



Annual report 2009



Financial Information

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Corporate Governance

Annual report 2009

Introduction

In 2006, Foyer Assurance S.A. participated within a working group set up by the Luxembourg Stock Exchange which drew up "The ten principles of corporate governance of the Luxembourg Stock Exchange", including a revised version published in October 2009. These principles address Luxembourg companies that are quoted on the Exchange. They aim to contribute to build added value in the long term:

"A good corporate governance framework should create a balance between a performance orientated strategy on the one hand, and adherence to reliable risk management systems and internal controls on the other. The latter requires responsibility, integrity and transparency" (Quotation from the preamble of the Ten Principles)

By decision of 6 March 2007, the Board of Directors of FOYER S.A. adhered to the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange by adopting a set of rules which constitute the Corporate Governance Charter of the FOYER S.A. Group (Hereafter "the Charter"). Following the adherence to these rules, the articles of incorporation of FOYER S.A. were brought in line and agreed with by the

Extraordinary Shareholders Meeting of 3 April 2007. The charter was applicable immediately thereafter.

The Charter describes the principal aspects of Corporate Governance of the FOYER S.A. Group by outlining precisely the manner in which FOYER S.A. is managed and controlled. The Charter is made up of different parts:

- a description of the structure and the organisation of the Group;
- the components of issued share capital of FOYER S.A.;
- the role and functioning mode of General Meeting of Shareholders;
- the composition, attributions and functioning mode of the Board of Directors and Standing committees which are assisting the Board of Directors as advisory bodies;
- a description and the functioning mode of the Executive Management in charge of daily management.
- An overview of the external controlling bodies which supervise Group activities and audit annual accounts.

The Charter is completed by a coordinated version of the statutes of FOYER S.A.

The Charter sticks to all the principles of Corporate Governance as enacted by the Luxembourg Stock Exchange. However, in as far as the independence criteria of the board members is concerned, the Board of Directors believes that, to the contrary of the recommendation of 3.5 (see annexe D paragraph h) of the Ten Principles, that a long term mandate will probably constitute an advantage, given the fact that it allows the board member to acquire over the years a thorough knowledge

of FOYER S.A. Group, without any incidence on his ability for critical examination and/or his independence.

Whenever the Board of Directors adopts a change in the wording of the Charter, it is immediately updated.

An updated version of the Charter can be consulted on the website **www.foyer.lu**.

Shareholder's structure

The shareholder's structure of Foyer S.A. on 31 December 2009 was the following :

Participation held in the share capital	31.12.2009
Foyer Finance S.A.	78,62 %
Luxempart	4,67 %
Public and institutional investors	16,23 %
Foyer S.A.	0,48 %
Total	100,00 %

On 31 December 2008, FOYER S.A. held 0,042% of its own shares. In accordance with the authorization granted by the General Meeting of Shareholders on 7 April 2009, the Board of Directors has approved the same day the implementation of a program to repurchase Company's shares in order to achieve the following objectives:

- a) Cover a stock option plan of FOYER S.A. for employees and executives of the Foyer Group;
- b) Cancel the repurchased shares by a decision of an Extraordinary General Meeting to be held later on;
- c) Maintain and give subsequently shares of FOYER S.A. in exchange or payment in connection with an acquisition.

Based on this repurchase program, the shares FOYER S.A. held in self-control is passed at 31.12.2009 to 0,48% of issued shares.

To the knowledge of the company, no individual shareholder, with the exception of Foyer Finance S.A., held more than 5% of the share capital of FOYER S.A. at 31.12.2009.

The Board of Directors

Mission

The Board of Directors is body that is responsible for the management of FOYER S.A. It has the authority to take all decisions and to enact all measures necessary and useful to reach the object set out by the articles of incorporation of the company, with the exception of all rights which either by law or by the articles of incorporation are specifically reserved for the Shareholder' meeting. It is its duty to insure the success of the company in the long term and of its current activities, in the interest of its shareholders and other concerned parties such as its clients, its employees and in general the social environment in which it is active. Above all the Board of Directors is responsible for the strategic lines followed by the company and the control of current affairs.

Membership

The Board' membership is of at least 3 and maximum 12 members, where the majority are to be non-executive members. A large enough number, (at least one third) are independent members. The president of the board and, if possible, the vice-president(s) will be non-executive Board members.

Important events during 2009 regarding the composition of the Board were the following:

- As proposed by the Board of Directors to the Annual General Meeting of the shareholders on 7 April 2009, following mandates were confirmed for one year, until the Annual General Meeting 2010: MM. Romain BECKER, Dominique LAVAL, Henri MARX, Jacquot SCHWERTZER, François TESCH, Lucien THIEL, Théo WORRE and Patrick ZURSTRASSEN whose mandate ended on the day of the AGM;
- By decision of the Board of Directors of 7 April 2009, Mr. Lucien THIEL was confirmed as president of the Board;
- Mr. François TESCH was confirmed as Chief Executive Officer (CEO).

On 31 December 2009, the Board of Directors of FOYER S.A. was made up by 8 members:

- 1 Chief Executive Officer
- 7 non-executive members, of which 5 independent members.

Mr. Lucien THIEL

President of the Board of Directors

Independent non-executive director

Born in 1943, Luxembourg nationality

Mr. L. THIEL is a graduate from the "Ecole Supérieure de Journalisme" from Paris, as well as graduate of "Hautes Etudes Internationales" (Paris). During 20 years Mr. Thiel worked as journalist assuming successively the function of editor for two in Luxembourg well known weekly news-papers. In 1990 he became member of the executive body of the ABBL (Association des Banques et Banquiers, Luxembourg). Mr. Thiel held this post until 2004, year during which he became a member of "Chambre des Députés du Grand-Duché de Luxembourg. Mr. Thiel holds mandates as board member in non-quoted Luxembourg companies "Editions D'Letzeburger Land S.A." and Otto Finance S.A. By decision of 19 October 2007, the Board of Directors of FOYER S.A. co-opted Mr. Thiel with effect of 1 November 2007 as board member and at the same time voted him as the new president of the Board of Directors. The Annual General Meeting of share-holders confirmed his election on 1 April 2008.

Mr. François TESCH

Executive Member of the Board

Chief Executive Officer Foyer S.A. Group

Born in 1951, Luxembourg nationality

Mr. Tesch holds a Bachelors degree in Economics and a Masters Degree from INSEAD. After having worked as financial analyst with W.R. Grace in New-York and finance manager with W.R. Grace in Paris, Mr. Tesch joined the Group in 1983 as secretary general. Since 1985 he holds the responsibility of Chief Executive Officer and assumed the presidency of the Board of Directors of FOYER S.A.. In line with the rules laid out in the Corporate Governance Charter, Mr. Tesch withdrew from the latter post on 1 November 2007 and handed it over a non-executive Board member. Mr. Tesch holds the post of executive board member of Foyer Finance S.A. and Chief Executive Officer of FOYER S.A. and Luxempart S.A. He is also a member of the Board of Directors of the following companies: SES S.A., Luxempart S.A. and Atenor Group S.A.

Mr. Romain BECKER

Independent non-executive member of the Board

Born in 1954, Luxembourg nationality

Mr. R. Becker is a member of the Board of Directors of FOYER S.A. since 6 April 2000. He is a graduated electromechanical engineer from EPF in Zurich in 1977. In 1978 he joined the Ministry of Economics and Energy where he held the important office of Government Counsel and Commissioner of the Government for Energy. He took office with CEGEDEL S.A. in 1996 where he became President of the Executive Committee in 1997 until the merger of that company with companies SOTEG-Saar Ferngas, which now form the Group Enovos. In this group, Mr. Becker is a member of the Executive Committee of Enovos International and CEO of Creos Luxembourg. He is also member of the Board of various unquoted companies amongst which LuxEnergie, Luxgaz distribution and SEO. He is also a member of the Board of FEDIL.

Mr. Dominique LAVAL

Non-executive Member of the Board

Born in 1948, Luxembourg nationality

Mr. D. Laval is a member of the Board of Directors of FOYER S.A. since 2000. He holds a degree in Business Administration from E.C.A.D.E.(E.C.L. of Lausanne), as well as a post graduate diploma in management and International Commerce from "Ecole de Commerce Solvay (U.L.B.) Mr. Laval is a board member of different non-quoted companies such as FOYER FINANCE S.A., Sogeva S.A., Alltec Solution Provider S.A., Alltec Participations S.A., Poudrerie de Luxembourg S.A., Teco N.V. and CapitalatWork Foyer Group S.A.

Mr. Henri MARX

Independent non-executive member of the Board

Born in 1944, Luxembourg nationality

Following his secondary studies, Mr. H. Marx started working for the company in 1967. From 1988 to 2006 he was a member of the management of the Foyer Group, and Assistant General Manager as of 2000. Mr. Marx left professional life in 2006, but continues to assume, just as in past years, the responsibility as president of the board of directors of Foyer Assurances S.A. and Foyer Vie S.A. He is a member of the Board of Directors of FOYER S.A. since 2000.

Mr. Jacquot SCHWERTZER

Independent non-executive member of the Board

Born in 1956, Luxembourg nationality

Mr. J. Schwertzer holds a masters degree in economics, company management section, of the Louis Pasteur University in Strasbourg.

Mr. Schwertzer was initially nominated to the Board of directors of Foyer S.A. in 2000. Since that date he is also a member of the Audit and Compliance Committee of the FOYER S.A. Group. He is Chief Executive Officer of the Group Socipar S.A. and is a member of the management committee of the Luxempart S.A. Group. As such he is a member of the Board of Directors of the quoted company Poweo S.A. and in Indufin S.A. a non-quoted company.

Mr. Théo WORRE

Non-executive member of the Board

Born in 1940, Luxembourg nationality

Mr. Th. Worré graduated as architect at the Institute Saint-Luc of Saint-Gilles-lez-Bruxelles. He founded, more than 30 years ago, an architect design office in Luxembourg and acquired a solid reputation by participating in numerous large building projects. He became a member of the Board of Directors of Foyer Finance S.A. in 1990 and a member of the Board of FOYER S.A. in 2000.

He is also a member of the board of directors of non-quoted public companies Sogeva S.A., Alltec Solutions Provider S.A., Alltec Participations S.A.

Mr. Patrick ZURSTRASSEN

Independent non-executive member of the Board

Born in 1945, Belgium nationality

Mr. Patrick Zurstrassen is a member of the Board of Directors of FOYER S.A. since 2002. He holds degrees of different faculties: Civil Engineering from the Liège University, Masters degree in Physics from Leeds University, Masters degree from the University of California of Los Angeles as well as a graduate diploma in Banking Techniques from the Centre de Formation Bancaires of Brussels. From 1974 till 2001, Mr. Zurstrassen held various high ranking responsibilities within the Crédit Agricole Group, amongst others as Chief Executive Officer and as member of the Management Committee of Crédit Agricole Indosuez Luxembourg S.A.. (1987-2001). From 1988 till 2007 he was a professor at the faculty for economic sciences at the Université Catholique de Louvain. Mr. Zurstrassen holds numerous mandates as independent board member in OPCVM companies.

Mr. Marcel MAJERUS, Legal manager of the Group acts as **Secretary of the Board of Directors**.

Functioning mode

The Board meets upon notice of meeting from the President.

The Board of Directors can not validly deliberate and ordain if not at least a majority of members is present or represented. Members may not represent more than one of his colleagues.

Decisions are taken at the majority of votes expressed by present or represented members, abstentions or abstention votes are not being considered. In case of an undecided vote, the vote of the president decides.

In practice, almost most decisions are taken with unanimous consensus.

Resolutions of the Board of Directors may validly be taken by circular vote when they are being signed and approved by all the Board members.

Activity report

Subjects for deliberation

The main subject of discussion and/or deliberation for Board meetings of 2009 were the following:

- analysis of the annual accounts and annual consolidated accounts for the year 2008, as well the interim half year financial report of 2009, and approval of press releases related;
- publication of the Embedded Value as of 31.12.2008 of Foyer Vie S.A. and Foyer International S.A.;
- preparation of the Annual General Meeting of shareholders of 7 April 2009;
- follow-up of the evolution of the economic crisis and stock market analysis and its impact on the FOYER Group;
- follow-up of the evolution of European environmental legislation, particularly regarding the taxation of savings and administrative cooperation in tax matters;
- development strategy of the FOYER Group and the forecasts for the years 2010 – 2012;
- opportunity analysis for a further development of “Bancassurance” and “Assurance”;

- approval of the Acquisition Agreement of CapitalatWork Group S.A. with its Luxembourg, Belgian, Swiss and Spanish subsidiaries;
- merger between subsidiaries Foyer Patrimonium, CapitalatWork Group and CapitalatWork Int'l; this merger is effective from 31.12.2009 and the new merged entity was named CapitalatWork Foyer Group;
- creation of a credit intermediation company, Foyer Distribution S.A.;
- review of conclusions and recommendations of standing committees;
- approval of Stock Option Plan reserved for members of the Executive Committee Group;
- review the impact of the revised version of the ten principles of corporate governance of the Luxembourg Stock Exchange (October 2009) on the corporate governance charter of FOYER S.A.

Periodicity of meetings and attendance

The Board met five times during the last year. The average rate of attendance of board members at the meetings was 92,5% during the last year.

Remuneration

General guidelines in matters of remuneration of Board members are laid down in annex 5 of the Corporate Governance Charter.

In compliance with the principles and in compliance with the decision taken by Annual General Meeting of the shareholders of 7 April 2009:

- The delegated board member, acting as Chief Executive Officer, did not receive any remuneration as Board member in 2009;
- The mandate held by non-executive Board members were remunerated as follow in 2009:
 - a gross yearly indemnity; total gross yearly indemnities allocated to all non-executive Board members was € 145 616,44;
 - An attendance fee per attended meeting for every non-executive Board member; the total gross amount of attendance fees allocated to non-executive Board members was € 31 000.-
 - Amounts mentioned above take into account that one non-executive Board member waived the remuneration he was entitled to.

Standing Committees of the Board of Directors

For specific fields of activity, the Board of Directors may require the assistance, as a counsel, of specialised committees of which it determines the role, the responsibilities, the structure and the operating mode. In compliance with article 18 of the articles of incorporation, the Board of Directors needs to require assistance from at least the following committees:

- the Audit and Compliance committee,
- the Nomination and Benefits committee.

Authority of these committees extends to all the companies which are part of the FOYER S.A. Group.

The Board of Directors has established the Audit Committee as early as 18 September 2000. At the time of enactment of the Charter and the adaptation of the articles of incorporation on 3 April 2007 rendering compulsory the constitution of this committee, the Board of Directors decided to adapt the composition of the Audit and Compliance Committee such as to comply with the terms of the Charter allowing only for non-executive Board members to sit on this Committee. The Committee in its new form, started work as of 3 April 2007.

Besides, the Board of Directors institutionalized the Nomination and Benefits Committee on 3 April 2007.

Audit and Compliance Committee

Objective

The Audit and Compliance Committee assists the Board of Directors of FOYER S.A. as well as the Board of Directors of other companies member of the FOYER S.A. Group with their responsibility of supervision of the financial reporting system, the internal and external reporting procedure, control procedures verifying the compliance of activities with laws and regulations, as well as internal rules and codes of conduct applicable to the FOYER S.A. Group.

Membership

Mr. Jacques SCHWERTZER, President of the Committee, independent non-executive Board member,

Mr. Dominique LAVAL, non-executive Board member,

Mr. Henri MARX, independent non-executive Board member.

The members of the Audit and Compliance Committee were nominated on 3 April 2007 for a three year period until the shareholders Annual General Meeting of 2010.

Mr. Franck TOUSCH who is responsible for Internal Audit acts as secretary of the Committee.

Mrs. Sylvie BERTHOLET, who is responsible for Compliance on Group level, also assists at the Committee meetings.

Activity report

Subjects for deliberation

- examination of semi-annual consolidated accounts and the limited review by the independent auditor on 30 June 2009;
- analysis of the management letter prepared by the independent auditor following the audit of the 2008 accounts of Group companies;
- report the main conclusions of the internal audit relating to internal control systems;
- activity review of internal Audit and Compliance during 2009 planning of activities and missions for 2010, being considered hazard mapping;
- follow-up of the enacting of recommendations made by the Audit and Compliance Committee and by an external auditor;
- update the Audit and Compliance charter;
- possible creation of a position of Chief Risk Officer of FOYER S.A. Group.

Periodicity of meetings and attendance

The Audit and Compliance Committee met three times in 2009. The attendance rate of its members at these meetings was 100,0%.

Remuneration

In accordance with the remuneration policy of the FOYER S.A. Group, such as outlined in annex 5 of the Corporate Governance Charter, non-executive members of the Audit and Compliance Committee are entitled to an attendance fee for each meeting at which they assist.

In compliance with the principle and in line with the decision taken by Annual Shareholders Meeting of 7 April 2009, the gross amount of attendance fees paid in 2009 to the members of the Audit and Compliance Committee was € 9 500,00. One member of the Committee partially waived the fee he was entitled to.

Nomination and Benefits Committee

Objective

The Nomination and Benefits Committee assists the Board of Directors in all matters pertaining to the nomination (or dismissal) of Board members and members of the top Management (CEO and COO), as well all other matter pertaining to Board members and members of the Executive Management.

Membership

Mr. Patrick ZURSTRASSEN, President of the Committee, independent non-executive Board member,

Mr. Romain BECKER, independent non-executive Board member,

Mr. André ELVINGER external non-executive member (1),

Mr. François TESCH Executive Board member, CEO (2).

The members of the Nomination and Benefits Committee were nominated on 3. April 2007 for a three year period until the shareholders Annual General Meeting of 2010.

Mr. Benoît DOURTE, Director of Human Resources acts as secretary of the Committee.

(1) Mr. A. Elvinger is a member of the Nomination and Benefits Committee as President of the Board of Directors of the parent company FOYER FINANCE S.A., in order to guarantee a coherent nomination and benefits policy between the two poles of activity of the FOYER FINANCE S.A. Group, FOYER S.A. Group on one side and the LUXEMPART S.A. Group on the other.

(2) Mr. F. TESCH is a member of the Nomination and Benefits Committee only for matters concerning the nomination or dismissal of Board members or the COO.

Activity report

Subjects for deliberation

- advice on the renewal of Board membership for outgoing Board members in view of the Annual General Meeting of 7 April 2009;
- proposal to allocate the year-end bonus to members of the Executive Management of the Group in respect of the fiscal year 2008, considering the annual assessment of their performance and results of Group companies;
- proposal to revise the remuneration of the members of the Executive Management of the Group for the period 2009/2010;
- follow-up the evolution of European recommendations regarding the remuneration of CEOs;
- development of a Stock Option Plan for members of the Executive Management of the Group, this circle can be extended to other beneficiaries to be determined by the Executive Committee in accordance with the Nomination and Benefits Committee;
- review of the revised version of the ten principles of corporate governance published by the Luxembourg Stock Exchange in October 2009;
- implementation of the process of self-evaluation of the functioning of the Board of Directors of FOYER S.A.

Periodicity of meetings and attendance

During the year 2009, the Nomination and Benefits Committee met 3 times. Average attendance rate was 100,0%.

Remuneration

In accordance with the remuneration policy of the FOYER S.A. Group, such as outlined in annex 5 of the Corporate Governance Charter, non-executive members of the Audit and Compliance Committee are entitled to an attendance fee for each meeting at which they assist.

In compliance with the principle and in line with the decision taken by Annual Shareholders Meeting of 7 April 2009, the gross amount of attendance fees paid in 2009 to the members of the Nomination and Benefits Committee was € 10 500,00.

Executive Management

Objective

The objective of the Executive Management is the management and the development of the FOYER S.A. Group while respecting the values, the strategies, the policies and the plans and budgets as approved by the Board of Directors. While exercising this function, the Executive Management is responsible for complying with all legislation and rules in existence, and in particular the respect of the judicial and rules framework applicable to every company of the FOYER S.A. Group.

The Board of Directors has entrusted day by day management as well the mission to represent the company as an executive Board member acting as Chief Executive Officer (CEO), authorising him to substitute all responsibility regarding day by day management and representation in as far as this management is concerned.

Membership

The Chief Executive Officer (CEO)

The CEO is the highest ranking executive of the FOYER S.A. Group. He is responsible for daily management of Foyer S.A. and FOYER S.A. Group.

François TESCH, Executive Board member of FOYER S.A.

Mr. Tesch had his mandate as Executive Board member renewed in accordance with a decision by the Board of Directors of 7 April 2009.

The Chief Operating Officer (COO)

The CEO is being assisted by the Chief Operating Officer in the management of the FOYER S.A. Group in accordance with the authority that the CEO delegated to him.

Marc LAUER holds a degree in economics and actuarial sciences.

The Executive Committee

The Executive Committee is not a standing Committee as provided for by article 18 of the articles of incorporation. The Executive Committee is a consulting body being composed by the CEO, the COO and the Executive Board member of CapitalatWork Foyer Group, Mr. Vincent DECALF, were they consult, agree their actions and exchange information.

The Group Management

In connection with the objectives that are theirs, and which are accurately described in the Charter, the CEO and the COO are assisted by the Group Management, which comprises the operational management and the functional management of the FOYER S.A. group.

Group Management either meets in plenary ("**Group CD**"), or in limited composition such as the "**Local CD**" for the life and non-life sectors and the "**International CD**" for the financial and the international life sectors.

The Operational Management

Non-life insurance

Paul FOHL

Permanent member of the Group Management Committee and the Local Management Committee

Resident Life insurance

Philippe BONTE

Permanent member of the Group Management Committee and the Local Management Committee

International Life insurance

Jean-Louis COURANGE

Permanent member of the Group Management Committee and the International Management Committee

Asset Management

Vincent DECALF

Permanent member of the Group Management Committee and the International Management Committee

Functional Management

Sales and Marketing

Gilbert WOLTER

Permanent member of the Group Management Committee and the Local Management Committee

Accounting and Reporting

Marc LAUER

Permanent member of the Group Management Committee and the Local Management Committee and the International Management Committee

Surveys and product development

Philippe BONTE

Permanent member of the Group Management Committee and the Local Management Committee

Finance

André BIRGET

Permanent member of the Group Management Committee, the Local Management Committee and the International Management Committee

Human Resources management and

Administration

Benoît DOURTE

Permanent member of the Group Management Committee, the Local Management Committee and the International Management Committee

Legal

Marcel MAJERUS

Permanent member of the Group Management Committee

Information technology

Daniel ALBERT

Permanent member of the Group Management Committee and the Local Management Committee

Activity Report

Subjects for deliberation

During 2009, Executive Management paid particular attention to the following points:

- result monitoring in comparison with the business plan;
- drafting and publishing of interim comments of management in relation with the financial situation of the Foyer Group and important events and transactions having an incidence on the financial situation of the Group;
- drawing up of the Business Plan 2010 – 2012;
- study and carrying out of projects concerning the development of the Group, such as the acquisition of the CapitalatWork Group;
- analysis of the competitive environment;
- renewal of business lines and marketing of new lines and services; such as property and casualty insurance “reebou family” and the package “mobilé crédit” combining the financing of the acquisition of a motor vehicle and its assurance;
- IT management projects;
- updating of the internet site www.foyer.lu in order to make it more attractive and user friendly;
- operational and organisational follow-up of Group company's;
- follow-up of the elaboration process of a project for an EU directive in matters of solvency margins of insurance companies, called “Solvency II.

Periodicity of meetings

The **Group CD** meets in principle once a quarter, the **International CD** once a month and **Local CD** weekly.

Retribution

Total gross retribution allocated to the members of the Executive Management for the year 2009 (11,5 people) amounted to € 3 884 789,49, of which € 2 459 368,93 were fixed salary and € 1 425 420,56 variable retribution.

Members of the Executive Management benefit, as all staff of the Group from a pension benefit plan covering the pension, death and invalidity risks. Premium paid in this respect for all members of the Executive Management amounted in 2009 to € 277 074,61.

Two members of the Executive Management benefit from a loan granted by a company of the Group for a total amount of € 309 866,90 (as per 31 December 2009). Other retributions (payments in kind, representation expense) amounted to € 43 462,00.

Under the “Stock Option Plan” implemented for members of the Executive Management Committee of the Group, 48 264 stock options were granted in April 2009 to ten beneficiaries for the year 2008. The Company is free to decide each year whether to grant option rights or not. The granting of options is subject to a flat tax model entry. The option rights, if any, are awarded annually depending on length of service and achievement of performance targets for each one. The right option is subject to a lockup period of four years and must be exercised within ten years from the grant of the option. The “Stock Option Plan” of members of the Executive Management Committee of the Group is financed by a program of share buybacks by FOYER S.A., pursuant the authorization of the General Meeting of shareholders of FOYER S.A. held on 7 April 2009 and the buyback program approved by the Board of directors of Foyer S.A. on the same day. For more information, it is referred to in paragraph 2 of Note 33 of the consolidated accounts of FOYER S.A. as at 31 December 2009.

Other Information

In accordance with the law of 16 May 2006 concerning market abuse transposing EU directive 2003/6/CE in matters of insider transactions and market manipulation, the Board of Directors adopted a set of internal code of conduct aiming at defining measures to avoid such insider transactions. This code of conduct, which was updated on 1 April 2008, following the coming into effect of the law of 11 January 2008 in relation with transparency obligations of issuers of financial instruments, are published in annex 4 of the Charter.

In application of article 16 of the law of 16 May 2006, a list of insiders has been computed and is continually being updated and concerned persons have been informed of their being mentioned in the list.

Compulsory information, such as the one prescribed by the law of 11 January 2008, is published on the web site **www.foyer.lu** and is made public through the news papers. The information is also deposited with the CSSF, and, since 1 January 2009, archived with the Société de la Bourse de Luxembourg acting as the Luxembourg OAM ("Officially Appointed Mechanism") responsible for centralised archiving of compulsory information.

Furthermore the company publishes on its web site **www.foyer.lu**, under the heading Investors relations", transactions with FOYER S.A. shares made by people exercising executive responsibility within FOYER S.A. Group, by people having regular or occasional access of privileged information, as well as members of the "Comité Mixte d'Entreprise."

In 2009, 2 declarations were published in connection with the purchase of a total of 400 shares.

Consolidated Management Report

of the Board of Directors of FOYER S.A. to the Annual General Meeting of the Shareholders of Foyer S.A. on 6 April 2010

1. GROUP RESULTS

Turnover generated by gross earned premium increased from € 332,37 million in 2008 to € 397,31 million in 2009, which represents an increase of 19,5%. This sharp increase of turnover is essentially due to the development of Life insurance which progressed by 72,8%. The earned premiums of Foyer Vie grew by 27,7%, this increase comes from the takeover of Generali Luxembourg's portfolio, while the premiums of Foyer International steeply rise € 41,37 million over the year. The last quarter of 2009 was particularly favorable to the marketing of Life insurance products sold from Grand Duchy of Luxembourg under the freedom to provide services.

Consolidated net profit increased from € 12,13 million at 31 December 2008 to € 41,58 million at 31 December 2009, an increase of 242,8% compared with 2008.

It should be noted that the result in 2008 included € 43.96 million of depreciation on portfolios due to the financial crisis.

In 2009, the negative financial impact related to the financial crisis was limited to € 15,17 million, which explains the improvement in profit after taxes.

2. SEGMENT ACTIVITY

2.1 NON-LIFE INSURANCE

The Non-life insurance segment of the Group consists of companies Foyer Assurances, Foyer Re, Foyer-ARAG et Foyer Distribution, fully consolidated and Foyer Santé which is proportionally consolidated (50,0%).

The gross earned premiums of Non-Life insurance have grown by 1,6% compared with 2008 and amounted to € 252,38 million. This smallest increase is due to a decline of turnover of captive by 12,7%.

In the Luxembourg market, the earned premiums by motor insurance grew by 4,0% in 2009 compared to 2,0% in 2008. This strong commercial dynamic has been conducted among individuals while the fleet market remains very competitive.

In the non-motor insurance, the earned premiums increased by 2,6% in 2009, compared to an increase of 6,5% in 2008. Despite tenacious competition in the special risks and the industrial risk sector which led to major tariff reductions, the turnover increased satisfactorily, through Reebou, of which Reebou Pro et Reebou Immo.

The health insurance segment always shows, with 19,1%, a growth rate of its dynamic turnover.

In the Belgian market, gross earned premiums increased by 18,8% in 2009 compared to 1,6% in 2008. A new business strategy more selective in terms of choice of intermediaries has been applied and new more competitive products in motor insurance segment was introduced.

In 2009, gross claims expense in the Non-life segment increased by 5,8%.

However, after reinsurance, claims expense Non-life without captive activity grew by 6,7% in 2009 due to smaller amount of claims expense born by reinsurers.

The costs incurred by the Non-Life increased only 2,5% compared with 2008.

Without taking into consideration exceptional financial results in 2008 and 2009 and before tax, recurrent income of Non-life segment amounts to € 50,13 million in 2009, compared to € 48,93 million in 2008.

The contribution of the Non-life insurance segment to the result after tax amounts € 32,74 million in 2009 compared to € 11,89 million in 2008, an increase of 175,3%.

2.2 LIFE INSURANCE

The Life insurance segment of the Group consists of companies Foyer Vie and Foyer International, fully consolidated, and Raiffeisen Vie which is proportionally consolidated (50,0%).

The gross earned premiums of Life Insurance segment amount to 144,92 million at the end of 2009 and, compared with 2008, grew by 72,8%. The commercial success comes from the takeover of Generali Luxembourg's portfolio and the spectacular growth in turnover of Foyer International in insurance contracts.

Funds collected by Foyer International, as well for the Life insurance contracts as for the investment contract amount to € 324,17 million and, compared with 2008, increased by 202,2%. Over two thirds of this production were made in the last quarter. This success reflects a favorable economic and regulatory environment.

The gross earned premiums of Foyer Vie (portfolio Generali Luxembourg of) increased by 6,8% compared with last fiscal year, essentially due to commercial success of Group-Life insurance, which grew by 13,2% compared with 2008.

The turnover of Raiffeisen Vie grew by 46,1% in 2009. This good performance is due to an increase of average premium income in long and short term debt financing life insurance business.

At 31 December 2009, Life insurance benefits costs amounted to € 192,19 million, compared to a income of € 38,71 million in 2008. After neutralizing the influence of the variation of assets covering technical provisions in units of accounts on charges, they are limited to € 144,35 million compared to € 81,28 million in 2008. This important increase is essentially due to the takeover of portfolio Generali Luxembourg by Foyer Vie and a good commercial dynamic in Foyer International marketing of insurance contracts.

The costs incurred by Life insurance segment decreased by 1,7% between 2008 and 2009. The recurrent income of Life insurance, before exceptional financial results and tax, amount to € 13,50 million compared to € 10,98 million in 2008.

The contribution of the Life insurance segment to the result after tax amounts to € 5,20 million in 2009 compared to € 3,08 million in 2008, an increase of 68,9%.

2.3 ASSET MANAGEMENT

In February 2009, the Group acquired CapitalatWork. This acquisition has doubled the volume of assets managed by the Group and provides a new size and international dimension to private banking activity of the Group.

Thus, the asset management segment consists of CapitalatWork Foyer Group (100%) and Foyer Selection SICAV (74,81%), fully consolidated and Tradhold, which is proportionally consolidated (50,0%). It also includes financial results of Foyer S.A it self.

CapitalatWork Foyer Group is formed by the merger between Foyer Patrimonium, CapitalatWork Int'l and CapitalatWork Group S.A. and has subsidiaries in Belgium, Spain, Switzerland and also a branch in the Netherlands. At 31 December 2009, the company had € 3 688,75 million assets under management, an increase of 15,3% compared with 2008. This grew is due to the favorable evolution of stock market.

At 31 December 2009, the recurrent income of CapitalatWork Foyer Group amounts to € 15,63 million.

Costs incurred by CapitalatWork Foyer Group amount to à € 25,52 million. This amount includes reorganisation costs related to the integration of the company, of wich the liquidation of the Belgian branch of Foyer Patrimonium and expenses of fitting out offices in Leudelange.

The contribution of the Asset management segment to the consolidated result after tax grew from a loss of € 2,84 million in 2008 to a profit of € 3,64 million at 31 December 2009.

3. INVESTMENT STRATEGY OF THE GROUP

The global banking and financial crisis in the second half of 2008 led in 2009 to a deep recession in developed countries. Depression has been avoided thanks to systematic rescue of banks and certain credibility of international coordination (G20) for growth and financial stability.

Until mid-March, the aversion to risk and therefore the state of stress and illiquid markets remained maximal. In an environment of short-term rates to near zero, the credibility of monetary initiatives and global policies and some positive signals, especially in emerging countries (China, Brazil ...), have, after mid-March, led to a recovery even spectacular of the price of credit risk and the level of shares.

Investors, seriously under-invested in risk assets, and seeking a bit of profit, have become purchasers of large amounts of new issuance of corporate bonds. This led to lines of credit, exorbitant in early 2009, to shrink to more normal levels and open to private companies a means of refinancing while bank credit was very little available.

Reducing the volatility of the stock market and results of the companies, often better than expected, have encouraged a certain return of investors in the stock market. Asian markets have been particularly successful. Thus over the year, the performance index Eurostoxx50 grew by 21% and the SP500 by 23%.

Group Foyer has maintained its strong allocation in bonds, but reduced in the class allocation of public issuers on behalf of corporate bonds. The equity allocation was slightly increased at the expense of liquidity.

Market Value (%)	2009	2008
Bonds	81,6	81,6
Shares	7,2	6,8
Funds	7,2	5,5
Cash	4,0	6,1
Total	100,0	100,0

The currency risk is minimal, assets in non-Euro currencies are generally hedged.

The credit risk represented by the risk on issuers of bonds is limited by the choice of issuers, high rating and wide distribution among issuers. The bond portfolio contains 98,7% for securities of rating « investment grade » and 1,3% of securities rated lower than BBB-or not rated.

Interest rate risk is primarily managed through the duration of the bond portfolio. At the end of 2009, this parameter amounts to 4,73 years.

The stock market risk is managed through broad diversification across markets and securities and an ongoing assessment of securities portfolio for their performance perspective.

For a detailed description of these risks and their management, it is referred to Note 6 to the consolidated accounts.

4. OUTLOOK

During the second half of 2009, the recovery of stock markets and the slight economic recovery did not prevent the financial markets to show great nervousness at the beginning of 2010. This can be explained by the dire situations of the public finances of some European countries and the fragile economic recovery.

This financial and economic uncertainty would persist even in 2010.

Despite this uncertainty about the economic growth in the coming years, we believe that we can maintain the local market rate of development of our activities in 2010 close to previous years, thanks mainly to a revival of our marketing efforts.

Life insurance marketed under the freedom of services beyond borders, 2010 should again have a major expansion of turnover, after an exceptional year 2009. The benefits of the Life products compared with other savings products, particularly their strengths in terms of estate planning, have been essential tools in investment management.

Merging Foyer Patrimonium and CapitalatWork in late 2009 should help achieve, in 2010, the synergies sought in commercial terms and in terms of cost reduction. We expect in 2010 a sharp increase in profit contribution of the activity of asset management.

Despite good operational performance in perspective, the evolution of the result will still be exposed to risks specific to the insurance business and stock market developments, which in 2010 should still show some volatility.

Leudelange, 8 March 2010

Board of Directors

RESPONSABILITY STATEMENT

In accordance with article 3 (2) c) of the law of 11 January 2008 in connection with the obligations of transparency concerning information about issuers of securities admitted for negotiation on a regulated stock market, Mr. François TESCH, Chief Executive Officer and Mr. Marc LAUER, Chief Operating Officer, declare that the financial statements of Foyer S.A. have been established under their responsibility, in conformity with the

complete set of accounting standards, and that, to their knowledge, these financial statements give a true and fair view of all assets and liabilities, the financial situation and the profits and losses of Foyer S.A., and all companies included in consolidation, and that the management report truly presents the evolution, results and situation of Foyer S.A. and all companies included in consolidation.

Marc Lauer
COO

François Tesch
CEO

Independent Auditor's Report

To the Shareholders of
Foyer S.A.
12 rue Léon Laval
L-3372 Leudelange

Following our appointment by the General Meeting of the Shareholders dated 7 April 2009 we have audited the accompanying annual accounts of Foyer S.A., which comprise the consolidated balance sheet as at 31 December 2009, the consolidated profit and loss account, statement of changes in shareholders' equity, the consolidated statement of recognised income and expense and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for preparation and presentation of the consolidated annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these consolidated annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing; implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error;

selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the "Réviseurs d'Entreprises"

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The selected procedures depend on the judgment of the "Réviseur d'Entreprises", including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'Entreprises" considers internal control relevant

to the entity's preparation and fair presentation of the consolidated annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of this.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated annual accounts.

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

Opinion

In our opinion, the consolidated annual accounts give a true and fair view of the financial position of Foyer S.A. as at 31 December 2009, and of its financial performance and its consolidated cash-flow of the year ended at this date in accordance with the International Financial reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is in accordance with the consolidated annual accounts.

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises

Jean-Michel PACAUD

Luxembourg 22 March 2010

Consolidated balance sheet

as at 31 December 2009

€ thousand ASSETS	Notes	31.12.2009	31.12.2008
Intangible fixed assets		54 058,3	6 805,1
- Goodwill	11	48 634,6	251,2
- Other intangible fixed assets	11	5 423,7	6 553,9
Tangible fixed assets		61 105,0	53 010,3
- Investment properties	13	9 901,8	5 640,3
- Business premises	12	45 796,4	42 395,9
- Other tangible fixed assets	12	5 406,8	4 974,1
Equity instruments		211 104,2	152 077,8
- Available for sale	14	203 103,4	133 684,2
- Held for trading	14	8 000,8	18 393,6
Fixed income securities		1 075 424,4	971 509,1
- Available for sale	14	1 033 035,1	940 467,8
- Held for trading	14	22 554,7	11 902,8
- Held to maturity	14	19 834,6	19 138,5
Financial assets designated at fair value through income	20	1 629 550,0	1 159 269,4
Deferred tax assets	19	2 674,6	4 577,4
Insurance receivables and other receivables	15	67 014,8	58 504,9
Share of the reinsurers in liabilities in respect of insurance and financial contracts	17	168 060,0	156 530,7
Cash and cash equivalents	16	192 661,3	186 514,7
Assets held for sale	3	32,8	-
Total assets		3 461 685,4	2 748 799,4

The accompanying notes form an integral part of the consolidated financial statements.

€ thousand				
EQUITY AND LIABILITIES	Notes	31.12.2009	31.12.2008	
Shareholders' equity		488 122,4	411 106,4	
- Capital	8	44 994,2	44 994,2	
- Treasury shares	8	-1 796,5	-175,9	
- Share premium	8	3 106,0	3 106,0	
- Reserves and retained earnings	9	401 313,9	350 973,1	
- Profit for the period	10	40 504,8	12 209,0	
Minority interests	10	9 126,0	3 265,6	
Total equity		497 248,4	414 372,0	
Technical provisions		1 557 665,1	1 395 760,0	
- Other technical provisions	17	1 016 503,2	924 255,4	
- Provisions relating to unit-linked insurance contracts	17	541 161,9	471 504,6	
Other provisions		27 935,4	24 765,6	
- Pension benefit obligations	21	24 962,3	22 476,5	
- Provisions for other liabilities and charges	22	2 973,1	2 289,0	
Deferred tax liabilities	19	54 452,2	48 791,6	
Financial liabilities		1 180 822,4	767 875,5	
- Liabilities in respect of investment contracts	20	1 084 537,0	686 533,4	
- Loans and deposits remitted by reinsurers	17	96 285,4	81 342,0	
Insurance debts and other liabilities	18	114 895,9	72 910,8	
Income tax payable	18	28 666,0	24 323,9	
Total equity and liabilities		3 461 685,4	2 748 799,4	

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated profit and loss account

for the year ended 31 December 2009

€ thousand	Notes	31.12.2009	31.12.2008
Gross earned premiums	23	397 308,3	332 372,4
Ceded earned premiums	23	-43 876,8	-53 305,3
Earned premiums, net of reinsurance		353 431,5	279 067,1
Commission and profit sharing received on reinsurance contracts	26	1 902,9	4 873,5
Commission earned on insurance contracts	25	4 325,6	5 020,0
Commission earned on investment contracts	28	6 675,7	6 505,2
Commission earned by the Asset Management sector	27	22 628,4	4 738,7
Net realised gains on financial assets	30	4 782,5	356,1
Variation of the fair value of assets / liabilities measured at fair value through income	31	51 334,2	-137 731,9
Other investment incomes	29	54 660,1	51 301,9
Other investment expenses	29	-24 123,9	-33 030,5
Net operating income		122 185,5	-97 967,0
Life insurance benefits - Gross amount	24	-192 189,9	38 712,2
Non-life insurance claims and loss adjustment expenses - Gross amount	24	-143 072,1	-135 223,6
Share of the reinsurers in benefits and in claims and loss adjustment expenses	24	18 392,7	18 236,5
Insurance benefits and claims, net of reinsurance		-316 869,3	-78 274,9

The accompanying notes are an integral part of the consolidated financial statements.

€ thousand	Notes	31.12.2009	31.12.2008
Acquisition expenses	32	-66 089,7	-60 885,4
Administration expenses	32	-30 136,3	-21 541,5
Costs related to insurance and investment contracts	32	-4 192,1	-5 045,8
Other operating expenses	32	-1 961,2	-180,9
Expenses		-102 379,3	-87 653,6
Profit before taxes		56 368,4	15 171,6
Taxes	19	-14 783,8	-3 040,2
Net income for the period		41 584,6	12 131,4
- of which attributable to equity holders of the parent		40 504,8	12 209,0
- of which attributable to minority interest		1 079,8	-77,6
Earnings per share			
Basic earnings attributable to ordinary equity holders of the parent (€)	8	4,51	1,36
- o/w from continuing operations		4,54	1,36
- o/w from discontinued operations		-0,03	-
Diluted earnings attributable to ordinary equity holders of the parent (€)	8	4,49	1,36

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of recognised income and expense

for the year ended 31 December 2009

€ thousand	31.12.2009	31.12.2008
Net income for the period	41 584,6	12 131,4
Realised and unrealised net gains (losses) on assets available for sale (net of deferred tax)	48 609,3	-48 193,0
Actuarial gains (losses) or gains on employee retirement benefit scheme (net of deferred tax)	-1 038,7	594,1
Net income and expense recognised directly in equity	47 570,6	-47 598,9
Total recognised income and expense	89 155,2	-35 467,5
- of which attributable to equity holders of the parent	88 029,1	-35 389,0
- of which attributable to minority interest	1 126,1	-78,5

companying notes are an integral part of the consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 December 2009

€ thousand	31.12.2009	31.12.2008
Profit for the year before taxes	56 368,4	15 171,6
Income taxes paid	- 24 616,6	- 7 668,2
Adjustments for :		
Amortisation and depreciation	5 529,4	5 061,9
Depreciation and reversal of provision	- 921,1	286,1
Fair value of the financial instruments	27 642,3	14 656,8
Fair value of the financial instruments at fair value through income	- 231 163,3	269 386,2
Result on the proceeds of associated companies	- 906,8	- 251,8
Adjusted result after taxes paid	- 168 067,7	296 642,6
Net change in reinsurance assets	- 11 529,3	- 17 932,8
Net change in insurance commitments	161 905,1	- 60 635,3
Change in liabilities in respect of investment contracts	398 003,6	- 146 990,3
Acquisition of financial instruments at fair value through income	- 401 044,5	- 256 946,3
Proceeds from financial instruments at fair value through income	161 927,3	262 682,7
Acquisition of financial assets	- 1 012 170,9	- 1 586 884,5
Sale of financial assets	891 352,6	1 515 651,9
Change in insurance receivables	322,4	- 1 558,0
Change in insurance debts	- 8 071,7	9 902,2
Change in reinsurance deposits	14 943,3	- 11 660,9
Change in other debts and receivables	7 227,8	- 4 150,1
Net cash flows from operating activities	34 798,0	- 1 878,8
- o/w interest paid	- 902,4	- 9 389,8
- o/w interest received	40 413,7	31 331,7

companying notes are an integral part of the consolidated financial statements.

Consolidated cash flow statement (continued)

for the year ended 31 December 2009

€ thousand	31.12.2009	31.12.2008
Net cash flows from operating activities	34 798,0	- 1 878,8
Acquisition of tangible and intangible assets	- 3 886,8	- 6 839,8
Proceeds from the sale of tangible and intangible assets	1 385,4	464,5
Acquisitions/disposals of associated companies	- 34 729,9	398,7
Net cash flows from investment activities	- 37 231,3	- 5 976,6
Dividends paid by associate companies	- 10 057,5	- 13 339,5
Dividends paid to third parties	- 110,0	- 110,0
Acquisition of own shares	- 1 620,6	- 175,9
Net cash flow from financing activities	- 11 788,1	- 13 625,4
Cash flow	- 14 221,4	- 21 480,8
Cash and cash equivalents at opening	157 567,5	179 048,3
Cash and cash equivalents at closing	143 346,1	157 567,5
Cash flow	- 14 221,4	- 21 480,8

CapitalatWork Group was purchased with a cash of € 10 906,2 thousand

The accompanying notes are an integral part of the consolidated financial statements

Notes to the consolidated accounts

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Notes to the consolidated accounts

Note 1. General information

Foyer S.A. (the company), was founded on 13 November 1998 as Le Foyer, Compagnie Luxembourgeoise S.A., taking the form of a public limited company (société anonyme). The Extraordinary General Meeting of 23 November 2005 decided to change the name to Foyer S.A. The company's registered office is in Leudelange and its principal object are all operations relating to the acquisition of shareholdings and the administration, management, control and development of these shareholdings.

Together with its affiliated companies under its control, it forms a group which operates principally in the insurance and asset management sectors (the Group). The Group's insurance activities include damage, assistance, accident, health and civil liability in the non-life sector and risk, savings pension and invalidity in the life sector. The Group operates under the freedom of services directive in the life sector of some European Union countries through its subsidiary Foyer International S.A. In the non-life sector, the Group operates under the freedom of services directive in Belgium in cross-border areas close to the Grand Duchy of Luxembourg through its subsidiaries Foyer Assurances S.A. and FOYER-ARAG S.A.

With the acquisition of CapitalatWork Group, the entities involved in financial management are active in Luxembourg, Belgium, the Netherlands, and in Switzerland in the areas of asset management, for own account, for individuals and financial intermediation.

On 31 December 2009, the Group had a staff of 481 in Luxembourg and 45 in the rest of Europe.

The company shares are listed on the Luxembourg Stock Exchange and on Euronext Brussels. Out of a total of 8 998 842 shares issued by Foyer S.A., 7 074 995 (78,6%), are held by Foyer Finance S.A., an unlisted financial holding company which is the largest group of companies and of which the Company forms part as a subsidiary.

The headquarters of the company is at L-3372 Leudelange, 12 rue Léon Laval.

At its meeting of 8 March 2010, the Board of Directors of Foyer S.A. approved the consolidated accounts to be submitted to the Annual General Meeting of shareholders to be held on 6 April 2010.

Note 2. Scope of consolidation and links with subsidiaries and joint ventures

1. TABLE OF PERCENTAGE OWNED AND METHOD OF CONSOLIDATION

Name and address of fully consolidated companies	% held 31.12.2009	% held 31.12.2008	Sector
Foyer Assurances S.A. 12, rue Léon Laval, L-3372 Leudelange	100,0	100,0	Non-life
FOYER RE S.A. 12, rue Léon Laval, L-3372 Leudelange	100,0	100,0	Non-life
Foyer Distribution S.A. 12, rue Léon Laval, L-3372 Leudelange	100,0	-	Non-life
FOYER-ARAG S.A. 12, rue Léon Laval, L-3372 Leudelange	90,00	90,0	Non-life
Foyer Vie S.A. 12, rue Léon Laval, L-3372 Leudelange	100,0	100,0	Life
Foyer International S.A. 12, rue Léon Laval, L-3372 Leudelange	100,0	100,0	Life
Foyer Patrimonium S.A. 12, rue Léon Laval, L-3372 Leudelange	-	100,0	Asset management
CapitalatWork Foyer Group S.A. 12, rue Léon Laval, L-3372 Leudelange	100,0	-	Asset management
CapitalatWork S.A. Avenue de la Couronne, 153, B-1050 Ixelles	100,0	-	Asset management
ImmoatWork S.A. Avenue de la Couronne, 153, B-1050 Ixelles	100,0	-	Asset management
Capital at Work A.V., S.A. Avenida Concha Espina, 63, 28016 Madrid	100,0	-	Asset management
Capital at Work (Suisse) S.A. Rue du marché, 9, Genève	100,0	-	Asset management
Foyer Sélection SICAV 19-21, bd. Prince Henri, L-1724 Luxembourg	74,8	88,2	Asset management

On 5 February 2009, the Group acquired 99,95% of Capital at Work Group S.A., whose business name was then changed to CapitalatWork Foyer Group S.A. The Group then agreed to a capital increase of the company by providing Foyer Patrimonium S.A., and has acquired the shares it had not yet.

At 31 december 2009, the Group merged three Luxembourg subsidiaries of Asset Management segment. Thus, CapitalatWork Foyer Group S.A. absorbed Foyer Patrimonium S.A. and CapitalatWork Int'l S.A.

On 8 mai 2009, the Group formed Foyer Distribution S.A., whose activity is the intermediation of credits.

Name and address of companies consolidated using the proportionate consolidation method	% held 31.12.2009	% held 31.12.2008	Sector
Foyer Santé S.A. 12, rue Léon Laval, L-3372 Leudelange	50,0	50,0	Non-life
Raiffeisen Vie S.A. 12, rue Léon Laval, L-3372 Leudelange	50,0	50,0	Life
Tradhold S.A. 14, boulevard Royal, L-2449 Luxembourg	50,0	50,0	Asset management

2. LINE-BY-LINE RECOGNITION OF SHARES OF JOINT VENTURES

Share in the results

2009 € thousand	Foyer Santé	Raiffeisen Vie	Tradhold
Earned premiums, net of reinsurance	3 522,9	3 302,9	-
Other operating income	147,6	258,4	207,4
Insurance benefits and claims, net of reinsurance	-2 607,5	-2 649,8	-
Expenses	-780,2	-586,5	-3,0
Elimination of consolidation	-33,3	-3,3	-
Profit before taxes	249,5	321,7	204,4
Taxes	-72,2	-93,7	-
Net profit for the period	177,3	228,0	204,4
o/w group share	177,3	228,0	204,4

2008 € thousand	Foyer Santé	Raiffeisen Vie	Tradhold
Earned premiums, net of reinsurance	2 953,0	2 214,4	-
Other operating income	131,0	305,2	168,5
Insurance benefits and claims, net of reinsurance	-2 010,2	-1 717,1	-
Expenses	-713,9	-437,9	-42,4
Elimination of consolidation	-39,9	-4,7	-
Profit before taxes	320,0	359,9	126,1
Taxes	-94,8	-107,2	-
Net profit for the period	225,2	252,7	126,1
o/w group share	225,2	252,7	126,1

Share in the main groups of assets and liabilities

31.12.2009 € thousand	Foyer Santé	Raiffeisen Vie	Tradhold
Assets			
Fixed assets	14,5	-	-
Equity instruments	285,2	1 217,7	6 996,9
Fixed income securities	4 035,6	10 861,5	-
Deferred taxes assets	4,9	-	-
Receivables	1 328,6	373,9	0,1
Parts of reinsurance	-	889,6	-
Cash and cash equivalents	332,4	1 627,2	251,5
Liabilities			
Technical provisions	3 975,2	10 573,8	-
Other provisions	16,8	3,5	-
Deferred taxes liabilities	36,9	96,1	331,8
Financial liabilities	-	637,5	-
Insurance debts and other debts	302,6	376,7	2,9

31.12.2008 € thousand	Foyer Santé	Raiffeisen Vie	Tradhold
Assets			
Fixed assets	3,0	0,2	-
Equity instruments	230,6	863,9	5 961,1
Fixed income securities	3 266,5	5 322,4	-
Deferred taxes assets	4,7	1,0	-
Receivables	969,8	293,6	0,7
Parts of reinsurance	-	644,2	-
Cash and cash equivalents	645,6	4 105,1	147,3
Liabilities			
Technical provisions	3 190,4	7 889,8	-
Other provisions	15,9	3,2	-
Deferred taxes liabilities	14,0	31,2	-
Financial liabilities	-	511,0	-
Insurance debts and other debts	430,9	245,9	2,9

3. AMOUNTS OUTSTANDING IN RESPECT OF THE SHARE CAPITAL SUBSCRIBED BUT NOT FULLY PAID OF COMPANIES INSIDE OF THE CONSOLIDATION SCOPE

€ thousand	Capital not paid-in	Groupe share
FOYER-ARAG	247,9	223,1

In 2009, the capital of Foyer International S.A. has been fully paid.

Note 3. Acquisitions and assets held for sale

On 5 February 2009, the Group acquired CapitalatWork Group S.A., a Luxembourg company holding interests in companies specialized in wealth management and active in Belgium, the Netherlands, Luxembourg, Spain and Switzerland.

The purchase price includes payments, whose amounts are determined later and which are payable in 2010 and 2011 (cf. note 18).

Accordingly, the recognition of the purchase price has been determined only provisionally.

€ thousand	Groupe CapitalatWork	
	Fair value recognised temporarily on acquisition	Previous carrying value
Assets		
Intangible fixed assets	0,2	0,2
Tangible fixed assets	10 240,4	8 485,4
Equity instruments	1 303,7	1 303,7
Fixed income securities	2 909,5	2 909,5
Deferred tax assets	19,3	19,3
Receivables	1 856,1	1 856,1
Cash and cash equivalents	10 906,2	10 906,2
Liabilities		
Provisions	1 605,1	1 605,1
Deferred tax liabilities	772,3	400,2
Debts	12 865,8	12 865,8
Net assets	11 992,2	10 609,3
Goodwill provisionally determined	48 383,3	
Provisionally determined cost of the combination	60 375,5	

Allocating the cost of business combination has led to a reassessment of the properties at fair value, based on valuations performed in 2008.

The provisionally determined goodwill includes the benefit obtained by achieving critical size in asset management, anticipated synergies with Foyer Patrimonium S.A. and teamwork of individuals with proficiency and strong relationships with customers. These elements were not recognized as distinct because they do not meet the criteria for identification or can not be reliably measured. This intangible asset has not suffered depreciation during the current period (cf. note 11).

However, the allocation of the cost of business combination is provisionally, particularly because of the possible recognition of intangible assets. The initial recognition of assets, liabilities and contingent liabilities must be completed within 12 months from the date of acquisition.

The Group decided to separate the activities carried out in Spain. At 31 December 2009, non-current assets of CapitalatWork AV, SA have been classified as held for sale. The loss of the company during fiscal 2009 amounted to € 314,0 thousand.

The profit of groupe CapitalatWork, since the acquisition date and for the current period, amounts to € 572,9 thousand (including discontinued activities and without Foyer Patrimonium S.A.).

Note 4. Principles and methods of consolidation

1. DECLARATION OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the "International Financial Reporting Standards" (IFRS), as adopted by the European Union.

2. BASIS OF PRESENTATION OF THE ANNUAL CONSOLIDATED ACCOUNTS

The consolidated financial statements are presented in Euro and rounded to the nearest thousand (€ thousand) with the exception of notes 6 and 8. The Euro has also been chosen as the operational currency for the Group entities, with the exception of CapitalatWork (Switzerland) S.A. which use Swiss Franc (CHF). The consolidated accounts are based on the principle of historical cost with the exception of:

- financial instruments at fair value through income, financial instruments available for sale and derivatives measured at fair value.
- insurance and investment contracts with a discretionary participation feature which are valued according to legislation and rules applicable in the Grand Duchy of Luxembourg (LuxGAAP).

Non-current assets and groups of assets held for sale, classified as held for sale, are valued at the lowest of either net accounting value or fair value net of sales cost.

Preparation of the financial statements in accordance with the IFRS, requires of the Group's management to make estimates, assumptions and decisions which have an impact on the

application of some accounting policies, the value of certain assets and liabilities and the amounts of income and cost initially recognized. These estimates and assumptions are based on historical data and various others factors, which under these circumstances, are considered reasonable. The aggregate of these elements constitutes the basis of valuation of all assets and liabilities. Actual results may differ from these estimates.

Estimates and hypothesis are continually reviewed. The result from a change of an accounting estimate is recognized within the same period as the one when the change was made and provided this period was the only one concerned, or within the period when the change occurred and subsequent periods when the change has an influence on the current period as well as subsequent periods.

Decisions taken by Group management in compliance with the IFRS which have a significant impact on consolidated annual accounts and estimates that may have a significant impact on the accounts are detailed in specific notes.

The main accounting principles applied in the preparation of the annual consolidated accounts are described hereafter. These accounting principles have been continuously and harmoniously applied by Group entities. The accounting methods applied are coherent with those applied during the previous accounting period.

The segment information on Note 7 is presented for the first time according to IFRS 8 "Operating Segment". This standard has been applicable

since 1. January 2009 but didn't change significantly the Group's consolidated accounts. The operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14.

Amendments to IFRS 7 improving disclosures about financial instruments (published 5 March 2009) led to complete the description of financial risk in Note 6. For the first year of application, comparative data for the information required by the amendments are not provided.

The adoption of the following revised standards and interpretations of standards did not impact the Group's consolidated annual accounts, such as:

- Amendments of several standards collected in the first "Annual improvements to IFRSs" (published 22 May 2008);
- Amendments to IFRS 1 and IAS 27, titled "Cost of an investment on first-time adoption", (published 22 May 2008).
- Amendments to IAS 32 and IAS 1, titled "Puttable instruments and obligations arising on liquidation" (published 14 February 2008);
- IFRIC 12 "Service concession arrangements" (published 30 November 2006);
- IFRIC 15 "Agreements for the construction of real estate" (published 3 July 2008)
- IFRIC 16 "Hedges of a net investment in a foreign operation" (published 3 July 2008);

Certain standards and interpretations of standards by the IASB were not yet applicable at the time of preparation of 2009 accounts.

- Amendments of several standards and interpretations collected in the second "Annual improvements to IFRSs" (published 16 April 2009 but not adopted by the EU);

- Amendment to IAS 39, titled "Eligible hedged items" (published 31 July 2008 but not adopted by the EU);
- Revision of IFRS 3 "Business Combinations" (published in January 2008 but applicable for financial year end starting 1 July 2009): the revised standard will be applicable for business combinations dating after the adoption of this revised standard;
- Revision of IAS 27: "Consolidated and separate financial statements" (published in January 2008): this revision has to be applied simultaneously with IFRS 3 revised;
- Revision of IFRS 1: "First time adoption of International Financial Reporting Standards", (published in November 2008 but not adopted by the EU);
- Amendments to IFRS 1 additional exemptions for first-time adopters (published 23 July 2009 but not adopted by the EU);
- Amendments to IFRS 2 relating to group cash-settled share-based payment transactions (published 18 June 2009 but not adopted by the EU);
- First final version of IFRS 9 Financial Instruments "which aims to replace IAS 39 Financial Instruments: Recognition and Measurement" (published 12 November 2009 but not adopted by the European Union);
- IFRIC 17 "Distributions of non-cash assets to owners" (published 27 November 2008 but not adopted by the EU);
- IFRIC 18 "Transfers of assets from customers" (published 29 January 2009 but not adopted by the EU).

3. PRINCIPLES AND METHODS OF CONSOLIDATION

3.1 Basis of preparation

The Group adopted the IFRS in January 2004 and applied the rules of IFRS 1 to the transition from LuxGAAP to IFRS. In the case of Business Combinations according to IFRS 3, the Group made use of first adoption exemptions. As a consequence Business Combinations recognised prior to the adoption of the IFRS have not been subject to a new estimate so that goodwill calculated by applying the accounting standards in effect prior to transition date were maintained as such in the balance sheet.

Annual consolidated accounts include financial statements of Foyer S.A. and entities being part of the Group on 31 December of each year. The financial statements of these entities are prepared for the same reference period as those of the parent company and on the same homogeneous accounting methods.

All intra-group balances and transactions as well as any profits, losses and pending results included in the accounting value of assets, and due to intra-group transactions as defined by the method of consolidation applied, are either entirely or proportionally eliminated.

3.2 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. This control is essentially the consequence of a direct or indirect shareholding of more than 50% of the voting rights.

The existence as well as the effect of potential voting rights and, if applicable, conversion options that are currently exercisable are considered when assessing whether the Group controls another entity over the period under review.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date on which the Group ceases to have control.

Minority interests represent the share of profit or loss as well as the share of net assets which are not held by the Group. Minority interests are recognised in the consolidated balance sheet under shareholders' equity but separate from the "shareholders' equity – Group share". The contribution of minority interests to the Group's profit is also recorded separately.

3.3 Joint ventures

Joint ventures are defined as the Group's interests in entities governed by an agreement between joint-ventures by which it is agreed that economic activity of the entity will be subject to joint control. Joint ventures are proportionally consolidated from the date on which joint control takes effect until the date on which it ceases.

The Group records its contribution to the income statement, the balance sheet and the cash flow statement on a line-by-line basis.

3.4 Associates

An associate is a company in which the Group has considerable influence on the financial and operating policies but does not exert control. This is generally the case when the Group holds between 20% and 50% of the voting rights. Associates are consolidated by using the equity method from the date on which this notable influence is transferred to the Group until the date on which it ceases.

Profits or losses arising from transactions between the Group and its subsidiaries are eliminated to the extent of the Group's interest in the associates, unless in the transaction provides evidence of an impairment.

Investments in associates are initially recognised at cost. The book-value is increased or decreased to account the Group's share in profit or loss recognised in the income statement of the associate after the acquisition date.

The Group recognises reserves and results of the associate company up to its share in the capital of this company.

3.5 Business combinations

Business combinations are initially recognised using the "purchase method" of accounting for subsidiaries, joint ventures and associated undertakings. The resulting acquisition cost is considered to be equivalent to the fair value. The excess of purchase price over the fair value of the assets acquired and liabilities incurred and liabilities assumed is considered as goodwill. This goodwill is not depreciable. However an impairment test is carried out once a year or more frequently if, as a result of events or changes which have taken place, there is an indication it may be depreciated under IAS 36 "Depreciation of Assets". But, if on the other hand, the Group's interest in the net fair value of the assets, liabilities and any identifiable contingent liabilities exceeds the acquisition cost

(negative goodwill), the assets, liabilities, any identifiable contingent liabilities and the acquisition cost are reassessed. Any excess remaining after that reassessment is recognised immediately in the income statement.

4. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency (currencies other than the operating currency) are converted to the operating currency at the exchange rate at the transaction date. At each year-end, the following procedure is used to convert foreign currency items to the operating currency:

- Monetary elements are converted at the year-end date and resulting gains or losses are recognised in the income statement;
- Non-monetary elements measured at fair value, such as equity investments, are converted at the exchange rate applicable on the valuation date of fair value assessment;
- The other non-monetary elements are held at their historical exchange rate.

When a gain or loss from a non-monetary element, such as shares held for sale for instance, is recognised in equity, the resulting exchange rate differential is also recorded directly in equity. When the gain or loss on such an item is recognised in the income statement, the exchange rate differential is also recorded in the income statements.

5. INSURANCE CONTRACTS AND INVESTMENT CONTRACTS

5.1 General: Definitions

An insurance contract is a contract whereby the Group accepts significant insurance risk from a third party (the policyholder) and agrees to compensate the latter if the occurrence of a given uncertain event (the insured event) should have unfavourable consequences for the policyholder. The policyholder is defined as the party with entitlement to compensation under the insurance contract should the insured event materialise.

A financial risk is the risk of potential variation of one or more of the following: a specified interest rate, the price of a financial instrument, an exchange rate or other similar variable provided that, where the variable is non-financial, it does not pertain to one of the contracting parties.

An insurance risk is a non-financial risk transferred by the policyholder to the policy issuer.

An insurance risk is significant if, should an insured event materialise, the issuer has to pay significant additional benefits (amounts in excess of 5% of the amount due to the policyholder in case the insured event does not materialise) in at least one of the scenarios, excluding those without commercial substance.

An investment contract is a contract which does not fit the IFRS 4 definition of "insurance contract" and which is viewed by the IFRS as a "financial instrument". It does however fall within the scope of IFRS 4 if it contains a discretionary participation feature and within the scope of IAS 39 if no such feature exists.

A discretionary participation feature is defined as the contractual right of a policyholder to receive as a supplement to guaranteed benefits, additional benefits:

- That is likely to account for a significant portion of the total contract benefit;
- Whose amount or timing is by virtue of a contract at the discretion of the issuer?
- Which are contractually based on the performance of a specified pool of contracts or a specified type of contract, realised and/or unrealised return on investments in a specified group of assets held by the issuer or the profit or loss of the issuer, a fund or another entity issuing the contract.

The discretionary participation feature is governed by both the discretionary participation clauses of the contract as well as applicable local regulations.

The timing is at the discretion of the issuer:

- When the latter determines the timing of incorporation of the discretionary participation into the individual commitments towards policyholders by use of a profit sharing provision;
- When the discretionary participation clause is based on the issuer's investment income and the issuer has discretionary control over its timing.

The discretionary participation feature, as defined by IFRS 4, is recorded as a liability and not a separate component of equity.

5.2 Insurance contracts falling within the scope of IFRS 4

5.2.1 Main contracts classified as IFRS 4 insurance contracts

Non-life insurance contracts governed by LuxGAAP standards all contain a significant insurance risk and, as such, are classified as insurance contracts falling within the scope of IFRS 4.

Contracts covering individual life risk such as temporary death protection, combined contracts and annuity contracts with a significant insurance risk are classified as insurance contracts.

Unit-linked investment contracts are classified on a case-by-case basis, depending on whether or not a significant supplementary insurance guarantee was underwritten at the outset (or subsequently). Consequently, only those which include a significant insurance risk are considered to be insurance contracts falling within the scope of IFRS 4.

Contracts covering Group life risk are all considered on a contract-by-contract basis. Those with significant cover for death or invalidity risk are classified as insurance contracts under IFRS 4.

5.2.2 Accounting procedures for IFRS 4 insurance contracts

IFRS 4 insurance contracts continue to be recognized under LuxGAAP standards except when restatements required by IFRS 4 for instance for the claims equalization provision, which captive reinsurance companies are bound to carry in their balance sheet.

Premiums

Premiums for non-life insurance risks are recognised on the effective date of the guarantee, this date being the operative event for accounting purposes. Premiums are issued before tax, gross of reinsurance, net of cancellations, reductions and rebates.

Life insurance premiums are accounted for on their date of issuance net of tax and gross of reinsurance. Other amounts charged to policyholders (contractual loading and charges), are recorded as technical income in the non-life branches. In the life sector, these form an integral part of the premiums.

Technical provisions

The provisions for unearned premiums is determinate for each contract, according the time remaining between year-end and due date of premium.

Claims reserve covers the total estimated cost of settlement of all claims arising by the end of a given period. With the exception of disability annuities reserve, which is not discounted.

These reserves cover reported claims, incurred claims but not reported, reported claims but insufficiently provisioned, and all costs linked to the processing of these claims. They are estimated on the basis of historic data and current trends of claims, and are taking into account the frequency of indemnity payments in all branches of insurance.

Subrogation and recoveries are claims for which the third party's insurer is responsible but for which the Group has paid the indemnity by virtue of legal assistance of fully comprehensive cover. The amount recorded in subrogation and recoveries thus equates to the sums the Group is entitled to claim from third party insurers.

The provision for aging in the health insurance branch takes into account the future tariff benefits of the current portfolio. This is calculated on a contract-by-contract basis and is the difference between the present value of future claims and the present value of future premiums.

Mathematical provisions are the difference between the current value of commitments made by the insurer and the policyholder respectively:

- From the insurer's point of view, the commitment equates to the sum of the present value of future benefits and the present value of management costs, taking into account the probability of the occurrence of the insured event;
- The policyholder's commitment equates to the present value of net premiums still outstanding plus any management costs applicable, adjusted for the probability of payment of said premiums

The mathematical provisions are not zillmerised.

The mortality tables used are those deemed appropriate for the local market.

In Non-life, a provision for management costs is set aside to cover the cost of all future management expenses inherent to the settlement of claims (grouped by homogeneous categories) which are not covered by premium loading or collected from the Group's investment income if this is provided for in the insurance contract.

The mathematical provisions for annuity pension represent the present value of annuity commitments and annuity policy fees. These are calculated on the basis of mortality tables deemed appropriate for the local market. Equalisation reserves recorded in accordance with local regulations in order to compensate fluctuations in the claims rate or to cover special risks are not recognised in the consolidated accounts under IFRS.

The provisions for unit-linked insurance contracts are reevaluated at the fair value of the units at the end of each period. Contractually, these liabilities are linked to the performance of the underlying assets which are recorded at fair value.

Subscription costs and costs refunded to brokers

These costs are recognised in accordance with the same accounting rules as those applied to investment contracts. See point 5.4.3 below for details.

Deferred acquisition cost

Acquisition commissions incurred when purchasing insurance contracts are recognized on the asset side of the balance sheet. These deferred acquisition expenses are amortized over the average lifetime of the contracts.

In the case that all or part of the deferred acquisition expenses cannot be recovered within an accounting period, these are immediately recorded as an expense.

5.3 Investment contracts with DPF measured with IFRS 4

5.3.1 Major investment contracts with DPF

Individual life contracts with financial risk only, which include a DPF clause, are classified as investment contracts with DPF under IFRS.

Group life contracts, other than those mentioned in 5.2.1 above, with pension benefit either in the form of a saving with guaranteed rate and with DPF or unit-linked with the option to convert to a sub-fund with a DPF as a complement to a contract with guaranteed rate (with commercial substance) are also classified as investment contracts with discretionary participation feature.

As the DPF is not set at a fixed rate but agreed periodically by the Board of Directors of the issuing company on the basis of economic factors, the risk is not quantifiable. Consequently, all these contracts are falling within the scope of IFRS 4.

5.3.2 Accounting procedures for investment contracts with DPF

Investment contracts with DPF falling within the scope of IFRS 4 are valued and recognised in accordance with the same rules as those applicable to insurance contracts (see 5.2.2).

5.4 Investments contracts under IAS 39

Contracts holding no significant insurance risk and without DPF are contracts under IAS 39.

5.4.1 Main types of investment contracts coming under IAS 39

Unit-linked retirement savings contracts without a significant insurance risk are classified as investment contracts.

Unit-linked contracts where the policyholder did not take cover for significant insurance risk at the outset or has not as yet taken out cover for significant insurance risk are classed as investment contracts.

5.4.2 Accounting procedures for investment contracts coming under IAS 39

Nets premiums received are not recognised as premium income but as a financial liability as "Liabilities in respect of investment contracts".

Unit-linked contracts are financial liabilities where cash flows are dependent on the performance of assets recognised at fair value through income. From inception, these unit-linked contracts are recognised at fair value through income.

The fair value of this unit-linked contracts is calculated by multiplying the fair value of each unit by the number of units owed to the beneficiary at the end of the period under review. The fair value of the units is calculated at the beginning and at the end of the period on the basis of valuation techniques used in case of absence of an active market and which provide that the Group includes all factors which market players would take into account and which are based on the observation of market data.

Given that fair value of these unit-linked contracts is calculated on the basis of the value of the units, and given the contractual clause according to which payments to be made by virtue of the contract and are defined in units of the internal or external fund, is considered to be closely linked to the host contract. This payment clause expressed in units does not give rise to the separation of the contract and the evaluation at fair value through income. The entire contract is therefore valued according to the rules applicable to the host contract.

5.4.3 Accounting procedure for subscription costs and costs refunded to brokers

Expenses charged on the subscription of investment contracts are treated as contract originating costs. Similarly, expense repaid to brokers are management costs they have incurred in providing advice and the cost incurred in the transfer of the assets underlying these investment contracts. All these costs repaid/collected are recorded under expense/income in the contract subscription period. The Group also charges for managing the investments underlying the investment contracts. This revenue is collected for regularly rendered services throughout the life of the contract and not when it is issued. It is recorded as and when the services are rendered.

Acquisition commissions incurred when purchasing investment contracts may be recognized on the asset side of the balance sheet. These deferred acquisition expenses are amortized over the average lifetime of the contracts. In the case that all or part of the deferred acquisition expenses cannot be recovered within an accounting period, the non-recoverable part is immediately recorded as an expense.

5.5 Separation of embedded derivatives

The embedded derivatives embedded in a host contract falling into the insurance contract or investment contract category are unbundled and valued separately at fair value if the criteria for such a separation are met.

5.6 Liability adequacy test

At the end of each period, the Group checks that the liabilities recorded in respect of insurance contracts or investment contracts with DPF are sufficient to cover the future cash flows arising from these contracts. Any deficiency will be immediately recognised as an additional charge in profit or loss.

5.7 Reinsurance

Reinsurance contracts which transfer significant insurance risk are classified as reinsurance

contracts held under IFRS 4 and the LuxGAAP accounting rules apply. Other reinsurance contracts are classified as financial reinsurance contracts and IAS 39 applies. Currently, the Group takes out reinsurance contracts in life and non-life business only in order to limit insurance risk in case of accumulation of risk.

Reinsurance cessions are recognised in accordance with the terms of the various contracts. The assets under reinsurance cessions are shown independently of the corresponding insurance liabilities. Likewise, the income and expense from reinsurance contracts are not offset against the income and costs from the corresponding insurance contracts.

The reinsurer's share of technical provisions is valued in the same way as the gross technical provisions recorded under liabilities. Assets held under reinsurance contracts are recognised as financial liabilities.

The reinsurance assets are subject to regular impairment tests and losses in value are recorded when necessary. The Group gathers objective evidence of impairment and records the reduced values according to the same procedures as those used for the financial assets and liabilities recognised at amortised cost (see in particular note 6.9, 6.10 below).

6. FINANCIAL INSTRUMENTS AND DERIVATIVES

6.1 Recognition and derecognition of financial assets and liabilities

The Group recognises financial assets and liabilities in its balance sheet when they become a party to the contractual provisions of the instrument. Normal purchases and disposals of the financial assets and liabilities are recorded on the transaction date. On initial recognition, financial assets and liabilities are recorded at fair value (with the exception of the financial assets and liabilities recorded at fair

value through income) plus any transaction costs directly attributable to the acquisition or issue of the financial instrument. A financial asset is derecognised on expiry of the contractual rights to the cash flows linked to the asset in question, when the financial asset is transferred by the Group together with a substantial portion of the risks and benefits inherent to the asset or when the Group ceases to have control of the asset.

A financial liability is derecognised when extinguished, in other words when the contractual obligation inherent to the contract is extinguished, is cancelled or has expired.

6.2 Amortised cost

Following initial recognition, financial assets held-to-maturity, loans and receivables and financial liabilities (other than those recorded at fair value through profit or loss) are valued at amortised cost using the effective interest rate method. Commission paid or received, directly attributable transaction costs and all other positive or negative premiums are written off over the expected lifetime of the financial instrument.

6.3 Fair value

For a financial instrument quoted on an active market, the fair value is the bid price on the valuation date for an asset held or a liability to be issued and the ask price for an asset intended for purchase or a liability held. If the market for the financial instrument is not active, the Group estimates the fair value using a valuation technique. Valuation techniques include using recent transactions carried out under normal conditions of competition, where these exist, reference to the fair value of another instrument of identical substance, analysing the current value of future cash flows and using option valuation models.

Accrued interest on fixed rate bonds are recognised under accruals assets.

6.4 Classification and recognition of financial assets and liabilities

Financial assets are divided into the following categories:

- Financial assets available for sale;
- Financial assets at fair value through profit or loss;
- Financial assets held-to-maturity
- Loans and receivables.

Financial liabilities are divided into two categories:

- Financial liabilities at fair value through profit or loss;
- Other financial liabilities.

6.5 Impairment

At each end of the reporting period, the Group determines whether there is any objective evidence of impairment of an individual financial asset or a group of assets as a result of events occurring subsequent to their initial recognition in the accounts. In the affirmative, the Group assesses the amount of the loss suffered by the financial asset or group of financial assets and this amount is immediately recognised in profit or loss. Expected losses as a consequence of events occurring after the close of the period are not being considered. Amongst criteria considered as indications of depreciation are:

- Significant financial difficulties of the issuer;
- Default or delinquency in interest or principal payments;
- Becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties.

6.6 Derivatives

These financial instruments are recognised initially at fair value from the starting date of the corresponding contract and are measured at fair value during subsequent periods. Change in the fair value is recognized in income or loss. The Group does not apply hedge accounting under IAS 39.

6.7 Financial assets available for sale

Financial assets available for sale are non-derivative financial instruments classified as available for sale or financial instruments which are not part of any other categories of financial instruments.

Financial assets available for sale are recognised at purchase date at fair value plus any transaction costs directly attributable to the acquisition.

Fixed income securities are depreciated using the effective interest rate method. The difference between acquisition price and redemption value of fixed income securities is thus recorded through income by using an actuarial method over the residual lifetime of the securities.

The difference between the fair value of the securities on balance sheet date and their acquisition price, plus or minus depreciation due to the effective interest rate method, where applicable, is recognised in assets under the "available for sale" heading and a corresponding entry in line "revaluation reserve" of shareholders' equity.

Where there is an objective indication of impairment of a financial instrument available for sale, the accumulated loss, previously recorded under shareholders' equity, is transferred to income as follows:

- Equity investments:

For these instruments, the Group considers the significant technological, market, economic or legal changes having a detrimental effect on the issuer and a significant or prolonged drop in the fair value of the instrument below its acquisition cost. An objective indication of depreciation would be

the fact that the value of a share held would show a market value of 20% below its net accounting value during an uninterrupted period of nine months. The amount of accumulated impairment transferred from shareholders' equity to income is the difference between the acquisition cost and the fair value, less any impairment of this asset previously recorded in income. Any subsequent loss on a depreciated equity is immediately recognised through income whether or not it is significant or lasting. If the equity investment in question should subsequently appreciate in value, impairment recorded is not written back through income but is recognised in the "revaluation reserve" until the asset in question is sold.

- Debt instruments:

A drop in value, which equals the difference between fair value and amortised cost, is recorded in the income statement. If during a subsequent financial year, the fair value of an impaired debt instrument increases, the amount of the impairment previously recorded is written back to income. Fair value of fixed income securities does not take into account accrued interest.

6.8 Financial assets at fair value through income

6.8.1 Financial assets held for trading

A financial asset is classified as held for trading if it is:

- Acquired or incurred principally for the purpose of selling in the near term;
- Part of portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- A financial derivative.

Change in fair value of financial assets held for trading during the period is recognized in the income statement. Fair value of fixed income assets does not include accrued interest.

6.8.2 Financial assets at fair value through income

In order to avoid accounting discrepancies, the Group classifies financial assets held within unit-linked contracts, where the corresponding liabilities are valued on the basis of the fair value of the investments units underlying these contracts, as being at fair value through income.

6.9 Financial assets held-to-maturity

Assets held-to-maturity are non-derivative, with determined or determinable payments as well as a fixed maturity where the Group has a positive intention and capacity to maintain until maturity, with the exception of:

- those which the Group has designated as on initial recognition, as being valued at fair value through income (cf.6.8.2);
- those which the Group has designated as being available for sale (cf.6.7);
- those defined as loans and receivables (cf.6.10).

Financial assets held-to-maturity are measured at amortized cost, using the effective interest rate method.

If it seems appropriate to recognise a financial asset at amortized cost rather than at fair value, for instance if the Group has changed its intention, the book value of this financial asset measured at fair value will be considered to be its new amortized cost.

6.10 Loans, receivables and financial liabilities

a) Insurance receivables

Client, broker and agent, co-insurer and reinsurers receivable accounts are initially recorded at fair value of the consideration given or received and then valued at amortized cost.

b) Loans on life insurance contracts

Loans secured by life insurance contracts are initially recognized at fair value of the consideration given or received and then valued at amortized cost.

c) Mortgages and other loans

Mortgages and other loans are initially recognized at fair value of the consideration given or received and then valued at amortized cost.

d) Depreciation terms of these financial assets

Impairment is calculated as soon as there is objective evidence of depreciation of all or some of these insurance receivables, down payments or loans.

The amount of the impairment is the difference between the book value and the recoverable value (if the latter is lower than the book value), where the recoverable value is defined as being the present value of estimated future cash-flows. This depreciation is recorded in the income statement.

e) Financial liabilities

Financial liabilities other than investment contracts falling within the scope of IAS 39 (see point 5.4.2) are initially recognised at fair value and then valued at amortized cost.

6.11 Cash and cash equivalents

Bank accounts, postal checks and cash in hand are recognized at initial book entry value. This item includes cash, short-term deposits and other short-term investments with very high liquidity, provided that their initial maturity and remaining maturity do not exceed three months. Credit balances on current accounts are considered as cash management instruments.

6.12 Valuation and accounting of income and expense from financial assets and liabilities

Income and expense from financial assets and liabilities received, paid, to be received or payable are valued at fair value. In the majority of cases, there is a counter-entry in cash or cash equivalents. Income is recognised if it is probable that the economic benefits associated with the transaction will flow to the Group. Expenses are recorded as soon as they are incurred.

7. TANGIBLE AND INTANGIBLE FIXED ASSETS

7.1 Land, buildings, equipment, machinery and furniture

7.1.1 Land and buildings

The Group recognises land and constructions separately depending on whether the buildings are used by the Group (business premises), as defined in IAS 16, or held for investment (investment property), as defined in IAS 40. These positions are recognised separately in consolidated assets of the

Group. After initial recognition, these assets are recognised at cost less accumulated amortisation and accumulated impairment, if any.

a) Investment properties

An investment property is measured initially at its cost, including transaction costs. The cost is the cash or cash equivalent at the time of its acquisition or construction plus accessory construction cost and/or acquisition costs directly attributable thereto or indeed the equivalent cash value given to the asset on initial recognition.

b) Business premises

- Business premises are recognised at acquisition cost less amortisation and impairment. Land is an exception to this rule as only impairment can be deducted;
- The acquisition cost of business premises is defined as the acquisition price plus any accessory costs related to the acquisition. The cost includes:
 - The purchase price, including duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
 - Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Subsequent costs are recognised as separate assets only if it is probable that future economic benefits associated with this item will flow to the Group and the cost of the item can be measured reliably. The day-to-day servicing of the tangible fixed assets such as repairs, maintenance and other similar costs are charged to the income statement.

7.1.2 Equipment, machinery and furniture

These tangible assets are recognised initially at acquisition cost. The acquisition cost is defined as the purchase price plus any accessory costs related to the acquisition. The acquisition cost includes:

The purchase price including duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition these assets are carried on the basis of the cost model less accumulated amortisation and any accumulated impairment losses.

7.1.3 Amortisation and impairment

The Group allocates the amount initially recognised to significant parts and depreciates separately each such part.

Amortisation is calculated using the linear method on the basis of the useful life of the assets, i.e.

- 25 to 50 years for the structure of the building
- 10 years for the technical components of the buildings;
- 3 to 10 years for equipment, machinery and furniture.

The depreciable amount of these assets is determinate after deducting its residual value. Remaining life and the amortisation method applied is examined at each annual end.

Land is considered as a non-amortisable asset. Any depreciation is subject to an impairment loss.

The fair value of business premises and investment property is periodically determined by professionally qualified valuers. The fair value of items is indicated

in the respective notes to the financial statements. Any loss of value resulting from the expertise is subject for impairment.

The residual value and useful life of the tangible assets are revised at each annual period end. In accordance with IAS 36, an impairment is recognised immediately, when the carrying amount exceeds the amount to be recovered.

7.2 Intangible fixed assets

7.2.1 General

An intangible fixed asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;
- The cost of the asset can be measured reliably

To assess the probability of expected future economic benefits, the Group uses reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible fixed assets are measured initially at cost comprises any directly attributable costs of preparing the assets for their intended use. After initial recognition, an intangible fixed asset is recognised at cost less accumulated amortisation and accumulated impairment if any.

For intangible assets with a finite useful life, the Group amortises these over their useful life. The amortisation period for an intangible fixed asset depends on the activity and economic development of the Group's entities. Amortisation begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the earlier of the date that the asset is classified as

held for sale in accordance with IFRS 5 and the date that the asset is derecognised. The amortisation charge for each period is recognised in the income statement. The breakdown of this charge is included in financial charges, charges for insurance benefit and cost items. The useful life and the amortisation method of the intangible fixed asset are reviewed at each financial year-end. When there is any indication that an intangible fixed asset may be impaired, the entity does impairment tests. If there is any significant change to parameters such as intrinsic value, future profitability or market share, the value will be reduced in accordance with IAS 36.

Intangible fixed assets with an indefinite useful life will not be amortised but will undergo annually impairment tests in accordance with IAS 36 or whenever there is an indication that the asset may be impaired.

7.2.2 Categories of intangible fixed assets

a) Goodwill

Goodwill is defined as the portion of the acquisition costs exceeding the fair value of the assets, liabilities and any identifiable contingent liabilities accruing to the Group at the date of acquisition. This goodwill is recognised as an intangible fixed asset. Goodwill on investments in associates is included in the carrying value of these investments.

Goodwill resulting from the acquisition of shares held by minority shareholders is directly recorded and deducted from equity during the year of acquisition of these shares.

In order to determine an eventual loss of value, goodwill is tested for impairment periodically and at least once a year. The remaining net value, less any impairment, is recognised in the balance sheet.

The impairment is recognised in profit or loss. An impairment recognised for goodwill is not reversed.

b) Other intangible fixed assets

- Intangible fixed assets purchased

The costs of software licences purchased are recognised in assets at its purchase price and any directly attributable costs of preparing the asset for its intended use. These costs are amortised according to the linear method, over their estimated useful lives of 3 to 5 years.

The residual value is estimated zero.

- Internally generated intangible fixed assets
These assets are IT projects developed internally. Costs incurred during the research phase of the internal generated projects are not recognised in asset and are recognised in the income statement when incurred.

Only cost incurred during the development phase is recognised in asset, provided the rules for asset recognition of such elements, as defined by IAS 38, have been applied.

After initial recognition, development expenses considered as internally generated intangible fixed assets are valued using the amortized cost model. The cost of such an asset includes all directly attributable costs required to create, produce and prepare the fixed asset to be capable of operating in the manner intended by management.

As a general rule, the estimated useful life of the software generated internally is currently between 3 and 5 years. This period is consistent with the group's experience in this way. The residual value is estimated zero. Amortisation is calculated by the linear method over the useful life of the assets.

8. CAPITAL

Ordinary shares are recognised under "Capital". Expenses directly linked to the issue of new shares or options are recognised in shareholders' equity, net of tax, and deducted from the value of the shares issued. When a Group company purchases shares of the parent company, the price paid, and the direct included incurred costs related to this transaction, are deducted from the shareholders' equity until these shares are cancelled or sold. When those shares are sold, the selling price, net of tax and any direct costs incurred during the transaction, is added to the Group's shareholders' equity.

Following a decision taken by the Annual General Meeting of Shareholders, shares issued entitle the holder to a dividend upon presentation of the detached coupon.

During the first half of 2009, Foyer S.A. has implemented a stock option plan in favour of the management. Those transactions do not result in the issuance of new shares and Foyer S.A. redeems the shares necessary for such a compensation at the stock market.

9. TAX ON PROFIT AND DEFERRED TAXES

Tax on income is calculated according to the tax rules in force in the countries in which the entities are located. Advances paid for a specific financial year may be offset against tax liabilities in respect of the estimated result for the same financial year.

Starting 2008, companies incorporated in Luxembourg and owned at more than 95% are subject to a fiscal integration such as provided for by Luxembourg fiscal legislation.

Deferred taxes arise where there is a temporary difference between the tax base of an asset or a liability and the carrying value of the asset or

liability in the consolidated balance sheet. The tax rate is applied and the deferred tax is calculated in accordance with the legal provisions adopted at the year-end.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- a. where the deferred tax liability arises out of the initial recognition of the Goodwill of a business combination or the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit and loss, and
- b. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be offset, unless the temporary tax asset originates from the initial recognition of an asset or a liability which involved a transaction which,

- a. is not a business combination, and
- b. at the time of the transaction affects neither the accounting profit nor taxable profit and loss.

However, deferred tax assets are recognised for all deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be used.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that

sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be used. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future tax profits will allow the deferred tax asset to be recovered.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Tax rates to be applied to temporary differences will be the maximum tax rate in the various tax categories:

- Luxembourg: 29,34% (rate in Leudelange) ;
- Belgium: 33,99% ;
- Switzerland: 35,1% (rate in Geneva) ;
- Spain: 32,5%.

10. STAFF BENEFITS

10.1 Long-term benefits

The Group manages two types of defined pension benefit plans in favour of employees.

Pension benefit plan

A defined contribution pension benefit plan was introduced in favor of employees on 1st January 2003. The employer's contributions to supplementary pension are used to build an employers' supplementary pension benefit fund, an employers' supplementary pension benefit fund for early retirement and capital for death and invalidity indemnities.

The employee chooses where the employers' contributions to the supplementary pension fund, net of expenses, are paid on his or her behalf each year. This can be a unit-linked savings instrument, stipulating the various funds into which these payments are made, and/or into a guaranteed rate savings instrument. If the employee dies before retirement, beneficiaries receive the accumulated

savings plus a death benefit. Any dependent children receive an orphan's pension. In the event of full or partial invalidity prior to the retirement date, a supplementary invalidity benefit is paid by the employer in accordance with the rules of the plan. The Group has no further obligations than to pay the aforementioned employers' contributions.

A feature of the defined contribution plans is that payments are made to institutions which release the employer from any subsequent obligation. Consequently, once the contributions have been paid, no liability or commitment is recognised in the accounts of the various entities. Foyer Vie S.A. acts as the insurer for the other Group entities operating defined contribution pension plans for their respective employees. This means that both unit-linked and non-unit-linked life insurance and pension benefit commitments, covering the assets which represent the retirement capital accumulated by the individual employees, are recognised in the Group's consolidated accounts.

The previous pension plan

The Group has obligations linked to a previous defined pension benefit plan. This plan was closed in 2003 and now only relates to those employees who retired prior to that date. A provision is set aside for current pension benefit commitments which include retirement, invalidity, survivor and orphan's pensions.

Other commitment

The Group has long-term obligations towards some agents. Contributions are paid annually proportionally to the agent's commission. A benefit is paid to the agent on retirement.

Accounting methods

In accordance with IAS 19, the projected credit unit method is used to calculate the discounted value of the defined benefits, the cost of the services rendered over the period and, where applicable, of past services. Present value of the commitments is calculated by discounting future flows at a market

rate based on state bond issues. The Group does not use the corridor method to recognise the actuarial variations of the commitments under these plans. As a result, any variations (actuarial gains or losses), net deferred taxes, are recognised in full in equity under the item "Reserves" for the period in which they occurred.

10.2 Short-term benefits in respect of employees' personal insurance contracts

The Group offers a discount on the premiums of personal insurance contracts subscribed by the employees. This discount rate varies between 12% and 27%, depending on the branch.

10.3 Stock options

Other long term benefits

During the first quarter 2009, Foyer S.A. acquired the group Capital at Work. One of subsidiaries attributed previously to employees some options on a fund that are exercisable in 2018.

The fair value of the commitments is the market value of these options.

Share-based payments

In the first half 2009, Foyer S.A. has implemented a stock option plan in favour of the management. This plan provides only settlement in shares. After attribution, the options are acquired definitely.

The cost of options is valued at fair value of contracted instruments at grant date. The fair value is estimated by an appropriate valuation model taking into account the buy back shares program decided in the 2nd quarter 2009.

At grant date, the option cost is recognised in staff costs, for an equivalent increase in equity of the Company.

11. PROVISIONS AND OTHER LIABILITIES

The Group sets aside a provision whenever there is uncertainty as to the maturity of an obligation or the amount of a future expense required to meet the obligation. These provisions are recorded when the following conditions are met:

- The Group has a current (legal or implicit) obligation in respect of a past event;
- It is likely that resources representative of economic benefits will be used in order to meet the obligation;
- The amount of the obligation can be reliably estimated.

The provisions are discounted if the "time value" of the money is considered to be significant.

12. SEGMENT INFORMATION

As determined by management to evaluate performance, the group is organised around three operational segments based on their products, services and on regulatory constraints.

The segments are as follows:

- Non-life insurance;
- Life insurance;
- Asset management.

Revenue from external customers is presented with the following:

- Life insurance and Non-Life insurance: earned premium net of reinsurance
- For all segments, net operating income, commissions and financial income included

The net financial incomes are closely related to the business of operational segment and are managed independently. Of these net financial incomes, revenue and interest expenses are presented separately in accordance with IFRS 8, although they are not provided to management.

Miscellaneous expenses such as those relating to management accounting, financial management or management legally, are supported by various segments through entities belonging to segments. These expenses are identified and allocated to the Group's entities using an internal cost allocation system and a common accounting system.

The benefits of the fiscal integration of certain companies incorporated in Luxembourg are allocated to the sector of asset management.

Geographic information separate following indicators between Luxembourg, on the one hand, and the rest of Europe (other countries of the European Union and Switzerland), on the other hand.

- for Life insurance and Non-Life insurance, gross earned premiums from external customers are assigned based on the geographical location of customers;
- tangible assets are allocated on the basis of their geographical location.

Providing more detailed information would require undue cost

13. INCOME FROM ORDINARY ACTIVITIES

Are considered as income from ordinary activities products from insurance premiums in Life and Non-Life, services and use of assets of the Group entities generating interests, royalties and dividends.

- Insurance premiums are collected either for non-renewable periods agreed on a case-by-case basis with clients, either for fixed, tacitly renewed periods.
- As a general rule, services rendered are tasks performed under contract by a Group entity within

a given deadline. Services may be rendered in the course of a single accounting period or over several accounting periods.

- Income generated by investment contracts in the asset management segment is represented by commission paid in return for the management of the securities portfolio and underlying deposits. This commission is fixed at the time of the signature of the investment contract and is payable periodically. The management fee charged on signing contracts cover both the financing costs charged by third parties as compensation for business expenses incurred.
- Use by third parties of assets belonging to the Group entities generates income from ordinary activities in the form of:
 - a) Interest – payment for the use of cash or cash equivalents or amounts due to the entities;
 - b) Dividends – distribution of profits to holders of equity investments pro rata to their holdings in a class of securities in the capital.

14. LEASE AGREEMENTS

Some tangible fixed assets used by the Group, such as offices, have been taken for rent. Payments under these leases are recognized in the income statement on straight line basis over the duration of the lease. These simple operating leases do not involve the transfer of significant risks or benefits to the Group.

Note 5. Critical accounting estimates and judgments in applying accounting policies

When preparing the financial statements, Management has, on the date these statements are made, to make estimates and assumptions and set certain hypothesis which affect the amounts recognised under the assets and liabilities and, where necessary, provide information on asset and liability items and the income and expense recognised over the period. The actual results may differ from these estimates.

The estimates and assumptions are reviewed on a regular basis. The impact of changes to accounting estimates is recorded for the period in which the change took place, if it relates only to the current period, or for the period in which the change is applied and subsequent periods, if the change applies to the current period and subsequent periods.

Implementation of these decisions and estimates, which are explained in the notes to the financial statements, involves amongst others the evaluation of the technical provisions and the methods used to calculate depreciation amounts.

1. ESTIMATING CLAIMS EXPENSES

The effective cost of claims covered by the insurance contracts constitutes a critical accounting estimate. Various uncertainties must be taken into account when estimating claims, especially claims in the branch of civil responsibility (both general and motor), which are sometimes settled several years after their occurrence. With no established precedents and changes in the law and in the economic environment in general, it is difficult to accurately estimate what the final expense will be. These estimates are made with caution by management and skilled employees.

The estimated amounts of future payments of individual claims are recorded in the provisions for claims. With the exception of provisions for invalidity annuities, these are not discounted.

Additional provisions are set aside for claims incurred but not reported, for claims incurred but not enough reported, and for all future administration expenses related to these claims. They are estimated on the basis of historic data and current claim settlement trends, taking into account the frequency of occurrence of claims in the individual branches of insurance (cf. note 17).

2. LIFE INSURANCE CONTRACTS AND LONG TERM SUPPLEMENTARY PENSION BENEFIT

2.1 Estimates in respect of long term supplementary pension benefit and life insurance contracts.

The Group estimates the liabilities arising from long-term life insurance contracts. These estimates are based on the number of deaths over the total number of years of the Group's risk exposure. They also take into account the standards within the sector and mortality tables approved by supervisory bodies. For contracts where the risk is the survival of the policyholder, reasonable adjustments are made to take into account the increase in life expectancy.

The major source of uncertainty in death cover is the development of epidemics or pandemics such as AIDS or avian flu and lifestyle changes relating to eating, drinking and smoking habits. In contrast, progress in medical treatment and improvements in social conditions may have a positive effect on life expectancy.

Reinsurance cover is taken out for all contracts with the exception of savings-investment contracts with no insurance risk factor. When contracts offer a guaranteed minimum rate, a provision is set aside to cover shortfalls in future returns.

2.2 Mathematical provisions

Mathematical provisions for life insurance contracts with high mortality risk are calculated according to current principles approved by the supervisory authorities in line with prospective principles on the basis of assumptions relating to rates of return, mortality/morbidity and administration expenses.

If the mortality table changes, an additional provision is set aside to cover the variance between the provisions calculated on the basis of the old table and those calculated in line with the new table. When contracts offer a guaranteed minimum rate, a provision is set aside to cover shortfalls in future returns.

The mathematical provisions for savings contracts are calculated retrospectively. These equate to total contributions paid plus returns calculated on the basis of technical rates. Where DPF is offered in the contracts, these are also included in the mathematical provisions (cf. note 17).

3. ESTIMATING FINANCIAL INCOME

The Group also estimates future financial income from assets invested in securities and real estate. These estimates are based on current market returns and assumed changes in rental and dividend income (cf. note 29)..

4. INVESTMENT CONTRACTS

The Group writes a large number of contracts which are linked to financial instruments recognised at fair value through income. Not all of these instruments are listed on an active market

and their market value is calculated using various techniques in case no active market is available. These techniques are validated prior to use and, where appropriate, adapted to guarantee a result which reflects a market value comparable with that of similar assets.

Changes to the basic assumptions employed by these techniques (volatility, credit risk, etc.) may impact on the estimated fair market value of these financial instruments. However, since the Group's commitment to policyholders under these contracts equates to the fair value of the corresponding financial instruments, there is in fact no real financial risk for the Group. These contracts pass the financial risk on to the policyholders but, in return, guarantee them the benefits and revenues from these instruments (cf. note 20).

5. SHARES PERMANENTLY DEPRECIATED

At each closing date, the Group reviews equity instruments whose fair value has an unrealized loss and determines whether there is objective evidence of impairment for individual assets or the assets of a sector level. We can cite as an example of objective evidence of impairment where a share is experiencing unrealized loss of at least 20.0% for a continuous period of nine months or more before the closing date. Where appropriate, the Group recognizes the depreciation in the income statement (cf. note 4, § 6.5 and 6.7).

6. IMPAIRMENT OF GOODWILL

At each closing date, the Group carries out impairment tests of goodwill based primarily on assets under management (AUM) and coefficients of recovery thereof, by distinguishing private clients and institutional clients (cf. notes 3 and 11). The coefficients are determined using information available on the market.

Note 6. Management of insurance and financial risks

The Group writes contracts whereby an insurance risk or a financial risk, or both, are transferred between two parties. This note lists these risks and explains how the Group manages them.

1. INSURANCE RISK

The risk inherent in each insurance contract is the possibility of the insured event materialising and the uncertainty surrounding the amount which will have to be paid out upon settlement of the event.

For an insurance portfolio, the main risk is the actual claims expense being higher than the anticipated premium income. The occurrence of the insured event is essentially random, the rate is based on assumptions of frequency and average cost of damage. If these assumptions underestimate the actual risk, the risk of loss is real

Nevertheless, the statistical law shows that the bigger the portfolio, the lower the deviation from the base statistics. Also, portfolios with greater diversification are less exposed to the consequences of actual results deviating from the base assumptions. Indeed, when products covering independent risks, the hazard of a product is partially offset by the randomness of other products.

1.1 Non-life insurance

1.1.1 General

The Group sells non-life insurance products mainly in the Grand-Duchy of Luxembourg but also in Belgium under the freedom of services directive. These activities expose the Group to three types of insurance risk. The first two types relate to current and future activities which carry a tariff risk and a risk of extreme claims. The third risk relates to past activities which carry a provisioning risk. For current activities, the main course of action for managing the selection of risks is acceptance of the risks proposed in line

with the selection criteria set forth in the Group's commercial policy.

Risk management has always been one of the major pillars of the business of the insurer. Moreover, through active participation in various studies of the impact of European project of reforming the rules and tools of prudential supervision of insurance companies, known as Solvency 2, the Group has gradually enriched with new methods to quantify more precisely its exposure.

1.1.2 Risk pricing

1.1.2.1 Definition of price risk

For each insurance contract, in return for payment of a premium by the customer, the Group agrees to indemnify it in the event that the insured event occurs. In other words, for every insurance product or insurance risk, the tariff risk is the risk that the total amount of premiums received, less administration and distribution costs, are insufficient to cover the total amount of claims incurred.

1.1.2.2 Price risk management

To manage this risk, the Group has several ways.

a) Technical methods

As a major player on the domestic market, the Group has a large statistical database which enables it to reduce volatility when calculating the probability of occurrence of the insured event and average anticipated costs. The Group's actuaries use this statistical database to calculate tariffs.

When designing the products, the Group carries out tests related to technical, commercial and management assumptions in order to test the sensitivity of the anticipated level of profitability. Each year, these assumptions are adjusted in line with management reporting or supplementary analyses and tariffs are changed if necessary.

b) Legal framework

The majority of contracts is concluded for a period of one year and renewable tacitly. Thanks to the steering tools described in paragraph a), if the Group observes that tariffs are too low, it can take action and change the tariffs not only of new contracts but also of existing contracts, notifying the policyholder three months prior to expiry of the contract.

In the health insurance sector, contracts are taken out for an indefinite period and only the policyholder is entitled to cancel. The contracts do however contain a tariff adjustment clause which is based on a comparison between the claims rate statistics for all contracts in the portfolio at a given moment in time and the estimated claims ratio at the time the contract was written. These adjustments are made under the supervision of an external expert.

c) Possible resort to external expertise

For major technical risks (large building sites, industrial risks, etc.), the Group can avail itself of the global underwriting and pricing experience of its reinsurance partners.

1.1.3 Risk of extreme claims

1.1.3.1 Definition of risk of extreme claims

When actuaries calculate the premium of an insurance cover, they remove extreme claims from their statistical database. Extreme claims are events where the likelihood of occurrence is low (less than 0.5%), but the cost is high in comparison with the annual volume of premiums written in that particular insurance branch.

To compensate for the exclusion of "extreme" claims, the cost of funding this risk is added to the calculated premium. This cost is usually financed by a reinsurance program, that covers such claims. The main characteristics of which are described in the following paragraph.

For instance, the Group would currently define the following claims as "extreme":

1. A storm where the total accumulated cost per event exceeds € 3.0 million.
2. A civil liability claim costing in excess of € 2.5 million.
3. A fire or explosion claim exceeding € 2.0 million.

1.1.3.2 Risk management of extreme claims

Each year, to protect against the risk of extreme claims, the Group entered into a reinsurance program composed of different contracts and different reinsurers. The global cost of this reinsurance program is included in the insurance contract pricing. The main reinsurance contracts are:

The main reinsurance contracts are:

Reinsurance contracts	Type of reinsurance
Civil motor liability	Excess of loss
General Civil Liability	Excess of loss
Fire	Excess of loss
Natural disasters	Excess of loss

1.1.3.3 Particular case concerning high risk concentration

The risks of extreme claims can be decomposed between, on one hand, claims of very high intensity affecting a single contract and one third, on the other hand, claims low and medium intensity but involving a significant number of contracts or third parties. The latter of this type of claims qualifies as high risk concentration. Taking into account the structure of the contract portfolio and contractual commitments toward the insured, high concentration risk occurs mainly in the damage insurance portfolio. Liability contract portfolios are also concerned but probability of occurrence is low. Theoretically the accident contract portfolio could also be concerned; however the probability is very low and the cost remains reasonable because the insured sums are limited. Reinsurance plays a vital role in the management of the high concentration risk.

Branches of civil liability

The risk of high concentration is found as well in Civil Motor Liability (tunnel, pile-up) as in other than car insurance risks (faulty products). In order to safeguard itself against the different types of civil liability risks, the Group has written a non-proportional reinsurance cover covering individual events for which cover is limited in the motor vehicle branch.

In order to measure the impact of possible claims linked to high concentration and the efficiency of the corresponding reinsurance program, the following table shows the cost per year of occurrence.

During the period under review, the Group did not suffer from major claims resulting from concentration risk. Important claims only concerned one counterparty.

Claims cost (€ million) payments + provision on 31.12.2009

	Year of occurrence		
	2009	2008	2007
Before reinsurance	48,0	57,8	42,6
After reinsurance	46,7	54,7	42,1

Branches of property damage

Taking into account the importance of the market share of the Group in the motor vehicle sector and climate changes observed in passed years, the risk of hail to which an open air parking lot is exposed is considered a major high concentration risk. Other risk (explosion on an industrial site, air crash, fire in an underground parking lot) are also considered to be fairly important. In order to safeguard itself against these high concentration risks, the Group has written two non-proportional reinsurance treaties covering individually occurring events. The first treaty covers the storm and hail risk with a cover of an amount twice the maximum possible claim expenditure

occurring once every two hundred and fifty years. The second treaty covers fire and explosion risks with a reinsurance cover adapted to the profile of our portfolio. In addition to these, and in order to limit highest exposure on industrial sites and large buildings, the Group has also written a proportional reinsurance treaty and case by case reinsurance cover for individual risks.

In order to measure the impact of possible claims linked to high concentration and the efficiency of the corresponding reinsurance program, the following table shows the cost per year of occurrence.

Claims cost (€ million) payments + provision on 31.12.2009	Year of occurrence		
	2009	2008	2007
Before reinsurance	71,6	64,6	69,2
After reinsurance	70,0	62,5	60,2

In 2007 the Group suffered 2 extreme claims caused by hail and resulting from the high concentration risk. The most important of the claims was essentially supported by the reinsurers as suggested by the table above.

In order to measure the impact of possible claims du to high risk concentration, the table below shows the total annual cost of claims per insurance year.

Accident branch

The concentration risk concerns the catastrophic (air crash, terrorism, bus or train accident, fire or explosion on the site of an insured entity in connection with a group contract). Given the very low capital risk exposure in this sector (portfolio of small, low capital insured), the Group did not consider it appropriate to reinsure this risk, except in special cases.

To measure the impact of potential claims related to this concentration risk, the table below shows the total annual charges per year of occurrence.

Over the analyzed period, the Group did not have to support a major claim resulting from concentration risk.

Claims cost (€ million) payments + provision on 31.12.2009	Year of occurrence		
	2009	2008	2007
Before reinsurance	2,1	2,9	1,1
After reinsurance	2,1	2,8	1,1

1.1.3.4 Sensitivity analysis

As mentioned in previous paragraphs, the annual result is very sensitive to the risk of extreme claims. The sensitivity analysis is to simulate

the impact of extreme damage through various extreme «stress tests».

Definition of the stress tests

1	A civil motor liability claim in respect of a tunnel accident or pile-up of € 50,0 million
2	Five civil motor liability claims each of € 1,5 million
3	A storm claim where the total accumulated cost exceeds € 25,0 million.
4	A fire claim of € 25,0 million in a factory
5	An explosion claim of € 50,0 million in a factory. Above this amount, the explosion damages in the surrounding area some 50 buildings within our insurance portfolio carrying a claims expenses of € 250,000 per building, giving a total claims expense of € 62,5 million

Impact on profit before tax in € thousand	Stress Test 1	Stress Test 2	Stress Test 3	Stress Test 4	Stress Test 5
Impact before reinsurance	- 50 000,0	- 7 500,0	-25 000,0	-25 000,0	-62 500,0
Claims expense ceded to the reinsurer	47 500,0	-	22 000,0	23 000,0	58 000,0
Impact after reinsurance	- 2 500,0	- 7 500,0	- 3 000,0	- 2 000,0	- 4 500,0

As shown the result of "stress test", the most catastrophic scenario would have a maximum negative impact of € 7,5 million (before tax) on profit after reinsurance, i.e. less than 2,0% of

consolidated shareholders' equity at 31 December 2009. This shows the efficiency of our reinsurance program in the light of potential high claims risk.

1.1.4 The provisioning risk

1.1.4.1 Definition of the provisioning risk

The provisioning risk reflects the uncertainty of the claims provision appearing in the balance sheet. This provision is the sum of the following three amounts:

- The provision for reported outstanding claims;
- The provision for claims incurred but not reported (IBNR) or incurred but not enough reported (IBNER);
- The provision for internal claims administration expense in case the company would cease all activity.

1.1.4.2 Managing the provisioning risk

1.1.4.2.1 The provision for indemnities for claims reported and not settled

It is the sum of provisions estimated on a case-by-case basis by our claims managers based on their expertise and information available to them at the time of the estimate.

Concerning more in particular damage branches

Insufficient outstanding provisions for claims declared in the field of damage insurance is very low. In fact the cost estimate for the claim is done either on the grounds of the insured sum or on the grounds of a cost budget made by an expert or by the person that will be in charge of repairing the damage.

Furthermore the time elapsed until payment of the damage is very short, such as to exclude any “inflationary” risk at large.

Concerning more in particular civil liability branches

The outstanding provision for claims declared in the field of civil liability branches present a risk of provision insufficiency far higher then for damage branches, and more particularly in the field of bodily injuries arising in motor vehicle accidents. Indeed in this type of claim, there are numerous items to be evaluated on the grounds of medical conclusions concerning future evolution such as economic losses, aesthetic prejudice, moral prejudice, present and future costs of medical treatments... On the other side payment can be delayed over an important number of years and the cost estimate need taking into account legal interest expense. Finally, in order to hold at any time a correct estimate, unsettled claims files are periodically actualized.

The following table shows an overall positive development of the year to year claims expense which corroborates the adequacy of applied provisioning methods claim by claim.

Gross of reinsurance (€ thousands)		Year of development					
		0	1	2	3	4	5
Year of occurrence	2004	94 275,5	88 930,9	84 302,4	82 319,5	81 518,6	81 206,7
	2005	102 269,0	100 396,8	96 809,9	93 348,1	93 744,5	
	2006	107 164,9	107 602,9	102 816,1	100 598,3		
	2007	116 778,0	115 489,8	112 883,5			
	2008	120 951,8	124 873,2				
	2009	120 621,1					

Net of reinsurance (Group vision excluding internal Group reinsurance):

(€ thousands)		Year of development					
		0	1	2	3	4	5
Year of occurrence	2004	92 381,5	87 272,5	82 843,1	80 794,5	79 539,3	78 367,3
	2005	99 060,0	95 574,6	92 241,9	88 751,0	88 437,4	
	2006	102 141,3	100 567,1	95 425,1	92 007,8		
	2007	107 211,8	105 754,6	105 757,6			
	2008	118 069,5	119 574,2				
	2009	117 674,8					

In order to provide the most objective view of the evolution of claims expense per year of occurrence, it was necessary to remove all claims reported in connection with the fronting activities carried out by the entities on behalf of captive reinsurance companies (balance of provisions net of payments as at 31 December 2009: € 46 079,5 thousand). In addition, the claims expense as at 31 December 2009 does not include claims where the Group is not responsible for administration of the claim but where it is involved through national agreements, such as claims managed by the "Bureau Luxembourgeois" and the "Fonds commun de garantie automobile" (provision gross of reinsurance and net of payments € 1 063,6 thousand) at 31.12.2009. Finally, with respect to the small size of Luxembourg and the impact a major claim could have on the claims expense in a year of occurrence, all events where cost exceeds the first risk limit set in the reinsurance treaty of € 1,5 million for a single claim have been eliminated (provision gross of reinsurance and net of payments as of 31 December 2009 € 9 652,6 thousand). The claims expense gross of reinsurance for the years of occurrence prior to 2004 is € 87 929,4 thousand, net of payments and the payments for the years of occurrence 2004 to 2009 is € 470 379,7 thousand. Taking into account all these factors, the gross claims provision was € 360 347,1 thousand as at 31 December 2009.

1.1.4.2.2 Provision for claims occurred but not declared or claims insufficiently provisioned (IBNR and IBNER)

Provisioning for claims occurred but not declared

This provision is calculated insurance risk per insurance risk according to a probability method, the parameters of which are estimated according to past years experience. However in order to allow for the effect of branch pluralism, the provision is calculated as a global estimate while trying to reach a confidence level of 95%.

The provision for claims incurred but not enough reported (IBNER)

The first step involves estimating the final claims expense for each year of insurance and each insurance branch on the basis of historical data. The classic "chain ladder" actuarial method is applied to obtain an estimate for each branch of insurance.

In the second step, the Group takes account of the volatility of the result obtained by recalculating an estimate such as to ensure a confidence level of 95%.

Then the Group considers the level of provision shown in the balance sheet and described under 1.1.4.2.1 compared to the confidence level of 95%. If the result of the hypothesis were to be below that level, the Group would then determine a complementary provision to be added to the provision for claims incurred but not enough reported. Presently such a complementary provision is not necessary since the confidence level as described above under 1.1.4.2.1 exceeds 95%.

1.1.4.2.3 The provision for internal claims administration

This provision is calculated on the basis of a model which takes the following parameters into account:

- Global annual estimated amounts of run-offs of the claims portfolio
- Variable costs (personnel and material)
- Fixed costs (IT maintenance, rent expenditure)
- Hypothesis of inflation to future costs

1.2 Life insurance

1.2.1 General

In life insurance an essential distinction is made between contracts intended to provide death and invalidity cover only, such as “temporary outstanding loan annuities” contracts, and combined contracts which cover the risk and include a savings element.

a) Frequency and accumulation risk

For contracts providing death and invalidity cover, the biggest factor likely to impact frequency of occurrence are disasters or significant lifestyle changes in eating, drinking and smoking habits and physical exercise. For contracts covering survival risk, the most important factor is progress in medical and social science improving life expectancy. As regards long-term mortality and longevity trends, we regularly review the assumptions on which our pricing policy is based.

b) Concentration of risks

The reinsurance policy which provides cover for catastrophe risks also covers any risk concentration. This agreement covers all single disaster claims affecting at least three people.

c) Sources of uncertainty in estimating payments on maturity and future premiums

The sources of uncertainty are unforeseeable events which influence estimates, such as a shift in long-term longevity and changes in the social behaviour of the insured parties. The Group uses mortality tables which are recognised as appropriate for the local market. The performance of the portfolio and the general mortality statistics are systematically checked. If these checks highlight any significant deviations, the mathematical provisions for these contracts and the price of the products in question are adjusted accordingly.

1.2.2 Long-term and short-term life insurance, assumptions, changes in assumptions and sensitivity

For life insurance contracts with guaranteed return and DPF, estimates are made, taking into account the probability of death, cancellation, interest rates and general expenses, at the time these contracts are written. Using these assumptions, the Group calculates the insurance commitment for the duration of the contract. Subsequent to this, further estimates are made on a regular basis to ascertain whether the initial estimates are still adequate. If current estimates are inadequate, additional provisions are set aside.

For contracts with a DPF, the Group cannot accurately estimate the fair value of this clause in the contracts. In fact, although this clause entitles to additional benefit, the interest rate used to determine the discretionary participation is decided by the Board of Directors of the concerned entities on the basis of recommendations from Group actuaries.

The decision as to the amount of the DPF to be awarded depends on the performance of the assets invested. The rates applicable to the contracts are based on this amount.

1.2.3 Sensitivity assumptions

On regular basis and at least annually, the Life insurance portfolios are subjected to «stress tests». These «stress tests» highlight the surplus – or possible shortfall – of cover for the Group's commitments. For both long-term and short-term contracts, these tests determine the impact of a 25,0% increase or fall in the reference bond yields.

As of 31 December 2009, the surplus of hedging assets in excess of the technical provisions calculated according to current regulations has the rate of cover vary as follows:

- At the 3,40% reference rate (2008: 2,95%), the excess cover was up 49,8% (2008: 184,4%);
- At the rate of 4,25% (2008: 3,69%), representing an increase of 25,0%, the excess cover increased by 88,2% (2008: 308,5%);
- At the rate of 2,55% (2008: 2,21%), representing a drop of 25,0%, the excess cover increases by 11,4% (2008: 60,3%);

The Group is using an economic model to monitor any eventual shortfalls in future returns required to meet contractual commitments.

In an economic environment of decreasing interest rates, the shortfall established for an interest rate scenario of 2,8% to 2,9% is maintained. The shortfall can be estimated at maximum 6,8% (2008: 42,6%) of the excess cover, in other words a current maximum fluctuation of € 6 321,4 thousand, impacting directly on the shareholders' equity of the Group for an amount of € 4 466,7 thousand after tax.

At the 2009 year-end, the shortfall was entirely covered by additional provisions.

1.2.4 Short-term life insurance contracts

The Group sells individual short-term life insurance contracts in connection with the death cover it provides. These contracts back loans taken out by the policyholder to purchase consumer goods.

In Group insurance, these short-term contracts are subscribed by companies in connection with their pension benefit funds for their employees. In the majority of cases these contracts cover death and invalidity risk in addition to the savings facility they offer. Life risk is not exposed to any uncertainties other than the disaster and lifestyle uncertainties already mentioned.

1.2.5 Long-term life insurance contracts sold under the freedom of services act

In addition to the above contracts, the Group sells life contracts beyond borders of Luxembourg under the freedom of services act. These are classified as either investment contracts or insurance contracts, depending on whether or not there is significant insurance risk as defined by IFRS 4.

In the majority of cases, the policyholder pays a single premium in the form of a savings capital which is invested according to a pre-defined investment policy. Consequently, the financial risk is borne by the policyholder, except of course for the portion of insurance risk covered by the contract.

2. FINANCIAL RISK

The Group carries a financial risk through its financial assets, reinsurance receivables and insurance liabilities. In life insurance, there is the risk that revenue from financial assets will not be sufficient to meet the savings commitments provided for in the insurance contracts. The financial margin is exposed to the risk made up of a combination of variation possibilities of the rates of return of the technical provisions and the technical rate in the life sector and the legal interest rate to be applied to provisions for claims in the non-life sector.

On the basis of the profile of its insurance liabilities and cash flows, the Group seeks a balanced return from its asset management activities in order to meet the risks incurred. It complies with the legal framework which sets restrictions on the investment of technical provisions by asset type and issuer in order to avoid a concentration risk. Beyond the legal limits, investments in financial assets are highly diversified. These are generally not hedged by derivatives. Any portfolio adjustments considered necessary are applied directly to the assets managed.

The most important risk factors are rate risks, the risk of fluctuations of the stock markets, credit risk and foreign exchange risk.

The Group has identified credit risk inherent to the management of clients, brokers and reinsurers. The first two are handled by the litigation department whereas the reinsurance committee is responsible for reinsurance risk.

The other risks arise from unhedged positions from interest rates, exchange rates, equities and Investment funds which are exposed to market movements. Taking into account the structure of the securities portfolio, the most important risk is the interest rate risk. Interest rate risk is

especially high for long-term contracts since the probability of fluctuations of medium and long-term rates is important. Hence, a drop in return from assets due to a long-term drop in the bond rates and/or the equities markets could reduce the financial margin if the return from assets invested is not sufficient to cover the technical rates and accumulated profit sharing. A rise in the bond rates, on the other hand, reduces the value of the bond portfolios and may lead to significant depreciation.

The stock market risk applies to the loss of capital invested in equities. A long-term fall in the equity markets and the property market may not only result in amortisation or depreciation, but will also reduce the unrealised capital gains and available surpluses.

Foreign currency exchange risk is marginal as the majority of the Group's assets and liabilities are in Euro.

2.1 Credit risk limiting policy

Within the scope of its activity, the Group is exposed to certain credit risks. The risk is defined as the risk that the counterparty to a financial instrument does not meet its commitments and thus makes the Group suffer a financial loss.

Considering the area of activity of the Group, the main credit risks are:

- Fixed interest bonds and accrued interest on these bond portfolios;
- Bank deposits;
- Reinsurers parts of the technical provisions and in claims payments;
- Amounts due by underwriters and intermediaries.

2.1.1 Credit risk limiting policy

In order to limit credit risk exposure to bond portfolios, the Group regularly checks the evolution of the various issuers ratings in order to maintain a high degree of quality and to evaluate if income is adequate for the credit risk incurred. The policy is to diversify issuers according to certain imposed criteria and management considerations for each category of rating.

Risk borne in relation with deposits with banks is limited through specific limits authorized by the Board of directors. These limits are reviewed periodically, at least annually, on the grounds of each bank's rating, or, if no such rating is available, on the basis of a balance sheet analysis of the bank concerned. These limits vary between € 2 000 thousand and € 75 000 thousand

Risks born with respect to reinsurers are managed by the reinsurance committee. In the process of transferring insurance risk towards reinsurers, the reinsurance committee

takes into account the insolvency risk of these reinsurance companies by diversifying risk transfer to reinsurers for which security wetting is considered sufficient. The reinsurance committee gathers periodically and analyses at least annually security wetting.

In as far as captive insurance contracts are concerned; reinsurers' credit risk is checked by analysing the financial situation of the reinsurer and its shareholders in connection with risk inherent to the contracts to be underwritten.

Clients and intermediary risks are followed on an ongoing basis materialized by way of reminders and if necessary by cancellation of the contract, thus allowing the group to withdraw from the risk. The Group extends credit to clients in the form of loans against written policies. These loans are secured by the underlying savings of these life insurance contracts. The Group also extends loans to certain insurance agents; these loans are secured by the indemnity these agents would perceive in case of termination of their agents contract.

2.1.2 The following table shows for financial assets, the maximum exposure to credit risk

31.12.2009 € thousand	Other	Unit linked	Total
Equity instruments			
- Available for sale	203 103,4	-	203 103,4
- Held for trading	8 000,8	-	8 000,8
Fixed income securities			
- Available for sale	1 033 035,1	-	1 033 035,1
- Held for trading	22 554,7	-	22 554,7
- Held-to-maturity	19 834,6	-	19 834,6
Financial assets at fair value through income		1 629 550,0	1 629 550,0
Insurance receivables and other receivables	67 014,8	-	67 014,8
Reinsurers' share of liabilities in respect of insurance contracts	168 060,0	-	168 060,0
Cash and cash equivalents	192 661,3	-	192 661,3
Assets held for sale	32,8	-	32,8
Total credit risk exposition	1 714 297,5	1 629 550,0	3 343 847,5

31.12.2008 € thousand	Other	Unit linked	Total
Equity instruments			
- Available for sale	133 684,2	-	133 684,2
- Held for trading	18 393,6	-	18 393,6
Fixed income securities			
- Available for sale	940 467,8	-	940 467,8
- Held for trading	11 902,8	-	11 902,8
- Held-to-maturity	19 138,5	-	19 138,5
Financial assets at fair value through income	-	1 159 269,4	1 159 269,4
Insurance receivables and other receivables	58 504,9	-	58 504,9
Reinsurers' share of liabilities in respect of insurance contracts	156 530,7	-	156 530,7
Cash and cash equivalents	186 514,7	-	186 514,7
Total credit risk exposition	1 525 137,2	1 159 269,4	2 684 406,6

2.1.3 Credit Risk evaluation according to the counterparts' credit rating

a) Bond portfolio

The following table gives the split par rating of issuers per 31 December of the Group bond

portfolio. (Ratings by Standard & Poor's or equivalent)

	2009	2008
AAA to AA-	46,5%	67,2%
A+ to BBB-	52,2%	31,2%
Lower than BBB- *	1,3%	1,6%
Total	100,0%	100,0%

* or without rating

On 31 December, credit risk exposure was the following:

	2009	2008
Sovereign or debt guaranteed by gvt. institution:	29,91%	51,88%
Supranational bodies	7,41%	5,63%
Hedged bonds	1,27%	7,94%
Corporate issuers, financial sector	20,81%	20,87%
Corporate issuers, non-financial sector	40,60%	13,68%
Total	100,00%	100,00%

On 31 December 2009, maturities of the bond portfolio were the following:

	< 1 yr	1 - 5 yrs	5 - 10 yrs	> 10 yrs
Sovereign or debt guaranteed by gvt. institutions	0,00%	11,18%	18,45%	0,28%
Supranational bodies	0,00%	2,46%	4,76%	0,18%
Hedged bonds	0,00%	0,25%	0,02%	1,00%
Corporate issuers, financial sector	1,11%	3,53%	9,93%	6,25%
Corporate issuers, non-financial sector	0,19%	19,67%	19,77%	0,97%
Total	1,30%	37,09%	52,93%	8,68%

[b\) b\) Reinsurers' share of liabilities relating to insurance contracts](#)

Reinsurers part within these liabilities amounted to € 168 060,0 thousand (2008 € 156 530,7 thousand). Captive won contract represent € 51 127,5 thousand (2008: € 49 829,1 thousand)

On 31 December 2009, more than 27,33 % (2008: 54,76%) of provisions in relation with these captive reinsurance contracts are ceded to reinsurers whose S&P rating is at least AA and 59,36% (2008: 29,06%) to reinsurers whose rating is at least A.

[c\) Cash and cash equivalents](#)

€ thousand	AA	A S&P	A Company	Other	Total
2009	157 539,5	16 680,4	10 713,0	7 728,4	192 661,3
2008	65 635,7	99 565,6	13 683,6	7 629,8	186 514,7

With the same objective of caution for the bond management, the Group's cash is deposited mainly with banks of good quality having a high credit rating. In case where the bank has no rating, a complete analysis is made in order to attribute an internal rating and thereby establishing if the counterpart is solid.

2.1.4 Other information

On closing the Group holds no assets pending and which are not depreciated.

The Group charged against income depreciation of € 300,0 thousand (2008: 300,0 thousand) on premiums owed by clients and € 425,8 thousand (2008: 425,8 thousand) on funds owed by reinsurers. These amounts were estimated on the basis of historical data. Within its reinsurance activity, the Group received deposits from different reinsurance companies in the amount of € 96 285,4 thousand (2008: 81 342,0 thousand).

2.2 Liquidity risk

Liquidity risk is the risk the Group supports on maturity, to meet financial commitments linked to instruments or financial liabilities.

2.2.1 Liquidity risk limiting policy

The principal source of liquid assets is premium income and deposits made by clients. In order to limit the liquidity risk, and at the same time optimise financial yield, the Group uses a liquidity management tool. This tool takes into account the maturity of financial assets as well as treasury flows which are derived thereof.

Liquidity risk is also limited by an investment policy giving preference to financial assets considered to be very liquid and through lines of credit.

Liquidity risk of liabilities linked investment contracts and insurance liabilities related to unit-linked contracts are supported by the clients.

2.2.2 Maturity profile of assets and liabilities

The following table shows the maturity calendar of liabilities

31.12.2009 € thousand	< 1 year	1 - 3 years	> 3 years	Unit linked	Total
Other technical provisions	177 540,1	158 195,3	680 767,8	-	1 016 503,2
Provisions relating to unit-linked insurance contracts	-	-	-	541 161,9	541 161,9
Pension benefit obligations	-	-	24 962,3	-	24 962,3
Provisions for other liabilities and charges	-	2 973,1	-	-	2 973,1
Liabilities in respect of investment contracts	-	-	-	1 084 537,0	1 084 537,0
Loans and deposits remitted by reinsures	96 285,4	-	-	-	96 285,4
Insurance debts and other liabilities	114 895,9	-	-	-	114 895,9
Total	388 721,4	161 168,4	705 730,1	1 625 698,9	2 881 318,8

31.12.2008 € thousand	< 1 year	1 - 3 years	> 3 years	Unit linked	Total
Other technical provisions	158 884,0	137 643,1	627 728,3	-	924 255,4
Provisions relating to unit-linked insurance contracts	-	-	-	471 504,6	471 504,6
Pension benefit obligations	-	-	22 476,5	-	22 476,5
Provisions for other liabilities and charges	-	2 289,0	-	-	2 289,0
Liabilities in respect of investment contracts	-	-	-	686 533,4	686 533,4
Loans and deposits remitted by reinsures	81 342,0	-	-	-	81 342,0
Insurance debts and other liabilities	72 910,8	-	-	-	72 910,8
Total	313 136,8	139 932,1	650 204,8	1 158 038,0	2 261 311,7

The following table shows the maturity of assets:

31.12.2009 € thousand	Current	Non-current	Total
Equity instruments			
- Available for sale	-	203 103,4	203 103,4
- Held for trading	8 000,8	-	8 000,8
Fixed income securities			
- Available for sale	-	1 033 035,1	1 033 035,1
- Held for trading	22 554,7	-	22 554,7
- Held to maturity	-	19 834,6	19 834,6
Financial assets at fair value through income	-	1 629 550,0	1 629 550,0
Insurance receivables and other receivables	60 012,1	7 002,7	67 014,8
Share of the reinsurers in liabilities in respect of insurance contracts	44 817,1	123 242,9	168 060,0
Cash and cash equivalents	192 661,3	-	192 661,3
Assets held for sale	32,8	-	32,8
Total	328 078,8	3 015 768,7	3 343 847,5

31.12.2008 € thousand	Current	Non-current	Total
Equity instruments			
- Available for sale	-	133 684,2	133 684,2
- Held for trading	18 393,6	-	18 393,6
Fixed income securities			
- Available for sale	-	940 467,8	940 467,8
- Held for trading	11 902,8	-	11 902,8
- Held-to maturity	-	19 138,5	19 138,5
Financial assets at fair value through income	-	1 159 269,4	1 159 269,4
Insurance receivables and other receivables	51 506,7	6 998,2	58 504,9
Share of the reinsurers in liabilities in respect of insurance contracts	41 696,1	114 834,6	156 530,7
Cash and cash equivalents	186 514,7	-	186 514,7
Total	310 013,9	2 374 392,7	2 684 406,6

Current assets are assets which:

- Have been acquired in view of a sale in the short term;
- Which the entity would expect to be cashed in in the short term;
- Which is readily disposable off in the short term.

2.3 Market risk

Market risk is defined as the fluctuations to which fair value and treasury cash-flows are exposed because of market variations.

Market risks are made up by three types of risks: exchange risk, interest rate risk and price risk.

Assumptions adopted for the sensitivity analysis are considered as reasonably possible changes.

Definition of these assumptions is done taking into account historical analysis and projections. Assets held for unit linked contracts were excluded from the sensitivity analysis presented in the following paragraphs, in as far as the clients support entirely markets risks which could affect those assets.

2.3.1 Market risk limiting policy

Market risk is analysed and followed on a daily basis by the head of the finance department as well as by the asset managers. On a regular basis, and at least monthly, the Finance committee meets to analyse market events and possible impacts on the Groups assets. On the grounds of its findings, it determines the investment policy for the coming period.

2.3.2 Interest rate risk

In light of recent market developments, the impact of the rate risk for the valuation of the bond portfolio was calculated considering a variance of 100 basis points (2008: 100 basis points) during one week, phenomenon which has not been observed during the 390 weeks selected for the study.

The following analysis shows pre-tax impacts of possible interest rate fluctuations on group results and Groups capital funds leaving unchanged all other variables.

On 31 December 2009, an upwards variation of 100 basis points would have generated a decrease in value of € 49 617,8 thousand. At the same moment in time, a downwards variation of 100 basis points would have generated an increase in value of € 49 689,2 thousand.

2.3.3 Exchange risk

The Group does not maintain speculative currency positions when investing in financial assets denominated in other currencies than the Euro. For instance, a purchase order for a dollar denominated security automatically clinches a loan in dollars to cover this position. Therefore the only remaining risk is a potential price variation.

The following table shows Groups' exposure to the currency risk by category of assets and liabilities in all major currencies:

2009 € thousand	GBP		USD		CHF		SEK	
	Currency	EUR	Currency	EUR	Currency	EUR	Currency	EUR
ASSETS								
Equity instruments	-	-	39 196,7	27 208,6	3 474,4	2 341,9	456,6	44,5
Fixed income securities	-	-	6 079,7	4 220,3	-	-	-	-
Insurance claims and other claims	23,4	26,3	3 332,4	2 385,9	-	-	282,4	27,5
Cash and cash equivalents	38,5	43,3	5 297,8	3 677,5	272,4	183,6	1 342,6	131,0
Total assets	61,9	69,6	53 906,6	37 492,3	3 746,8	2 525,5	2 081,6	203,0

2009 € thousand	GBP		USD		CHF		SEK	
	Currency	EUR	Currency	EUR	Currency	EUR	Currency	EUR
Equity and Liabilities								
Insurance debts and other debts	-294,6	-331,0	-60 482,1	-42 054,3	-4 805,6	-3 238,4	-61,0	-6,1
Total liabilities	-294,6	-331,0	-60 482,1	-42 054,3	-4 805,6	-3 238,4	-61,0	-6,1
Exchange rate	GBP		USD		CHF		SEK	
- at opening	0,95		1,39		1,48		10,87	
- at closing	0,89		1,44		1,48		10,25	

Taking into account the fact that these currency positions are not significant, it is considered that a sensitivity analysis taking into account exchange rate variations is not necessary.

2.3.4 Price risk

The impact of price risk on the share portfolio was estimated on the basis of a variation of 5,0% both upwards and downwards for one day at the trading close of the DJ Eurostoxx 50 index. This scenario stands the possibility of occurring of about 7,66% over the review period (13 January 2005 till 7 January 2010). The "look back statistic" method will continue to be applied in the future unless there occurs a drastic change of the environment.

The following analysis shows impacts before tax in the case of possible increase or decrease of the fair value of stocks on income and on the Groups' reserves while considering other variables remaining unchanged.

On 31 December 2009, a variation of 5,0% increase in value on one day and on the basis of trading close of the DJ Eurostoxx 50 index, generates an increase in the value of the share portfolio of € 5 003,0 thousand . A the same date a downward variation would have generated a decrease in the value of the same portfolio of € 5 003,0 thousand .

2.4 Determining the fair value of financial instruments

Financial instruments measured at fair value consist of the following:

- On the assets side: financial instruments available for sale and held for trading ;
- On the assets and liabilities sides: financial instruments related to unit linked investment contracts of Life insurance, liabilities being recorded either as technical provisions for insurance contracts or as financial liabilities for investment contracts (see note 4).

In order to minimize accounting mismatches, the Group decided to include certain technical provisions in this analysis of fair value.

The way the Group determines the fair value of these financial instruments is summarized by the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities ;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie prices) or indirectly (ie derived from prices);
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The table below presents the financial instruments measured at fair value according to this hierarchy:

€ thousand	Level 1	Level 2	Level 3
Financial assets			
Equity instruments			
- Available for sale	100 909,8	89 675,9	12 517,7
- Held for trading	4 670,2	2 257,7	1 072,9
Fixed income securities			
- Available for sale	1 033 035,1	-	-
- Held for trading	22 554,7	-	-
Assets related to unit-linked contracts			
Financial assets designated at fair value through profit and loss	172 542,7	1 456 503,4	503,9
Financial liabilities			
Technical provisions			
- Provisions relating to unit-linked insurance contracts	80 377,9	460 784,0	-
Other financial liabilities			
- Liabilities in respect of investment contracts	92 164,8	991 868,3	503,9

Securities available for sale and securities held for trading are composed primarily of bonds, fund units and shares (cf. note 14).

- Bonds are quoted in active markets (level 1), with the exception of some structured bonds (level 2).
- Fund units are generally quoted in active markets (level 1). For funds that are not quoted in an active market, fair value is determined by the net asset value (level 2).
- The shares are traded in active markets (European stock exchanges, in particular), with the exception of a few investments in Luxembourg companies: fair value is determined by the method of discounted cash flow and adjusted value of net assets, valuation of major investments is published by the Luxembourg Stock Exchange (level 3).

Financial assets held under unit-linked investment contracts are designated by the Group as assets at fair value through income.

These are funds that can be quoted in an active market, quoted in an inactive market, quoted but closed or not yet listed. The valuation of the units is performed using different techniques. However, the holders of these contracts bear the financial risks of these instruments, the fair value hierarchy is similar to the assets and liabilities (technical provisions and financial liabilities).

Each of the funds is classified within one of 3 levels and is not broken down according to its underlying. They are classified as follows:

- The funds traded in active markets are classified as level 1, as well as liabilities relating thereto. These financial instruments correspond to collective contracts and individual multi support contracts.
- Other funds (not quoted or quotes in inactive markets) are classified as level 2, as well as liabilities relating thereto, when invested almost entirely in securities quoted in active markets

and valued at their net asset value. They correspond to contracts invested in dedicated funds.

- Where appropriate, funds in liquidation (in the context of contacts multi support) and the funds invested significantly in unlisted securities (through dedicated funds) are classified as Level 3 and valued by others on the basis of their equity, as well as liabilities related.

2.4.1 Transferts between level 1 and 2 of financial instruments at fair value

During 2009, there was no change in determining the fair value of financial instruments which would correspond to a transfer between levels 1 and 2 of the fair value hierarchy.

2.4.2 Variations in the level 3 of financial instrument at fair value

Changes in fair value recorded on securities classified as level 3 of the hierarchy are presented in the table below.

€ thousand	At 01.01.09	Change in fair value through profit and loss	Change in fair value through equity	Acquisition	Disposal	At 31.12.09
Financial assets						
Securities available for sale	11 261,1	-66,2	804,4	533,9	-15,5	12 517,7
Securities held for trading	757,5	315,4	-	-	-	1 072,9
Financial assets designated at fair value through profit and loss	631,8	-115,8	-	-	-12,1	503,9
Financial liabilities						
Liabilities in respect of investment contracts	631,8	-115,8	-	-	-12,1	503,9

2.4.3 Sensitivity to changes in assumptions of financial instruments for level 3

The table below shows the sensitivity of the fair value of Group's financial instruments to changes in assumptions

€ thousand	Fair value at 31.12.09	Impact of alternative hypotheses
Securities available for sale	12 517,7	1 537,6
Securities held for trading	1 072,9	315,4

Assets and liabilities of unit-linked contracts are not presented. Information is even less significant than the assessment and liquidity risk are supported by subscribers.

2.5 Guaranty instruments

At the end of 2009, the total amount of guaranties given by the Group amounted to € 25,6 thousand (2008: € 30,8 thousand). These guaranties were essentially given in relation with office lease contracts.

2.6 Management of Capital and reserves

The Groups associated companies are under the supervision of authorities in charge of the insurance and reinsurance sector and the financial sector and respect each of them solvency margin requirement imposed by law and the respective existing rules which apply to them.

Note 7. Segment reporting

1. INFORMATION BY OPERATIONAL SEGMENT

The Group is organised around three operational business activities as determined by management to evaluate performance, given the nature of products or services and regulatory constraints:

- Non-life insurance covering all civil liability, damage to property, health and accident, legal protection and reinsurance risks.
- Life insurance covering all death risks, savings contracts with death cover guarantee and pen-

sion benefit contracts. Cover for all these risks are available in individual contracts and Group insurance. The life insurance also offers investment contracts.

- Asset management services for individuals and Group companies as well as trading for own account and brokerage business.

Results per segment are the following:

Consolidated profit and loss at 31.12.2009 € thousand	Non-Life	Life	Asset management	Total
Net earned premiums, external customers	210 635,3	142 796,2	-	353 431,5
Net earned premiums, inter-segment	56,0	-56,0	-	-
Net operating income, external customers	20 914,4	78 041,4	23 229,7	122 185,5
Net operating income, inter-segment	-1 380,2	-1 867,2	3 247,4	-
Net insurance benefits and claims	-125 236,7	-191 632,6	-	-316 869,3
Expenses	-59 244,5	-19 943,7	-23 191,1	-102 379,3
Profit before taxes	45 744,3	7 338,1	3 286,0	56 368,4
<i>o/w recurring income</i>	<i>50 126,8</i>	<i>13 496,5</i>	<i>2 335,5</i>	<i>65 958,8</i>
<i>o/w non-recurring income</i>	<i>-4 382,5</i>	<i>-6 158,4</i>	<i>950,5</i>	<i>-9 590,5</i>
Taxes	-12 999,6	-2 138,2	354,0	-14 783,8
Profit for the periode	32 744,7	5 199,9	3 640,0	41 584,6

Consolidated profit and loss account 2008 € thousand	Non-Life	Life	Asset management	Total
Net earned premiums, external customers	196 815,8	82 251,3	-	279 067,1
Net earned premiums, inter-segment	46,4	-46,4	-	-
Net operating income, external customers	-6 369,9	-95 898,2	4 301,2	-97 967,0
Net operating income, inter-segment	-1 358,9	-1 464,2	2 823,1	-
Net insurance benefits and claims	-117 155,7	38 880,8	-	-78 274,9
Expenses	-57 254,4	-20 658,0	-9 741,2	-87 653,6
Profit before taxes	14 723,3	3 065,3	-2 617,0	15 171,6
<i>o/w recurring income</i>	<i>48 931,0</i>	<i>10 975,3</i>	<i>4 561,2</i>	<i>64 467,5</i>
<i>o/w non-recurring income</i>	<i>-34 207,7</i>	<i>-7 910,0</i>	<i>-7 178,1</i>	<i>-49 295,8</i>
Taxes	-2 829,0	13,2	-224,4	-3 040,2
Profit for the periode	11 894,3	3 078,5	-2 841,4	12 131,4

Non-recurring income comprises gains and losses realized and unrealized on financial instruments, which are recorded through the income statement under IFRS.

The recurrent income comprises other income and expenses which are recorded in the profit before taxes.

Revenues and interest charges are included in net operating income. They are presented according to IFRS 8, although they are not provided to management.

31.12.2009 € thousand	Non-Life	Life	Asset management	Total
Interest expense	-405,4	-203,2	-293,9	-902,4
Interest income	19 007,4	17 632,6	3 773,7	40 413,7

31.12.2008 € thousand	Non-Life	Life	Asset management	Total
Interest expense	-1 904,9	-915,9	-6 569,1	-9 389,8
Interest income	11 296,5	10 755,9	9 279,2	31 331,7

No amortisation was recorded on tangible and intangible fixed assets. Depreciation and

investment in non-financial assets are as follows:

Amortisation and investment 2009 € thousand	Non-Life	Life	Asset management	Total
Net, beginning of period	48 865,7	7 509,1	3 440,6	59 815,4
Amortisation of intangible assets	-902,2	-459,3	-667,9	-2 029,4
Amortisation of tangible assets	-3 282,6	-275,0	-2 993,3	-6 550,9
Acquisition of tangible and intangible assets	2 553,6	614,1	719,1	3 886,8
Sale of tangible and intangible assets	-35,6	-330,7	-252,9	-619,2
Scope variation	-	-	60 660,5	60 660,5
Net, end of period	47 198,9	7 058,2	60 906,1	115 163,2

Amortisation and investment 2008 € thousand	Non-Life	Life	Asset management	Total
Net, beginning of period	50 378,1	6 777,0	1 346,8	58 501,9
Amortisation of intangible assets	-996,1	-173,2	-426,2	-1 595,4
Amortisation of tangible assets	-3 246,7	-281,9	-127,4	-3 656,0
Acquisition of tangible and intangible assets	2 938,8	1 187,2	2 713,8	6 839,8
Sale of tangible and intangible assets	-431,1	-	-1 380,9	-1 813,3
Net, end of period	48 865,7	7 509,1	3 420,4	59 795,3

The balance sheet indicators are as follows:

Assets and liabilities 2009 € thousand	Non-Life	Life	Asset management	Total
Total assets	991 924,0	2 289 702,3	180 059,1	3 461 685,4
o/w				
Equity instruments	123 599,6	66 131,6	21 373,0	211 104,2
Fixed income securities	510 113,1	494 001,2	71 310,1	1 075 424,4
Share of reinsurers	165 487,3	2 572,7	-	168 060,0
Cash and cash equivalents	103 981,8	68 237,7	20 441,8	192 661,3
Other technical provisions	504 108,7	512 394,5	-	1 016 503,2
Loans and deposits remitted by reinsurers	94 541,2	1 744,2	-	96 285,4

Assets and liabilities 2008 € thousand	Non-Life	Life	Asset management	Total
Total assets	888 864,5	1 704 996,5	154 938,4	2 748 799,4
o/w				
Equity instruments	77 906,0	60 676,0	13 495,8	152 077,8
Fixed income securities	459 796,2	402 089,4	109 623,4	971 509,0
Share of reinsurers	153 911,4	2 619,3	-	156 530,7
Cash and cash equivalents	106 789,3	54 467,7	25 257,6	186 514,7
Other technical provisions	474 930,3	449 325,0	-	924 255,4
Loans and deposits remitted by reinsurers	80 114,3	1 227,7	-	81 342,0

The Group does not bear significant risk on the assets covering investment contracts in units of account. These assets are specific to the Life Insurance sector. They are balanced on the

one hand with the technical provisions relating to these contracts and on the other hand with liabilities of investment contracts (cf. notes 17 and 20).

2. INFORMATION BY GEOGRAPHICAL SECTOR

The three operational segments operate in different geographical areas (cf. Note 1).

The table below shows the geographical distribution of gross earned premiums.

€ thousand	2009	2008
Luxembourg	351 524,6	325 528,2
Rest of Europe	45 783,7	6 844,2
Total	397 308,3	332 372,4

The following table shows the geographical distribution of tangible fixed assets.

€ thousand	2009	2008
Luxembourg	61 091,6	53 010,3
Rest of Europe	13,4	-
Total	61 105,0	53 010,3

Note 8. Capital and share premium

The subscribed capital amounts to € 44 994 210,0 represented by 8 998 842 fully paid ordinary shares without par value. There are no other classes of shares or options or preferential rights entitling to preferential issue of shares of another class that could have a dilutive effect on the number of issued shares

The issued shares have all the same rights as regarding their right to vote at ordinary and extraordinary general meetings and entitle to the dividend approved by shareholders at Annual General Meeting. The authorised capital amounts to € 74 350 000,0.

The Company has not issued new shares. At the beginning of 2009, Foyer SA held 3 801 of issued shares. Between 30 April and 31 December 2009, Foyer S.A. repurchased 39 569 outstanding shares for a total price of € 1 620,6 thousands. At 31 December 2009, there were 8 955 472 outstanding shares (2008: 8 995 041 outstanding shares). Share repurchases have been authorized by the general meeting of 7 April 2009 and made under the repurchase program of own shares published 30 April 2009.

The share premiums are constituted as follows:

	2009	2008
Net result attributable to the ordinary shareholders (€ thousand)	40 504,8	12 209,0
- o/w continuing operations	40 818,8	12 209,0
- o/w discontinued operations	-314,0	-
Weighted average number of ordinary shares	8 980 340,3	8 995 320,0
Weighted average number of dilutive potential ordinary shares	32 176,0	-
Basic earnings per share (€)	4,51	1,36
- o/w continuing operations	4,54	1,36
- o/w discontinued operations	-0,03	-
Diluted earnings per share (€)	4,49	1,36
- o/w continuing operations	4,52	1,36
- o/w discontinued operations	-0,03	-

Issue premiums

	€
2000	2 251 684,0
2001	466 617,7
2002	387 700,7
Total	3 106 002,4

A dividend to be paid in 2010 with reference to the financial year 2009 of € 1,341176 gross per share will be proposed to the Annual General Meeting of the shareholders, against € 1,117647 per share a year earlier. The 2009 financial year accounts do not include the dividend to be proposed at the annual general meeting of shareholders of 6 april 2010.

Basic earnings per share is calculated by dividing the net result for the year attributable to the ordinary shareholders of the parent company, by the weighted average number of common shares outstanding during the year.

For the calculation of diluted earnings per share, the number of shares is increased, including options that were granted under the compensation plan based on shares for executives and management. On 28 April 2009, 48,264 options were allocated on the same number of shares.

Note 9. Reserves and retained earnings

The table below shows a breakdown of reserves:

€ thousand	2009	2008
Legal reserve	4 499,4	4 499,4
Special reserve (wealth tax)	15 982,0	18 310,4
Revaluation reserve of securities - gross amount	29 705,6	-38 400,3
Revaluation reserve of securities - differed taxes	-8 325,5	11 378,0
Reserve for actuarial differences - net amount	1 421,8	2 460,4
Other reserves and retained earnings	358 030,6	352 725,2
Reserves and retained earnings	401 313,9	350 973,1

Legal reserve

This is the statutory reserve of the parent company Foyer S.A. to which at least 5,0% of the year's net profit have to be allocated in accordance with LuxGAAP, until the reserve has reached the equivalent of 10,0% of subscribed capital. This reserve is not available.

Thus, the Group companies have decided to allocate to unavailable reserves an amount corresponding to five times the reduced wealth tax liability. This reserve may not be disposed off for five years starting the year following the one in which the wealth tax liability was reduced.

Special reserve

In agreement with the tax laws, the Group companies have reduced the wealth tax liability.

Revaluation reserve of securities

This reserves details the change in fair value of financial instruments in accordance with IAS 39. The evolution of this reserve is the following:

€ thousand	2009	2008
Reserve at 01.01. - net amount	-27 022,3	21 169,7
Scope variation	-160,6	-
Realised gains and losses	12 637,2	-16 655,0
Amortisation recognized through profit and loss	486,6	-
Impairment recognized through profit and loss	10 633,9	18 587,7
Allocation (changes in fair value)	24 805,3	-50 124,7
Reserve at 31.12. - net amount	21 380,1	-27 022,3

Losses of value recognised in Profit and Loss are linked to long-term depreciation of securities available for sale (cf. Note 5, § 5), previously recorded in equity and transferred to income statement.

Reserve for actuarial differences

The reserve for actuarial differences includes all gains or losses related to provisions for pensions and similar obligations. Actuarial gains and losses are primarily related to the impact of changes in the discount rate

Other reserves and retained earnings

«Other reserves» include the Group's share in reserves and retained earnings of entities which are part of the Group. These reserves include an amount unavailable for own shares of € 1 796,5 thousand (2008: € 175,9 thousand).

Note 10. Consolidated statement of changes in equity

€ thousand	Notes	Subscribed capital
Shareholders equity at 31.12.2007		
		44 994,2
Dividends paid	8	
Income and expenses directly recognised in equity		
Scope variation	2	
Other changes	8	
Net income of the year		
Shareholders equity at 31.12.2008		
		44 994,2
Dividends paid	8	
Income and expenses directly recognised in equity		
Scope variation	2	
Payment per share	33	
Other changes	8	
Net income of the year		
Shareholders equity at 31.12.2009		
		44 994,2

Treasury shares	Share premium	Reserves, retained earnings and profit of the year	Shareholders equity	Minority interests
-76,2	3 106,0	412 262,9	460 286,9	334,1
		-13 339,5	-13 339,5	-110,0
		-47 597,9	-47 597,9	-0,9
		-	-	3 120,0
-99,7		-352,4	-452,1	-
		12 209,0	12 209,0	-77,6
-175,9	3 106,0	363 182,1	411 106,4	3 265,6
		-10 057,5	-10 057,5	-110,0
		47 524,3	47 524,3	46,3
		-	-	4 844,3
		251,6	251,6	-
-1 620,6		413,4	-1 207,2	-
		40 504,8	40 504,8	1 079,8
-1 796,5	3 106,0	441 818,7	488 122,4	9 126,0

Note 11. Intangible fixed assets

Movements in intangible assets were as follows:

2009 € thousand	Purchased software	Internally generated software	Goodwill	Total
Gross amount at 01.01.	14 056,6	3 197,8	251,2	17 505,6
Additions	1 039,6	-	-	1 039,6
Scope variation	103,3	-	48 383,3	48 486,6
Disposals	-140,4	-	-	-140,4
Gross amount at 31.12.	15 059,1	3 197,8	48 634,5	66 891,4
Accumulated amortisation on 01.01.	-9 004,3	-1 696,1	-	-10 700,4
Amortisation of the year	-1 396,5	-639,6	-	-2 036,1
Scope variation	-103,1	-	-	-103,1
Disposals	6,5	-	-	6,5
Accumulated amortisation at 31.12.	-10 497,4	-2 335,7	-	-12 833,1
Carrying value at 31.12.	4 561,7	862,1	48 634,5	54 058,3

The main software assets are recognized at net currying value as follows:

€ thousand	2009	2008
Non-life insurance software	862,1	1 501,6
Life group insurance software	1 174,9	1 292,2
Asset management software	2 355,9	2 842,9

2008 € thousand	Purchased software	Internally generated software	Goodwill	Total
Gross amount at 01.01.	11 905,2	3 197,8	251,2	15 354,2
Additions	3 512,2	-	-	3 512,2
Disposals	-1 360,8	-	-	-1 360,8
Gross amount at 31.12.	14 056,6	3 197,8	251,2	17 505,6
Accumulated amortisation at 01.01.	-9 343,1	-1 056,6	-	-10 399,7
Amortisation of the year	-955,9	-639,6	-	-1 595,4
Disposals				
Accumulated amortisation at 31.12.	-9 004,3	-1 696,1	0,0	-10 700,5
Carrying value at 31.12.	5 052,3	1 501,6	251,2	6 805,1

When purchasing Capitalatwork Group S.A., the goodwill temporarily recognized in 2009 has been allocated to a new cash-generating unit, CapitalatWork, which is included in the operating segment Asset management. This unit includes strategic asset management activities of the group Capital at Work. This unit does not include marginal activities on which no goodwill is allocated, such as management of investment properties.

The recoverable amount of unit is based on fair value less costs to sell. This fair value is based on management assumptions, namely unit's net assets increased by a valorisation factor of assets under management (AUM) distinguishing private of institutional clients. Goodwill is indeed composed primarily of benefits to obtain a critical size, synergistic effects and know-how (cf note 3). This valuation doesn't use projected cash flows.

Note 12. Business premises, plant and equipment

Changes recognised in the item "Business premises, plant and equipment", were as follows:

2009 € thousand	Land and Buildings	Materials, furniture and equipment	Total
Gross amount at 01.01.	47 909,8	14 956,9	62 866,7
Additions	1 784,4	982,9	2 767,3
Scope variation	4 302,6	2 999,5	7 302,1
Disposals	-	-744,1	-744,1
Gross amount at 31.12.	53 996,8	18 195,2	72 192,0
Accumulated amortisation at 01.01.	-5 513,9	-9 982,8	-15 496,7
Amortisation	-2 271,4	-1 741,4	-4 012,8
Scope variation	-415,1	-1 660,2	-2 075,3
Disposals	-	596,0	596,0
Accumulated amortisation at 31.12.	-8 200,4	-12 788,4	-20 988,8
Carrying value at 31.12.	45 796,4	5 406,8	51 203,2

Business premises acquired with the group CapitalatWork were recognised at fair value in order to affect the purchased price to assets and liabilities of the acquired entity. The fair value was determined in 2008 by professionally qualified valuers.

The fair value of "Business premises" as shown in column "Land and buildings", was determined in 2008 by professionally qualified valuers and based on estimates of sales prices. Fair value estimated by these experts amounts to € 48 431,2 thousand (2008: € 48 431,2 thousand), net of all fees.

On 21st may 2007, in accordance with legal regulations, the building in Leudelange, which is the main component of 'Land and buildings', was pledged to the Luxembourg State as guaranty for the technical commitments of Foyer Assurances S.A.

Amortisation of the year is recognised in the income statement and broken down by function with all overheads, including "Administrative expense".

2008 € thousand	Land and Buildings	Materials, furniture and equipment	Total
Gross amount at 01.01.	46 110,5	13 900,2	60 010,7
Additions	1 800,9	1 526,7	3 327,6
Transfers	-	-208,1	-208,1
Disposals	-1,6	-261,8	-263,4
Gross amount at 31.12.	47 909,8	14 956,9	62 866,7
Accumulated amortisation at 01.01.	-3 415,0	-9 061,8	-12 476,8
Amortisation	-2 100,2	-1 330,8	-3 451,2
Transfers	-	208,1	208,1
Disposals	1,3	201,7	203,0
Accumulated amortisation at 31.12.	-5 513,9	-9 982,8	-15 496,7
Carrying value at 31.12.	42 395,9	4 974,1	47 370,1

Note 13. Investment properties

Changes recognised in the item "Investment properties" were as follows:

€ thousand	Land and Buildings 2009	Land and Buildings 2008
Gross amount at 01.01.	9 214,1	9 403,2
Additions	79,9	-
Scope variation	6 192,7	-
Disposals	-671,3	-189,1
Gross amount at 31.12.	14 815,4	9 214,1
Accumulated amortisation at 01.01.	-3 573,8	-3 389,7
Amortisation	-462,8	-224,9
Scope variation	-1 217,6	-
Disposals	340,6	40,8
Accumulated amortisation at 31.12.	-4 913,6	-3 573,8
Carrying value at 31.12.	9 901,8	5 640,3

The main investment property acquired with the group CapitalatWork was recognised at fair value in order to affect the purchased price to assets and liabilities of the acquired entity. The fair value was determined in 2008 by professionally qualified valuers.

At 31 December 2009, the fair value of the other "Investment properties", located in Luxembourg, was determined in 2009 by professionally qualified valuers and based on estimates of sales prices amounts to € 12 980,0 thousand (2008: € 14 170,0 thousand).

Rental income of investment property amounted in 2009 to € 1 466,6 thousand (2008: € 919,8 thousand). Expenses arising from this investment

properties amounted in 2009 to € 433,4 thousand (2008: € 274,9 thousand).

At the end of the amortisation period, the residual value of these buildings, land value off, is assumed to be zero. Rental income, expenses including amortisation of the year is recognized in the income statement in the line "Other Investment income".

On 3 juin 1992 and 23 November 1994, in accordance with legal regulations, the buildings in Luxembourg were pledged to the Luxembourg State as guaranty for the technical commitments of Foyer Vie S.A.

Note 14. Equity instruments and fixed income securities

These financial assets are summarized by category in the table below. These do not include assets at fair value through income (assets representing unit-linked contracts) which are detailed in note 20.

The financial assets representing the technical commitments related to insurance and investment contracts issued by the Group constitute a separate patrimony and are used first and foremost as guaranty for the payment of these commitments

At 31 December 2008, Foyer S.A., Foyer Assurances S.A., Foyer Vie S.A. and Foyer RE S.A. decided to keep certain bonds until their maturity which will occur between 2015 and 2022. These bonds were reclassified at fair value from the category of securities available for sale to the category of securities held-to-maturity, for a amount of € 19 138,5 thousand.

Financial asset movements were the following:

2009 € thousand	Available for sale	Held for trading	Held-to-maturity	Total
Carrying value at 01.01.	1 074 152,0	30 296,4	19 138,5	1 123 586,9
Acquisitions	997 869,0	12 633,0	-	1 010 502,0
Disposals and redemption	-894 533,6	-14 963,4	-	-909 497,0
Changes through profit and loss	-11 789,7	2 529,5	7,5	-9 252,7
Changes through reserve	66 287,6	-	688,6	66 976,2
Scope variation	4 153,2	60,0	-	4 213,2
Carrying value at 31.12.	1 236 138,5	30 555,5	19 834,6	1 286 528,6

2008 € thousand	Available for sale	Held for trading	Held-to-maturity	Total
Carrying value at 01.01.	1 034 933,9	80 517,4	-	1 115 451,3
Acquisitions	681 679,3	911 105,6	-	1 592 784,9
Disposals and redemption	-534 465,1	-943 585,8	-	-1 478 050,9
Changes through profit and loss	-26 305,8	-17 740,8	-	-44 046,6
Changes through reserve	-62 551,8	-	-	-62 551,8
Reclassification	-19 138,5	-	19 138,5	-
Carrying value at 31.12.	1 074 152,0	30 296,4	19 138,5	1 123 586,9

Note 15. Insurance receivables, other receivables, accruals

The table below shows a breakdown of insurance and reinsurance receivables and other receivables:

€ thousand	2009	2008
Insurance receivables	21 751,0	22 073,3
Subrogation and recoveries	3 462,5	3 301,9
Loans	5 594,7	6 214,0
Accrued assets	27 197,4	21 495,1
Other receivables	9 009,2	5 420,6
Total	67 014,8	58 504,9

Insurance receivables

Insurance receivables consist of the following:

€ thousand	2009	2008
Receivables from policyholders	14 358,9	16 324,8
Impairment of receivables	-300,0	-300,0
Receivables from intermediaries	6 964,2	5 676,9
Receivables from reinsurers	727,9	371,6
Insurance receivables	21 751,0	22 073,3

The Group has recognised impairment of receivables from policyholders. This amount was estimated on the basis of historical data relating to the percentage of unpaid premiums to premiums currently in a legal collection procedure, which was then applied to the amount

of premiums recorded as unpaid at the financial year-end. As premiums litigation is substantially identical to the previous year and the percentage of collection varied little, the amount of the impairment loss has been maintained.

Loans

The following table shows loans granted by the Group to third parties, intermediaries or related

parties. The latter loans are also described in note 34 "Information on related party transactions".

31.12.2009	Amortised cost (€ thousand)	Average life in (years)	Average rate
Advances on policies	1 073,3	11,3	5,7%
Loans to agents	3 856,1	7,1	2,6%
Loans to related parties and others	665,3	8,9	3,7%
Total	5 594,7	-	-

The credit risk on these loans is negligible since they are all secured adequately, either by saving underlying Mixed Life contracts, the compensation indemnity of insurance portfolios in the case of loans to agents or mortgages in the case of loans

to senior management. As the actual repayment rates are essentially the same as the market rates for this type of loan, their original value is maintained.

Accrued assets

€ thousand	2009	2008
Interest and rent accrued but not collected	25 718,1	20 533,1
Deferred acquisition expenses	1 408,0	784,2
Other accruals	71,3	177,8
Total	27 197,4	21 495,1

Other receivables

€ thousand	2009	2008
Sundry receivables	8 775,3	5 290,5
Receivables from related parties	233,9	130,1
Total	9 009,2	5 420,6

Due from related parties represent the current account balances with joint ventures consolidated by proportional integration and with Foyer Finance S.A.

Analysis by maturity

The share of current and non-current financial assets can be estimated as follows:

€ thousand	2009		2008	
	Current	Non-current	Current	Non-current
Insurance receivables	21 751,0	-	22 073,3	-
Subrogation and recoveries	3 462,5	-	3 301,9	-
Loans	-	5 594,7	-	6 214,0
Accrued assets	25 789,4	1 408,0	20 710,9	784,2
Other receivables	9 009,2	-	5 420,6	-
Total	60 012,1	7 002,7	51 506,6	6 998,2

The share of current assets is determined by contractual maturity in all cases is less than 1 year. When the maturity of the receivable is not fixed and depends on factors beyond the control of the Group, the Group considers these claims as non-current. The share of these non-current assets is due within a period of 1 to 5 years after the balance sheet date.

After initial recognition, loans and receivables mentioned above are valued at amortised cost using the effective interest rate method. The fair value of these assets is the amount of expected future cash flows receivable. These flows are discounted at market rates and give the fair value of these financial assets. The fair value of these assets has not been confirmed because the effect of discounting on the original amounts is negligible.

Note 16. Cash and cash equivalent

This item is composed as follows

€ thousand	2009	2008
Time deposits	90 795,0	156 357,8
Cash in hand, current and short term call accounts	101 866,3	30 156,9
Total assets	192 661,3	186 514,7
Debts to credit institutions (Note 18)	-49 315,2	-28 947,1
Total cash	143 346,1	157 567,5

The term deposits have maturities varying from 5 and 15 days and the interest rates of deposits depend on the financial market in the short term. At 31 December 2009, the average interest rates were 0,33 %. The fair value of these assets has not been recognised because the effect of discounting on the original amount is negligible.

The amount of cash in hand, current and short term call accounts include deposits of reinsurers for a total of € 66 937,6 thousand. In 2008, these deposits of reinsurers were included in the term deposits amounting to € 65 338,0 thousand.

Debts to credit institutions are occasional overdraft on current accounts with certain financial institutions with whom the Group deals. These credit facilities in current accounts non-contractual and unconfirmed are granted by these institutions.

Note 17. Technical provisions and reinsurers' share in liabilities related to insurance contracts

1. TECHNICAL PROVISIONS NET OF REINSURANCE

€ thousand	2009	2008
Gross amounts		
- Claim provision	360 778,3	335 455,2
- Provision for unearned premiums	94 314,0	91 514,9
- Provision for Life insurance	1 032 720,7	901 230,2
<i>- o/w investment contracts with DPF</i>	<i>123 015,3</i>	<i>93 461,9</i>
- Provision for aging	2 914,5	2 221,7
- Other technical provisions	66 937,6	65 338,0
Total gross technical provisions	1 557 665,1	1 395 760,0
Reinsurers' share		
- Claim provision	89 942,4	77 660,5
- Provision for unearned premiums	10 076,8	12 603,6
- Provision for Life insurance	1 103,2	928,6
- Other technical provisions	66 937,6	65 338,0
Total technical provisions - reinsurers' share	168 060,0	156 530,7
Net amounts		
- Claim provision	270 835,9	257 794,7
- Provision for unearned premiums	84 237,2	78 911,3
- Provision for Life insurance	1 031 617,5	900 301,6
- Provision for aging	2 914,5	2 221,7
Total net technical provisions	1 389 605,1	1 239 229,3

The provision for Non-Life claims includes an estimate for late reported claims of € 12 594,9 thousand (2008: € 11 801,2 thousand). The amount of this provision is determined based on historical data as frequency and average cost. The claims provision also contains a provision for administration expense of € 17 752,0 thousand (2008: € 19 561,6 thousand) aimed at providing the Group with the necessary funding to meet run-off costs of outstanding claims should the Group cease to underwrite insurance contracts.

In the life sector, the provision of life insurance includes additional provisions designed to cope with interest rate risks

Note that investment contracts with DPF written by Foyer Vie S.A. are not significant in number or volume. They are managed as provided by the Luxembourg legislation on life insurance.

2. VARIATION OF GROSS NON-LIFE AND LIFE INSURANCE LIABILITIES AND RELATED REINSURANCE ASSETS

2.1 Variation of provision for claims (excluding subrogation and salvage)

€ thousand	2009			2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Provision 01.01.	335 455,2	77 660,5	257 794,7	313 551,1	67 150,7	246 400,4
Current year variation	25 323,1	12 281,9	13 041,2	21 904,1	10 509,8	11 394,3
Provision 31.12.	360 778,3	89 942,4	270 835,9	335 455,2	77 660,5	257 794,7

2.2 Variation of provision for unearned premiums

€ thousand	2009			2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Provision 01.01.	91 514,9	12 603,6	78 911,3	82 760,4	8 421,1	74 339,3
Current year variation	2 799,1	-2 526,8	5 325,9	8 754,5	4 182,5	4 572,0
Provision 31.12.	94 314,0	10 076,8	84 237,2	91 514,9	12 603,6	78 911,3

2.3 Variation of Life insurance provision

2.3.1 Variation of Life insurance provision

€ thousand	2009			2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Provision 01.01.	417 836,4	928,6	416 907,8	377 079,8	776,8	376 303,0
Current year variation	58 851,2	174,6	58 676,6	40 756,6	151,8	40 604,8
Provision 31.12.	476 687,6	1 103,2	475 584,4	417 836,4	928,6	416 907,8

2.3.2 Variation of the provision related to unit linked contracts

€ thousand	2009			2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Provision 01.01.	471 504,6	-	471 504,6	607 364,0	-	607 364,0
Current year variation	69 657,3	-	69 657,3	-135 859,4	-	-135 859,4
Provision 31.12.	541 161,9	-	541 161,9	471 504,6	-	471 504,6

2.3.3 Variation of the provision for DPF

€ thousand	2009			2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Provision 01.01.	11 889,1	-	11 889,1	11 635,0	-	11 635,0
Current year variation	2 982,1	-	2 982,1	254,1	-	254,1
Provision 31.12.	14 871,2	-	14 871,2	11 889,1	-	11 889,1

2.4 Variation of the provision for aging

€ thousand	2009			2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Provision 01.01.	2 221,7	-	2 221,7	1 755,7	-	1 755,7
Current year variation	692,8	-	692,8	466,0	-	466,0
Provision 31.12.	2 914,5	-	2 914,5	2 221,7	-	2 221,7

3. LOANS AND DEPOSIT RECEIVED FROM REINSURERS

Under the signed contracts of reinsurance, the reinsurers are required to cover their reinsurance commitments fully or partially according to the wishes of the ceding company by cash deposits. The remuneration of these deposits varies according to the treaties between 75,0% and 90,0% rate Euribor 6 months or yield of linear bonds issued by the Belgian state. These rates are fixed on 1st January of the year following that for which the cash deposits are counted. The Group has not required the reinsurers to deposit the full amount of deposits to which it is entitled.

The table below shows the value of the deposits as at 31 December of each year.

€ thousand	2009	2008
Non-life contracts	94 541,2	80 114,3
life contracts	1 744,2	1 227,7
Total	96 285,4	81 342,0

The fair value of these assets has not been recognised because the effect of the discount rate on the actual amount is negligible.

Note 18. Insurance debts and other liabilities

€ thousand	2009	2008
Debts arising from direct insurance operations	16 031,3	22 800,8
Debts arising from reinsurance operations	6 518,8	7 821,0
Debts to credit institutions (Note 16)	49 315,2	28 947,1
Income tax payable	28 666,0	24 323,9
Other taxes and social security liabilities	6 652,9	5 329,6
Debts to related parties	82,4	86,9
Liabilities arising from acquisitions of subsidiaries	25 645,6	-
Other liabilities	10 649,7	7 925,4
Total	143 561,9	97 234,7

Most of the debts from direct insurance operations arise from premiums for non-life co-insurance contracts written for own account and on behalf of other insurance companies in which the Group acts as leading insurer.

Debts arising from reinsurance operations represent the balances of accounts of reinsurance treaties with reinsurers at the end of the period under review.

Debts to credit institutions are occasional overdraft on current accounts with certain financial institutions with whom the Group deals. These credit facilities in current accounts non-contractual and unconfirmed are granted by these institutions.

Income tax payable represent amounts due to the fiscal administration under tax accounts and provisions for income and wealth taxes calculated annually in accordance with the legal tax provisions of the country of residence entities.

Other tax debts and debts towards Social Security are amounts due to the fiscal and social benefits administrations under taxes on insurance, taxes, withholding taxes on wages and social contributions.

Debts to related parties represent the current account balance with proportionally-consolidated joint ventures and with Foyer Finance S.A.

Liabilities arising from the acquisition of subsidiaries consist of short-term debts on the one hand and liabilities of more than a year which amount is still uncertain at 31 December 2009 on the other hand (see note 3). The other liabilities are due to securities acquisitions at the end of the year for which the payment was made early in the next year.

After initial recognition, the above insurance debts and other liabilities (excluding tax liabilities) are valued at amortised cost using the effective interest rate method. The fair value of these insurance debts and other liabilities is the discounted value of future cash flows. These flows are discounted at market rates and give the fair value of financial liabilities. As all these debts are either payable in very short term or can be offset with a claim against the same debtor and the effect of discounting on the original amounts are negligible, the fair value of these assets did not been recognized.

Note 19. Payable and deferred taxes

1. TAX CHARGE DUE

The Group recorded taxes expense through income as follows:

€ thousand	2009	2008
Income tax	-20 206,1	-282,1
Local tax	-6 820,7	-95,2
Wealth tax	-165,3	-1 500,6
Other taxes (out of Luxembourg)	-285,7	-
Total allocation to taxes provision through income	-27 477,8	-1 877,9

2. DEFERRED TAX INCOME AND EXPENSE FOR THE YEAR

Deferred taxes arise when a temporary difference appears between the tax base of an asset or a liability and the carrying value of that asset or liability in the consolidated balance sheet. The table below shows a breakdown of these taxes:

€ thousand	2009	2008
Deferred tax assets at 01.01.	4 577,4	2 240,4
- Deferred tax payable within 12 mois	-2 292,5	2 291,0
- Deferred tax payable beyond 12 mois	370,4	46,0
- Scope variation	19,3	-
Deferred tax assets at 31.12.	2 674,6	4 577,4
Deferred tax liabilities at 01.01.	48 791,6	65 700,4
- Deferred tax payable within 12 mois	2 102,2	-11 862,2
- Deferred tax payable beyond 12 mois	2 786,1	-5 046,6
- Scope variation	772,3	-
Deferred tax liabilities at 31.12.	54 452,2	48 791,6
Deferred tax charged to the profit and loss account	12 694,0	-1 162,3
Deferred tax charge	-5 188,9	-8 676,7
Deferred tax revenue	17 882,9	7 514,4

Deferred tax related to items debited or credited directly to equity can be detailed as follows:

€ thousand	2009	2008
IAS 39	-11 133,1	12 025,1
IAS 19	-590,4	-1 021,7
IFRS 2	-104,5	-
Total	-11 828,0	11 003,4

3. DEFERRED TAX ASSETS

The following table shows deferred tax assets according to their source:

€ thousand	IAS 19 (A)	IAS 19 (B)	IAS 37	IAS 12	Total
At 01.01.2008	445,1	1 793,8	-	1,4	2 240,3
Variation through profit and loss	13,0	-452,7	-	2 291,1	1 851,4
Variation through the reserve	-	485,7	-	-	485,7
At 31.12.2008	458,1	1 826,8	-	2 292,5	4 577,4
Scope variation	19,3	-	-	-	19,3
Variation through profit and loss	25,0	-179,1	93,2	-2 292,5	-2 353,4
Variation through the reserve	-	431,3	-	-	431,3
At 31.12.2009	502,4	2 079,0	93,2	-	2 674,6

IAS 19 (A): The amount of deferred taxes stems from the recognition of a provision for holiday pay and an allowance for gifts related to seniority.

IAS 19 (B): Movement in provisions for pension benefits calculated in the consolidated accounts by applying methods prescribed by this standard but not under LuxGAAP explains the variation in the amount of deferred tax assets.

IAS 37: the variation relates to the constitution of a provision not recognized under LuxGAAP.

IAS 12: Variation in the amount of deferred tax relating to IAS 12 is mainly due to the incorporation of existing loss carryforwards in various Group entities. These loss carryforwards are caused by accounting losses under LuxGAAP.

4. DEFERRED TAX LIABILITIES

The following table shows deferred tax liabilities according to their source:

€ thousand	IAS 39	IAS 37	IAS 16 / IFRS 3	IAS 19	IAS 12	Total
At 01.01.2008	18 814,2	26 993,5	-	326,1	19 566,6	65 700,4
Variation through profit and loss	-1 401,6	-1 632,9	-	-	-3 413,8	-6 448,3
Variation through the reserve	-10 460,5	-	-	-	-	-10 460,5
At 31.12.2008	6 952,1	25 360,6	-	326,1	16 152,8	48 791,6
Scope variation	4,9	395,3	372,1	-	-	772,3
Variation through profit and loss	104,6	2 529,9	-12,4	-	184,4	2 806,5
Variation through the reserve	2 081,8	-	-	-	-	2 081,8
At 31.12.2009	9 143,4	28 285,8	359,7	326,1	16 337,2	54 452,2

IAS 39: The movement in deferred tax liabilities under IAS 39 represents the portion of deferred taxes generated by the variation in the fair value of financial instruments.

IAS 12: The movement recorded at 31 December is the result of cancellation of the variation in the "special items with a share in reserves" recorded under LuxGAAP.

IAS 37: The movement recorded at 31 December is the result of the cancellation of the change in provision for claims fluctuation recognized as a liability under LuxGAAP and other provisions tax-deductible but not permitted under IFRS.

5. RECONCILIATION OF TAX EXPENSE AND RESULT

€ thousand	2009	2008
Profit before tax	56 368,4	15 171,6
Tax expense (1) as above	27 477,8	1 877,9
Deffered expense (2) as above	-12 694,0	1 162,3
Total tax expense	14 783,8	3 040,2
Theoretical tax expense	16 538,5	4 609,1
Impact of loss carry	-928,0	-2 372,3
Impact of tax credits	-146,1	-
Impact of standard deduction	-3,9	-3,9
Impact of rate (deffered tax)	-17,3	-1 251,1
Wealth tax	52,5	1 500,6
Difference of rate	209,0	-
Final taxation of previous years	349,0	-140,2
Non taxable income	-1 370,3	480,9
Tax losses not recoverable	99,7	216,2
Other impacts	0,7	0,9
Total tax expense	14 783,8	3 040,2

The charge of income and local taxes has been calculated at an aggregate rate of 29,34% on the profit before tax, including minority interests. Wealth tax is calculated at the rate of 0.5% on the unit value of each entity.

Note 20. Investment contract liabilities and financial assets at fair value through income

Financial liabilities whose cash flows are contractually linked to the performance of assets at fair value through income (unit-linked

investment contracts) are detailed in the table below according to the origin of the contract holders.

1. LIABILITIES FOR INVESTMENT CONTRACT BY LOCATION OF INVESTMENT CONTRACT HOLDERS

€ thousand	2009			
	Luxembourg	EU	Outside EU	Total
Liabilities in respect of investment contracts	16 114,5	1 006 135,7	62 286,8	1 084 537,0

€ thousand	2008			
	Luxembourg	EU	Outside EU	Total
Liabilities in respect of investment contracts	13 914,9	663 078,1	9 540,4	686 533,4

All these amounts are financial liabilities designated by the Group as financial liabilities at fair value through income (Note 4 § 5.4.2). The value at maturity of these financial liabilities is the fair value of the underlying investment units of these contracts at maturity. There will be no difference between the carrying amount and

the amount that the Group will be contractually obligated to pay at maturity. The credit and market risk of liabilities inherent to these investment contracts is supported by the subscribers of these unit-linked contracts.

2. FINANCIAL ASSETS CLASSIFIED AS ASSETS AT FAIR VALUE THROUGH INCOME

€ thousand	2009	2008
Value of the investment units at fair value through income	1 629 550,0	1 159 269,4

Note 21. Pension benefit obligations

1. EMPLOYEES' POST EMPLOYMENT BENEFITS

The Group provides the active staff and the retired employees with post employment benefits. Calculations required under IAS 19 for these obligations were made at 31 December 2009. These obligations for employee benefits are not funded outside the Group, they reflect the net liability.

1.1 Description of plans

1.1.1 External scheme

Employees benefit from a provident and pension plan financed through Foyer Vie S.A. This is an external plan with defined contributions; the Group entities pay an annual premium to Foyer Vie S.A.

The contributions are invested in investment funds with no guaranteed rate of return. However, employees have the opportunity to choose a form of a classic savings insurance scheme with a guaranteed interest rate of 2,5% and DPF. As through its subsidiary, the Group keeps commitments internally, the retirement plan is considered as a defined benefit scheme.

1.1.2 Internal scheme

The plan is an internal scheme which is closed. It only concerns pensioners whose benefits comprise retirement, invalidity, survivor and orphan annuities paid in respect of previous commitments. These annuities are indexed.

1.2 Assumptions

The discount rate is based on bond market data.

	31.12.2009	31.12.2008
Discount rate	3,5%	3,2%
Inflation rate	1,4%	1,0%
Rate of salary increases	0,5%	1,5%
Mortality tables for active employees	GBM 90-95	GBM 90-95
Rate of increase of current pensions	1,4%	1%
Mortality tables for pensioners	ERF (1990) Switzerland	ERF (1990) Switzerland

The following factors have to be included:

- Personnel turnover rate;
- The investments selected by the staff are considered to be constant in the projection;
- Taxes under Article 142 LIR (20%) as well as the "taxe rémunératoire" of 0,9% are born by the employer. This tax has been included in the calculations.

1.3 Method of recognition

Actuarial gains or losses of the financial year are entirely recognised in equity during the same period.

1.4 Data

a) External pension scheme

	2009	2008
Number of active employees	459	425
Average age	41 years	41 years
Annual payroll for pension calculations	€ 30 435,6 thousand	€ 26 713,4 thousand

b) Internal pension scheme

	2009	2008
Number of beneficiaries	61	63
Average age	70 years	69 years
Annual benefits	€ 856 thousand	€ 859 thousand

1.5 Calculation of commitments

a) Year 2009

Reconciliation of the present value of commitments in connection with defined benefits

€ thousand	Total	Employed	Retired
Present value of funded commitments on 01.01.	19 870,9	7 080,9	12 790,0
Scope variation	56,3	56,3	-
Cost of services rendered during the period	1 018,7	1 018,7	-
Financial cost	606,9	217,6	389,3
Actuarial (Gain) Loss	1 470,0	1 324,6	145,4
Benefits paid	-1 321,0	-468,0	-853,0
Present value of funded obligations on 31.12.	21 701,8	9 230,1	12 471,7

Amounts recognized in the balance sheet

€ thousand	Total	Employed	Retired
Liabilities	21 701,8	9 230,1	12 471,7
Asset	-	-	-
Net liabilities (assets)	21 701,8	9 230,1	12 471,7

Liabilities include an amount of € 3 851,1 thousand invested in unit linked contracts; the corresponding accounting is included as assets in financial assets designated as assets at fair value through income.

Amounts recognized in equity

€ thousand	Total	Employed	Retired
Actuarial gain (loss) at 01.01.	3 482,5	2 438,4	1 044,1
Actuarial (loss) or gain recognized during the period	-1 470,0	-1 324,6	-145,4
Accumulated gain (loss) at 31.12.	2 012,5	1 113,8	898,7

The statement of comprehensive income includes the actuarial gains recorded in equity during the period net of deferred tax.

Amounts recognized in profit and loss

€ thousand	Total	Employed	Retired
Cost of services rendered during the period	1 018,7	1 018,7	-
Financial cost	606,9	217,6	389,3
Total cost	1 625,6	1 236,3	389,3

Contribution to the plan for year 2010 is estimated to be € 1 637,0 thousands

Evolution

a) Present value of commitments (in € thousand)	Commitments	Asset	Deficit
2009	21 701,8	-	21 701,8
2008	19 870,9	-	19 870,9

b) Impact of changes in assumptions on the present value of commitments in%	
2009	8%
2008	-4%

b) Year 2008**Variation of the present value of commitments in connection with defined benefits**

€ thousand	Total	Employed	Retired
Present value of funded commitments on 01.01.2008	20 100,4	7 581,5	12 518,9
Current service cost	991,5	991,5	0,0
Financial cost	893,3	339,6	553,7
Actuarial (Gain) Loss	(801,3)	(1 378,7)	577,4
Benefits paid	(1 313,0)	(453,0)	(860,0)
Present value of funded obligations on 31.12.2008	19 870,9	7 080,9	12 790,0

Amounts recognized on the balance sheet

€ thousand	Total	Employed	Retired
Liabilities	19 870,9	7 080,9	12 790,0
Asset	-	-	-
Net liabilities (assets)	19 870,9	7 080,9	12 790,0

Amounts recognized in equity

€ thousand	Total	Employed	Retired
Actuarial gains (loss) at 01.01.2008	2 681,2	1 059,7	1 621,5
Actuarial gains (loss) recognized during the period	801,3	1 378,7	(577,4)
Accumulated gain (loss) at 31.12.2008	3 482,5	2 438,4	1 044,1

Amounts recognized in profit and loss

€ thousand	Total	Employed	Retired
Current service cost rendered during the period	991,5	991,5	0,0
Financial cost	893,3	339,6	553,7
Total cost	1 884,8	1 331,1	553,7

2. AGENTS' PENSION BENEFIT COMMITMENT

A lump sum benefit is promised to the Group's insurance agents managing a non-life insurance portfolio, who have, on behalf of the Group, the status of general agent or principal agent and to whom the special agency agreement clause "Partner agent – extensive clause for General/ Main Agent" applies.

The annual allocations are based on an actuarial calculation taking into account:

- a fixed charge of 1,5% of total commission granted to the agent during the calendar year or portion thereof taken into account,
- a technical interest rate of 5%;
- a mortality table.

The annual fixed charge is limited to a maximum amount per agent of € 6,5 thousand to 668,46 index at the sliding scale for applicable in the Grand-Duchy of Luxembourg.

At 31 December, the amounts provisioned were as follows:

€ thousand	2009	2008
Provision at 31.12.	3 260,5	2 605,7

Note 22. Provision for other liabilities and charges

1. OTHER LONG TERM EMPLOYEE BENEFITS

1.1. Jubilee awards

Gifts are offered to employees related to their seniority, within the limits and under the conditions described below:

- a) Up to € 2,3 thousand, when the gift is offered because of continuous occupation of twenty-five years in the service of the employer ;
- b) Up to € 3,4 thousand, when the gift is offered because of continuous occupation of forty years in the service of the employer;

The legal social security contributions for a gift exempt from tax are not tax deductible.

The present value of the obligation of such promises is calculated using the actuarial method of credit units taking into account the mortality table and employee turnover. The assumptions are based on assumptions used in pension obligations.

Changes in this provision are as follow:

€ thousand	2009	2008
Provisions at 01.01	358,3	308,3
Movements of the year	-10,0	50,0
Scope variation	13,1	-
Provisions at 31.12.	361,4	358,3

1.2. Options to purchase shares

In 2008, a subsidiary of the group CapitalatWork had assigned his staff options to purchase OPC shares, exercisable in 2018. These options are covered by similar options recognized in the item "securities held for trading". The fair value of these commitments is the market value of those options.

Changes in fair value are as follows:

€ thousand	2009
Provision at 01.01	-
Scope variation	49,2
Change in the fair value	9,4
Provision at 31.12.	58,6

2. SHORT TERM EMPLOYEE BENEFITS

The amount of the provision for paid leave is estimated by multiplying the number of days of leave not taken at 31 December of each year by the average hourly cost and the impact of social security costs. The evolution of this provision is as follows:

€ thousand	2009	2008
Provisions at 01.01	1 203,0	1 156,8
Movements of the year	92,3	46,2
Scope variation	49,0	-
Provisions at 31.12.	1 344,3	1 203,0

3. OTHER LIABILITIES AND CHARGES

Provisions for other liabilities and charges mainly consist of provisions for litigation.

The movements are as follows:

€ thousand	2009	2008
Provisions at 01.01	727,7	537,9
Movements of the year	-1 012,7	189,8
Scope variation	1 493,8	-
Provisions at 31.12.	1 208,8	727,7

Note 23. Earned premiums, net of reinsurance

€ thousand	2009	2008
Gross written premiums Non-life		
Fire and other damage to property	61 365,4	67 896,3
Motor, civil liability	49 004,6	52 305,7
Motor, other branches	74 246,5	69 108,9
Civil liability	21 409,0	21 001,8
Health, accident	11 514,7	6 920,2
Pecuniary loss	23 640,1	26 478,8
Other branches	13 619,2	12 889,1
Total gross written premiums Non-life	254 799,5	256 600,8
Change in provision for gross unearned premiums		
Fire and other damage to property	3 884,3	-5 184,2
Motor, civil liability	-538,4	-354,3
Motor, other branches	-2 227,3	-1 883,6
Civil liability	34,2	-634,2
Health, accident	-134,6	-138,6
Pecuniary loss	-3 160,7	345,2
Other branches	-272,2	-229,8
Total change in provision for gross unearned premiums	-2 414,7	-8 079,6
Gross earned premiums Non-life		
Fire and other damage to property	65 249,7	62 712,1
Motor, civil liability	48 466,2	51 951,4
Motor, other branches	72 019,2	67 225,3
Civil liability	21 443,2	20 367,5
Health, accident	11 380,1	6 781,6
Pecuniary loss	20 479,4	26 824,0
Other branches	13 347,0	12 659,3
Total gross earned premiums Non-life	252 384,8	248 521,2

€ thousand	2009	2008
Gross written Life premiums (contracts IFRS 4)		
Life without unit-linked	103 939,7	81 393,6
- o/w contracts with DFP	32 061,9	29 412,2
Life unit-linked	41 368,2	3 132,5
Total gross written Life premiums	145 307,9	84 526,1
Change in provision for gross unearned premiums		
Life without unit-linked	-384,4	-676,3
Life unit-linked	-	1,4
Total change unearned gross Life Premiums	-384,4	-674,9
Gross earned premiums Life		
Life without unit-linked	103 555,3	80 717,3
Life unit-linked	41 368,2	3 133,9
Total gross Life premiums earned	144 923,5	83 851,1
Gross earned premiums	397 308,3	332 372,4
Ceded premiums Non-life		
Fire and other damage to property	-6 911,3	-18 719,2
Motor, civil liability	-560,3	-978,1
Motor, other branches	-195,6	-241,2
Civil liability	-6 305,5	-6 417,0
Health, accident	-235,4	-204,0
Pecuniary loss	-20 316,2	-24 588,0
Other branches	-4 698,5	-4 740,4
Total ceded premiums Non-life	-39 222,8	-55 887,9

€ thousand	2009	2008
Change in the provision for unearned premiums, reinsurers' share		
Fire and other damage to property	-5 237,1	234,0
Motor, civil liability	-	-
Motor, other branches	104,8	81,1
Civil liability	-27,3	335,8
Health, accident	-0,8	0,8
Pecuniary loss	2 641,6	3 495,1
Other branches	-8,0	35,7
Total change in the provision for unearned premiums, reinsurers' share	-2 526,8	4 182,5
Ceded earned premiums Non-life		
Fire and other damage to property	-12 148,4	-18 485,3
Motor, civil liability	-560,3	-978,1
Motor, other branches	-90,8	-160,1
Civil liability	-6 332,8	-6 081,2
Health, accident	-236,2	-203,1
Pecuniary loss	-17 674,6	-21 092,9
Other branches	-4 706,5	-4 704,8
Total ceded earned premiums Non-life	-41 749,6	-51 705,4
Ceded premiums Life (contracts IFRS 4)		
Life without unit-linked	-1 977,9	-1 510,4
Life unit-linked	-149,3	-89,5
Total ceded premiums Life	-2 127,2	-1 599,9
Ceded earned premiums	-43 876,8	-53 305,3
Earned premiums, net of reinsurance	353 431,5	279 067,1

Note 24. Insurance benefits and claims

€ thousand	2009	2008
Insurance benefits costs - Gross amount		
Life insurance		
Claims paid	-59 847,4	-57 144,6
Variation in the provision for claims	-851,9	1 008,3
Variation in the provision for Life insurance	-58 851,2	-40 756,7
Variation in the provision for discretionary participation	-2 982,1	-254,2
Variation in the provision for unit-linked contracts	-69 657,3	135 859,3
Total	-192 189,9	38 712,2
Non-life insurance		
Claims paid	-118 871,7	-112 075,1
Variation in the provision for claims	-24 471,2	-22 912,5
Variation in the provision for appeal (subrogation and appeal)	160,6	-39,5
Variation in provision for aging	-692,8	-466,0
Variation in the provision for discretionary participation	803,0	269,4
Total	-143 072,1	-135 223,6
Total of insurance benefits costs - gross amount	-335 262,0	-96 511,4
Reinsurers' share in insurance benefits costs		
Life insurance		
Claims paid	603,8	657,9
Change in provision for claims	-221,1	-641,1
Change in provision Life insurance	174,6	151,8
Total	557,3	168,6
Non-Life insurance		
Claims paid	5 299,1	6 917,0
Change in the provision for claims	12 503,0	11 150,9
Change in provision for appeal	33,3	0,0
Total	17 835,4	18 067,9
Total reinsurers' share	18 392,7	18 236,5
Insurance benefits costs net of reinsurance	-316 869,3	-78 274,9

Claims paid in life insurance include amounts relating to the partial or total repurchase of contracts.

Note 25. Management commissions on insurance contracts

€ thousand	2009	2008
Asset management commission	4 205,5	4 919,5
Other technical income	120,1	100,5
Total	4 325,6	5 020,0

Note 26. Commissions and profit sharing earned on reinsurance contracts

These commissions received relate to reinsurance commissions collected from reinsurers as well as profit sharing received under certain Life and Non-Life reinsurance contracts.

€ thousand	2009	2008
Non-life		
- Reinsurance commission	1 423,0	3 976,5
- Income from contracts with DFP	45,9	61,8
Life		
- Reinsurance commission	193,0	217,7
- Income from contracts with DFP	241,0	617,5
Total	1 902,9	4 873,5

Note 27. Commissions earned by the Asset Management segment

Commission income includes commissions earned by the Asset Management segment. These revenues are as follows:

€ thousand	2009	2008
Intermediary fees	1 615,6	1 558,6
Management commission on investment funds	10 542,4	1 922,1
Asset management commission	2 666,9	1 258,0
Brokerage, lending	7 803,5	-
Total	22 628,4	4 738,7

Note 28. Acquisition and management commissions on investment contracts

Amounts recognised as acquisition commission represent fees collected at the underwriting investment contracts (excluding contracts with DPF) and are considered costs of setting up contracts. Furthermore the Group charges

commission for investment management as services are rendered, which is regularly during the life time of these contracts and not on the issue of contracts.

€ thousand	2009	2008
Acquisition commission	792,1	670,7
Management commission of the contract	5 883,6	5 834,5
Total	6 675,7	6 505,2

Note 29. Other net investment income

Other investment income includes all revenue generated from rental of buildings, dividends, interest on bonds and interest on cash and cash equivalent assets. "Other financial costs" include

expenses incurred in the management of financial assets. Other financial income is detailed in the table below:

€ thousand	2009	2008
Income		
Net financial revenue from land and buildings	1 206,4	613,8
Dividends received on shares	3 501,8	7 253,1
Interests received on bonds	49 008,7	38 149,6
Interests received on deposits	943,2	5 285,4
Total	54 660,1	51 301,9
Expenses		
Interest paid on bank overdrafts	-1 057,1	-1 286,0
Foreign exchange on deposits and securities	966,2	-1 227,3
Depreciation on equity instruments available for sale	-15 585,7	-24 742,5
Depreciation on fixed income securities available for sale	413,3	-1 563,3
Other financial costs	-8 860,6	-4 211,4
Total	-24 123,9	-33 030,5

Note 30. Profit from the sale of financial assets

During the year, the Group sold a number of securities from the various portfolios. The following table details the results generated:

€ thousands	2009	2008
Gains on disposal of financial assets		
Equity securities and other variable income securities and shares in investment funds	12 569,0	32 482,4
Bonds	26 443,0	6 796,0
Losses on disposal of financial assets		
Equity securities and other variable income securities and shares in investment funds	-21 605,8	-36 462,2
Bonds	-13 530,5	-2 582,2
Other capital gains	906,8	122,1
Total	4 782,5	356,1

Note 31. Change in fair value of assets / liabilities at fair value through income

1. ASSETS / LIABILITIES DESIGNATED AS ASSETS VALUED AT FAIR VALUE THROUGH INCOME

€ thousand	2009	2008
Change in unrealized gains or losses on financial assets		
- local market	11 547,4	-3 592,9
- international market	160 761,7	-292 302,9
Change in unrealized gains or losses on financial liabilities		
- local market	-10 496,1	1 852,0
- international market	-113 971,0	174 052,7
Total	47 842,0	-119 991,1

2. FINANCIAL ASSETS HELD FOR TRADING

€ thousand	2009	2008
Change in unrealized gains or losses on financial assets		
- Equity instruments	1 959,2	-17 069,8
- Fixed income securities	1 533,0	-671,0
Total	3 492,2	-17 740,8

Note 32. Expenses

1. ACQUISITION COSTS

Acquisition costs include commissions granted to intermediaries as acquisition commission, incentive or collection commission and the recovery of deferred acquisition expenses.

The acquisition costs include also the other administrative costs incurred in relation with the acquisition and administration of the contracts.

€ thousand	2009	2008
Intermediaries commission	-33 584,3	-32 120,3
Other acquisition expenses	-32 688,4	-28 866,1
Deferred acquisition expenses	183,0	101,0
Total	-66 089,7	-60 885,4

Intermediaries commission includes commissions on investment contracts with DPF of € 1 066,6 thousand (2008: € 977,6 thousand).

2. ADMINISTRATION COSTS

This item includes all the overhead costs related to the administration of the Group other than those incurred in issuing contracts, claims and financial management and collection of commissions of periodic premiums related to Life contracts.

€ thousand	2009	2008
Administration costs	-30 136,3	-21 541,5

3. COSTS RELATED TO INVESTMENT AND INSURANCE CONTRACTS

These are costs incurred by Foyer International S.A. in its portfolio management of investment contracts and insurance.

€ thousand	2009	2008
Costs related to investment contracts	-4 192,1	-5 045,8

4. OTHER OPERATING COSTS

This item records all operating expenses which have not been recognised in other categories.

€ thousand	2009	2008
Other costs	-1 961,2	-180,9

Note 33. Staff expenses

1. HEADCOUNT AND STAFF COSTS

The average number of employees during fiscal year 2009 amounted to 500,1 (2008: 425,3), represented by the following categories:

Categories	2009	2008
Executive managers	32,0	27,0
Staff	77,0	49,9
Employees	391,1	348,4
Total	500,1	425,3

Staff costs related to the year 2009 are as follows:

€ thousand	2009	2008
Wages and salaries	34 851,9	28 550,4
Social charges	4 216,6	3 164,4
Other staff costs	5 990,0	5 464,4
Total	45 058,5	37 179,2

2. FAIR VALUE OF SHARE-BASED PAYMENTS

During the 1st half of 2009, the Company has established in favor of executive managers and for the first time a plan to award options to purchase shares of the Company. The plan provides a settlement only in shares. It does not give rise to the issuance of new shares and the Company buys on the stock-exchange shares necessary for such compensation.

On 28 April 2009, the Company granted 48 264 options on the same number of shares which are acquired unconditionally as their award. The exercise price is € 33,00 is equal to the share price at grant date. The exercise period is from 28 April 2013 to 27 April 2019.

The fair value of the compensation plan for share-based payment is accounted at the grant date using the valuation model Monte-Carlo of real world and reflects the characteristics and condition of granting options.

The parameters used to evaluate this plan are detailed below:

- Expected dividends: dividends paid in 2009, € 1,117647 per share, increased by the interest rate without risk
- Expected average annual return expected of share: 6% increased by interest rate without risk
- Interest rate without risk: 3,51% (rate of the German state bonds)
- Expected life of the option: 7 years (linear performance over the period of exercise)
- Expected volatility of share: 31,88% (following historical data since 1 June 2003)
- Exercise price of option and price of share at grant date: € 33,00
- The 48 264 options granted in 2009 are estimated at € 356,1 thousand, namely € 7,38 per option.

Note 34. Information on related party transactions

1. INSURANCE CONTRACTS AND OTHER SERVICES

Insurance coverage is placed at 100% with an insurer outside the Group. Foyer Patrimonium S.A. has signed contracts with other companies of Group Foyer Finance S.A. in order to intervene on their behalf in financial markets. These services are rendered at cost price.

Foyer Vie S.A. acts as manager of of supplementary pension plans with defined benefits and defined contributions of all companies of the Group. These services are rendered at cost price.

€ thousand	2009	2008
Premiums of contracts hedging directors' civil liability, professional liability and fraud	86,8	90,6
Provision for financial management services	62,0	23,5

2. REMUNERATION PAID TO MANAGEMENT AND BOARD OF DIRECTORS

Remuneration paid to the members of the Board of Directors, the executive and the supervisory board in respect of their functions exercised and pension commitments in respect of board members can be analyzed as follows:

Remuneration allocated to members of management includes for the years 2009 an amount of € 166,2 thousand (2008: € 162,1 thousand) for supplementary pension under the internally closed plan (see Note 21).

€ thousand	2009	2008	€ thousand	2009	2008
Membres of the management	8 919,4	6 267,0	Pensions benefit premiums for membres of management	547,7	446,2
Board of Directors	511,3	228,4			

Member of management also benefit from the stock-option plan, see note 33a.

3. LOANS GRANTED TO CERTAIN MEMBERS OF MANAGEMENT

Loans granted to the members of governing bodies and commitments to these persons are as follows:

31.12.2009 € thousand	Amount outstanding	Interest rates	Term
Members of management	557,8	3,8%	up to 20 years

No amount has been repaid during the year (2008: € 0 thousand).

The Group provides for members of management the benefit of the Grand-Ducal regulations subsequent to Article 104 LIR of 4 December 1967 regarding exemption from tax payments in kind interest on loans.

4. AGENTS’ PENSION COMMITMENT

The Group has committed to the agents of its network to pay a pension capital when they will retire. This commitment reflects the Group’s desire to retain staff as exclusive agents of the Group. If the activities cease for other reasons, such as serious misconduct or as a result of the agent changing its accreditation company, the agent’s right lapses.

The amounts accrued at 31 December of the years 2009 and 2008 are shown in note 21 “Agent’s pension commitment”.

5. LOANS TO CERTAIN AGENTS

The Group grants loans to the agents to allow them to buy portfolios coming up for sale. These loans are secured by the compensation indemnity payable in respect of the sale of portfolios. The amounts on loans to the agents are set forth in note 15, under the heading “loans”.

6. DIVIDENDS RECEIVED FROM REALTED COMPANIES

The Group received dividends from companies of the group Foyer Finance SA for an amount of € 21,0 thousand (2008: € 28,0 thousand). These amounts are included in Note 29, under the item “Dividends earned from shares”.

Note 35. Operating leases

An entity of the Group agreed to lease office space on an initial period exceeding one year.

The main conditions of these leases are as follows:

Situation € thousand	Expiry	Indexation	Rent 2009	Estimate 2010	Estimate > 1 < 5 years
Antwerp Green Plaza	24/03/2018	yes	71,8	68,7	274,7
Breda	30/09/2015	yes	-	45,1	180,3
Brussels Green Land	31/07/2010	yes	87,7	-	-
Ghent	30/06/2019	yes	46,0	46,0	183,9
Geneva	31/09/2014	yes	109,0	111,0	444,0
Total			314,5	270,8	1 082,9

Foyer S.A. annual financial statements

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Management report

of the board of directors of Foyer S.A.
to the annual general meeting on 6 april 2010

The result for the fiscal year 2009 recorded a net profit of € 4,33 million compared with € 52,55 million for 2008.

The table below gives details of these results:

€ million	31.12.2009	31.12.2008
Income from subsidiaries	0,10	54,64
Foyer Assurances	-	47,02
Foyer Vie	-	6,93
Foyer Patrimonium	-	0,69
Tradhold	0,10	-
Income from securities, cash and cash equivalents	7,99	6,80
Cost (amortisation, interest, losses on disposals)	-1,03	-3,66
General expenses (including financial expenses)	-2,98	-4,99
Profit before taxes	4,08	52,79
Taxes	0,25	-0,24
Net profit	4,33	52,55

With the exception of Tradhold, subsidiaries haven't paid any dividend in 2009, due to the impact of the economic and financial crisis of 2008 on the results of Group companies.

The increase in income from securities and cash is mainly due to profits on disposal of bonds which more than offset lower earnings on interests and dividends.

The decrease in general expenses comes primarily from the reduction of amortisation whereas costs decrease is due to the specific costs of the previous year (exceptional consultancy costs, taking into account certain staff costs related to promotional events).

The positive amount of taxes comes from the benefits related to tax consolidation which Foyer S.A. is the parent company.

Treasury shares

In accordance with the authorization granted by the General Meeting of Shareholders on 7 April 2009, the Board of Directors has approved the same day the implementation of a program to repurchase Company's shares in the order to achieve the following objectives:

- a) Cover a stock option plan of Foyer S.A. for employees and executives of the Group Foyer;
- b) Cancel the repurchased shares by a decision of a Extraordinary General Meeting to be held later on;
- c) Maintain and give subsequently shares of Foyer S.A. in exchange or payment in connection with an acquisition.

Based on this repurchase program, Foyer S.A. acquired during the fiscal year 2009 a total of 39 569 own shares at a total price of € 1 620 564,24, i.e. an average price of € 40,96 per share repurchased.

At 31 December 2009, the Company has in its portfolio 43 370 shares (31.12.2008: 3 801 shares), representing 0,48% of issued shares.

At the same time, the unavailable reserve for own shares, on the liabilities side of the balance sheet, was increased by an additional amount of € 1 620 564,24 from an amount of € 175 888,40 to € 1 796 452,64.

Outlook

Subject to acceptance by the Ordinary General Meeting of the respective companies, it is expected that in the first half of fiscal 2010, Foyer S.A. receives dividends from its subsidiaries amounting to:

€ thousand

Foyer Assurances	33,00
Foyer Vie	9,90
Tradhold	0,12
Total	43,02

Dividends received from subsidiaries would increase from € 0,10 million in 2009 to € 43,02 million in 2010.

Appropriation of profit

The Board proposes to the General Meeting of Shareholders the following distribution of the available profit of € 48 901 975,08 including a profit after taxes for the year of € 4 333 975,14 and a carried forward profit of the previous year of € 44 567 999,94:

€

Gross dividend of € 1,341176 to 8 998 842 shares	12 069 030,92
Reserve for wealth tax charged to fiscal 2009	2 180 000,00
Levy of wealth tax charged to fiscal 2004 in item 'Reserve for wealth tax'	-875 000,00
Transfer of the amount of the wealth tax recorded in 2004 to the item 'other reserves'	875 000,00
Other reserves	30 000 000,00
Retained profit	4 652 944,16
Total	48 901 975,08

If you approve this proposal, a gross dividend of € 1,341176 (2008: € 1,117647) will be payable after deduction of 15% withholding tax on Luxembourg dividend income, net pay-out per share will be € 1,14 (2009: € 0,95) available as from 12 April 2010, against remittance of coupon No. 10.

- In the Grand Duchy of Luxembourg: at the Banque et Caisse d'Epargne de l'Etat;
- In Belgium: at the offices of Petercam S.A.

Leudelange, 8 March 2010
The Board of Directors

RESPONSIBILITY STATEMENT

In accordance with article 3 (2) c) of the law of 11 January 2008 in connection with the obligations of transparency concerning information about issuers of securities admitted for negotiation on a regulated stock market, Mr. François TESCH, Chief Executive Officer and Mr. Marc LAUER, Chief Operating Officer, declare that the financial statements of FOYER S.A. have been established

under their responsibility, in conformity with the complete set of accounting standards, and that, to their knowledge, these financial statements give a true and fair view of all assets and liabilities, the financial situation and the profits and losses of FOYER S.A., and that the management report truly presents the company's evolution, its results and its overall situation.

Marc Lauer
COO

François Tesch
CEO

Independent Auditor's Report

To the Shareholders of
Foyer S.A.
12 rue Léon Laval
L-3372 Leudelange

Following our appointment by the General Meeting of the Shareholders dated 7 April 2009, we have audited the accompanying annual accounts of Foyer S.A., which comprise the balance sheet as at 31 December 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes to the annual accounts.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts. This responsibility includes: designing; implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the "Réviseur d'Entreprises"

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'Entreprises", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'Entreprises" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Foyer S.A. as at 31 December 2009, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is in accordance with the annual accounts

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises

Jean-Michel PACAUD

Luxembourg 22 March 2010

Balance sheet

at 31 December 2009

€

ASSETS	Notes	31.12.2009	31.12.2008
Fixed Assets	4		
Tangible fixed assets	3.2		
<i>Other equipment, machines and furniture</i>		5 652,50	5 652,50
Long term financial investments	3.3		
<i>Investments in subsidiaries</i>	5	126 476 738,24	59 269 200,28
<i>Securities held as financial fixed assets</i>		-	413 000,00
<i>Own shares held</i>		1 796 452,64	175 888,40
Total fixed assets		128 278 843,38	59 863 741,18
Current assets			
Accounts receivable coming to maturity in less than or equal to one year	3.4	580 358,48	574 032,90
Other short term financial assets	3.5,3.6	64 490 658,57	103 350 974,29
Cash on hand and at bank		1 981 706,97	12 173 623,10
Total current assets		67 052 724,02	116 098 630,29
Accruals		1 219 350,23	1 875 306,34
TOTAL ASSETS		196 550 917,63	177 837 677,81

The accompanying notes form an integral part of the annual accounts.

€

LIABILITIES	Notes	31.12.2009	31.12.2008
Equity	6		
Issued share capital		44 994 210,00	44 994 210,00
Share premium account		3 106 002,40	3 106 002,40
Reserves			
<i>Legal reserve</i>	7	4 499 421,00	4 499 421,00
<i>Reserve for own shares held</i>	8	1 796 452,64	175 888,40
<i>Other reserves</i>		64 676 547,36	65 612 111,60
<i>Other reserves - Special reserve</i>	9	1 464 500,00	2 149 500,00
Retained earnings		44 567 999,94	2 074 749,72
Profit of the year		4 333 975,14	52 550 778,98
Total equity		169 439 108,48	175 162 662,10
Provisions for risks and expenses	3.7,10		
Provisions for pension benefit obligation		3 296,89	3 296,89
Tax provision		860 879,45	1 314 351,03
Other provisions		-	165 600,00
Total provision for risks and expenses		864 176,34	1 483 247,92
Debts	3.8		
Borrowings from banks maturing in less than or equal to 1 year		-	1 498,23
Debts related to purchases and services rendered maturing within 1 year		30 218,00	300 398,40
Debts towards Group companies maturing within 1 year		258 433,01	327 412,38
Other debts o/w tax and social security debts		13 876,62	71 491,69
Other debts o/w residual maturity within or equal 1 year		13 585 199,94	490 967,09
Other debts o/w residual maturity greater than 1 year		12 359 905,24	-
Total debts		26 247 632,81	1 191 767,79
TOTAL LIABILITIES		196 550 917,63	177 837 677,81

The accompanying notes form an integral part of the annual accounts.

Profit and loss account

for the financial year ended 31 December 2009

€

EXPENSES	Notes	31.12.2009	31.12.2008
Other operating expenses		2 981 947,77	4 989 079,07
Depreciation of long term investments and other short term financial assets	3.9	335 891,20	2 287 349,28
Other interest and assimilated expenses		691 518,33	1 376 159,56
Taxes on profits	14	-146 140,99	-198 632,08
Other taxes non included in items above	14	-107 019,51	443 338,38
Profit after tax		4 333 975,14	52 550 778,98
TOTAL EXPENSES		8 090 171,94	61 448 073,19
INCOME			
Other operating income		4 036 748,18	1 001 796,65
Income from subsidiaries		100 800,00	54 648 595,00
Other income derived from long term investments and other short term financial assets		89 780,64	1 955 972,09
Other interest and assimilated income		3 553 767,76	3 813 917,35
Gains arising from revaluation of short term financial assets		309 075,36	27 792,10
TOTAL INCOME		8 090 171,94	61 448 073,19

The accompanying notes form an integral part of the annual accounts.

Notes to the annual financial statements

Note 1. General

Foyer S.A. (the company) was constituted on 13 November 1998 under the name Le Foyer, Compagnie Luxembourgeoise S.A. The extraordinary General Meeting of 23 November 2005 decided to change the name to Foyer S.A. Its registered offices are in Leudelange. The corporate purpose is essentially all operations relating to the acquisition of shareholdings and the administration, management, control and development of such shareholdings.

Note 2. Presentation of the annual accounts

In compliance with the criteria established under Luxembourg law, the company prepares consolidated accounts and a consolidated management report which are available for review at the company's registered office, 12, rue Léon Laval, L-3372 Leudelange.

Annual accounts are prepared in compliance with the law of 19 December 2002 such as modified and in compliance with Luxembourg accounting standards such as generally accepted in the Grand Duchy of Luxembourg. Accounting policies and evaluation criteria are, if not imposed by law, established and instituted by the Board of Directors of the company.

The company is part of the consolidated accounts of Foyer Finance, S.A., the largest corporate group of which the company is a subsidiary. This company has its registered offices at 12, rue Léon Laval in L-3372 Leudelange. Annual accounts and the consolidated management report of Foyer Finance S.A. as well as the Corporate Governance of Foyer S.A. are available for review at this address.

Note 3. Summary of main accounting policies

The main accounting policies used by the company in the preparation of the annual accounts are the following:

3.1 Conversion of items denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are converted to Euro (€) at the exchange rate in force on the date the accounts are closed. Transactions denominated in foreign currencies carried out over the course of the year are converted to Euro (€) at the exchange rate in force on the date of the transaction. Unrealised losses and realised losses and gains in relation with the evolution of exchange rates are recognised in the profit and loss account.

3.2 Tangible fixed assets

Tangible fixed assets are valued at the historical cost of acquisition. Acquisition costs are determined by adding related expenses to the purchase price. Fixed assets with an unlimited useful lifetime are not depreciated.

3.3 Long term financial investments

Long term financial investments are valued at acquisition cost including transaction cost.

Long term financial investments are depreciated such as to recognise them for a value which is the lowest of either acquisition cost or their estimated sales price at the time of the financial year end. Depreciation is not maintained when the reasons that motivated depreciation in the first place have ceased to exist.

3.4 Accounts receivable

Accounts receivable are recorded in the balance sheet at either their nominal value or their expected recovery value.

These values are depreciated should their full or partial recovery appear to be uncertain.

Depreciation is not maintained when the reasons that motivated depreciation in the first place have ceased to exist.

3.5 Financial assets other than bonds and other fixed income securities

Financial assets other than bonds and other fixed income securities are valued at acquisition cost comprising acquisition expenses.

Financial assets other than bonds and other fixed income securities are depreciated such as to recognise them for a value which is the lowest of either acquisition cost or their estimated sales price at the time of the financial year end.

Depreciation is not maintained when the reasons that motivated depreciation in the first place have ceased to exist.

3.6 Bonds and other fixed income securities

Bonds and other fixed rate securities are valued either at acquisition cost or at their estimated sales price taking into account the following elements:

- the positive spread (agio) between the acquisition price and sales price is recognised in the Profit and Loss account by spreading it equally over the period of time remaining until redemption
- the negative spread (disagio) between the acquisition price and sales price is recognised in the Profit and Loss account by spreading it equally over the period of time remaining until redemption.

Bonds and other fixed rate securities are depreciated to give them the lowest value of either their amortised acquisition cost or their estimated sales price and their market value at the financial year end.

Amounts depreciated will not be maintained once the reasons that motivated them in the first place have disappeared.

3.7 Provisions for risk and expenses

The aim of the provision for risk and expenses is to provide for all expenses and debts the nature of which is known and which at financial year end are either probable or certain but undetermined as for their amount or the date on which they will be payable.

3.8 Accounts payable

Accounts payable are recorded on the liability side at their carrying value.

3.9 Depreciation

Depreciation is deducted from the concerned asset.

3.10 Taxes

In 2008, by virtue of article 164bis L.I.R., Foyer S.A. (the parent company) was allowed by fiscal authorities to fiscally integrate certain associated companies such as cumulating their respective results. The following companies are included in this scope :

- Foyer Assurances S.A.
- Foyer Vie S.A.
- FOYER RE S.A.
- Foyer International S.A.
- Foyer Patrimonium S.A.

Every entity being part of the fiscal integration perimeter calculates and recognises expense for Local Commercial Tax and Income Tax on its year end gross profit.

The profit resulting from the difference between the sum of these taxes for each entity and taxes calculated according to the fiscal integration regime is entirely recognised by the parent company.

Note 4. Fixed Assets

Movements of fixed assets during the year were as follows:

€	Other equipment machines and furniture	Shares in subsidiaries	Securities held as financial fixed assets	Own shares held
Gross value on 31.12.2008	5 652,50	59 269 200,28	1 528 750,00	175 888,40
Acquisitions of the year	-	79 580 036,63	-	1 620 564,24
Disposals of the year	-	-12 372 498,67	-1 528 750,00	-
Gross value on 31.12.2009	5 652,50	126 476 738,24	-	1 796 452,64
Cumulated depreciation on 31.12.2008	-	-	-1 115 750,00	-
Depreciation of the year	-	-	-	-
Recovery of depreciation of the year	-	-	1 115 750,00	-
Accumulated depreciation on 31.12.2009	-	-	-	-
Net value on 31.12.2009	5 652,50	126 476 738,24	-	1 796 452,64
Net value on 31.12.2008	5 652,50	59 269 200,28	413 000,00	175 888,40

The acquisitions of the year correspond to the payment of € 7 500 000,00 to Foyer International S.A. following the fundraising asked by the Board of Directors Foyer International SA in order that all shares of that company are fully paid up, the acquisition of CapitalatWork Group SA, including its subsidiaries, and acquisition by Foyer SA of 39 569 own shares.

The purchase price of CapitalatWork S.A. includes payments, amounts are determined later and which are payable in 2010 and 2011. Accordingly, the recognition of the purchase price has been determined only provisionally.

On 5 October 2009, the Company agreed to increase capital CapitalatWork Group S.A. by contribution in kind of securities representing the entire share capital of Foyer S.A. Patrimonium At the same time, CapitalatWork Group S.A. has been renamed CapitalatWork Foyer Group S.A.

On 31 December 2009, CapitalatWork Foyer S.A. merged as the acquiring company with CapitalatWork Int'l S.A. and Foyer Patrimonium S.A. as the acquired companies.

The disposals of the year correspond to sales of all securities held as financial fixed assets.

Note 5. Investments in subsidiaries

Shareholding in Group company's on 31 December 2009 can be summarized as follows:

€	Share in capital held	Acquisition price	Equity 31.12.2009 (1) (2)	Profit of the year 2009 (1)	Profit of the year 2008
Foyer Assurances S.A.	99,9994%	23 175 257,94	112 031 506,94	42 014 891,74	426 133,90
Foyer Vie S.A.	99,9994%	7 784 662,72	30 464 640,79	22 018 567,20	616 022,01
Foyer International S.A.	99,9999%	17 436 780,95	23 061 877,51	604 144,31	-808 534,27
Tradhold	50,0000%	6 000 000,00	12 010 829,62	448 567,52	212 429,62
CapitalatWork Foyer Group S.A.	100,0000%	72 080 036,63	34 559 088,00	-4 789 381,00	-
Foyer Patrimonium S.A.		-	-	-	-890 438,45
		126 476 738,24		60 296 789,77	-444 387,19

(1) Audited accounts on 31 December 2009

(2) Excluding the result of the previous year

Note 6. Shareholder' equity

Mouvements of the year in equity were the following.

€	Issued Share Capital	Share premium Account	Legal Reserve
On 31.12.2008	44 994 210,00	3 106 002,40	4 499 421,00
Appropriation of profits			
- dividends			
- reserves and retained earnings			
Repurchase of own shares			
Profit on 31.12.2009			
On 31.12.2009	44 994 210,00	3 106 002,40	4 499 421,00

On 31 December 2009, subscribed and issued capital was € 44 994 210,00 and is represented by 8 998 842 shares fully paid up shares with no face value. Authorised capital is € 74 350 000,00.

Note 7. Statutory reserve

Under Luxembourg law, 5% of a company's annual net profit must each year be transferred to a statutory reserve. These transfers cease to be compulsory once the value of the statutory reserve is equivalent to 10% of the company's total share capital. The statutory reserve cannot be distributed to shareholders, except in the event of the company's dissolution.

Note 8. Own shares held

On 31 December 2009, the company held 43 370 (2008: 3 801) own shares for a total consideration of € 1 796 452,64 (2007: € 175 888,40) for which an undisposable reserve for own shares was recognised in liabilities. These shares are recognised as fixed assets in the line "Own shares held".

Reserve for own shares	Other Reserves	Other Reserves special Reserve	Retained Earnings	Profit of the year
175 888,40	65 612 111,60	2 149 500,00	2 074 749,72	52 550 778,98
				-10 057 528,76
	685 000,00	-685 000,00	42 493 250,22	-42 493 250,22
1 620 564,24	-1 620 564,24			
				4 333 975,14
1 796 452,64	64 676 547,36	1 464 500,00	44 567 999,94	4 333 975,14

Note 9. Other reserves – special reserve

In accordance with the tax laws and since 1 January 2002, the company reduced its wealth tax liability. In compliance with legislation, the company allocated an amount corresponding to five times the wealth tax liability to a unavailable reserve. This reserve may not be disposed of for five years from the year following the one in which the wealth tax liability was reduced.

The allocations made to this reserve are as follows:

- 2004 € 875 000,00
- 2005 € 192 500,00
- 2007 € 397 000,00
- Total :** € 1 464 500,00

Note 10. Provisions for risks and expenses

Les provisions pour risques et charges se décomposent comme suit :

€	31.12.2009	31.12.2008
Provision for pension benefit obligation	3 296,89	3 296,89
Tax provision	860 879,45	1 314 351,03
Other provisions	-	165 600,00

The tax provision is essentially made up by estimated tax liabilities for financial years for which final taxation has not yet been received from fiscal authorities. The last such tax bulletin received is the one of the financial year 2004. Advance tax payments are recognized under "Accounts receivable" as an asset.

Note 11. Other debts

On 31 December 2009, «Other debts with a residual maturity within one year» amounted to € 13 585 199,94 [2008: € 490 967,09] and include mainly the portion of the price payable in 2010 to former shareholders of CapitalatWork Group S.A. At the same time, the «other debts with a residual maturity greater than one year» amounted to € 12 359 905,25 [2008: € -] and are essentially a price range payable in 2011 to former shareholders of CapitalatWork Group S.A.

Note 12. Personnel employed during the year

The company did not employ any employee during financial year closed on 31 December 2009. (2008: 1).

Note 13. Remuneration paid to members of administrative bodies

The company paid remunerations of € 200 116,44 [2008: € 189 000] to the members of the administrative bodies during the year ended 31 December 2009.

Note 14. Taxes on profits

On 31 December 2009, the surplus of item «Other taxes» is due to the profit made by Foyer SA in the context of fiscal integration.

Note 15. Fees due to the statutory auditor

For the financial year closed on 31 December 2009, the statutory auditor, and as the case may be, affiliated companies of the auditor, billed fees for an amount before Value Added Tax as follows:

€	31.12.2009	31.12.2008
Legal audit of the companies Annual accounts	23 072,27	44 286,05



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