

Nexgen Capital Limited

Financial Statements

For the year ended 31 December 2006

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COMPANY PROFILE

Nexgen Capital Ltd (NCL, 'the Company'), an Irish incorporated company, is the trading company of the Nexgen Group, which trades as Nexgen Financial Solutions Group ('Nexgen' or 'the Nexgen Group'). As of 1st January 2006, Nexgen Capital became an indirect subsidiary of IXIS Corporate and Investment Bank, now a subsidiary of NATIXIS. Nexgen is part of the Corporate Solutions division of NATIXIS BFI (the Group).

NATIXIS CORPORATE SOLUTIONS and Nexgen offer risk based tailor-made financial solutions to corporations, insurance companies, banks and other financial services organisations, and high net worth individuals, principally resident in Europe and Asia. The Group provides its clients with creative and robust solutions and executes transactions as principal counterparty, actively managing the risks assumed.

NCL undertakes capital market transactions. NCL's role within the Group is to act as a principal for many of the client solutions involving financial instruments and to hedge or manage the resulting risks. The solutions offered include equity or credit derivative linked instruments designed to support mergers and acquisitions, treasury management, risk transfer, debt restructuring and private financing situations. Solutions may also include other derivative components. NCL is also the centre for active management of the risks assumed by the Group.

NCL is authorised by the Financial Regulator¹ under the Investment Intermediaries Act, 1995. It is regulated in accordance with the EU Investment Services and Capital Adequacy directives and qualifies for the same risk weighting as a regulated bank.

¹ "Financial Regulator" is the operating name of the Irish Financial Services Regulatory Authority

DIRECTORS

Board of Directors as at 31 December 2006

Mr Peter Blessing	Non-Executive	Chairman	Irish
Mr Frank Monks	Executive	Managing Director	Irish
Mr Francois Robey	Executive		French
Mr Jerome Biet	Executive		French
Mr Xavier Daudin	Executive		French

The following persons resigned from the Board of Directors on 24 March 2006:

Mr Luc Giraud
Mr Ravi Viswanathan

The following persons were appointed to the Board of Directors on 24 March 2006:

Mr Jerome Biet
Mr Xavier Daudin

Other Information

Company Secretary and Registered Office

Ms Nicola O'Connell
Ormonde House
12 Lower Leeson Street
Dublin 2

Bankers

IXIS Investor Services
16-18, rue Berthollet
94113 ARCUEIL Cedex
France

Office Address

Ormonde House
12 Lower Leeson Street
Dublin 2

BNP Paribas London
10 Harewood Avenue
London NW16AA
UK

Registered Number

336438

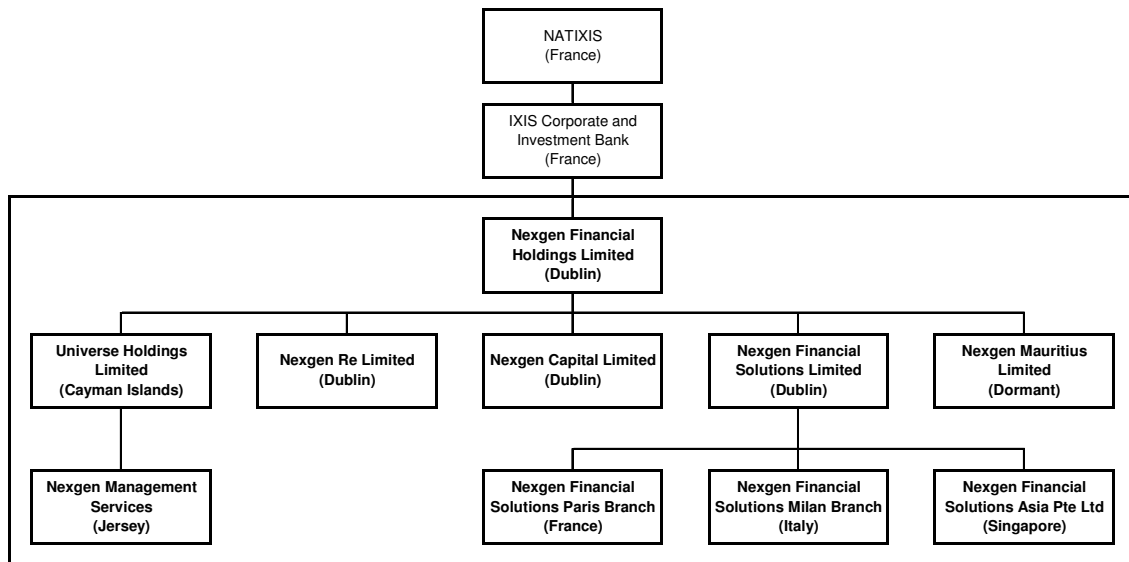
External Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Georges Quay
Dublin 2
Ireland

Internal Auditors

Deloitte
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

GROUP CORPORATE STRUCTURE



There was a restructuring of the Group during the second half of the year. This involved Nexgen Re Ltd selling its investment in Nexgen Capital Ltd to Nexgen Financial Holdings Ltd.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Pursuant to its acquisition, in March 2006, by IXIS CIB, now a subsidiary of NATIXIS, the Nexgen Group has been integrated within NATIXIS organisation.

This integration has been realised in 2 ways:

► Nexgen management team has been entrusted by NATIXIS with the management of the NATIXIS CORPORATE SOLUTIONS division. The co Chief Executive Officers are in charge of developing the Corporate Solutions business for the Group. The other members of the Management Committee are in charge of the Operations and Finance – Administration of the division, within NATIXIS organisation.

This business is comprised of Nexgen Group activities and of similar activities which were previously exercised in another division of the Group (mainly ESOP related). It also includes teams dealing with Reinsurance (structuring products using insurance risk transfer techniques) and Global Risk Management business (Financial engineering regarding ways to optimize and manage balance sheets within regulatory or legal constraints, in the context mainly of restructuring/acquisition projects or co-investment).

The Chairman of the Board of NCL's parent, Nexgen Financial Holdings Ltd is the Head of the Capital Markets Department of NATIXIS BFI, of which NATIXIS CORPORATE SOLUTIONS ("NCS") is part.

► The role of the risk taking entities of the Nexgen Group, NCL and Nexgen Re Ltd, in the management of the transactions has been reaffirmed. Nexgen Capital Ltd continues to assume and manage capital markets risk, Nexgen Re Ltd assumes and manages reinsurance risk. In this context a progressive harmonisation of Nexgen systems and procedures with NATIXIS' ones has been undertaken. This process aims to achieve a convergence of Nexgen methods and control rules towards NATIXIS' while maintaining the existing systems and procedures which are designed to handle the specificities of NCS' activities

In this context the various pre acquisition bodies responsible for the Corporate Governance of the Nexgen Group, with the exception of the Executive Committee, have been maintained since the acquisition.

Corporate governance

The Company is managed by the Board of Directors, the role of which is to ensure the effectiveness of the internal controls of the Company, to approve the entering into of transactions on behalf of NCL and to oversee NCL's compliance with the rules and regulations applicable to its business.

The Committees established at Group level supervise the business of the Company as necessary. These are:

The role of the NFH Board is to direct the business, strategy and policies of the Nexgen Group and to oversee the conduct of the Nexgen Group's business and its control environment.

The Committees are responsible for Corporate Governance including that of Nexgen Capital Ltd. Their respective roles are as follows:

The Management Committee is responsible for running the day-to-day operation of the Group and is comprised of the Group Chief Executive Officers, the Group Chief Operating Officers and the Group Chief Finance Officer.

The Transaction Committee reviews all proposed client structured transactions at Group level.

The Screening Committee approves proposed counterparties (including clients, market counterparties and intermediaries) to ensure, as far as possible, that Nexgen is not exposed to regulatory or reputational risk in its dealings with such counterparties.

The Audit Committee of the Nexgen Group Board of Directors reviews the financial information and risk management policies of the Nexgen Group, assesses the adequacy of the Group's operating and internal accounting controls and the quality of its internal and external auditors. It monitors the Group's corporate governance and compliance procedures. Deloitte assist the Audit Committee in execution of the internal audit function. Members are directors of the Nexgen Group.

Nexgen is also subject to periodic reviews by its shareholder's General Inspection team.

A **Risk Controller**, who is also in charge of Risk control for the division and reports functionally to the Head of NATIXIS Risk Control, supervises the risk management process and monitors compliance with all risk limits. The Risk Controller reports directly to the board of directors.

RISK MANAGEMENT PRINCIPLES

NCL's business model, as part of Natixis Corporate Solutions (NCS), is based on its ability to realise value efficiently and durably from the solutions implemented for its clients. NCS has the financial and organisational ability to act as principal, sharing risk with and/or acquiring risk from the client. The business model relies on the continuous operation of a rigorous risk management and valuation process.

NCS' risk management policy is designed to eliminate as much risk as possible from principal transactions it has entered into. Broadly this is done either through dynamic delta hedging where possible, or through statistical diversification. A proprietary valuation and reporting system measures the risks of each type of structure, whatever the underlying instrument, allowing them to be effectively hedged.

Proposed financial solutions are individually approved. Present and anticipated risks are vigorously analysed and deliberated prior to the decision to enter into any transaction.

For hedgeable risks (i.e. those that can be traded on a market) consideration is given to how such risks can effectively be hedged, in light of the forecast hedging activity and liquidity of the underlying market.

Counterparty credit risk and concentration risks are mitigated through the use of credit cushions, margin calls and/or periodic or market price triggered resets in contracts. In addition, manufactured protection, credit default swaps, guarantees and special purpose entity (SPE) structures may be used.

Other factors taken into account during this proposal process include the size of individual risks within NCS diversification objectives, the availability of adequate sources of funding and the identification, minimisation and acceptability of non-financial risks.

After the execution and initial hedging of the Principal Transactions, resulting risks are managed and controlled within a system of limits.

THE SYSTEM OF LIMITS

Following the acquisition, Nexgen's system of limits, including that applied by NCL, has been integrated within the structure of limits of NATIXIS. Initially limits assigned to Nexgen were the ones existing before the acquisition. These limits have since evolved according to business needs.

A NATIXIS / NEXGEN Risk Committee has been set-up to consider transactions which exceed the limits assigned to Nexgen. This Committee is chaired by the Chairman of the Board, in his capacity as a member of the Executive Board of NATIXIS BFI, and the secretariat is held by NATIXIS Risk Control Department.

The Risk Management unit monitors the risks and executes the market transactions required to keep them within the limits.

The Risk and Result Reporting unit is responsible for monitoring the limits and producing P&L analyses.

The Risk Controller continuously monitors compliance with the limits and adherence to the risk management process.

A progressive convergence of measurement and valuation methodologies used by NCL towards those of NATIXIS is part of this process.

Regarding **market risks**, the foundation of the system is Value at Risk (VaR) measurements against which global limits have been allocated. The Group currently tracks a Market VaR and two credit VaR measures (for CDO / CDS activities).

Market Risk VaR

Risks	Limit	Maximum Exposure 2006
Market VaR (99%, 10 days)	€15.5M	€14.6M

The Market VaR (99%, 10 days) is defined as the sum of the Equity/Volatility VaR and the Foreign Exchange / Interest Rate VaR.

CDOs:

Risks	Limit	Maximum Exposure 2006
Default VaR	€29.5M	€26.8M
Spread VaR	€8.5M	€1.4M

Default VaR (99%, 90 days): captures the impact of unexpected defaults on the CDO portfolio and the hedges over a 90 day horizon at the 99th percentile.

Spread VaR (99%, 90 days): captures the impact of credit spread variations on the CDO portfolio and its hedges over a 90 day horizon at the 99th percentile.

Within the global VaR framework identifiable risks (Equity, Interest Rate, FX, Volatility, Correlation, Credit, etc.) are placed under a set of sub-limits. Sensitivities for hedgeable risks and stress tests for diversifiable risks are closely monitored.

Persistent sub-limit breaches must be validated and authorised by the Board of directors of NFH, the Company's immediate parent.

New gap risk limit:

During the year, the Group market risk framework was extended to cover the risk of a gap in stock prices related to certain types of limited recourse equity based transactions. This is defined as the risk that a sudden drop in the underlying stock price exceeds the value of the collateral in place.

The exposure is measured with a pre defined drop (in line with historical observations) applied to the current market price. The limit has been set at €25m. This limit is consistent with the Group's gamma sub-limit i.e. the impact of a drop is the same for a given transaction being measured with a maximum gamma exposure or a maximum gap risk exposure.

An aggregated gap risk scenario corresponding to a drop of 15% of all equity and equity indexes has been set and is monitored.

Regarding **credit risk**, an internal credit rating system is used to calculate objective default probabilities, recoveries and credit spreads for each counterparty (i.e. client and market counterparties). Individual and global limits, based on rating classes and transaction maturities, are assigned to counterparties.

COMPLIANCE AND PERMANENT CONTROLS

Similarly to the process engaged for Risk Control, Nexgen's Compliance system is becoming more integrated within NATIXIS Compliance and Permanent Control systems.

This will involve harmonisation of Code of Conduct and Compliance rules with NATIXIS' ones, a functional reporting of Nexgen's Compliance department to the NATIXIS Compliance department and an increasing coordination of the counterparty screening processes.

Nexgen has also been integrated within the Permanent Control systems being implemented by NATIXIS.

FINANCIAL RISKS

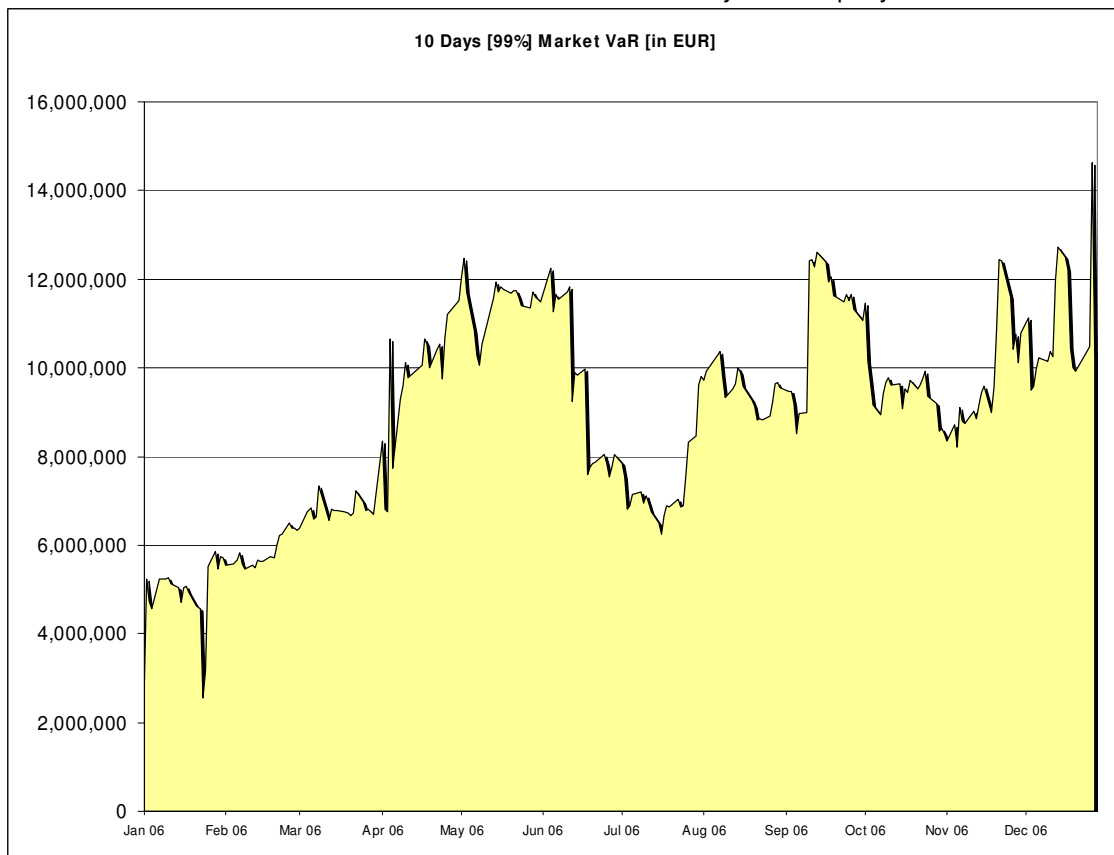
Market Risks

Value-at-Risk (VaR) estimates the potential decline in the value of a position or a portfolio over a ten-day holding period, at a 99% confidence level. The VaR indicator incorporates the sensitivities of the trading portfolio with the volatilities and correlations of those factors. As a result of NCL's participation in large European transactions, the maximum Capital Market VaR figure was increased from €8.5m to €15.5m during the year. As at 31 December 2006, the market VaR amounted to €10.2m (31 December 2005: €3.1m) compared to an internal limit of €15.5m. The maximum VaR indicator over the period was €14.6m.

The market VaR indicator does not include counterparty risk.

Various sub limits are monitored daily by the Risk Controller. The various sub limits are applied to measuring the delta, gamma, vega and FX delta of single stocks. These sub limits can be exceeded but the excess must be limited in magnitude.

As can be seen from the graph below the VAR utilisations have been on the increase during the year. This is due to the increased number of transactions undertaken by the Company.



Credit Risk (General)

The Company measures its credit risk exposures using a Loss Given Default methodology.

Loss Given Default is computed, assuming an immediate default of the counterparty, as the difference between the cash left after the default occurrence and the value of the transaction and its hedge as shown in Nexgen records before the default. The loss is conservatively estimated as market conditions are stressed depending on the relationship between the counterparty and the underlying.

30/12/05 = EUR -2,401m
29/12/06 = EUR 744.6m

A negative number implies net short protection in the CDO and CDS portfolios, a positive number implies net long protection. The change over the year is as a result of reducing exposure in the CDO portfolio and buying protection against counterparty exposures in the equity portfolio.

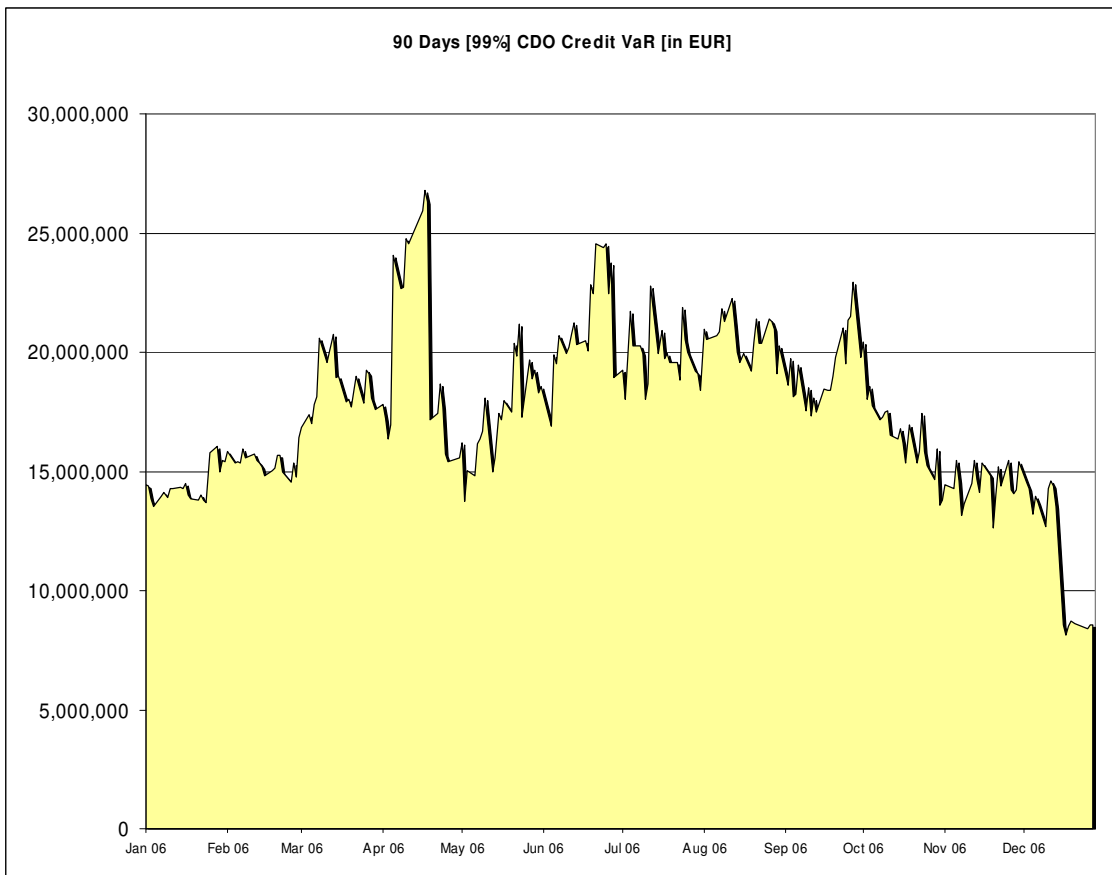
Credit Risk – Structured Credit Portfolio

The Structured Credit / CDO portfolio is mainly built around mezzanine pieces. In aggregate, the positions arising from equity and mezzanine pieces are hedged using credit default swaps.

Two VaR indicators are used to monitor this activity. The Default VaR captures the impact of unexpected immediate defaults on profit and loss. Defaults are simulated using probabilities of default implied from credit default swap spreads and correlations between underlying names implied from equity markets. The Credit Spread VaR captures the impact of adverse credit market spread behaviour on the Nexgen Group P&L. Spread variations are simulated using both historical volatilities and correlations. The limits applied are as set out in the Risk Management Principles set out above. At 31 December 2006, the figures were:

VaR Default 2006: €8.6m, limit: €29.5m (2005: €14.4m, limit: €29.5m)
VaR Spreads 2006: €0.1m, limit: €8.5m (2005: €0.6m, limit €8.5m)

The following graphs show Default VAR for the structured credit / CDO portfolio as follows:



The risks relating to this activity have been reduced during the year. The exposure measured as the delta of the CDO tranches (excluding the CDS hedges) existing as at 31 December 2006 was less than 2% of the exposure at the beginning of the year.

Liquidity Risk

Liquidity risk is the risk that a financial institution will experience difficulty in financing its assets and meeting its contractual payment obligations, or will only be able to do so at substantially above the prevailing market cost of funds. Liquidity distress is almost invariably associated with a severe deterioration in financial performance, but it can also result from unexpected adverse events or systemic difficulties.

The Company is funded by IXIS CIB. Liquidity and cashflow are monitored within limits set on a transaction by transaction basis, with allowance made for the impact of possible future underlying instrument price deviations.

OPERATIONAL RISK

Due to the nature of NCL's business, control of operational risk is a fundamental issue. The basic principle implemented to achieve this control is to separate the various embedded risks and components of a principal transaction in such a way that specialised operational units, which are independent of the structuring and trading teams, can manage them.

A number of procedures have been implemented to mitigate operational risk, including:

- Involvement of operational specialists in the structuring and approval phase, to verify Nexgen's capacity to manage the approved transactions
- Recourse to specialist external advice and
- Strictly controlled coordination and cross checking when finalising documentation and executing transactions.

An important element of this control is having one common information system, from inception to reporting, with no dual input, combined with the capacity to access multi-dimensional views of the same transaction without sacrificing the integrity of the information. This system reinforces the efficiency of the segregation of duties and cross-unit control procedures.

A constant effort is made to use standard, proven and reliable concepts and tools in the execution of transactions and management of the business risks. Standard market documentation, models relying on widely-accepted financial theories and external software tools are used as appropriate.

Each Nexgen Group location uses the same technology and infrastructure and the data is mirrored to provide rapid recovery solutions to any site knocked out by a disaster. Harmonisation with THE NATIXIS GROUP is in progress.

LEGAL AND REPUTATIONAL RISK

Nexgen is involved in complex and innovative transactions. As such the Group minimises the potential legal and reputational risks by taking various steps, including the following:

- § the Screening Committee reviews each prospective counterparty and connected intermediaries from a reputational and "Know Your Customer" perspective, at the pre-transaction stage,
- § Management seek to satisfy themselves that transactions are structured to serve legitimate purposes of clients and that those clients are acting in accordance with local regulations and standard practices,
- § special attention is also given to compliance with local rules and regulations, and prominent local law firms are systematically used to verify such compliance when structuring transactions.

DIRECTORS' REPORT

The directors submit herewith their annual report together with the audited financial statements of Nexgen Capital Limited ("the Company") for the year ended 31 December 2006. The comparative figures are for the year to 31 December 2005 (restated in euros).

The Company's parent, Nexgen Financial Holdings Limited, became a wholly-owned subsidiary of IXIS CIB, now a subsidiary of NATIXIS, on 1st January 2006 at which date effective control passed. The take over of the Group by IXIS CIB was formally completed on 24 March, 2006 through the purchase of the residual equity of NFH based on the value of the business at 31st December 2005.

The Company has adopted International Financial Reporting Standards (IFRS) in presenting the financial statements. As part of this adoption, the Group has determined its functional currency to be the Euro. All comparatives from the previous year have been restated in Euro. In accordance with the transitional provisions under IFRS, the comparative information for 2005 has been reclassified where necessary.

2006 ACTIVITY

Income Generation

The Company's operating income in 2006 was €72.4m, which represents a significant increase compared to the previous year's figure of €10.7m.

The acquisition of the Nexgen Group by IXIS CIB has had a positive impact on the increasing business. For example, the access to increased financial resources allowed the teams to structure a number of large transactions during the year.

Activity in the period was very good with around 49 new transactions executed (including transaction restructurings) compared to 33 transactions in the previous year.

Client transactions involving **capital market** activities account for the majority of trading income during the year (2006: €105m, 2005: €29m). These deals originated principally in Europe (2/3: mainly France) and South East Asia (1/3). In a favourable economic environment the Group was able to benefit from the high level of activity in the M&A markets. As in previous years, the transactions were mostly entered into with large corporate clients and some high net worth individuals. Techniques used in the structuring of such transactions continued to involve derivatives (swaps and options) on single stocks and various credit risk mitigating techniques where necessary. Most of the transactions Nexgen structured for clients were of a private nature protected by established confidentiality rules.

The relationship with the Lazard Group to provide corporate clients in major European markets with structured capital market, derivative and reinsurance financing and risk management solutions worked well. This relationship has seen a number of new clients being introduced to the Nexgen Group during 2006, particularly in Southern Europe.

The number, diversity and size of transactions realised in Asia was also increasing. Nexgen staff also contributed to the development of transactions with new types of underlying instruments (e.g. Carbon Emission Rights).

The **CDO's / Credit Derivatives** business was focused towards matching existing exposures and decreasing the risk on the portfolio. Very little risk was left at the end of the year. There was a reversal most of the €12.7m valuation reserve created in 2005 to reflect the structure of implied correlations. This contributed to a profit of €15.5m for the period (31 December 2005; loss of €13.4m).

Nexgen Capital Limited

General and resources

During 2006, staff numbers increased by 2 to 10 (2005: 8).

There was a change to the Nexgen Group Corporate Structure (refer to Chart on page 6). In the second half of the year, Nexgen Capital Ltd became a direct 100% subsidiary of Nexgen Financial Holdings Ltd following the sale by Nexgen Re Ltd.

Dividends

Nexgen Capital Ltd paid a dividend of €18m to Nexgen Re Ltd, the former parent company of Nexgen Capital Ltd (2005: €4.2m).

Results for the year and state of affairs at 31 December 2006

Nexgen's positions are marked at fair value on a daily basis in accordance with IFRS. The valuation is measured against each risk incurred and variations are explained through an income attribution analysis, by reference to the actual risks being managed. The risk management systems and procedures have performed satisfactorily during the year.

The net operating income for 2006 was €72.4m (2005: €10.7m).

Most of the income was derived from capital market client transactions (2006: €105m; 2005: €29m). There were no charges to the accounts during the year due to client defaults (2005: €2.3m). The Company continues to pursue through the courts the recovery of an Exchangeable Bond acquired in 2002, the value of which was written to zero in 2005 following a default in 2004. No significant recoveries were made during the year.

The contribution from CDO was €15.5m (2005: loss of €13.4m).

The contribution from the management of residual positions was €2.5m (2005: €0.9m).

Remuneration of Own Funds (computed at a rate based on 3 month LIBOR) was €4.4m (2005: €4.7m). The decrease is due to adoption of the Euro as the functional currency of the company in 2006 and the differential in US interest rates against Eurozone interest rates.

There was a modification to the internal variable marketing fees during the year. This has resulted in some of the profit on certain deals being transferred back to the relevant country through Nexgen's branches/subsidiaries in order to recognise income in that country (see also note 12 of the financial statements). Total intercompany marketing fees are €54.9m payable (2005 : €13.6m payable)

Operating expenses were stable during the year at €2.5m (2005: €2.6m).

Taxation was €8.6m (2005: €0.8m). The average rate of tax was 12.5% (2005:14.4%).

The net profit after tax but before dividends for the year was €60.3m compared to €4.6m for the year 2005.

A dividend of €18m was paid to Nexgen Re Ltd before the sale of Nexgen Capital to Nexgen Financial Holdings Ltd.

Balance sheet

The total assets nearly trebled over the year to €3,168m (31 December 2005: €1,169m).

This growth reflects the impact of the IXIS CIB takeover and the Nexgen Groups ability to finance larger deals through this relationship. The increase in business was spread over the various lines of the balance sheet with the main increases being in the trading securities, long and short positions, and the associated repo/reverse repo funding.

Shareholders funds at 31 December 2006 were €161.7m compared to €119.4m at the end of 2005. This is due to the net retained profit after tax and dividend for the year.

Corporate governance and risk management

As a result of the takeover by IXIS CIB changes were made to the organisation of the Nexgen Group. In particular the Shareholder's Agreement entered into by former shareholders was terminated, the Articles of Association of the Company were simplified and the Executive Committee of the NFH Group Board was dissolved. There have also been significant changes to the members of the Board of Directors of the Company (see page 4).

However the Management Committee, the Transaction Committee and the Screening Committee continued to operate on the same basis as 2005, in the framework of delegations received from relevant NATIXIS Departments. The Group Audit Committee met regularly during the year and has reviewed the financial statements and other financial information provided by the Nexgen Group. Deloitte still assist the Audit Committee in the execution of Nexgen's internal audit function.

In the context of comments made above in the Corporate Governance and Risk Management section, there has been no major change to the corporate governance and risk management framework. The Screening Committee (pre-approval of prospective clients and counterparties) and the Transaction Committee (individual approval of transactions) met regularly. The regular review of systems and procedures conducted under the supervision of the Group Audit Committee did not raise any critical control issues.

More detailed risk measures are listed on pages 8-13 of this report.

The Nexgen Group established procedures to ensure compliance with EU Directives applicable to its business and which were implemented during the year. These included the Market Abuse Directive.

As indicated on page 4, changes were made to the Board of Directors of NCL during the year. The Board met regularly during the course of the year.

Outlook for 2007

The business challenge for 2007 will be to continue to expand the activities both geographically and in terms of size and diversity of transactions and associated underlying instruments and structuring techniques used.

The range of products offered will primarily focus on the existing equity and credit linked structures. Also expected is the further development of the capital markets hedging of the reinsurance business (death / life related structure) and commodity based activities.

The harmonisation of Nexgen's systems and procedures with NATIXIS will continue. On the Regulatory side efforts will be required to meet numerous additional regulatory obligations within the respective timeframes set by the new rules.

The Nexgen Group, in liaison with its parent, is keeping the likely effects of the Markets in Financial Instruments Directive (MiFID) under close review, in view of the procedure changes it will likely imply. MiFID will be implemented into Irish law in November, 2007.

Nexgen has continued preparations for the implementation of the Capital Requirements Directive (Basel II) for its regulated entities. Although the Capital Requirements Directive applies from 1st January 2007, firms adopting the IRB Approach to counterparty credit risk under Pillar I have the option of deferring the main provisions of the CRD. The Board has agreed that Nexgen should defer until 30th September 2007 at the earliest. The latest possible date of implementation is 1st January 2008. An Internal Capital Adequacy Assessment Process is also required to be implemented.

Nexgen Capital Limited

Directors

The names of the persons who were directors at any time during the year ended 31 December 2006 are set out on page 4.

Directors' and Secretary's interests

The directors had no direct interest in Nexgen Capital Limited. The beneficial interests of the directors and the company secretary, in office at 31 December 2006, in the ordinary share capital of Nexgen Financial Holdings Limited, the Company's parent, at 31 December 2006 and 31 December 2005 were as follows:

	Number of shares			
	31 December 2006		31 December 2005	
Frank Monks	-		1,800	Founders Shares
	-		-	Ordinary shares
Francois Robey	-		9,496	Founders Shares
	-		420,000	Ordinary shares
Xavier Daudin	-		3,088	Founders Shares
	-		-	Ordinary shares
Nicola O'Connell (Company Secretary)	-		400	Founders Shares

In addition, as at 31 December 2006, the directors listed below held the following warrants to subscribe for ordinary shares in Nexgen Financial Holdings Limited

	Number of Warrants		
	Number	Maturity date	Subscription Price
31 December 2006:			
Francois Robey	1,176,500	31st December 2008	EUR 1.00
Xavier Daudin	750,000	31st December 2008	EUR 1.00
Jerome Biet	750,000	31st December 2008	EUR 1.00
31 December 2005:			
Francois Robey	480,864	11 th December 2009	USD 1.50
	898,367	11 th December 2009	USD 2.50
Xavier Daudin	88,617	11 th December 2009	USD 1.50
	165,558	11 th December 2009	USD 2.50

None of the other directors held other interests in any Group undertaking at 31 December 2006.

Political Donations

There were no political contributions which require disclosure under the Electoral Act 1997.

Subsequent Events

There were no significant events affecting the Company since the end of the financial year.

Nexgen Capital Limited

Books of Account

The directors comply with the Nexgen Group's obligation to keep proper books of account by using appropriate systems and procedures and employment of competent persons. The books of account are kept at the following address:

Ormonde House
12 Lower Leeson Street
Dublin 2

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office under Section 160 of the Companies Act, 1963.

On behalf of the Board

Xavier Daudin

Frank Monks

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations endorsed by the European Union and with those parts of the Companies Act, 1963 to 2006 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements are prepared in accordance with IFRS and IFRIC interpretations endorsed by the European Union and with those parts of the Companies Act, 1963 to 2006 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Xavier Daudin

Frank Monks

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXGEN CAPITAL LIMITED

We have audited the company financial statements (the "financial statements") of Nexgen Capital Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements, in accordance with applicable Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union. We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2006. We also report to you whether the financial statements have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting of the company; such a financial situation may exist if the net assets of the company, as stated in the company balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Company Profile, Corporate Governance and Risk Management, Directors' Report and Directors Responsibility Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other

irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2006 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2006 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin, Ireland

25 May 2007

INCOME STATEMENT**Year ended 31 December 2006**

	Notes	Year ended 31 December 2006 EUR'000	Year ended 31 December 2005 EUR'000
Interest income		4,658	998
Interest expense		<u>(5,536)</u>	<u>(3,810)</u>
Net interest income / (expense)		(878)	(2,812)
Net trading income	10 (i)	126,268	23,987
Net income from financial instruments held AFVTPL*	10 (ii)	911	218
Intercompany marketing fees	10 (iii)	<u>(54,827)</u>	<u>(13,470)</u>
Operating income		72,352	10,735
Operating expenses	11	(2,543)	(2,550)
Profit on ordinary activities before taxation		<u>68,931</u>	<u>5,373</u>
Taxation	13	(8,608)	(775)
Profit realised for the financial year		<u>60,323</u>	<u>4,598</u>
Attributable to:			
Equity holders of the company		60,323	4,598

* At fair value through Profit and Loss

The above results relate exclusively to continuing operations. There are no recognised gains or losses other than those dealt with in the profit and loss account.

On behalf of the board

Xavier Daudin

Frank Monks

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2006	Year ended 31 December 2006 EUR'000	Year ended 31 December 2005 EUR'000
Profit attributable to equity shareholders	60,323	4,598
Dividend paid to parent company during the year	29 (18,000)	(4,223)
Movement in shareholder's funds	42,323	375
Balance at the beginning of the year	119,364	118,989
Balance at the end of the year	<u>161,687</u>	<u>119,364</u>

BALANCE SHEET

		Year ended 31 December 2006 EUR'000	Year ended 31 December 2005 EUR'000
	Notes		
Assets			
Cash at Bank and in hand		45,229	89
Loans to and receivables from banks	14	860,879	158,001
Loans to and receivables from customers	15	34,157	32,970
Trading securities – long positions	16	1,374,802	545,662
Derivative financial instruments – long positions	17,25	802,003	409,991
Financial assets designated AFVTPL*	18	47,399	21,686
Current Corporation Tax asset	19	-	215
Other debtors	19	3,590	389
Tangible fixed assets		-	-
Total Assets		3,168,059	1,169,003
Liabilities			
Trading securities - short positions	20	1,023,176	217,852
Derivative financial instruments – short positions	21,25	626,059	213,893
Loans from financial institutions	22	1,180,268	478,320
Accruals and other creditors	23	42,048	2,066
Current Corporation Tax liability	23	692	-
Debt Securities in issue	24	134,129	137,508
Total Liabilities		3,006,372	1,049,639
Net Assets		161,687	119,364
Capital and reserves			
Called up share capital	26	-	-
Capital contribution	27	101,356	101,356
Profit and loss account		60,331	18,008
Equity shareholder's funds	28	161,687	119,364

* at fair value through profit or loss

On behalf of the board

Xavier Daudin

Frank Monks

CASH FLOW STATEMENT

Year ended 31 December 2006	Year ended 31 December 2006	Year ended 31 December 2005
	Notes	EUR'000
Cash flows from operating activities		
Operating Profit		68,931
		5,373
Changes in operating assets and liabilities		
-net (increase)/decrease in loans to and receivables from financial institutions		(1,357)
-net (increase) in loans to and receivables from customers		(1,187)
-net (increase) in financial assets designated AFVTPL		(25,713)
-net (increase)/decrease in long derivative structures at valuation		(392,012)
-net increase/(decrease) in short derivative structures at valuation		412,166
-net (increase)/decrease in equity shares at valuation		(829,140)
-net increase/(decrease) in short equity shares at valuation		805,324
-net increase/(decrease) in financial liabilities		698,569
-net (increase)/decrease in other assets		(2,986)
-net increase/(decrease) in other liabilities		39,351
		<u>771,946</u>
		<u>(54,749)</u>
Taxation paid		(7,285)
		(2,113)
Net cash inflow from operating activities		<u>764,661</u>
		<u>(56,862)</u>
Investing activities		-
		-
Financing activities		
Dividends paid	29	(18,000)
		(4,223)
Increase/(decrease) in cash and cash equivalents		<u>746,661</u>
Opening cash and cash equivalents		158,090
		219,175
Closing cash and cash equivalents	33	<u>904,751</u>
		<u>158,090</u>

1 General Information

Nexgen Capital Limited (NCL) is a 100% subsidiary of Nexgen Financial Holdings Limited. Nexgen Financial Holdings and its subsidiaries, as part of NATIXIS Corporate Solutions, offer risk based tailor-made financial solutions to corporations, insurance companies, banks and other financial services organisations, and high net worth individuals, principally resident in Europe and Asia. The Nexgen Group has operations in 4 countries and employs 90 people including those seconded from related NATIXIS Group companies.

The consolidated financial statements of Nexgen Capital Ltd's parent, Nexgen Financial Holdings Ltd were approved by the Board of Directors on 21st February 2007.

2 Significant Accounting Policies

A summary of the principal accounting policies is set out below.

2.1 Basis of Preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31st December 2006. Up to 31 December 2005 NCL prepared its Financial Statements in accordance with Irish Generally Accepted Accounting Principles (IR GAAP).

NCL complies with the EU endorsed version of IAS 39.

The rules for first time adoption of IFRS are set out in IFRS 1 "First-time Adoption of International Financial Reporting Standards". IFRS 1 requires NCL to determine its IFRS accounting policies and apply these retrospectively to determine the opening balance sheet position under IFRS at the date of transition (See "**Reconciliation of Opening Balance Sheet from Irish GAAP to IFRS**" in note 8.

No material changes to the various financial aggregates arise as a result. As part of the process NCL has determined its functional currency to be Euro. From 1st January 2006 its financial risks have been managed on this basis and its Financial Statements are now presented in Euro. Comparatives have been restated in Euro using the EUR/USD closing rate as at 31st December 2005 (1.18395).

Assets and liabilities are recorded at settlement date. For those items recorded at fair value, income is recognized on a trade date basis.

On First Time Adoption of IFRS, the Group has adopted those provisions of *IAS 30: Disclosures in the Financial Statements of Banks and Similar Financial Institutions* that are relevant to the business of the Nexgen Group and *IAS 32: Financial Instruments: Disclosure and Presentation*.

The following prospective accounting policy changes have not been applied, but will be applied for the financial year ended 31st December 2007:

New and amended standards

IFRS 7 - Financial instruments: Disclosures, Amendment to IAS 1 - Capital disclosures

NCL has chosen not to early adopt the following standard and interpretations that were issued but not yet effective for accounting periods beginning on 1 January 2006:

Interpretations issued but not yet effective

- IFRS 8, Operating Segments (effective 1 January 2008);
- IFRIC 7, Applying the Restatement Approach under IAS 29 (effective 1 March 2006);
- IFRIC 8, Scope of IFRS 2 (effective 1 May 2006);
- IFRIC 9, Reassessment of embedded derivative (effective 1 June 2006);
- IFRIC 10, Interim Financial Reporting and Impairment (effective 1 November 2006);
- IFRIC 11, IFRS 2 – Group Treasury Share Transactions (effective 1 March 2007); and
- IFRIC 12, Service Concession Arrangements (effective 1 January 2009).

The application of the above is not expected to have a material impact on the entity's financial statements in the period of initial application.

2.2 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and using valuation techniques, including discounted cash flow models and options pricing models, as discussed below. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement unless the Group chooses to designate the hybrid contracts at fair value through profit and loss.

2.2.1 Hedge Accounting

Nexgen does not avail of any form of hedge accounting as permitted under IAS 39.

2.3 Fair value of financial assets and liabilities including derivatives

Trading securities positions, liabilities and derivative instruments arising from structured finance and investment transactions are valued at fair value, using industry standard valuation principles as set out below. Movements in fair value are recognised in the Income Statement as they arise.

Fair values of trading securities are based on quoted market prices assuming current market conditions and an orderly disposition over a reasonable period of time.

Fair values of over-the-counter (OTC) derivative financial instruments represent the net present value of amounts expected to be received from or paid to a third party in settlement of these instruments.

NCL derives fair value from the initial and continuing marking-to-market (or model) of positions using either observable market prices or, where not directly available, models based on widely-accepted financial theories and market practices applied to observable inputs.

Trading assets are valued at the mid-market price and adjustments are made for bid-offer spreads on the aggregate position including offsetting positions. All actively traded instruments or all elements of customer transactions that can be readily decomposed into traded instruments are valued using quoted valuation parameters. These parameters are directly observed on the market as the market prices of reference traded assets or instruments. Where market prices are not available for some elements, those elements are marked-to-model using derived valuation parameters estimated from quoted valuation parameters or calculated from economic indicators (e.g. dividends, volatilities). Where parameters are deemed unobservable, profits relating to that parameter are deferred and allocated over the life of the exposure to that parameter or until the date at which the parameter is observable.

The models used to perform the above valuations (and compute sensitivities to various risk factors) are summarised below:

§ *Interest Rate Model:* Exposure to general interest rate risk arises mainly from customer transactions. To value these positions a discount curve is extracted. This curve is applied to piecewise constant instantaneous forward rates. These rates are interbank and swap rates.

§ *Equity Derivatives Pricing Model:* Nexgen uses a generalised version of the Black-Scholes model. This model is generally accepted within the industry. The volatility input parameter is that implied by market data available.

§ *Credit/CDO Pricing:*

(a) *Models:* The following bases are used for instruments, the value of which is dependent upon credit exposure: For single name exposures Nexgen uses reduced form models with probability of default and recovery rates being determined as explained below. For multi-name environments, the modelling approach is to correlate the distribution of defaults using statistical distribution methods and the probability of default is assessed based on a name's credit spread.

The credit margin is based on credit-default swap spreads or option-adjusted asset-swap spreads for that same name or, if not available, a similar one. The recovery rate for the instrument on which the credit margin is calculated is derived from the priority of the exposure and the economic sector of the name. In the case of unavailability of appropriate market data these parameters may be adjusted using models and published default statistics from reputable rating agencies.

(b) *Recovery and probability of default*

The calculation of an expected recovery rate is based on the assessment of historical data provided by reputable rating agencies. Nexgen's assessment incorporates two major elements: 1) the assumption of the average recovery rate for senior unsecured debt instruments in the respective country of domicile of the name, 2) the assumption of the average recovery rate for the respective industry in which the name operates. An additional recovery rate adjustment is made where deemed necessary.

The probability of default is assessed based on a name's credit margin and the assumption of a recovery rate for the instrument on which the credit margin is calculated. The credit margin is based on Credit-Default Swap spreads or option-adjusted Asset-Swap spreads (bond spreads) for that same name (or comparable names, if not available), for the same or similar maturities, comparable asset classes and same underlying credit events.

In all valuations, adjustments are made, where applicable, as follows:

- *Bid-Ask* – Bid Ask adjustments are made on a portfolio basis to cover both the implied bid ask spread within underlying exposures and their components and the bid ask spread of the cost of hedging / rebalancing the portfolio.
- *Credit Risk adjustments* are defined as the costs for protecting an exposure or a stream of exposures against default.

Price adjustments specific to CDOs:

- *Bid-Ask Spread*, adjustments cover the cost of transacting with a market-maker at its bid-ask quotation. This transfers the whole portfolio and its delta hedge. The uncertainty on the assumed level of correlations and the uncertainty on the assessment of recovery rates are covered by the correlation and recovery rate adjustment.

2.4 The Fair Value Option

In accordance with the amendments to IAS 39 made in June 2005 as approved by the EU, Nexgen commonly applies the fair value option to non derivative financial instrument transactions that are not held for trading purposes.

A transaction is designated by Nexgen at fair value through profit or loss when doing so results in more relevant information, or when the contract contains embedded derivatives that meet set criteria.

Each transaction to which this is potentially applicable is judged on the following criteria:

- Carrying at fair value eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- It is within a group of financial assets, financial liabilities or both that can be managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel or
- If a contract contains one or more embedded derivatives, Nexgen may designate the entire hybrid (combined) contract as a financial asset or financial liability at fair value through profit or loss unless:
 - embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or
 - it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited under IAS 39 as amended.

2.5 Recognition of deferred day one profit and loss

The best evidence of fair value at initial recognition is the transaction price (i.e., the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

NCL has entered into transactions where fair value is determined using valuation models for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the value related only to observable inputs. This may be transaction price or a model value in which only observable inputs are used. The difference between this value and the model value fully inclusive of unobservable inputs, commonly referred to as 'day one profit and loss', is not recognised immediately in profit and loss.

The timing of recognition of deferred day one profit and loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the deferred day one profit and loss. Subsequent changes in fair value are recognised immediately in the income statement without reversal of deferred day one profits and losses.

2.6 Offsetting Financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if two conditions are fulfilled:

- there is a legally enforceable right to set off the recognised amounts, and
- there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

2.7 Sale and repurchase agreements

Securities lent to counterparties are retained in the financial statements.

Securities sold or lent through repurchase or securities lending agreements are disclosed in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the liability to the counterparty is included in amounts loans from financial institutions.

The cash collateral given in respect of securities purchased / borrowed under agreements to resell / or re-lend are recorded as loans to and receivables from financial institutions and customers as appropriate.

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

2.8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than or equal to three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to financial institutions, amounts due from financial institutions and short-term government securities.

2.9 Foreign currencies

Monetary assets, liabilities and commitments denominated in other currencies are reported at the rates of exchange or forward rates prevailing at the reporting date. Gains or losses arising from changes in exchange rates are included in the profit and loss account. Revenue, costs and non-monetary assets are translated at the exchange rates prevailing at the dates of the respective transactions.

2.10 Taxation

Corporation tax is provided on taxable profits based on the year to date profit in EUR.

Deferred income tax is provided in full, using the liability method, on all material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is not discounted.

2.11 Pension costs

Employees may be members either of the Nexgen Group pension plan or of a personal pension plan. The Nexgen Group pension plan is a defined contribution scheme. NCL contributes directly to the appropriate pension plans.

The amount charged to the profit and loss account in respect of pension costs is the sum of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

2.12 Tangible fixed assets

Tangible fixed assets are stated at cost or valuation net of depreciation and any provisions for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computer Software	3 years
Computer Equipment	3 years
Office Equipment	3 years

All fixed assets are fully depreciated as at 31 December 2006.

2.13 Functional Currency

The functional currency of the Company was reviewed with reference to the requirements of IAS 21. The functional currency was determined as EUR. In prior years the functional currency was USD.

2.14 Comparatives

Comparative figures have been reclassified in order to be consistent with the presentation of the current year. As the functional currency was changed at 1st January 2006, comparatives have been restated using the closing EUR/USD rate as at 31st December 2005. The rate used was 1.18395.

3 Financial risk management

3.1 Principles, policies and procedures

Please refer to pages 7-13.

3.2 Interest Rate Risk

Interest rate sensitivity

The table below indicates the repricing mismatch in the non Trading assets and liabilities at 31 December 2006 and 31 December 2005.

As at December 31 2006 (EUR '000)	< 1 month	3 - 12 months	Non Interest Bearing	Trading Book	Total
Assets					
Cash at Bank	-	-	-	45,229	45,229
Loans to and Receivables from financial institutions	-	-	-	860,879	860,879
Loans to and Receivables from customers	-	34,157	-	-	34,157
Trading Securities	-	-	-	1,374,802	1,374,802
Derivative (Long)	-	-	-	802,003	802,003
Financial assets at FVTPL	21,814	-	25,585	-	47,399
Other Assets	-	-	3,590	-	3,590
Total Assets	21,814	34,157	29,175	3,082,913	3,168,059
Total Liabilities	-	-	42,740	2,963,632	3,006,372
Total interest sensitivity gap	21,814	34,157			

As at December 31 2005 (EUR '000)	< 1 month	3 - 12 months	Non Interest Bearing	Trading Book	Total
Assets					
Cash at Bank	-	-	-	89	89
Loans to and Receivables from financial institutions	-	-	-	158,001	158,001
Loans to and Receivables from customers	-	32,970	-	-	32,970
Trading Securities	-	-	-	545,662	545,662
Derivative (Long)	-	-	-	409,991	409,991
Financial assets at FVTPL	-	-	21,686	-	21,686
Other Assets	-	-	604	-	604
Total Assets	-	32,970	22,290	1,113,743	1,169,003
Total Liabilities	-	-	2,067	1,047,572	1,049,639
Total interest sensitivity gap	-	32,970			

3.3 Liquidity Risk

The table below analyses assets and liabilities of the Company into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

(i) Maturities of assets and liabilities

As at December 31 2006 (EUR '000s)	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Assets						
Cash at Bank	45,229	-	-	-	-	45,229
Loans to and Receivables from financial institutions	859,522	-	1,357	-	-	860,879
Loans to and Receivables from customers	-	-	34,157	-	-	34,157
Trading Securities	890,598	-	45,663	352,250	86,291	1,374,802
Derivative (Long)	11,771	63,540	251,211	468,334	7,147	802,003
Financial assets at FVTPL	21,814	-	-	25,585	-	47,399
Other Assets	3,268	309	3	10	-	3,590
Total Assets	1,832,202	63,849	332,391	846,179	93,438	3,168,059
Liabilities						
Trading Securities (Short)	812,137	8,086	7,657	195,296	-	1,023,176
Derivative (Short)	64,892	16,808	202,490	330,036	11,833	626,059
Loans from financial Institutions	1,104,564	-	35,384	8,566	31,753	1,180,268
Other Liabilities	42,722	10	1	7	-	42,740
Debt Securities in issue	-	-	134,129	-	-	134,129
Total Liabilities	2,024,315	24,904	379,662	533,905	43,586	3,006,372
Net liquidity gap	(192,113)	38,945	(47,271)	312,274	49,852	161,687
As at December 31 2005 (EUR '000s)						
	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Assets						
Cash at Bank	89	-	-	-	-	89
Loans to and Receivables from financial institutions	158,001	-	-	-	-	158,001
Loans to and Receivables from customers	-	-	32,970	-	-	32,970
Trading Securities	384,581	-	14,996	146,085	-	545,662
Derivative (Long)	39,750	2,914	24,637	315,706	26,984	409,991
Financial assets at FVTPL	-	21,686	-	-	-	21,686
Other Assets	595	4	1	4	-	604
Total Assets	583,016	24,604	72,604	461,795	26,984	1,169,003
Liabilities						
Trading Securities (Short)	190,863	5,078	14,995	6,916	-	217,852
Derivative (Short)	53,097	2,948	31,619	118,484	7,745	213,893
Loans from financial Institutions	419,237	23,538	34,979	566	-	478,320
Other Liabilities	2,058	1	5	2	-	2,066
Debt Securities in issue	-	-	-	137,508	-	137,508
Total Liabilities	665,255	31,565	81,598	263,476	7,745	1,049,639
Net liquidity gap	(82,239)	(6,961)	(8,994)	198,319	19,239	119,364

3.4 Currency Risk

The table below shows the breakdown of the assets and liabilities by significant currency zone.

Currency Balance Sheet					
As at December 31 2006 (EUR '000s)	EUR	USD	ASIA	OTHER	Total
Assets					
Cash at Bank	(18,311)	65,776	2,808	(5,044)	45,229
Loans to and Receivables from financial institutions	825,256	35,623	-	-	860,879
Loans to and Receivables from customers	34,157	-	-	-	34,157
Trading Securities	1,063,748	13,801	175,853	121,400	1,374,802
Derivative (Long)	729,526	62,542	8,125	1,810	802,003
Financial assets at FVTPL	25,585	21,814	-	-	47,399
Other Assets	3,023	333	3	231	3,590
Total Assets	2,662,984	199,889	186,789	118,397	3,168,059
Liabilities					
Trading Securities (Short)	1,016,289	6,886	-	-	1,023,176
Derivative (Short)	572,940	34,467	15,768	2,883	626,059
Loans from financial Institutions	754,146	345,047	19,189	61,886	1,180,268
Other Liabilities	42,637	79	17	9	42,740
Debt Securities in issue	134,129	-	-	-	134,129
Total Liabilities	2,520,141	386,479	34,974	64,777	3,006,372
Net on balance sheet position	142,843	(186,591)	151,815	53,620	161,687
Credit Commitments	-	-	-	-	-

Nexgen Capital Limited

Currency Balance Sheet					
As at December 31 2005 (EUR '000s)	EUR	USD	ASIA	OTHER	Total
Assets					
Cash at Bank	17,303	(16,035)	6,482	(7,660)	89
Loans to and Receivables from Financial institutions	99,435	58,379	-	187	158,001
Loans to and Receivables from Customers	32,970	-	-	-	32,970
Trading Securities	357,037	13,596	104,626	70,403	545,662
Derivative (Long)	321,778	87,770	204	239	409,991
Financial assets at FVTPL	21,686	-	-	-	21,686
Other Assets	325	249	12	19	604
Total Assets	850,534	143,959	111,322	63,188	1,169,003
Liabilities					
Trading Securities (Short)	208,728	9,124	-	-	217,852
Derivative (Short)	115,542	84,831	12,253	1,267	213,893
Loans from financial Institutions	355,485	122,364	-	471	478,320
Other Liabilities	1,717	349	-	1	2,066
Debt Securities in issue	137,508	-	-	-	137,508
Total Liabilities	818,980	216,668	12,253	1,739	1,049,639
Net on balance sheet position	31,554	(72,709)	99,069	61,449	119,364
Credit Commitments	-	-	-	-	-

4 Critical accounting estimates and judgments

NCL makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Fair value

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are approved before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk, volatilities and correlations may require management to make estimates based on assumptions. Changes in assumptions about these factors could affect reported fair value of financial instruments.

4.2 Income taxes

NCL recognises liabilities for anticipated taxation based on estimates of taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5 Transition to IFRS

As set out in the basis of preparation, the financial information has been prepared in accordance with IFRS as endorsed by the E.U. NCL has availed of the transitional provisions for IAS 32 “Financial Instruments: Disclosure and Presentation” and IAS 39 “Financial Instruments: Recognition and Measurement” and has not presented comparative information in accordance with these standards.

A description of the main differences between Irish GAAP and IFRS policies as they have impacted the financial statements is explained below.

Reconciliations of the closing balance sheet under Irish GAAP and opening balance sheet under IFRS are set out below. A reconciliation of equity/reserves is included in note 28. The transition has not had a significant impact on NCL.

6 Significant Accounting Policy Differences between Irish GAAP and IFRS

Irish GAAP	IFRS
<p><u>Presentation of the Profit and Loss Account</u></p> <p>In order to give a true and fair view of the activities of the entity, the directors applied a “true and fair override” and did not disclose turnover, cost of sales and gross profit separately due to the classifications having no meaningful equivalent in the context of the business.</p>	<p>The Companies Act has been amended and classifications used in prior years are now consistent with the requirements of IAS 1. No changes have been made in the format of the primary statements. Additional notes have been included where applicable.</p>
<p><u>Fair Value</u></p> <p>A “true and fair” override of the historic cost convention was applied in order to reflect the valuation of trading assets and liabilities at fair</p>	<p>IAS 39 is applicable to the trading assets and liabilities and other financial instruments transacted by the Company This requires that</p>

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value.	assets and liabilities held for trading, including derivatives be carried at fair value. Nexgen also makes use of the option within IAS 39 to carry assets and liabilities at fair value managed within a portfolio and reported on a fair value basis. Movements in fair value of such assets and liabilities are included in the profit and loss account. Those assets carried at fair value through profit and loss are disclosed separately on the face of the balance sheet.
Presentation of dividends and interest Dividends and interest received or receivable were not disclosed separately in the financial statements as the directors felt that they were components of operating income and to disclose separately would not be a fair reflection of the components of operating income.	Dividends and interest received / receivable are disclosed as part of note 10 (i).
Offsetting Financial instruments Financial assets and liabilities were not offset in the financial statements.	Financial assets and liabilities are offset and the net amount reported in the balance sheet if two conditions are fulfilled: - there is a legally enforceable right to set off the recognised amounts, and - there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. This has not impacted the financial statements.

The policy changes did not impact opening equity in 2005 or 2006.

7 Reconciliation of 2005 Profit & Loss Account from Irish GAAP to IFRS:

	31 December 05 IRISH GAAP EUR'000	Reclassifications EUR'000	To Equity EUR'000	31 December 05 IFRS EUR'000
Operating Income (previous)	21,393	(21,393)	-	-
Interest income	-	998	-	998
Interest expense	-	(3,810)	-	(3,810)
Net interest income / (expense)	-	(2,812)	-	(2,812)
Net trading income	-	23,987	-	23,987
Net income from financial instruments held AFVTPL*	-	218	-	218
Intercompany marketing fees	83	(13,553)	-	(13,470)
Operating income (new)	83	10,652	-	10,735
Operating expenses	(16,103)	13,553	-	(2,550)
Profit on ordinary activities before taxation	5,373	-	-	5,373
Taxation	(775)	-	-	(775)
Profit realised for the financial year	4,598	-	-	4,598

8 Reconciliation of Opening 2006 Balance Sheet from Irish GAAP to IFRS:

	31 December 05 IRISH GAAP EUR'000	Reclassifications EUR'000	To Equity EUR'000	31 December 05 IFRS EUR'000
Assets				
Cash at Bank and in hand	89	-	-	89
Loans to and receivables from financial institutions	158,001	-	-	158,001
Loans to and receivables from customers	-	32,970	-	32,970
Trading securities – long positions	578,632	(32,970)	-	545,662
Derivative financial instruments – long positions	431,677	(21,686)	-	409,991
Financial assets designated AFVTPL*	-	21,686	-	21,686
Other debtors	389	-	-	389
Deferred Corporation Tax asset	-	-	-	-
Current Corporation Tax asset	215	-	-	215
Tangible fixed assets	-	-	-	-
Total Assets	1,169,003	-	-	1,169,003
Liabilities				
Trading securities – short positions	217,852	-	-	217,852
Derivative financial instruments – short positions	213,893	-	-	213,893
Loans from financial institutions	478,320	-	-	478,320
Creditors	2,066	-	-	2,066
Debt securities in issue	137,508	-	-	137,508
Total Liabilities	1,049,639	-	-	1,049,639
Net Assets	119,364	-	-	119,364
Capital and reserves				
Called up share capital	-	-	-	-
Capital Contribution	101,356	-	-	101,356
Profit and loss account	18,008	-	-	18,008
Equity shareholders' funds	119,364	-	-	119,364
Total shareholders' funds	119,364	-	-	119,364

*at fair value through profit or loss

9 Ultimate Holding Company

The Company's parent undertaking is Nexgen Financial Holdings Limited, a company incorporated in Ireland. Nexgen Financial Holdings Limited is the smallest group company for which group financial statements are prepared. Copies of the financial statements of Nexgen Financial Holdings Limited are available from the company secretary at Ormonde House, 12 Lower Leeson Street, Dublin 2.

Nexgen Financial Holdings is a 100% subsidiary of IXIS Corporate and Investment Bank, which is a 100% subsidiary of NATIXIS, a bank listed on the Bourse de Paris and incorporated in France. NATIXIS is the largest group company for which group accounts are prepared.

10 (i) Net trading income	Year ended 31 December 2006 EUR'000	Year ended 31 December 2005 EUR'000
Net trading income comprises:		
- European Union client transactions	80,581	22,932
- Non European Union client transactions	24,115	6,631
- Residual positions management	2,528	3,764
- Remuneration own funds	4,350	4,727
- Collateralised debt obligations	15,473	(13,377)
- Transaction related professional fees	(779)	(690)
	<u>126,268</u>	<u>23,987</u>

The net trading income includes net dividend income of €3,481k (2005: €3,412k).

10 (ii) At Fair value through P&L

- Loans and advances linked to and/or collateralised by equities	<u>911</u>	<u>218</u>
	<u>911</u>	<u>218</u>

10 (iii) Intercompany marketing fees

- Marketing fees receivable	89	83
- Marketing fees payable	(54,916)	(13,553)
	<u>(54,827)</u>	<u>(13,470)</u>

10 (iv) Financial instruments measured at fair value using valuation techniques

The total amount of the change in fair value estimated using valuation techniques recognised in profit or loss during the period is a loss of €90.052m. (2005: a profit of €306.686m). Transactions valued using valuation techniques are those derivative, securities with embedded derivatives and assets carried at fair value through profit and loss that are not valued directly from independent market quotes and therefore rely on some element of modeling. All models used are market standard models applied to observable inputs.

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11 Operating Expenses	Year ended 31 December 2006 EUR'000	Year ended 31 December 2005 EUR'000
Operating expenses comprise:		
Staff Costs	800	867
Auditors' remuneration	53	46
Depreciation	-	-
Intercompany service expenses (see note 12)	1,376	1,286
Other administrative expenses		
- Professional fees	47	162
- Non Executive directors fees	23	23
- Other administrative fees	244	166
	<u>2,543</u>	<u>2,550</u>
Staff costs comprise:		
Wages and salaries	547	587
Social welfare costs	133	155
Pension costs	52	52
Other staff costs	68	73
	<u>800</u>	<u>867</u>

Fees for directors' services and auditors' remuneration are paid by Nexgen Re Limited and recharged to the Company.

The average number of persons employed by the Company during the year 2006 was 10 (2005:8), of which 4 are seconded from another Nexgen Group Company.

	31 December 2006 EUR'000 Year ended	31 December 2005 EUR'000 Year ended
Director's emoluments	<u>400</u>	<u>389</u>

Director's emoluments are paid by Nexgen Re Limited on behalf of NCL and are recharged back to the Company.

12 Intercompany Service Income/Expenses and Marketing fees

Intercompany service expenses represent billing by other NATIXIS and Nexgen group companies for marketing services rendered to the Company (see Note 11).

Intercompany service income represents billing to other group companies for risk management services. This is included as "Marketing fees receivable" in note 10 (iii) above.

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A new transfer pricing policy has been implemented during the year to recognise the booking of certain deals where NCL acts as booking counterparty for risk management purposes. A proportion of the profit on the transaction is transferred back to the relevant country through Nexgen Group's branches/subsidiaries in order to recognise income in the country of transaction origin based on the location of Nexgen or NATIXIS staff involved. This is included as "Marketing fees payable" in note 10 (iii) above.

Intercompany service expenses are billed to the originating marketing entity in proportion to initial profit and continuing profit margin generated.

	Year ended 31 December 2006 EUR'000	Year ended 31 December 2005 EUR'000
13 Taxation		
Corporation tax charge for the year	<u>8,608</u>	<u>775</u>
	8,608	775
Effective tax rate	12.5%	14.4%

The reconciliation of current tax on profit on ordinary activities at the standard Irish corporation tax rate to the Company's actual current tax charge for the year ended 31 December 2006 is shown as follows:

	2006 EUR'000	2005 EUR'000
Profit on ordinary activities before taxation	<u>68,931</u>	<u>5,373</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in Ireland of 12.5% (2005: 12.5%)	8,616	672
Effects of:		
Disallowed expenses	(8)	(10)
Adjustment relating to previous years	<u>-</u>	<u>113</u>
Current tax charge for year	<u>8,608</u>	<u>775</u>
14 Loans to and receivables from Banks	31 December 2006 EUR'000	31 December 2005 EUR'000
Amounts falling due within one year:		
- collateralised	860,879	158,001
	<u>860,879</u>	<u>158,001</u>
Amounts include:		
- due from related parties	<u>782,908</u>	<u>87,314</u>

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	31 December 2006 EUR'000	31 December 2005 EUR'000
15 Loans to and receivables from Customers		
Amounts falling due within one year:		
- collateralised	34,157	32,970
	<u>34,157</u>	<u>32,970</u>
16 Trading securities – long positions		
Shares:		
- listed	723,389	133,303
Bonds and convertibles		
- listed and/or indexed to listed shares	125,093	245,937
- collateralised debt obligations	51,958	67,555
- unlisted corporate bonds	213,696	98,867
- government bonds	260,666	-
	<u>1,374,802</u>	<u>545,662</u>
17 Derivative financial instruments – long positions		
Analysed by:		
Categories of counterparty:		
- financial institutions	487,577	144,096
- other institutions	314,426	265,895
	<u>802,003</u>	<u>409,991</u>
Analysed by maturity:		
Less than 1 year	344,699	53,946
Between 1 and 5 years	450,130	329,061
Greater than 5 years	7,174	26,984
	<u>802,003</u>	<u>409,991</u>
Amounts include:		
- due from related parties	<u>413,923</u>	<u>111,635</u>

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18 Financial assets designated at Fair value through Profit or Loss	31 December 2006 EUR'000	31 December 2005 EUR'000
Amounts falling due within one year		
- collateralised	21,814	-
Amounts falling due after one year		
- collateralised	25,585	21,686
	<u>47,399</u>	<u>21,686</u>
19 Debtors - amounts falling due within one year	31 December 2006 EUR'000	31 December 2005 EUR'000
Other debtors	3,331	133
Prepayments	259	256
	<u>3,590</u>	<u>389</u>
Corporation Tax recoverable	-	215
	<u>3,590</u>	<u>604</u>
20 Trading securities - short positions	31 December 2006 EUR'000	31 December 2005 EUR'000
Shares:		
- listed	708,804	205,527
Bonds and convertibles		
- government bonds	260,666	-
Sold listed options	53,706	12,325
	<u>1,023,176</u>	<u>217,852</u>
21 Derivative financial instruments – short positions	31 December 2006 EUR'000	31 December 2005 EUR'000
Analysed by:		
Categories of counterparty:		
- financial institutions	508,946	122,324
- other institutions	117,113	91,569
	<u>626,059</u>	<u>213,893</u>
Analysed by maturity:		
Less than 1 year	152,454	46,847
Between 1 and 5 years	457,731	155,198
Greater than 5 years	15,874	11,848
	<u>626,059</u>	<u>213,893</u>

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Amounts include:		
- due to related parties	451,620	46,730
22 Loans from financial institutions	31 December 2006 EUR'000	31 December 2005 EUR'000
Amounts falling due within one year:		
- amounts due to Nexgen group undertakings	8,352	53,278
- amounts due to financial institutions	1,072,022	104,585
- collateralised borrowing	99,894	320,457
	<u>1,180,268</u>	<u>478,320</u>
Amounts include:		
- due to related parties	1,148,080	348,387
23 Accrual and other creditors	31 December 2006 EUR'000	31 December 2005 EUR'000
- amounts falling due within one year		
Amounts due to Nexgen group undertakings	14,328	633
Accruals and deferred income	27,720	1,433
	<u>42,048</u>	<u>2,066</u>
Corporation Tax	692	-
	<u>42,740</u>	<u>2,066</u>
24 Debt securities in issue	31 December 2006 EUR'000	31 December 2005 EUR'000
Debt securities in issue repayable:		
Less than one year	134,129	137,508

Debt securities in issue at 31 December 2006 are equity linked notes which have been issued to the subscriber in 3 tranches maturing at the end of 2007. This instrument contains both a liability and a third party equity linked component. It also has a knock out feature which automatically redeems the note when the price of the underlying equity reaches a given level.

25 Financial Instruments

Dealing in derivative financial instruments forms a fundamental part of the Company's activities. Accordingly, the Company has a number of interest rate swaps, equity swaps, equity forwards, equity options, equity index futures and foreign exchange spot and forward contracts and credit default swap contracts at 31 December 2006. Gains and losses arising on marking these financial instruments to market are included in dealing profits in accordance with the Company's accounting policies.

The notional amounts and fair value amounts of the contracts are shown below:

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	31 December 2006		
	Notional Amount EUR'000	Fair Value Asset EUR'000	Fair Value Liability EUR'000
Interest rate contracts	6,910,415	42,481	261,153
Foreign Exchange contracts	227,168	288	8,270
Equity contracts	5,702,643	702,014	318,721
Credit Derivative contracts	19,444,033	57,220	37,915
Total contracts	32,284,259	802,003	626,059

	31 December 2005		
	Notional Amount EUR'000	Fair Value Asset EUR'000	Fair Value Liability EUR'000
Interest rate contracts	1,237,484	7,106	19,811
Foreign Exchange contracts	275,024	1,125	11,667
Equity contracts	1,837,335	316,338	125,985
Credit Derivative contracts	10,756,980	85,422	56,430
	14,106,823	409,991	213,893

26 Share Capital

31 December 2006

Authorised:

1,000 ordinary shares of EUR 1 each 1,000

Allotted, called up and fully paid:

One ordinary share of EUR 1 1

31 December 2005

Authorised:

1,000 ordinary shares of USD 1 each 1,000

Allotted, called up and fully paid:

One ordinary share of USD 1 1

27	Capital contribution	31 December 2006 EUR'000	31 December 2005 EUR'000
	Capital contribution	101,356	101,356
		<u>101,356</u>	<u>101,356</u>

28 Reconciliation of movement in equity shareholders' funds	31 December 2006 EUR'000	31 December 2005 EUR'000
Opening shareholders' funds	119,364	118,989
Capital contribution received	-	-
Profit for the year	60,323	4,598
Dividend to NRL	(18,000)	(4,223)
Closing shareholders' funds	161,687	119,364

29 Dividends

	31 December 2006 EUR'000	31 December 2005 EUR'000
Declared and paid		
Interim Dividend	18,000	4,223

30 Related Party Transactions

The Company has carried out a number of transactions during the year with IXIS CIB, La Compagnie 1818, part of the same group as IXIS CIB and Caisse d'Epargne Ile de France Ouest.

All of the transactions with the shareholders of the Company are carried out in the normal course of business and encompass loans, deposits, repurchase and reverse repurchase agreements, purchase and sale of securities, fees (paid and received), derivative transactions and guarantees.

There is a transfer pricing mechanism in place within the group to allocate revenue to the appropriate jurisdiction.

Details of the amounts due to and from related parties by Group companies at 31 December 2006 are disclosed in the relevant notes above. (See notes 14, 17, 21 and 22).

31 Commitments and Guarantees

There were no commitments or guarantees of the Company at 31 December 2006.

32 Off Balance Sheet Collateral & Pledges

Securities Borrowing and Lending, Repurchase and Reverse Repurchase Agreements

The Company enters into collateralized reverse repurchase and repurchase agreements and securities borrowing and securities lending transactions that may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its contractual obligations. The Company controls credit risk associated with these activities by monitoring counterparty credit exposure and collateral values on a daily basis and requiring additional collateral to be deposited with or returned when deemed necessary.

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Assets sold / lent subject to repurchase agreements:

	31 December 2006 EUR 000	31 December 2005 EUR 000
Fair value of securities lent which can be sold or repledged:	91,297	291,063
Fair value of securities lent which cannot be sold or repledged:	-	-
Value of collateral taken:	91,327	307,564

Liabilities covered by reverse repurchase or stock borrow agreements:

	31 December 2006 EUR 000	31 December 2005 EUR 000
Fair value of securities borrowed which can be sold or repledged:	1,002,831	206,098
Fair value of securities borrowed which cannot be sold or repledged	-	-
Value of collateral placed	782,908	87,314

Other Pledged securities

The company has also entered into a number of transactions with counterparties who have pledged securities to the Company in a third party bank account as security for the transaction, usually through share forward agreements. These shares cannot be sold or re-pledged.

	31 December 2006 EUR 000	31 December 2005 EUR 000
Fair Value of shares pledged under share forward agreements:	548,894	362,721

33 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances:

	Year ended 31 December 2006 EUR'000	Year ended 31 December 2005 EUR'000
Cash and balances with Central Banks	45,229	89
Loans to and receivables from financial institutions (with an original maturity of less than 3 months)	<u>859,522</u>	<u>158,001</u>
	<u>904,751</u>	<u>158,090</u>

34 Approval of Financial Statements

The directors approved the 2006 Financial Statements on 20 March 2007.