

Nexgen Capital Limited

Financial Statements

For the year ended 31 December 2007

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COMPANY PROFILE

Nexgen Capital Ltd (NCL, 'the Company'), an Irish incorporated company, is the capital markets trading company of the Nexgen Group, ('Nexgen' or 'the Nexgen Group').

The Company's ultimate parent company IXIS Corporate & Investment Bank was merged with and into its own parent company Natixis S.A. ("NATIXIS") with effect from midnight on 31 December 2007, thus making the Company an indirect subsidiary of Natixis from that date. Nexgen is part of the Corporate Solutions division of NATIXIS BFI ('NATIXIS CORPORATE SOLUTIONS').

NATIXIS CORPORATE SOLUTIONS and Nexgen offer risk based tailor-made financial solutions to corporations, insurance companies, 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 in Ireland under the European Communities (Markets in Financial Instruments) Regulations 2007 to conduct regulated businesses as an investment firm. From 1 January 2008, NCL is subject to regulation in accordance with the EU's Capital Requirements Directives 2006/48/EC and 2006/49/EC.

¹ "Financial Regulator" is the operating name of the Central Bank and Financial Services Authority of Ireland

DIRECTORS AND OTHER INFORMATION

Board of Directors as at 31 December 2007

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

Other Information

Company Secretary and Registered Office

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

Bankers

Caisse Nationale des Caisses d'Epargne
50, avenue Pierre-Mendès
75201 Paris Cedex 13
France

Office Address

Ormonde House
12 Lower Leeson Street
Dublin 2

BNP Paribas London
10 Harewood Avenue
London NW16AA
UK

Registered Number

336438

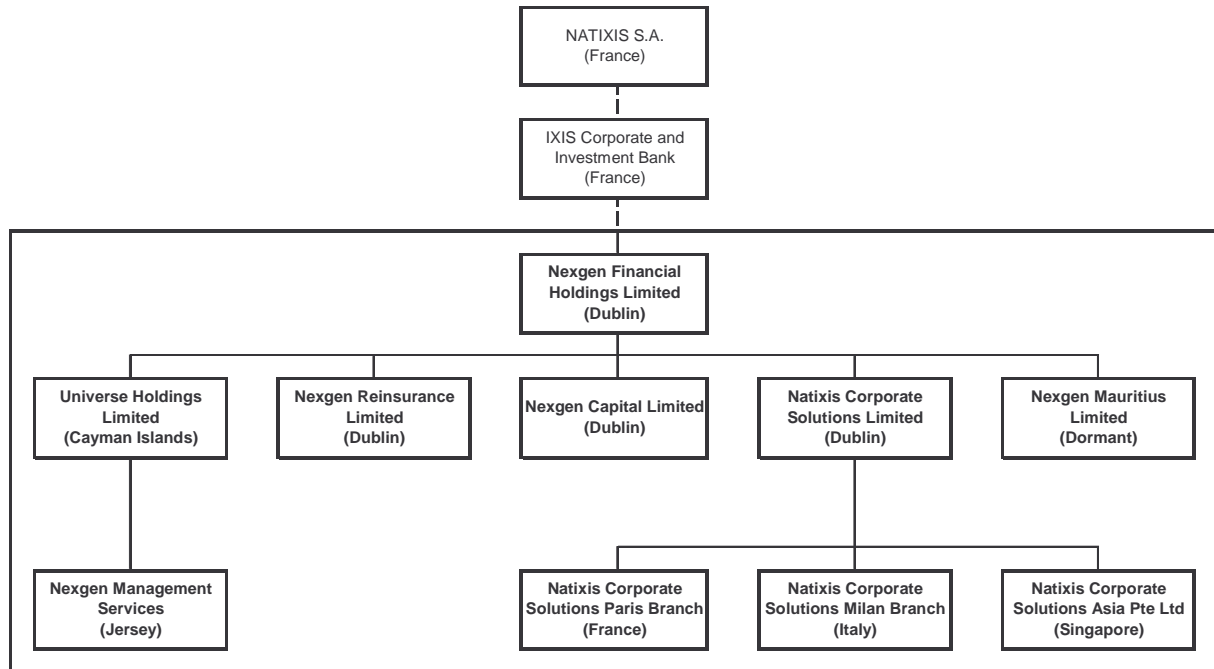
External Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Internal Auditors

Deloitte
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

GROUP CORPORATE STRUCTURE



Nexgen Financial Solutions Limited was renamed Natixis Corporate Solutions Limited with effect from 14 March 2007. This name change applies to both branches in Paris and Milan as well as the company's subsidiary in Singapore.

Similarly Nexgen Re Limited was renamed Nexgen Reinsurance Limited with effect from 22 October 2007. In November 2006, Nexgen Reinsurance sold its investment in Nexgen Capital Ltd and Natixis Corporate Solutions Ltd to Nexgen Financial Holdings Ltd.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

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.

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 in charge of Risk control for NATIXIS CORPORATE SOLUTIONS 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 of the Company.

Transactions which exceed the limits assigned to Nexgen are considered by Natixis Risk Committees; NATIXIS/NEXGEN Risk Committee for transactions exceeding market risk limits and a NATIXIS Credit Committee for transactions exceeding credit risk limits.

RISK MANAGEMENT PRINCIPLES

NCL's business model is based on its ability to realise value efficiently and durably from the solutions implemented for its clients introduced by Natixis Corporate Solutions (NCS). NCL 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.

NCL's 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 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 NCL 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

Nexgen uses a series of Value at Risk (VaR) measurements against which global limits have been allocated. The Company currently tracks a Market VaR for equity, foreign exchange / interest rate measure and commodities. There are also two credit VaR measures (for CDO / CDS activities).

Nexgen's risk limit framework, including that applied by NCL, is composed of two layers of limits with Management Committee approval required for temporary sub-limits excesses and Board approval for all other limit breaches.

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 Nexgen towards those used by NATIXIS is part of this process.

For **credit risk**, an internal credit rating system is used to calculate 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.

OPERATIONAL RISK

Due to the nature of NCL's business, control of operational risk is a fundamental issue.

An operational risk map is under development with key risk indicators under the following event type categories:

- Internal fraud
- External fraud
- Employment practices and workplace safety
- Clients, products and business practices
- Damage to physical assets

- Business disruption and system failures
- Execution, delivery and process management

The basic principle implemented to achieve operational 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.

LEGAL AND REPUTATIONAL RISK

Nexgen is involved in complex and innovative transactions. As such the Company 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, and
- § 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.
- § legal documents and contracts are reviewed in draft by in-house legal department and the Review Committee.

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 2007. The comparative figures are for the year to 31 December 2006.

2007 ACTIVITY

Income Generation

The Company's operating income in 2007 was €98.2m compared to €72.4m for the previous year.

Activity in the period was very good with around 86 new transactions executed (including transaction restructurings) compared to 49 transactions in the previous year.

The turmoil in the subprime market and global credit crunch did not adversely affect the business of the Company or its profitability.

Client transactions involving **capital market** activities account for the vast majority of trading income during the year (2007: €192m, 2006: €105m). These deals originated principally in Europe, the Middle East and South East Asia. The Company benefitted from a favourable economic environment (high level of activity in the M&A markets) to continue its developments in its traditional products and markets. There was also a geographical expansion of share based products with significant growth of new business in Middle East, Eastern Europe and India. Transactions were mostly entered into with large corporate clients or their holding companies and large investment groups as well as some high net worth individuals. Techniques used in the structuring of such transactions continued to involve derivatives (forward sales and purchases, 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 under established confidentiality rules.

The **CDO's / Credit Derivatives** business decreased with a few intermediation transactions and management of the run-off of the portfolio which had been matched from a risk management perspective in 2006. Total losses for the year was €(0.9)m (31 December 2006; profit of €15.5m).

General and resources

During 2007, staff numbers were unchanged at 10 (2006: 10). There were no changes to the Nexgen Group Corporate Structure in 2007 (refer to chart on page 5).

Dividends

During the year the Company paid a dividend of €60.9m to its parent, Nexgen Financial Holdings Ltd.

In 2006 the Company paid a dividend of €18m to Nexgen Reinsurance Ltd, the previous parent company.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2007

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 2007 was €98.2m (2006: €72.4m).

Most of the income was derived from capital market client transactions (2007: €192m; 2006: €105m).

There were no charges to the accounts during the year due to client defaults (2006: nil).

Also included in the results is approximately €5.8m net recovered from the sale of shares pledged as part of an Exchangeable Bond acquired in 2002, the value of which was written to zero in 2005 following a default in 2004.

The contribution from the CDO structuring business was €(0.9)m (2006: profit of €15.5m). The contribution from the management of residual positions was €(4.7)m (2006: €1.7m). Remuneration of Own Funds (computed at a rate based on 3 month LIBOR) was €9.9m (2006: €4.4m).

Intercompany marketing fees are €(97.9)m payable (2006 : €(54.9)m payable). The increase is due to the higher profit levels, a portion of which are transferred to the relevant Nexgen branch/subsidiary in order to recognise the contribution of that branch/subsidiary in that country based on the location of Nexgen or Natixis staff involved (see also note 7(a) of the notes to the financial statements).

Operating expenses increased substantially during the year to €11.7m (2006: €2.5m). This increase is related to the recharge of staff related charges for marketing services rendered to the Company and the rebilling of Nexgen Reinsurance support services for the year (see also note 7 (b) of the notes to the financial statements).

Taxation was €10.8m (2006: €8.6m). The average rate of tax was 12.5% (2006:12.5%). The net profit after tax for the year was €75.8m compared to €60.3m for the previous year.

A dividend of €60.9m was paid to Nexgen Financial Holdings Ltd during the year. In 2006, a dividend of €18m was paid to Nexgen Reinsurance Ltd before the sale of the Company to Nexgen Financial Holdings Ltd.

BALANCE SHEET

The total assets of the company grew substantially during the year to €11,066m (31 December 2006: €3,168m).

This growth reflects the ability of the Nexgen Group to finance larger deals through its relationship with its ultimate parent. The increase in business was mainly concentrated on the trading securities, long positions, and the associated repo/reverse repo funding. There was also a large increase in derivative financial instruments, both long and short positions.

Shareholders funds at 31 December 2007 were €176.6m compared to €161.7m at the end of 2006. This is due to the net retained profit for the year.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Management Committee, the Transaction Committee and the Screening Committee continued to operate on the same basis as 2006, 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 continued to assist the Audit Committee in the execution of Nexgen's internal audit function. Deloitte's regular review of systems and procedures conducted under the supervision of the Audit Committee during the year did not raise any critical control issues.

Subject to the comments made above in the Corporate Governance and Risk Management

sections, 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 or otherwise communicated regularly.

More detailed risk measures are listed on Note 4 of this report.

The Company established procedures to ensure compliance with EU Directives applicable to its business and which were implemented during the year. These included the Markets in Financial Instruments Directive (MiFID), applicable from 1st November 2007 and preparation for the CRD which applies from 1st January 2008.

OUTLOOK FOR 2008

Nexgen volume of activity grew significantly in 2007. We don't expect this rate of growth to continue into 2008. The business challenge will be to maintain a similar volume of business while continuing to manage a balance sheet which has grown by a factor of 10 in two years since the acquisition of the Company by our parent. We rely on continued funding support from our parent to further develop our business. The range of products offered will continue to focus on the existing equity and credit linked structures.

DIRECTORS

The names of the persons who were directors at any time during the year ended 31 December 2007 are set out on page 4.

Company at 31 December 2007 and 31 December 2006 was nil.

Directors' and Secretary's interests

The beneficial interests of the directors and company secretary, in office at 31 December 2007, in the ordinary share capital of the

As at 31 December 2007, the directors listed below held the following warrants to subscribe for ordinary shares in Nexgen Financial Holdings Ltd, the immediate parent of Nexgen Capital Ltd.

	Number of Warrants		
	Number	Maturity date	Subscription Price
31 December 2007:			
Mr Jerome Biet	750,000	31st December 2008	EUR 1.00
Mr Xavier Daudin	750,000	31st December 2008	EUR 1.00
Mr Francois Robey	1,176,500	31st December 2008	EUR 1.00
Mr Frank Monks	Nil	-	-
Mr Peter Blessing	Nil	-	-
31 December 2006:			
Mr Jerome Biet	750,000	31st December 2008	EUR 1.00
Mr Xavier Daudin	750,000	31st December 2008	EUR 1.00
Mr Francois Robey	1,176,500	31st December 2008	EUR 1.00
Mr Frank Monks	Nil	-	-
Mr Peter Blessing	Nil	-	-

None of the other directors held other interests in any Group undertaking at 31 December 2007.

Political Donations

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

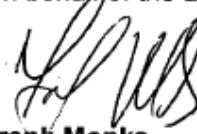
Subsequent Events

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

Books of Account

The directors comply with the Company'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 its registered address, Ormonde House, 12 Lower Leeson Street, Dublin 2

On behalf of the Board



Frank Monks



Xavier Daudin

**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 and of the profit or loss of the Company 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 Company will continue in business.

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

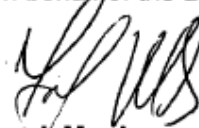
The directors are responsible for keeping proper books of account that disclose with reasonable

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 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



Frank Monks



Xavier Daudin

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXGEN CAPITAL LIMITED

We have audited the financial statements (the "financial statements") of Nexgen Capital Limited for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Change in Equity, Significant Accounting Policies and the related notes to the financial statements. 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 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 an 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 2007 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 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 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 2007 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

4 April 2008

INCOME STATEMENT

Year ended 31 December 2007

	Notes	Year ended 31 December 2007 EUR'000	Year ended 31 December 2006 EUR'000
Net trading income	5 (i)	196,099	125,390
Net income from financial instruments held AFVTPL*	5 (ii)	29	911
Intercompany marketing fees	5 (iii)	<u>(97,892)</u>	<u>(54,827)</u>
Operating income		98,236	72,352
Operating expenses	6	(11,650)	(2,543)
Profit on ordinary activities before taxation		<u>86,586</u>	<u>68,931</u>
Taxation	8	(10,814)	(8,608)
Profit realised for the financial year		<u>75,772</u>	<u>60,323</u>
Attributable to:			
Equity holders of the company		75,772	60,323

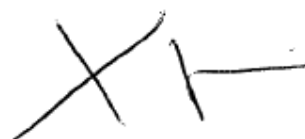
* At fair value through Profit and Loss

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



Frank Monks



Xavier Daudin

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2007

	Year ended 31 December 2007 EUR'000	Year ended 31 December 2006 EUR'000
Profit attributable to equity shareholders	75,772	60,323
Dividend paid to parent company during the year	25 (60,900)	(18,000)
Movement in shareholder's funds	14,872	42,323
Balance at the beginning of the year	161,687	119,364
Balance at the end of the year	<u>176,559</u>	<u>161,687</u>

BALANCE SHEET

	Notes	Year ended 31 December 2007 EUR'000	Year ended 31 December 2006 EUR'000
Assets			
Cash at Bank and in hand		227	45,229
Loans to and receivables from financial institutions	9	1,038,426	860,879
Loans to and receivables from customers	10	781,173	34,157
Trading securities – long positions	11	6,362,883	1,374,802
Derivative financial instruments – long positions	12,20	2,805,057	802,003
Financial assets designated AFVTPL*	13	73,665	47,399
Current Corporation Tax asset	14	3,226	-
Other debtors	14	1,226	3,590
Tangible fixed assets		-	-
Total Assets		<u>11,065,883</u>	<u>3,168,059</u>
Liabilities			
Trading securities - short positions	15	1,052,629	1,023,176
Derivative financial instruments – short positions	16,20	1,901,742	626,059
Loans from financial institutions	17	7,744,748	1,180,268
Accruals and other creditors	18	87,220	42,048
Current Corporation Tax liability	18	-	692
Debt Securities in issue	19	102,985	134,129
Total Liabilities		<u>10,889,324</u>	<u>3,006,372</u>
Net Assets		<u><u>176,559</u></u>	<u><u>161,687</u></u>
Capital and reserves			
Called up share capital	22	-	-
Capital contribution	23	101,356	101,356
Profit and loss account		75,203	60,331
Equity shareholder's funds	24	<u><u>176,559</u></u>	<u><u>161,687</u></u>

* at fair value through profit or loss

On behalf of the board



Frank Monks



Xavier Daudin

CASH FLOW STATEMENT

	Year ended 31 December 2007	Year ended 31 December 2006
Notes	EUR'000	EUR'000
Cash flows from operating activities		
Operating Profit on ordinary activities before tax	86,586	68,931
Changes in operating assets and liabilities		
-net (increase) in loans to and receivables from financial institutions	(459,561)	(1,357)
-net (increase) in loans to and receivables from customers	(747,016)	(1,187)
-net (increase) in financial assets designated AFVTPL	(26,266)	(25,713)
-net (increase)/decrease in long derivative structures at valuation	(2,003,054)	(392,012)
-net increase/(decrease) in short derivative structures at valuation	1,275,683	412,166
-net (increase)/decrease in equity shares at valuation	(4,988,081)	(829,140)
-net increase/(decrease) in short equity shares at valuation	29,453	805,324
-net increase/(decrease) in financial liabilities	6,533,336	698,569
-net (increase)/decrease in other assets	(862)	(2,986)
-net increase/(decrease) in other liabilities	45,118	39,351
	<u>(254,664)</u>	<u>771,946</u>
Taxation paid	(11,452)	(7,285)
Net cash inflow from operating activities	<u>(266,116)</u>	<u>764,661</u>
Investing activities	-	-
Financing activities		
Dividends paid	25 (60,900)	(18,000)
Increase/(decrease) in cash and cash equivalents	<u>(327,016)</u>	<u>746,661</u>
Opening cash and cash equivalents	<u>904,751</u>	<u>158,090</u>
Closing cash and cash equivalents	29 <u>577,735</u>	<u>904,751</u>

NOTES TO THE ACCOUNTS

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 120 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 20 February 2008.

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 31 December 2007.

NCL complies with the EU endorsed version of IAS 39.

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

The following prospective accounting policy changes have not been applied:

New and Amended Standards

Amendment to IFRS 2, Share based payments

Effective date: annual periods beginning on or after 1 January 2009.

IFRS 3 (Revised), Business combinations

Effective: annual periods beginning on or after 1 January 2009.

IAS 27 (Revised), Consolidated and separate financial statements

Effective: annual periods beginning on or after 1 January 2009.

Revised IAS 1, Presentation of financial statements

Effective date: Annual periods beginning on or after 1 January 2009

Revised IAS 23, Borrowing costs

Effective date: Annual periods beginning on or after 1 January 2009 (prospective application).

IFRS 8, Operating segments

Effective date: Annual periods beginning on or after 1 January 2009.

IFRIC interpretations issued but not yet effective

IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

Effective date: Annual periods beginning on or after 1 January 2008.

IFRIC 13, Customer loyalty programmes relating to IAS 18, Revenue

Effective date: Annual periods beginning on or after 1 July 2008

IFRIC 12, Service concession arrangements

Effective date: Annual periods beginning on or after 1 January 2008.

2.2 Net trading income

Net trading income comprises all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, together with related interest income, expense and dividends.

2.3 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 Company chooses to designate the hybrid contracts at fair value through profit and loss.

2.3.1 Hedge Accounting

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

2.4 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.

The Company 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 to him the whole portfolio and its delta hedge. The uncertainty on the assumed level of correlations and the uncertainty on the assessment of recovery rates is covered by the correlation and recovery rate adjustment.

2.5 The Fair Value Option

In accordance with the amendments to IAS 39 made in June 2006 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

- Where a contract contains one or more embedded derivatives, Nexgen has the option to designate the entire hybrid (combined) contract as a financial asset or financial liability at fair value through profit or loss, unless:
 - the 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.

2.6 Recognition of deferred day one profit and loss

The best evidence of fair value at initial recognition is the transaction price (ie, 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 (ie, without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The Company 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 'deferred 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. Generally, it is amortised over the life of the transaction, but could be 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.

2.7 Offsetting financial assets and liabilities

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.

2.8 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 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.

2.9 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.

2.10 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.

2.11 Taxation

Corporation tax is provided on taxable profits for the year in Euro.

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.

2.12 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.

2.13 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 2007.

2.14 Functional Currency

The functional currency of the Company is Euro.

2.15 Comparatives

Comparative figures are presented in Euro.

3 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.

3.1 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.

3.2 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.

4. Risk Management

4.1 Market Risk

Market risk is defined as those risks arising from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices that affect market risk sensitive financial instruments in the Trading Book.

Market Risk VaR

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.

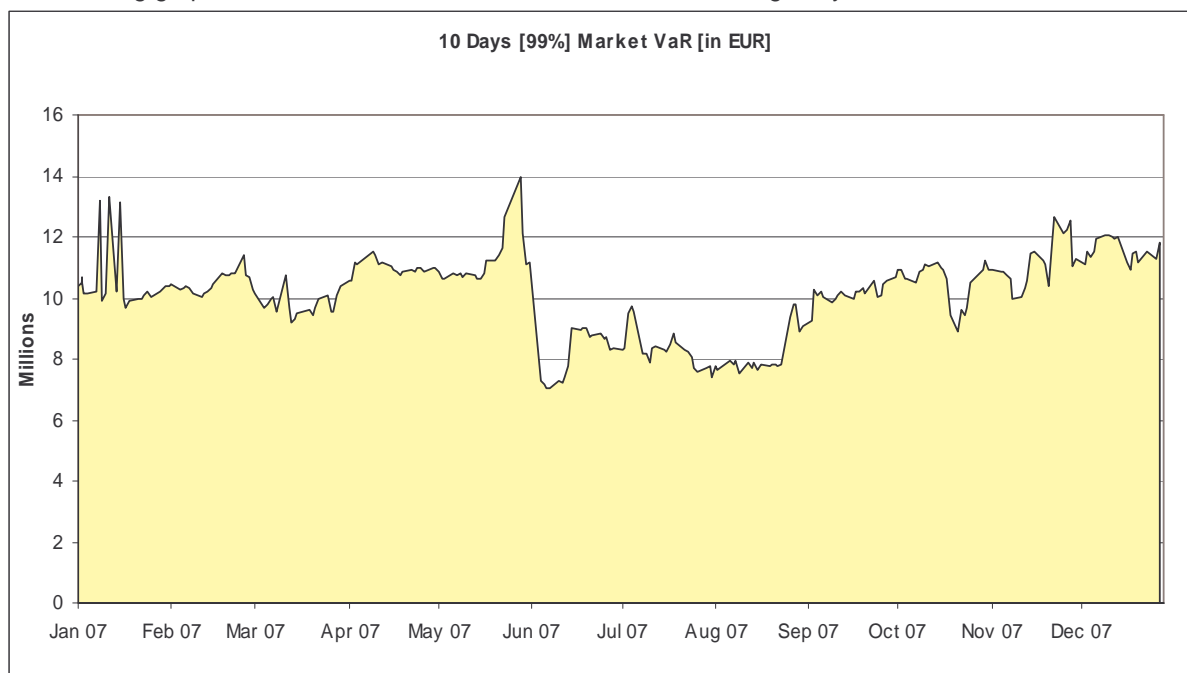
The Market VaR (99%, 10 days) is defined as the sum of the Equity/Volatility VaR, the Foreign Exchange / Interest Rate VaR and the Commodity /Volatility VaR. The limit is €15.5m.

12 months to 31 December 2007 (in €millions)	Average	High	Low	end Dec 07
Equities Risk	7.6	9.9	4.8	8.5
FX risk & Interest Rate Risk	2.4	4.1	2.2	2.6
Commodity Risk	0.3	0.0	0.0	0.8
Total Market VAR	10.3	14.0	7.0	11.8

12 months to 31 December 2006 (in €millions)	Average	High	Low	end Dec 06
Equities Risk	7.0	12.2	2.3	7.8
FX risk & Interest Rate Risk	1.8	2.4	0.2	2.4
Commodity Risk	N/A	N/A	N/A	N/A
Total Market VAR	8.8	14.6	2.5	10.2

The market VaR indicator does not include counterparty or credit spread risk.

The following graph illustrates the movement of the Market VaR during the year:



Various sub limits are monitored daily by the Risk Controller and are based on risk indicators such as the delta, gamma and vega, FX exposures and gap exposures. These sub limits can be exceeded but the excess must be temporary and limited in magnitude.

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.

Gap risk limit

The Company's market risk framework also covers 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 an estimated drop (in line with historical observations of price volatility and stock liquidity) applied to the price at reset. A limit has been set at €25m.

Structured Credit Portfolio

Nexgen Capital has substantially wound down its activity in structured credit.

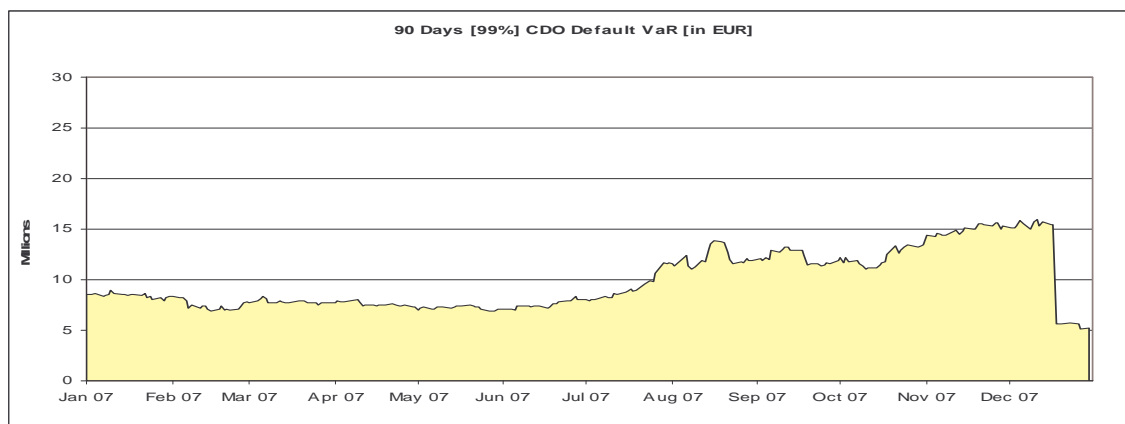
Two VaR indicators are used to monitor this activity. The Default VaR (99% 90 days) captures the impact of unexpected immediate defaults on the P&L. Defaults are simulated using probabilities of default implied from credit default swap spreads and correlations between underlying names implied from equity markets. The Credit Spread VaR (99%, 90 days) captures the impact of adverse credit market spread behaviour on the P&L. Spread variations are simulated using both historical volatilities and correlations. The limits applied are €29.5m for Default VaR and €8.5m for Credit Spread VaR.

12 months to 31 December 2007 (in millions)	Average	High	Low	end Dec 07
Default VaR	9.9	16.0	5.1	5.2

Credit Spreads VaR	0.3	2.1	0.0	0.2
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12 months to 31 December 2006 (in millions)	Average	High	Low	end Dec 06
Default VaR	17.5	26.8	8.1	8.6
Credit Spreads VaR	0.5	1.3	0.0	0.1

The following graph illustrates the movement of the Default VaR during the year:



Impact of Sub Prime Crisis

The structured credit portfolio had no significant exposure to the subprime market and was substantially matched throughout the year.

4.2 Credit Risk

Credit risk is defined as the risk of loss due to an obligor's non-payment of the principal or interest repayable on a loan, bond or guarantee or a non-payment of an obligation under a derivative contract or due to an increase in credit spreads.

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 estimated as market conditions are stressed depending on the relationship between the counterparty and the underlying.

The following table shows the **maximum exposure** to credit risk before collateral held or other credit enhancements unless such credit enhancements meet the offsetting requirements as set out in note 2.7. It does not include the effect of standard ISDA master netting agreements which, if applied, would greatly reduce the amount reported below. The table provides the analysis required by IFRS 7 para 36 (a). For a more accurate reflection of the Company's credit risk see the 'Concentration Risk' section below.

(Eur '000)	Maximum Exposure	
	31/12/07	31/12/06
Cash at Bank	227	45,229
Loans to and Receivables from Financial Institutions		
-unsecured	361,102	-
-collateralised	677,324	860,879
Loans to and Receivables from Customers		

Nexgen Capital Limited

-collateralised	781,173	34,157
Trading Securities*	1,731,014	651,413
Derivative (Long)	2,805,057	802,325
Financial assets at fair value through P/L	73,665	47,398
Other Assets	4,452	3,522

Total On Balance Sheet Exposures	6,434,014	2,444,923
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* excluding listed securities hedging derivative transactions

Included in the above numbers are exposures to the ultimate parent company, Natixis, of approximately €1.9bn in 2007 and €1.6bn in 2006.

Collateral and other credit enhancements

The amount and type of collateral required depends on the assessment of the credit risk of the counterparty and the structure of the transactions. The main types of collateral obtained are cash or securities for repo or reverse repo transactions and pledges of securities in relation to share forward agreements and equity derivative transactions.

The Company also uses credit derivatives to mitigate its credit risk.

The Company also obtains guarantees from parent companies for transactions executed with their subsidiaries but the benefits are not included in the tables above.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement, usually when a contractual trigger level has been reached.

Concentration Risk

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. In many occasions credit risk protection is purchased from Natixis S.A.

The following table shows the Company's exposure to credit risk **by industry** before and after taking account of collateral, master netting agreements and other credit enhancement such as credit derivatives:

	Gross Maximum Exposure 31/12/2007	Net Maximum Exposure 31/12/2007	Gross Maximum Exposure 31/12/2006	Net Maximum Exposure 31/12/2006
(Eur '000)				
Financial Institutions	2,322,843	326,183	1,393,644	259,660
Other Corporate	4,111,171	197,703	790,613	58,448
Sovereign	-	-	260,666	-
Total	6,434,014	523,886	2,444,923	318,108

The following table shows the Company's exposure to credit risk **by region** before and after taking account of collateral, master netting agreements and other credit enhancement such as credit derivatives:

	Gross Maximum Exposure 31/12/2007	Net Maximum Exposure 31/12/2007	Gross Maximum Exposure 31/12/2006	Net Maximum Exposure 31/12/2006
(Eur '000)				
Europe	4,319,620	430,665	2,304,430	237,910
Middle East & Asia	2,052,454	47,649	73,652	20,244
Other	61,940	45,572	66,841	59,954
Total	6,434,014	523,886	2,444,923	318,109

Assets which were past due but not impaired

	31 December 2007 EUR'000	31 December 2006 EUR'000
Derivatives (Long)		
< 30 days past due	13,965	-
	<u>13,965</u>	<u>-</u>

4.3 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.

Nexgen Capital Ltd is funded by its ultimate parent. 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.

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

As at December 31 2007 (Eur '000)	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Liabilities						
Trading Securities (Short)	351,660	15,206	632,083	53,680	-	1,052,629
Derivative (Short)	520,047	228,949	658,894	475,390	18,462	1,901,742
Loans from financial Institutions	2,187,202	624,963	1,885,082	3,019,124	28,377	7,744,748
Other Liabilities	87,220	-	-	-	-	87,220
Debt Securities in issue	-	-	-	102,985	-	102,985
Total Liabilities	3,146,129	869,118	3,176,059	3,651,179	46,839	10,889,324
Total Assets	5,199,059	586,779	1,956,090	3,260,888	63,067	11,065,883
Net liquidity gap	2,052,930	(282,339)	(1,219,969)	(390,291)	16,228	176,559

As at December 31 2006 (Eur '000)	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
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
Total Assets	1,832,202	63,849	332,391	846,179	93,438	3,168,059

Net liquidity gap	(192,113)	38,945	(47,271)	312,274	49,852	161,687
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5 (i) Net trading income

	Year ended 31 December 2007 EUR'000	Year ended 31 December 2006 EUR'000
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Net trading income comprises:

- European Union client transactions	84,821	80,581
- Non European Union client transactions	107,269	24,115
- Residual positions management	(4,721)	1,650
- Remuneration own funds	9,893	4,350
- Collateralised debt obligations	(895)	15,473
- Transaction related professional fees	(268)	(779)
	<u>196,099</u>	<u>125,390</u>

5 (ii) At Fair value through P&L

- Loans and advances linked to and/or collateralised by equities

	<u>29</u>	<u>911</u>
	<u>29</u>	<u>911</u>

5 (iii) Intercompany marketing fees (see note 7(a))

- Marketing fees receivable	-	89
- Marketing fees payable	(97,892)	(54,916)
	<u>(97,892)</u>	<u>(54,827)</u>

6 Operating Expenses

	Year ended 31 December 2007 EUR'000	Year ended 31 December 2006 EUR'000
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Operating expenses comprise:

Staff Costs	1,300	800
Auditors' remuneration	74	53
Intercompany service expenses (see note 7 (b))	9,873	1,376
Other administrative expenses		
- Professional fees	14	47
- Non Executive directors fees	23	23
- Other administrative fees	366	244
	<u>11,650</u>	<u>2,543</u>

Staff costs comprise:

Wages and salaries	799	547
Social welfare costs	375	133
Pension costs	57	52
Other staff costs	69	68
	<u>1,300</u>	<u>800</u>

Directors' emoluments	665	367
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Fees for directors' services and auditors' remuneration are paid by Nexgen Reinsurance Limited and recharged to the Company.

The average number of persons employed by the Company during the year 2007 was 10 (2006:10), of which 4 are seconded from another Nexgen Group Company.

7 (a) Intercompany marketing fees

The Nexgen Group operates a policy to allocate part of the profit of certain transactions where NCL acts as counterparty for risk management purposes. A proportion of the profit embedded in the transaction is transferred to the relevant Nexgen branch/subsidiary in order to recognise the contribution of that branch/subsidiary in that country based on the location of Nexgen or Natixis staff involved.

(b) Intercompany service expenses

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

In addition, Nexgen Reinsurance Ltd provides support services to Nexgen Capital Ltd. These services include finance, accounting, compliance and reporting, legal, credit analysis, human resources and office administration. These support services are reimbursed by Nexgen Capital Ltd monthly based on recharging certain operating expenses and fixed expenses of Nexgen Reinsurance Ltd.

8 Taxation	Year ended 31 December 2007 EUR'000	Year ended 31 December 2006 EUR'000
Corporation tax charge for the year	10,814	8,608
	10,814	8,608
Effective tax rate	12.5%	12.5%

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 2007 is shown as follows:

	2007 EUR'000	2006 EUR'000
Profit on ordinary activities before taxation	86,586	68,931
Profit on ordinary activities multiplied by the standard rate of corporation tax in Ireland of 12.5% (2006: 12.5%)	10,823	8,616
Effects of:		
Disallowed expenses	(9)	(8)
Current tax charge for year	10,814	8,608

9	Loans to and receivables from financial institutions	31 December 2007 EUR'000	31 December 2006 EUR'000
	Amounts falling due within one year:		
	- deposits with group undertakings	7,570	-
	- unsecured	353,532	-
	- collateralised	677,324	860,879
		1,038,426	860,879
	Amounts include:		
	- due from related parties	728,668	782,908
10	Loans to and receivables from Customers	31 December 2007 EUR'000	31 December 2006 EUR'000
	Amounts falling due within one year:		
	- collateralised	781,173	34,157
		781,173	34,157
11	Trading securities – long positions	31 December 2007 EUR'000	31 December 2006 EUR'000
	Shares:		
	- listed	4,631,869	723,389
	Bonds and convertibles		
	- listed and/or indexed to listed shares	325,918	125,093
	- collateralised debt obligations	62,959	51,958
	- unlisted corporate bonds	1,342,137	213,696
	- government bonds	-	260,666
		6,362,883	1,374,802
12	Derivative financial instruments – long positions	31 December 2007 EUR'000	31 December 2006 EUR'000
	Analysed by:		
	Categories of counterparty:		
	- financial institutions	1,286,737	487,577
	- other institutions	1,518,320	314,426
		2,805,057	802,003
	Analysed by maturity:		
	Less than 1 year	1,377,329	344,699
	Between 1 and 5 years	1,422,894	450,130
	Greater than 5 years	4,834	7,174
		2,805,057	802,003

	Amounts include:		
	- due from related parties	1,160,854	413,923
13	Financial assets designated at Fair value through Profit or Loss	31 December 2007 EUR'000	31 December 2006 EUR'000
	Amounts falling due within one year		
	- collateralised	73,665	21,814
	Amounts falling due after one year		
	- collateralised	-	25,585
		<u>73,665</u>	<u>47,399</u>
14	Debtors - amounts falling due within one year	31 December 2007 EUR'000	31 December 2006 EUR'000
	Other debtors	987	3,331
	Prepayments	239	259
		<u>1,226</u>	<u>3,590</u>
	Corporation Tax recoverable	3,226	-
		<u>4,452</u>	<u>3,590</u>
15	Trading securities - short positions	31 December 2007 EUR'000	31 December 2006 EUR'000
	Shares:		
	- listed	975,600	708,804
	Bonds and convertibles		
	- government bonds	-	260,666
	Sold listed options	77,029	53,706
		<u>1,052,629</u>	<u>1,023,176</u>
16	Derivative financial instruments – short positions	31 December 2007 EUR'000	31 December 2006 EUR'000
	Analysed by:		
	Categories of counterparty:		
	- financial institutions	773,969	508,946
	- other institutions	1,127,773	117,113
		<u>1,901,742</u>	<u>626,059</u>
	Analysed by maturity:		
	Less than 1 year	1,054,083	152,454
	Between 1 and 5 years	827,338	457,731
	Greater than 5 years	20,321	15,874
		<u>1,901,742</u>	<u>626,059</u>

	Amounts include:		
	- due to related parties	626,097	451,620
		31 December	31 December
17	Loans from financial institutions	2007	2006
		EUR'000	EUR'000
	Amounts falling due within one year:		
	- amounts due to Nexgen group undertakings	50,977	8,352
	- amounts due to financial institutions	2,075,502	1,072,022
	- collateralised borrowing	5,618,269	99,894
		<u>7,744,748</u>	<u>1,180,268</u>
	Amounts include:		
	- due to related parties	7,651,547	1,148,080
		31 December	31 December
18	Accrual and other creditors	2007	2006
	- amounts falling due within one year	EUR'000	EUR'000
	Amounts due to Nexgen group undertakings	55,182	14,328
	Accruals and deferred income	32,038	27,720
		<u>87,220</u>	<u>42,048</u>
	Corporation Tax	-	692
		<u>87,220</u>	<u>42,740</u>
		31 December	31 December
19	Debt securities in issue	2007	2006
		EUR'000	EUR'000
	Debt securities in issue repayable:		
	Between 1 and 5 years	<u>102,985</u>	<u>134,129</u>

Debt securities in issue at 31 December 2007 are equity linked notes which have been issued to the subscriber and mature in January 2009. This instrument contains both a liability and a third party equity linked component.

20 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 2007. 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:

31 December 2007			
	Notional Amount	Fair Value Asset	Fair Value Liability
	EUR'000	EUR'000	EUR'000
Interest rate contracts	19,283,241	65,660	397,533
Foreign Exchange contracts	365,752	676	9,512
Equity contracts	22,803,787	2,699,913	1,485,690
Credit Derivative contracts	6,904,258	4,972	9,007
Commodity contracts	16,320	33,836	-
Total contracts	49,373,358	2,805,057	1,901,742

31 December 2006			
	Notional Amount	Fair Value Asset	Fair Value Liability
	EUR'000	EUR'000	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
	32,284,259	802,003	626,059

21 Fair Value of Financial Instruments - Day 1 Profit

	31 December 2007 EUR'000	31 December 2006 EUR'000
Balance at 1 January	-	-
Deferral of profit on new transactions	8,955	-
Recognised in the income statement during the period	(348)	-
Balance at 31 December	8,607	-

22 Share Capital

31 December 2007

Authorised:

1,000 ordinary shares of EUR 1 each

1,000

Allotted, called up and fully paid:	
One ordinary share of EUR 1	1

Share Capital contd.

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

23 Capital contribution	31 December 2007 EUR'000	31 December 2006 EUR'000
Capital contribution	101,356	101,356
	<u>101,356</u>	<u>101,356</u>

24 Reconciliation of movement in equity shareholders' funds	31 December 2007 EUR'000	31 December 2006 EUR'000
Opening shareholders' funds	161,687	119,364
Capital contribution received	-	-
Profit for the year	75,772	60,323
Dividend to parent	(60,900)	(18,000)
Closing shareholders' funds	<u>176,559</u>	<u>161,687</u>

25 Dividends Proposed and Paid

The Company paid a dividend of EUR 60.9m to its parent during the year (2006: EUR 18m).

26 Related Party Transactions

The Company has carried out a number of transactions during the year with Nexgen Reinsurance, NATIXIS S.A., La Compagnie 1818 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 the Company at 31 December 2007 are disclosed in the relevant notes above. (See notes 9, 12, 16 and 17).

The amount of Key Management Personnel Compensation paid by the Company for the year was:

	Year ended 31 December 2007 EUR'000	Year ended 31 December 2006 EUR'000
Short term employee benefits	633	336
Post employment benefits (employer payments to pension scheme)	<u>32</u>	<u>31</u>
Total	<u>665</u>	<u>367</u>

27 Commitments and Guarantees

There were no commitments or guarantees of the Company at 31 December 2007.

28 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.

Assets sold / lent subject to repurchase agreements

	31 December 2007 EUR 000	31 December 2006 EUR 000
Fair value of securities lent which can be sold or repledged:	3,662,775	91,297
Fair value of securities lent which cannot be sold or repledged:	-	-
Value of collateral taken:	3,271,145	91,327

Liabilities covered by reverse repurchase or stock borrowing agreements

	31 December 2007 EUR 000	31 December 2006 EUR 000
Fair value of securities borrowed which can be sold or repledged:	1,787,047	1,002,831
Fair value of securities borrowed which cannot be sold or repledged	-	-
Value of collateral placed	1,197,224	782,908

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 2007 EUR 000	31 December 2006 EUR 000
Fair Value of shares pledged under share forward agreements:	2,381,164	548,894

29 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 2006 EUR'000
Cash and balances with Central Banks	227	45,229
Loans to and receivables from financial institutions (with an original maturity of less than 3 months)	<u>577,508</u>	<u>859,522</u>
	<u>577,735</u>	<u>904,751</u>

30 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, as of midnight on 31 December, 2007, an 100% subsidiary of Natixis S.A., a bank listed on the Bourse de Paris, France. NATIXIS is the largest group company for which group accounts are prepared.

31 Approval of Financial Statements

The directors approved the 2007 Financial Statements on 5 March 2008.