer op kostenbesparing. Natuurlijk zijn lage productiekosten een voorwaarde tot overleving, maar service aan de klant is waarmee we de concurrentie echt kunnen verslaan. En dat kost geld.

De vraag naar hoge kwaliteit service geldt niet alleen voor het bedrijfsleven. Onze maatschappij wil betere gezondheidszorg, onderwijs en veiligheid.

Er zijn minder mensen beschikbaar om deze diensten te verlenen, en hun klanten, baby-boomers en ouderen, zijn rijker, talrijker en vitaler. Vraag en aanbod maken dat de kosten voor service zullen blijven stijgen.

Service is arbeidsintensief en moet meestal ter plekke worden geleverd. Bedrijven hebben altijd gebruik gemaakt van overaanbod elders in de wereld om plaatselijke looneisen te temperen. China, India, en in mindere mate ook Zuid-Amerika, Afrika en Oost-Europa, waren allemaal goed voor goedkope arbeid. Maar veel van het werk dat internationale bedrijven kunnen uitbesteden is al uitbesteed. In veel van deze economieën zijn aantrekkelijke banen te vinden. Het wereldwijde overschot is langzaam aan het verdwijnen.

Nu arbeid schaarser wordt, worden er, vooral in het geschoolde segment, hogere prijzen voor betaald. We verwachten daarom (en zien dit nu ook al) druk op de kosten van diensten, wat het spook van de inflatie naderbij brengt.

Afnemende geboortecijfers betekenen dat Westerse maatschappijen afhankelijker worden van grootschalige immigratie, zowel om diensten te verlenen als om een aanhoudende economische groei te stimuleren. De noodzaak om arbeidsmobiliteit te bevorderen bij behoud van de sociale cohesie zal de Westerse regeringen de komende jaren de nodige hoofdbrekens bezorgen.

Terwijl de gemiddelde salarissen de afgelopen jaren tamelijk constant zijn gebleven, zijn de topinkomens dramatisch hoger geworden. Zo is in de VS tussen 2003 en 2005 het gemiddelde loon met 3% toegenomen, maar ging het reële inkomen van laagbetaalde arbeiders zelfs omlaag. Gedurende dezelfde periode ontving de gemiddelde CEO van een S&P500-bedrijf jaarlijks een verhoging van 25%, vanaf een basisniveau van 9 miljoen dollar.

Bedrijven moeten de strijd om het talent nu op de wereldmarkt voeren. De schaarste aan mensen die internationale bedrijven kunnen leiden stelt deze in staat hun eisen te stellen. Maar de gevoelde onevenwichtigheid van de betalingsniveaus leidt tot nog meer druk op de lonen in het bedrijfsleven.

Economische verschillen verscherpen ook de tweedeling in de maatschappij, en dit leidt tot reële schade aan de economie. Mensen die zich in hun mogelijkheden beperkt voelen, kunnen gedrag vertonen waar het bedrijfsleven en de maatschappij nauwelijks raad mee weten. Doordat de bezittende klasse bescherming eist tegen de niet-bezitters, stijgen de maatschappelijke kosten voor beveiliging.

De illusie van veiligheid

Naarmate mensen rijker worden, denken ze dat ze ook meer te verliezen hebben. De bevolking eist van haar politieke leiders meer beveiliging. Risico's zijn groter, en dit kan zich ontwikkelen tot een structureel probleem voor Westerse economieën. De werkelijke risico's die we lopen zijn in grote lijnen dezelfde gebleven, maar we kunnen er niet meer zo effectief mee omgaan. Kunnen omgaan met risico's is niet meer voldoende. We willen ze onder controle hebben.

Op de financiële markten proberen reguleerders risico's te beheersen door nieuwe lagen van bescherming en uitgebreidere rapportage-eisen in te voeren. Na Enron is het begrijpelijk dat ze alles willen doen wat in hun macht ligt om ineensstorting van bedrijven en het hele systeem te voorkomen.

Maar is dit de juiste manier? Financiële schokken zijn per definitie onvoorspelbaar. Het opleggen van nog meer regels kan een illusie van veiligheid brengen.

In *Through the Looking Glass* van Lewis Carroll, de auteur van *Alice in Wonderland*, rennen Alice en de Rode Koningin terwijl de grond onder hun voeten beweegt. Ze komen precies uit waar ze begonnen zijn. Iets soortgelijks gebeurt met financiële markten.

Markten lijken niet van de geschiedenis te leren. Wanneer de handelsvoorwaarden gunstig zijn, beproeven ze de grenzen van het mogelijke.

Een van de redenen is dat wie risico neemt in het voordeel is. De beloningen voor succes zijn hoger dan de straffen voor falen. Fondsbeheerders en topmanagers kunnen hoge bonussen halen door kortetermijn-targets te halen. Er is geen gelijkwaardige boete voor ondermaatse prestaties.

Op het moment worden beheerders van private equity-fondsen, met een overvloed aan kapitaal, aangemoedigd risico's te nemen. Als buyouts mislukken, zijn zij niet degenen die geld verliezen. Slagen ze, dan ontvangen ze enorme beloningen. Maar naarmate meer private equity achter een beperkt aantal transacties aanzit, worden de deals die ze kunnen maken onvermijdelijk minder vanzelfsprekend. Private equity-investeerders rennen mee met de Rode Koningin.

Hoeveel we ook reguleren, we kunnen onszelf alleen beschermen tegen voorspelbare risico's. Maar de geschiedenis leert steeds weer dat het de onvoorziene, onzichtbare factoren zijn die het vernietigendst werken. Een transparant stelsel op basis van verzekeringen, een stelsel dat accepteert dat ongelukken niet te voorkomen zijn en erop gericht is deze direct te compenseren, zou wel eens eerlijker én economisch efficiënter kunnen zijn.

De illusie van veiligheid suggereert dat wetgeving een oplossing kan zijn voor catastrofes op de markt. Wij zien dit anders. Wij menen dat een 'perfecte storm' niet alleen waarschijnlijk is zo'n storm komt er 100% zeker. De markt zelf zal voor de voorwaarden zorgen.

Zo hebben ook de wereldwijde deregulering, liberalisering en verschuiving van kapitaal-intensieve productie naar de dienstensector voor grotere economische stabiliteit gezorgd. Dit vindt zijn weerslag op de financiële markten, waar de risicopremies momenteel historisch laag zijn. Maar nu de volatiliteit is afgenomen, zijn de markten gewend geraakt aan de hogere onderliggende stabiliteit. De markt gebruikt deze gunstige economische omstandigheden om het liquiditeitsniveau in de wereldeconomie radicaal te verhogen.

Markten absorberen toenemende hoeveelheden leverage. Het financiële ecosysteem wordt een gedrocht. Grotere liquiditeit blaast de waarde van financieel vermogen op. Net als tijdens de internetzeepbel, toen een teveel aan kapitaal in de 'nieuwe economie' werd gepompt, stroomt er nu geld naar nieuwe economieën in de vorm van handelsoverschotten.

Met deze overschotten genereren China, India en andere opkomende markten enorme reserves. Omdat de eigen, binnenlandse financiële markten hun beperkingen hebben, vindt dit geld zijn weg terug en helpt het de economie van de VS overeind te houden. De grootste winnaar in het vrije internationale monetaire verkeer is uiteindelijk de Amerikaanse schatkist.

Deze situatie kan aanhouden zolang de ontwaarding van vermogen voortduurt, maar het risico blijft dat inflatie zijn intrede doet in de echte economie. Wanneer dat gebeurt zullen centrale banken gedwongen zijn de rente te verhogen. Economische spelers die het van leverage moeten hebben – hedgefondsen, investeerders in onroerend goed, private equity-huizen, opkomende markten en de VS – zullen dan extra kwetsbaar zijn.

Beleggen voor rendement

Wij leren een andere les uit de historisch lage risicopremies van dit moment. We denken dat er geen reden is om aan te nemen dat omdat de volatiliteit nu laag is, deze ook altijd laag zal blijven. Een hogere volatiliteit is veel waarschijnlijker. Zo bezien zijn de kosten voor bescherming tegen prijsonzekerheid het zeer wel waard. Onder de huidige omstandigheden beschouwen wij uiteenlopende realiseringen van zulke bescherming als zinvolle investeringen.

Opkomende economieën blijven snel groeien. Ze eisen hun deel van de hulpbronnen van over de hele wereld; dit voedt een aanhoudend vraag naar commodities. Vele handelaren in commodities hebben dan ook grote winsten behaald op de recente bull market. En er is voor hen ongetwijfeld nog meer in het verschiet.

We accepteren dat we de wereldwijde markten onvoldoende diep kunnen begrijpen om er betere resultaten op te behalen dan gespecialiseerde fondsbeheerders. Zij hebben betere toegang tot informatie en betere netwerken op hun markten. Daardoor kunnen ze gemiddeld beter presteren en daarom weer is het vinden van de beste gespecialiseerde fondsbeheerders een belangrijke discipline bij Insinger de Beaufort.

Hoe vinden we de beste presteerders? We beginnen met het zoeken naar beheerders met een goede staat van dienst. Maar dat is nog maar de eerste stap. We volgen dagelijks duizenden fondsbeheerders. Het is een statistische zekerheid dat enkele van hen het beter doen dan de rest. Veel van deze mensen hebben een sterrenstatus gekregen. Sommige van hen geloven zelfs dat dit terecht is.

Maar als beleggers kijken wij naar de lange termijn. Wij zien commodities uiteindelijk weer terugkeren naar hun modale lange-termijnwaarden. We beschouwen het kopen van bedrijven die leverage gebruiken om van stijgende commodity-prijzen te profiteren als inherent riskant. Wij beleggen liever in aandelen en in markten die gerelateerd zijn aan de opkomende economieën, die ten grondslag liggen aan de prijsstijgingen van commodities.

China en India zijn de belangrijkste motoren voor groei, maar hun aandelenmarkten blijven onderontwikkeld. Japan is de leverancier waar-naar de voorkeur moet uitgaan, vooral in het Verre Oosten. Het heeft geweldig geprofiteerd van de opmars van de Aziatische economieën, en wij denken dat het succesvol blijft naarmate deze markten zich verder ontwikkelen.

Prestaties in het verleden zijn dus niet altijd de beste gids. Zo zijn alfamannetjes (en de meeste fondsbeheerders zijn mannen) genetisch geprogrammeerd om risico's te nemen. Veel vertrouwen in het eigen kunnen kan tot succes op het schoolplein leiden, en soms ook, een tijd lang, op de financiële markten. Maar uiteindelijk is denken dat je slimmer bent geen strategie. Willen we de catastrofale gevolgen van een teveel aan zelfvertrouwen begrijpen, dan hoeven we niet verder te kijken dan naar het desastreuze avontuur in Irak. Wat ontbrak er aan de analyses van Blair en Bush? Er was geen twijfel.

We hechten veel waarde aan de persoonlijke en professionele kwaliteiten van de beheerders met wie we werken. We zoeken naar mensen die slim zijn en hun vak verstaan. Ze moeten geduld, discipline en een gelijkmatig temperament hebben, maar we waarderen ook integriteit, eerlijkheid en bescheidenheid. We zoeken naar de karakters die begrijpen dat ze het niet altijd bij het juiste eind kunnen hebben. Ze mogen soms ernstig aan zichzelf twijfelen, onzeker lijken, niet meteen de juiste woorden klaar hebben maar ze hebben het enorme voordeel hun fouten te kunnen inzien en ervan te kunnen leren.

Ruimte voor verschil laten

Insinger de Beaufort is een volwassen organisatie. We hebben onze eigen manieren ontwikkeld om de dingen te doen. We begrijpen elkaar goed en kunnen soepel en efficiënt met elkaar communiceren. Het bedrijf heeft een gemeenschappelijke basis van kennis ontwikkeld, maar deze is nooit statisch. We zijn het in algemene zin meestal eens over wat we willen bereiken, maar er is zelden consensus over de beste manier om dat te doen.

De mensen van Insinger de Beaufort zijn slim en uiterst vakkundig. De diversiteit in perspectieven onderhoudt een dynamische cultuur. Iedereen wordt aangemoedigd zijn mening te uiten. En hem krachtig te verdedigen. Er wordt vaak gedebatteerd, waarbij de gemoederen soms verhit raken. Wij vinden dat gezond.

We denken dat we op die manier tot betere beslissingen komen. Vaak brengen het blootleggen en onderzoeken van onze verschillen nieuwe opties, die anders nooit zouden zijn overwogen. Onze meningen worden in de strijd getemperd en getest. Dat zorgt misschien niet altijd voor de makkelijkste werkomgeving, maar het geeft wel veel voldoening. Het personeelsverloop is uitzonderlijk laag, en er bestaat een sterke band tussen ons. Dezelfde mensen die het bedrijf in deze vorm meer dan twintig jaar geleden opzetten zijn er nu nog.

Niet voetstoots aannemen wat we denken te zien is in de cultuur van Insinger de Beaufort een vaste reflex. We begrijpen allen instinctief dat alles wat we zeggen of doen door onze collega's kan worden bekritiseerd. Daarom beweren we pas iets als we het kunnen onderbouwen. Dat vraagt om strengheid, en daar zijn we blij mee.

Diezelfde strengheid is van toepassing op onze financiële analyses. We beseffen dat er aan de oppervlakte zelden waarde te vinden is. Waarde moet uit de diepte komen, en centimeter voor centimeter worden opgegraven.

We herkennen dogma's en trekken axioma's in twijfel. Hierdoor komen we in de vrije ruimte: een zone van onzekerheid die smeekt om onze belangstelling. Zonder die belangstelling blijft elke beloning uit. Het vermogen van Insinger de Beaufort om in deze ruimte te werken, stelt ons in staat waarde te vinden voor onze cliënten.

Publisher

Bank Insinger
de Beaufort N.V.
Amsterdam
The Netherlands
Han Bongers

Concept and copy

Aquarium Writers Ltd
London
United Kingdom
www.aquariumwriters.com
Louise Hide and
Charlie Errington

Concept and design

Dietwee communicatie
en vormgeving, Utrecht
The Netherlands
www.dietwee.nl
Concept: Tirso Francés
and Dirkjan Brummelman
Art direction: Tirso Francés
Design: Dirkjan Brummelman
Artwork/layout: Gonda Poelman

Translation

Vertaalbureau.nl
Wouter van den Berg

Print

Drukkerij Rosbeek B.V.
Nuth
The Netherlands

Book binding

Binderij Callenbach
Nijkerk
The Netherlands

Typefaces

BentonSans
(Font Bureau)
Gulliver
(Gerard Unger)

Paper

Munken Print Extra
115 gr/m2
Munken Lynx
90 gr/m2

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Bank Insinger
de Beaufort N.V.

Acknowledgements

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to the convention of the Music Teachers
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