

COMPANY NUMBER
FC 023 886

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HSBC Investment Bank Holdings B.V.

Financial statements for the
year ended 31 December 2004

This report contains 13 pages



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Management Report

The Board of Directors of HSBC Investment Bank Holdings B.V., hereinafter "the Company", hereby presents its Management Report for the year ended 31 December 2004.

The state of affairs of the Company at the closing of the year is adequately presented in the balance sheet and profit and loss account published herewith.

Review of Activities

The principal activities of the Company during the year continued to be the holding of investments in and the financing of its subsidiaries and affiliated companies.

It is not anticipated that the activities of the Company will change significantly during 2005.

London 3 July 2005

On behalf of the Board of Directors

A handwritten signature in black ink, consisting of a stylized 'D' followed by a horizontal line and a checkmark-like flourish.

D H Burnett

HSBC Investment Bank Holdings B.V.

Balance sheet as at 31 December 2004

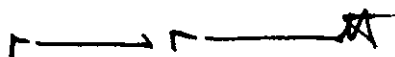
(before proposed appropriation of results)

| | Note | 2004 USD000 | 2003 USD000 |
|--------------------------------|------|------------------|------------------|
| Financial fixed assets | 4 | 1,204,187 | 1,185,329 |
| Current assets | | | |
| Cash at bank - group companies | | 77,079 | 8,338 |
| | | <u>77,079</u> | <u>8,338</u> |
| | | <u>1,281,266</u> | <u>1,193,667</u> |
| Shareholder's equity | 5 | 1,276,158 | 1,188,672 |
| Current liabilities | 6 | 5,108 | 4,995 |
| | | <u>1,281,266</u> | <u>1,193,667</u> |

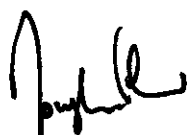
The accompanying notes form part of these financial statements.

London July 2005

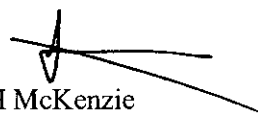
Board of Directors:



D H Burnett



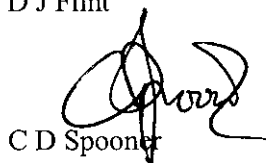
D J Flint



J H McKenzie



P J Reid



C D Spooner

HSBC Investment Bank Holdings B.V.


**Profit and loss account for the year ended
31 December 2004**

| | Note | 2004 USD000 | 2003 USD000 |
|---|------|----------------|----------------|
| Income | | | |
| Dividend income | | 30,281 | 2,697 |
| Interest income from group companies | | 1,226 | 1,936 |
| Other interest income | | - | 21 |
| Other income | | - | 638 |
| Profit on disposal of investments | | 61,907 | - |
| | | <hr/> 93,414 | <hr/> 5,292 |
| Expenses | | | |
| Other interest expense | | 977 | 1,271 |
| General and administrative expenses | | 123 | 83 |
| Foreign exchange loss, net | | 4,197 | 96 |
| Provision for permanent diminution in value | 4 | - | 2,385 |
| | | <hr/> 5,297 | <hr/> 3,835 |
| Profit before taxation | | <hr/> 88,117 | <hr/> 1,457 |
| Taxation | 8 | 631 | 1,472 |
| Profit/(loss) for the year | 5 | <hr/> 87,486 | <hr/> (15) |

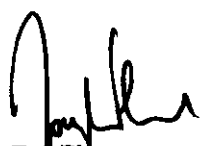
The accompanying notes form part of these financial statements.

London July 2005

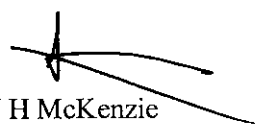
Board of Directors:



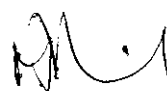
D H Burnett



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J H McKenzie



P J Reid



C D Spooner

Notes to the financial statements for the year ended 31 December 2004

1 Group affiliation and principal activities

The Company, incorporated in The Netherlands with limited liability, is wholly owned by HSBC Holdings B.V., also incorporated in The Netherlands (resident in the United Kingdom as an overseas company with a statutory seat in Amsterdam). Its ultimate parent company is HSBC Holdings plc, incorporated in England.

On 3 April 2002 the Company migrated to the United Kingdom and became registered in the United Kingdom as an overseas company with a statutory seat in Amsterdam.

The principal activities of the Company are the holding of investments in and the financing of subsidiaries and affiliated companies. Consequently, nearly all transactions and balance sheet positions are with fellow members of the HSBC Group.

2 Basis of presentation

The accompanying financial statements have been prepared in accordance with principles of accounting generally accepted in The Netherlands and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Part 9. The Company has retained the US dollar as functional currency.

All investments held by the Company are taken up within the consolidated financial statements of the ultimate parent company. Under the exemption provided by Article 408 of Book 2, Part 9, of The Netherlands Civil Code, the Company does not prepare consolidated financial statements and, in lieu thereof, files with the Trade Register of the Chamber of Commerce in Amsterdam the audited annual group financial statements of its ultimate parent company, HSBC Holdings plc.

All amounts are stated in thousands of US dollars, unless otherwise indicated.

3 Accounting policies

The accounting policies adopted for stating the financial position and determining the results for the year are as follows:

Foreign currencies

Assets and liabilities denominated in foreign currencies, other than financial fixed assets, which are stated at historical cost, are translated into US dollars at the closing rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are converted at the appropriate rates in effect on the dates of the respective transactions.

Exchange gains or losses, other than incurred in transactions in issued share capital, are reflected in the profit and loss account.

HSBC Investment Bank Holdings B.V.

Financial fixed assets

The Company carries its investments in subsidiaries and affiliated companies at historical cost less a provision for any diminution of value deemed to be of a permanent nature. Dividends from investee companies are taken into the results of the Company as and when received.

Other assets and liabilities

All assets and liabilities are shown at their historical cost values, less provisions where applicable.

Income and expenses

Income and expenses are accounted for in the year to which these items relate.

4 Financial fixed assets

This caption comprises investments in, loans to and debentures of group companies, the movements of which can be analysed as follows:

| | Investments | Provision for diminution in value | Loans to Group Companies | Total |
|------------------------------------|--------------------|--|---|---------------|
| | USD000 | USD000 | USD000 | USD000 |
| Balance as at 1 January 2004 | 264,356 | (91,169) | 1,012,142 | 1,185,329 |
| Additions | - | - | 65,000 | 65,000 |
| Disposals, releases and redemption | (69,189) | 40,189 | (17,142) | (46,142) |
| Balance as at 31 December 2004 | 195,167 | (50,980) | 1,060,000 | 1,204,187 |

A list of the Company's investee interests is separately deposited with the Trade Register of the Chamber of Commerce in Amsterdam.

Loans to group companies consist of a USD loan of USD1,060 million (2003: USD995million) which carries no interest and has a fixed repayment date of 30 June 2006.

5 Shareholder's equity

Movements in shareholder's equity are summarised below (before proposed appropriation of results):

| | Issued share Capital USD000 | Exchange Reserve USD000 | Share premium account USD000 | Accumulated Profits USD000 | Result for the year USD000 | Total USD000 |
|---------------------------------|--------------------------------------|-------------------------------|---------------------------------------|----------------------------------|-------------------------------------|-----------------|
| Balance as at 1 Jan. 2003 | 255 | 5 | 1,101,095 | 191,485 | (104,153) | 1,188,687 |
| Appropriation of 2002 result | - | - | - | (104,153) | 104,153 | - |
| Loss for the year | - | - | - | - | (15) | (15) |
| Exchange adjustment | 52 | (52) | - | - | - | - |
| Balance as at 31 Dec. 2003 | 307 | (47) | 1,101,095 | 87,332 | (15) | 1,188,672 |
| Balance as at 1 Jan. 2004 | 307 | (47) | 1,101,095 | 87,332 | (15) | 1,188,672 |
| Appropriation of 2003 result | - | - | - | (15) | 15 | - |
| Profit for the year | - | - | - | - | 87,486 | 87,486 |
| Exchange adjustment | 25 | (25) | - | - | - | - |
| Balance as at 31 Dec. 2004 | 332 | (72) | 1,101,095 | 87,317 | 87,486 | 1,276,158 |

The authorised share capital comprises 20,000 shares (2003: 20,000 shares) of EUR 50 each, amounting to EUR 1 million (2003: EUR 1 million).

At 31 December 2004, 4,866 ordinary shares (2003: 4,866 ordinary shares) were issued and fully paid-up amounting to EUR 243,300 (2003: EUR 243,300) with an equivalent of USD 332,043 (2003: USD 306,680) converted at the year-end rate of EUR 0.732735 (2003: EUR 0.793336).

6 Current liabilities

Current liabilities comprise the following:

| | 2004 | 2003 |
|--------------------------------------|---------------|---------------|
| | USD000 | USD000 |
| Other liabilities to group companies | 81 | - |
| Taxes payable | 1,450 | 2,080 |
| Other liabilities | 3,577 | 2,915 |
| | 5,108 | 4,995 |

7 Contingent liabilities

There are no contingent liabilities at 31 December 2004 (2003: nil).

8 Taxation

Taxation consists of the following:

| | 2004 | 2003 |
|-------------------------|---------------|---------------|
| | USD000 | USD000 |
| Current year income tax | 29 | 1,393 |
| Prior year income tax | 590 | - |
| Withholding tax | 12 | 79 |
| | 631 | 1,472 |

The reconciliation of the statutory income tax rate to the Company's effective tax rate is as follows:

| | 2004 | 2003 |
|---|-----------------|---------------|
| | USD000 | USD000 |
| Profit before taxation | 88,117 | 1,457 |
| Statutory tax rate – United Kingdom | 30% | 30% |
| Statutory tax amount | 26,435 | 437 |
| UK double tax relief | (9,084) | - |
| Income where no UK tax liability arises | 293 | (809) |
| Profit/loss on disposal of investments | (18,572) | - |
| Write down of investments | - | 715 |
| Exchange differences | 954 | 1,050 |
| Other | 3 | - |
| Effective tax amount | 29 | 1,393 |

9 Employees

The Company has no employees and consequently incurred no wages, salaries or related costs in 2004 and 2003.

10 Subsequent Events

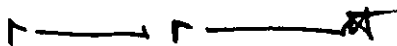
In May 2005, the Company sold its investment in HSBC Securities (Japan) Limited for net book value of USD 110 million.

11 Directors

The Company has 5 (2003: 5) Directors, none of whom received any remuneration in that capacity during 2004 and 2003. The Company has no Supervisory Directors.

London July 2005

Board of Directors:



D H Burnett



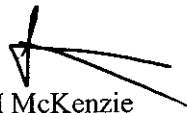
P J Reid



D J Flint



C D Spooner



J H McKenzie

Supplementary data

1 Statutory rules as to appropriation of profits

According to Article 12 of the Company's Articles of Association, profits are at the disposition of the General Meeting of Shareholders.

2 Proposed appropriation of results

Management proposes to carry forward within accumulated profits the profit for the year ended 31 December 2004.

3 Report of the Auditors

The Report of the Auditors is set forth on the following page.



Auditors' report

Introduction

We have audited the financial statements of HSBC Investment Bank Holdings B.V., Amsterdam, for the year ended 31 December 2004. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of the company as at 31 December 2004 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Amstelveen, 13 July 2005

KPMG Accountants N.V.

Ref: H.C.M. van Damme