

By focussing on long-term contracts, we will improve the predictability and stability of our financial performance.



5 FINANCIAL STATEMENTS

58	Consolidated balance sheet as at 31 December 2008
60	Consolidated income statement for 2008
61	Consolidated statement of recognised income and expense (SORIE)
62	Consolidated cash flow statement
64	Notes to the consolidated financial statements
117	Company balance sheet as at 31 December 2008 of Ordina N.V.
118	Company income statement for 2008 of Ordina N.V.
118	Notes to the company balance sheet and income statement
123	List of subsidiaries/principal associates
124	Independent auditor's report

Toon Kool Programme Director

Consolidated balance sheet as at 31 December 2008

	Notes	2008	2007
Equity			
Paid-up and called-up share capital	14	4,133	4,119
Share premium reserve	15	77,082	75,744
Hedging reserve	15	-521	534
Retained earnings	15	163,720	143,800
Profit for the year	15	-81,134	30,394
Total equity		163,280	254,591
Liabilities			
<i>Non-current liabilities</i>			
Long-term borrowings	16	24,930	34,893
Derivative financial instruments	17	699	-
Finance lease commitments	18	2,212	2,665
Employee related provisions	20	9,016	7,348
Deferred income tax liabilities	19	-	11,517
Total non-current liabilities		36,857	56,423
<i>Current liabilities</i>			
Borrowings	16	82,004	57,716
Other provisions	21	21,668	2,238
Trade and other payables	22	156,662	154,904
Current tax payable		-	6,281
Total current liabilities		260,334	221,139
Total liabilities		297,191	277,562
Total equity and liabilities		460,471	532,153

(in euro thousands)

Consolidated income statement for 2008

	Notes	2008	2007
Revenue	6	696,473	665,402
Cost of hardware and software		35,489	22,232
Work contracted out		108,174	93,754
Personnel expenses	23	474,848	430,543
Amortisation	7	24,572	21,280
Depreciation	8	11,099	9,597
Impairment	7/8	72,543	-
Other operating expenses	24	46,811	42,248
Total operating expenses		773,536	619,654
Operating profit		-77,063	45,748
Finance income	25	195	242
Finance costs	25	-5,641	-4,910
Result on disposed subsidiaries	26	-17,575	-
Share of profit of associates	9	133	76
Profit before tax		-99,951	41,156
Income tax expense	27	18,817	-10,762
Net profit for the year		-81,134	30,394

(in euro thousands)

	Notes	2008	2007
Earnings per share			
Earnings per share - basic	28	-1.97	0.75
Earnings per share - diluted	28	-1.97	0.74

(in euros)

Consolidated statement of recognised income and expense (SORIE)

	Notes	2008	2007
Actuarial gains and losses on defined benefit plans	15/20	-1,346	2,342
Changes in fair value of cash flow hedges	15	-1,416	425
Tax on items taken directly to or transferred from equity	15/20	704	-705
Net income recognised directly in equity	15	-2,058	2,062
Profit for the year	15	-81,134	30,394
Total recognised income and expense for the year		-83,192	32,456

(in euro thousands)

Consolidated cash flow statement

	Notes	2008	2007
Cash flows from operating activities			
Profit for the year		-81,134	30,394
<i>Adjustments for</i>			
Finance costs - net		5,446	4,668
Result on disposed subsidiaries		17,575	-
Share of profit of associates		-133	-76
Taxes		-18,817	10,762
		4,071	15,354
Operating profit		-77,063	45,748
<i>Adjustments for</i>			
Amortisation	7	24,572	21,280
Depreciation	8	11,099	9,597
Impairment	7/8	72,543	-
Share-based payment		-525	704
		107,689	31,581
Operating profit before changes in working capital and provisions		30,626	77,329
Movements in receivables		-3,283	-18,788
Movements in inventories and work in progress		-	103
Movements in current liabilities		-19,276	21,206
Movements in provisions		322	-2,214
		-22,237	307
Cash generated from operations		8,389	77,636
Interest paid		-5,769	-4,261
Income taxes received		6,135	1,217
Net cash from operating activities		8,755	74,592

(in euro thousands)

Consolidated cash flow statement

	Notes	2008	2007
Cash flows from investing activities			
Acquisition of subsidiaries	32	-10,128	-34,116
Divestment of subsidiaries	32	24,959	406
Purchases of intangible assets	7	-35,004	-30,549
Purchases of property, plant and equipment	8	-5,449	-13,145
Proceeds from sale of intangible assets	7	130	48
Proceeds from sale of property, plant and equipment	8	215	826
Investments in associates	9	-125	-
Dividends received from associates	9	172	52
Divestment of associates	9	13	-
Net cash used in investing activities		-25,217	-76,478
Cash flows from financing activities			
Proceeds from issue of ordinary shares	14/15	156	3,586
Drawing/repayment of borrowings	16	-10,000	-
Dividends paid to shareholders	15	-8,250	-8,210
Net cash used in financing activities		-18,094	-4,624
Net decrease in cash and cash equivalents		-34,556	-6,510

(in euro thousands)

	2008	2007
Net decrease in cash and cash equivalents	-34,556	-6,510
Cash and cash equivalents at beginning of the year	-11,723	-5,213
Cash and cash equivalents at end of the year	-46,279	-11,723

(in euro thousands)

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Ordina N.V., a public limited liability company, was incorporated in 1973 and has its registered office in Nieuwegein, the Netherlands. The consolidated financial statements for 2008 comprise the financial information of the company and all its subsidiaries (referred to jointly as the Ordina Group). A list of key subsidiaries is included on page 123. The financial statements were prepared by the Management Board on 5 March 2009 and discussed in the Supervisory Board meeting of 2 March 2009, and of 5 March 2009; they will be submitted for adoption to the Annual General Meeting of Shareholders on 6 May 2009.

The ordinary shares in Ordina N.V. are quoted on Amsterdam's Euronext Stock Exchange. In addition, Ordina is included in the Midkap index (AMX).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied by the Ordina Group entities to all periods presented in these financial statements.

2.1. Basis of preparation

The consolidated financial statements of Ordina N.V. have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been accepted by European Union, and their interpretations as adopted by the International Accounting Standards Board (IASB).

The financial statements are published in both Dutch and in English. The Dutch version is leading.

The financial statements are denominated in euros (EUR). Amounts are in thousands of euros, unless indicated otherwise. The euro is the functional and presentation currency of Ordina N.V. The accounting policies are based on the historical cost convention. Defined benefit plans and jubilee benefits are stated at actuarial value. Derivative financial instruments are stated at fair value. An asset or a liability is classified as current if it is expected to be realised or settled within 12 months of the balance sheet date.

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of

policies and reported amounts of assets and liabilities, and income and expenses. Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgements about the carrying values of the recognised assets and liabilities. Actual results and circumstances may differ from these estimates.

The estimates and underlying assumptions are continually evaluated and adjusted where appropriate. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Assumptions and estimates made by management in the application of IFRS that have significant effect on the financial statements and future periods are disclosed in Note 5.

Interpretations effective in 2008

IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Ordina Group's financial statements.

IFRIC 11, 'IFRS 2 - Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Ordina Group's financial statements.

Interpretations effective in 2008 but not relevant to the Ordina Group

The interpretation of IFRIC 12 (Service Concession Arrangements) and IFRIC 13 (Customer Loyalty Programmes) to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008, but are not relevant for the Ordina Group's operations.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Ordina Group

The following standards and amendments to existing

standards have been published and are mandatory for the Ordina Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Ordina Group has not early adopted them.

IAS 23 (amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Ordina Group will apply IAS 23 (amendment) retrospectively from 1 January 2009 but is currently not applicable to the Ordina Group as there are no qualifying assets.

IFRS 8, 'Operating segments'. This new standard replaces IAS 14, 'Segment reporting'. IFRS 8 requires additional disclosures on segments, products and services, geographical areas and key customers. The new standard is applicable to accounting periods beginning on or after 1 January 2009. We are currently reviewing the impact of this new standard on the Ordina Group.

IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Ordina Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010. The standard is expected to have an impact on the Group's financial statements in the event of material acquisitions.

Other interpretations and amendments to published standards

We are currently reviewing the impact on the Group of other interpretations and amendments to published standards that will become effective in 2009 or 2010. These amendments are expected to have a limited impact on the Ordina Group's financial statements, if any.

2.2. Consolidation

The consolidation includes Ordina N.V. and all subsidiaries in which it exercises direct or indirect control. Control exists when the Ordina Group has the power, either directly or indirectly, to govern the financial and operating policies of an entity, generally accompanying a shareholding of more than one half of the voting rights. The financial information of such subsidiaries is included in the consolidated financial statements of Ordina N.V. from the date that control is transferred to it until the date that control ceases. All subsidiaries included in the consolidated financial statements for 2007 and 2008 are wholly owned. Consequently, no minority interest exists.

The cost of an acquisition is measured as the fair value of the assets given and, if applicable, equity instruments issued (i.e. shares) at the date of exchange, plus costs directly attributable to the acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity, including contingent liabilities, at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Associates are all entities over which the Ordina Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.7).

Intercompany balances, transactions and unrealised gains on transactions between group companies are eliminated. Transactions with associates are eliminated in the consolidation where the Ordina Group's share in the associate in question is concerned.

The accounting policies for the balance sheet and the income statement as included in these financial statements apply to all consolidated subsidiaries.

2.3. **Segment reporting**

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments. Ordina is organised in the business segments of IT Services and Business Process Outsourcing. For details, reference is made to Note 6.

2.4. **Foreign currency translation**

2.4.1. **Functional and presentation currency**

All subsidiaries use the euro as their functional currency. Consequently, the consolidated financial statements are presented in euros, the Ordina Group's functional and presentation currency.

2.4.2. **Transactions and balances**

Foreign currency transactions and balances are translated into the functional currency using the exchange rates prevailing at the dates of the transactions and at the balance sheet date respectively. Foreign exchange gains and losses are recognised in the income statement.

2.5. **Intangible assets**

2.5.1. **Goodwill**

Acquisitions of subsidiaries after 1 January 2004 have been accounted for using the purchase method of accounting. Goodwill results from the acquisition of subsidiaries. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity, including contingent liabilities, at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units. Impairment of goodwill is recognised as an expense where appropriate. An impairment loss recognised for goodwill will not be reversed in a subsequent period. If an entity is sold, the carrying amount of the goodwill is recognised in profit or loss.

Any negative goodwill arising on an acquisition is recognised directly in the income statement.

Goodwill on acquisitions of associates is included in 'investments in associates'.

2.5.2. **Software**

Software is stated at historical cost less accumulated amortisation and impairment losses. Amortisation is based on the assets' estimated useful lives.

2.5.3. **Intangible assets related to customers**

This item relates to intangible assets of acquisitions identified in conformity with IFRS 3, 'Business Combinations' and includes brand names, customer lists and contract portfolios. These assets are measured at their fair values at the acquisition date. The fair value at acquisition qualifies as cost at that time. The cost of the identifiable intangible assets is amortised based on the useful life of each individual component and recognised in profit or loss.

2.5.4. **Intellectual property rights related to business processes**

These intangible assets are comprised of intellectual property rights relating to Business Process Outsourcing activities. Where these intellectual property rights were acquired, they are stated at cost less accumulated amortisation and impairment. Where they relate to internally generated assets, of which it is probable that they will serve to generate economic benefits in excess of cost for a period of more than one year, these intellectual property rights are stated at cost less accumulated amortisation and impairment losses. Intellectual property rights related to business processes are amortised based on the terms to maturity of the underlying Business Process Outsourcing contracts.

2.5.5. **Subsequent expenditure**

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Subsequent expenditure relates to necessary investments in Business Process Outsourcing activities.

2.5.6. **Internally generated intangible assets**

Development costs related to internally generated intangible assets are capitalised only when it is probable that they will serve to generate the future economic benefits embodied in the specific asset to which they relate for a period of more than one year. Employee activities directly related to internally generated intangible assets are capitalised at cost. Any third-party services contracted for the purposes of the internally generated intangible assets are capitalised at cost. Interest expense is not included in capitalised cost. Internally generated intangible assets are amortised from the date they are available for use.

2.5.7. **Amortisation**

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives. Goodwill is tested annually for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

• software	3 years
• trademarks	2-3 years
• customer lists	5 years
• contract portfolios	1-2 years
• intangible assets related to business processes	5-10 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2.6. **Property, plant and equipment**

2.6.1. **Freehold property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or manufacture of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Ordina Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains or losses on the sale of property, plant and equipment are included in depreciation.

2.6.2. **Leasehold property, plant and equipment**

Leases of property, plant and equipment where the Ordina Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any initial direct costs are added to the amounts recognised as the assets. All other leases are classified as operating leases.

Property, plant and equipment acquired under finance leases are stated at the lower of fair value of the leased asset and present value of the minimum lease payments, less accumulated depreciation and impairment losses. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are charged to the income statement.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease period.

Payments made under operating leases are charged to the income statement (refer to Note 23 for costs recognised for car leasing and Note 24 for costs recognised for the lease of buildings).

2.6.3. **Depreciation**

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. The estimated useful lives are as follows:

• equipment	3-4 years
• fixtures & fittings	3-5 years
• renovations	2-9 years

Renovations are depreciated based on the shorter of the remaining terms of the leases for the respective buildings and their useful lives.

The residual value, which is usually set at nil, and remaining useful lives of property, plant and equipment are reviewed annually on the balance date and adjusted if appropriate.

2.7. **Investments in associates**

Associates are all entities in which the Ordina Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

The Ordina Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.8. **Derivatives**

The Ordina Group uses derivatives, such as interest rate swaps, to hedge the risks of interest rate fluctuations. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date.

The fair value of derivative financial instruments is determined based on available market valuations. The gains or losses resulting from remeasurement are recognised in the income statement, unless the derivative is designated as a cash flow hedge. The purpose of a cash flow hedge is to reduce the exposure to variability attributable to currency or interest rate fluctuations of cash flows that will probably be generated in the future.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If a derivative does not qualify as a cash flow hedge, changes in the fair value are recognised in the income statement.

The gains or losses associated with cash flow hedges are transferred from equity and reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. The ineffective portion of any gain or loss is directly recognised in profit or loss. When a cash flow hedge expires or is sold or terminated, or the hedge contract is broken but the forecast transactions is still expected to occur, any cumulative gain or loss existing at that time remains in equity and is recognised when the forecast transaction ultimately occurs, at which time settlement takes place as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.9. Inventories

2.9.1. Goods held for resale

Inventories are stated at the lower of cost and net realisable value as at the balance sheet date. Cost is determined using the first-in, first-out (FIFO) method.

2.9.2. Work in progress

Costs directly attributable to work in progress commissioned by third parties, whose results cannot be reliably estimated are recognised as work in progress only when it is probably that future economic benefits associated with the project will flow to the Group. Receivables related to fixed-price contracts are presented as 'other receivables' (Note 2.10). In this regard, reference is made also to the accounting policies for revenue recognition (Note 2.19).

2.10. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Ordina Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'.

Other receivables include revenue from assignments completed and not yet invoiced, as well as pre-payments and accrued income. Pre-payments and accrued income also include amounts receivable by virtue of projects in progress at the balance date where these receivables have already exceeded the amounts billed in relation to these projects. If the amounts billed in relation to current projects should exceed the sum of costs incurred and gains posted, the balance of these projects is recognised within 'other payables'.

2.11. Cash and cash equivalents

Cash and cash equivalents include cash balances and demand deposits, and are stated at fair value. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement. For details on non-current borrowings at year-end 2008, reference is made to Note 16.

2.12. Assets and liabilities held for sale

Non-current assets are classified as held for sale if their sale is more likely than not and their carrying amounts will be recovered through this sale. For this to be the case, the assets must be available for immediate sale and their sale must be highly probable. Assets held for sale are presented separately on the face of the balance sheet. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. The liabilities included within a disposal group classified as held for sale are also presented separately from other liabilities on the face of the balance sheet.

2.13. Impairment of non-financial assets

Intangible assets that have an indefinite useful life as well as assets that are not yet available for use are not subject to amortisation but tested annually for impairment at each balance sheet date. Assets that have a definite useful life are amortised and tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount.

2.13.1. **Calculation of recoverable amount**

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.13.2. **Reversal of impairment losses**

An impairment loss recognised for goodwill will not be reversed in a subsequent period.

In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. It is assessed at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

2.14. **Equity**

2.14.1. **Share capital**

The authorised capital of Ordina N.V. consists of 72,000,000 ordinary shares, 17,999,995 preference shares and one priority share. At year-end 2008, no preference shares were issued. The issued and paid-up priority share and the issued and paid-up ordinary shares are classified as equity.

2.14.2. **Treasury shares**

Where Ordina N.V. purchases equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to Ordina N.V.'s equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect, is included in equity attributable to Ordina N.V.'s equity holders.

2.14.3. **Dividends**

Dividends are classified as liabilities as soon as the Annual General Meeting of Shareholders declares them.

2.15. **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings relating to finance lease obligations are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding lease obligations with a term of more than one year are included in 'non-current liabilities'. Lease commitments with a term of less than one year are recognised within 'current liabilities'.

2.16. **Employee benefits**

2.16.1. **Pension plans**

The Ordina Group has both defined contribution and defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to an insurance company. The Ordina Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

2.16.1.1. **Defined contribution plans**

Any contributions to defined contribution plans are recognised as expenses in the income statement in the period to which they relate. The Ordina Group has no other obligations in relation to defined contribution plans.

2.16.1.2. **Defined benefit plans**

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of

high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Under IFRS 1, all actuarial gains and losses as at 1 January 2004 (i.e. the date of transition to IFRS) were measured and recognised within equity. Actuarial gains and losses posted after 1 January 2004 are recognised directly in equity (SORIE).

Pension costs incurred during the year (including contributions, interest cost and expected return on plan assets) are recognised as expenses.

2.16.2. **Jubilee benefits**

Ordina's terms of employment include a jubilee scheme, based on which employees who celebrate an anniversary with the company receive a gross bonus. Under IAS 19, 'Employee Benefits', a provision is formed for the liability associated with these jubilee benefits.

The provision for jubilee benefits is calculated in the same manner as that for defined benefit plans. Under IFRS 1, all actuarial gains and losses as at 1 January 2004 (i.e. the date of transition to IFRS) were measured and recognised within equity. Actuarial gains and losses posted after 1 January 2004 are recognised directly in the income statement.

Jubilee benefits paid to employees during the year are charged to the provision. Any movements in the provision for jubilee benefits are recognised in the income statement.

2.16.3. **Share-based payment**

In the years up to and including 2004, Ordina introduced employee share option schemes for several years. Based on IFRS 2, 'Share-based Payment', the fair value of options that vested after 7 December 2002 is charged to the income statement. Options awarded under the employee share option scheme 2004 were granted after 7 December 2002. Options granted under the employee share option scheme 2004 become exercisable immediately after having been granted. Under IFRS 2, the cost of this employee share option scheme was recognised in the income statement for 2004. The recognition of these costs has resulted in a corresponding adjustment to equity as well. The value was measured using a binomial model for the valuation of options.

In 2007 and 2008, no options were granted on Ordina N.V. shares.

The proceeds received are credited to share capital (par value) and the share premium reserve (difference between exercise price and par value) when the options are exercised.

The members of the Management Board are entitled to long-term profit-sharing and bonus benefits in the form of Ordina N.V. shares. For the purposes of these long-term benefits, performance criteria are determined annually for each upcoming three-year period. Based on these performance criteria, the number of shares to be awarded unconditionally is determined annually and for each individual three-year period. The shares that are expected to be awarded are valued based on the price of Ordina N.V. share at the grant date and estimates of the extent to which the relevant targets will be achieved. Any awarded shares will be subject to share transfer restrictions for a consecutive period of two years. These share transfer restrictions do not apply to the sale of part of the shares with a view to paying any taxes due on the grant of the shares. In valuing the shares, allowance was made for these share transfer restrictions, as well as for expected dividend distributions. The change in long-term profit-sharing and bonus benefits is recognised in the income statement at the reporting date based on current estimates. As the liability by virtue of long-term benefits involving a share-based payment is disclosed as an equity component, the expense recognised in the income statement results in a corresponding adjustment to equity. The recognised value of the share-based payment is disclosed as a contribution on the issued shares at the time of payment.

2.17. **Provisions**

Provisions are recognised in the balance sheet when:

- 1) the Ordina Group has a present legal or constructive obligation as a result of past events,
- 2) it is more likely than not that an outflow of resources will be required to settle the obligation, and
- 3) the amount necessary to settle the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

In addition to the provisions for pension and jubilee benefits (Notes 2.16.1 and 2.16.2 respectively), provisions will be recognised for restructuring costs, vacant buildings

under lease, warranty and project commitments, and onerous contracts.

A provision for restructuring costs will be formed when the Ordina Group has a detailed formal plan for the restructuring and has started to implement the restructuring or has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to those affected by it. Costs relating to future operating activities will not be included in the restructuring provision.

The provision for vacant buildings was formed to cover the future rent, including directly attributable costs less expected sub-lease payments, for the period in which the Ordina Group does not expect to use these buildings. If the buy-out of a lease contract is lower, the provision is determined at this lower value.

A provision is recognised for warranty commitments pending at the balance sheet date; this provision is based on the activities that are expected to be associated with these commitments. The warranty provision is determined at the cost of the expected activities.

The provision for project commitments relates to activities expected to be performed with regard to onerous contracts. The amount of the provision corresponds with the excess of the unavoidable costs of meeting the obligations under such contracts over the economic benefits expected to be received under them.

2.18. Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Ordina Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group.

The Ordina Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. Revenue is not recognised if there are significant uncertainties about the probability that the costs incurred will be recovered.

The Ordina Group bases its recognition method on the type of transaction and the specifics of each arrangement.

2.19.1. Contracts based on contractual rates and subsequent costing

Revenue from services provided under contracts based on contractual rates and subsequent costing is recognised in the period the services are provided, irrespective of the contracts' terms to maturity.

2.19.2. Fixed-price contracts

Revenue from fixed-price contracts for delivering design services is recognised by reference to the stage of completion of a transaction as a proportion of the total transaction (percentage of completion (POC) method), where the services performed on the balance sheet date can be reliably measured and the costs incurred for the transaction and the costs required to complete the transaction can be reliably estimated. Under the POC method, revenue is recognised based on the costs incurred to date as a percentage of the total estimated costs to meet the contractual obligations.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

If the outcome of a transaction cannot be estimated reliably, revenue is recognised only to the extent that it is probable that the economic benefits associated with the transaction will flow to the Ordina Group. The receivable associated with this revenue is recognised within work in progress (Note 2.9.2). Transaction costs are recognised as an expense in the period in which they were incurred. When it is probable that the total costs of a transaction will exceed the total revenue generated by it, the expected loss is directly recognised as an expense.

2.19.3. Outsourcing contracts

Individual activities performed under outsourcing contracts are not separately identifiable. As a result, revenue generated from such contracts is recognised based on fixed periodic amounts, in accordance with the contractual arrangements. If additional activities are performed, the related revenue is recognised in accordance with Notes 2.19.1 and 2.19.2, depending on the nature of the additional activities.

2.19.4. Licences

Revenue from the sale of licences is fully recognised on the transfer date where the Ordina Group has no further obligations at the time of transfer.

As soon as a licence is integrated into a project and the licence is not separable from the project as a whole, the related revenue is recognised as a proportion of total services to be performed in the accounting period (percentage of completion). Within the project, additional services are provided by the Ordina Group with regard to the licence, including integration, modification and customisation.

Revenue arising from the sale of acquired and retransferred licences where the Ordina Group does not provide any material additional services is recognised up to the amount of the margin realised at the time of the transfer.

2.20. **Costs**

2.20.1. **Cost of hardware, software and work contracted out**

Hardware, software and work contracted out are recognised at historical cost in the period in which they are incurred.

2.20.2. **Operating lease payments**

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.20.3. **Finance lease payments**

Payments made under finance leases are allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

2.20.4. **Government grants**

Government grants are recognised where there is reasonable assurance that: 1) the Ordina Group will comply with all attached conditions, and 2) the grants will be received. Government grants relating to study costs allowances are recognised in the income statement within 'personnel expenses'.

2.20.5. **Finance income and costs**

This item includes interest received on bank balances, as well as interest received in relation to the settlement of tax claims.

It also comprises interest paid on bank borrowings, as well as interest due on the settlement of tax claims.

In addition, finance costs include the interest component of finance lease obligations.

2.21. **Income taxes**

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). Current and deferred tax is recognised in the

income statement, except to the extent that the tax arises from a transaction or event which is recognised directly in equity. In that case, the associated tax is recognised directly in equity as well.

Tax expense (income) for the accounting period includes income tax on taxable profit, which is calculated based on tax rates expected to be applied, making allowance for tax-exempt profit components and non-deductible amounts, as well as any adjustments for current tax of prior periods.

Deferred taxes are recognised for temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets relating to tax losses are recognised only when it is probable that taxable profits will be available against which they can be utilised.

Deferred income tax assets and liabilities that have the same term and relate to the same taxable entity are offset in the balance sheet if the Ordina Group has a legally enforceable right of set-off.

3. **PRESENTATION OF THE CASH FLOW STATEMENT**

The Ordina Group reports cash flows using the indirect method. Cash flows are classified by operating, investing and financing activities. Net cash flows from operating activities include cash payments and refunds of income taxes, as well as interest received and paid. Cash flows arising from the acquisition or disposal of equity or debt instruments of other entities and interests in joint ventures are included in cash flows from investing activities; allowance is made for cash and cash equivalents embodied in such instruments. Dividends are included in cash flows from financing activities.

4. **FINANCIAL RISK MANAGEMENT**

The Ordina Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's risk management programme, which is prescribed by the Management Board, encompasses

more than just financial risks. It focuses on identifying key risks and managing them using guidelines, procedures, systems, best practices, specific controls and audits. Our financial risk management focuses specifically on risks that are relevant for the Ordina Group in this regard. The Ordina Group uses derivative financial instruments to hedge interest rate risk exposures only.

4.1. **Market risk**

4.1.1. **Interest rate risk**

The Ordina Group is exposed to interest rate risk, which is limited to the eurozone. The Group's interest rate risk policy seeks to limit the entity's exposure to interest rate risk on borrowings. Interest rate risk arises both on non-current and current borrowings. The Ordina Group continually analyses developments in cash flows in relation to available overdraft facilities and interest rate fluctuations.

At year-end 2008, the Ordina Group's non-current borrowings amounted to EUR 35 million. In order to manage the interest rate risk on these non-current borrowings, the floating interest rate was swapped into a fixed rate for the full term of the loan, thereby converting the flexible base rate into a fixed rate of interest. Under this interest rate swap, the Ordina Group agreed with a third party to exchange, at quarterly intervals, the difference between the fixed contract rate and the floating-rate interest amount. The floating rate of interest due on the current borrowings is dependent on the term to maturity of the borrowings. The term to maturity of the current borrowings fluctuates depending on cash requirements and ranges between one and three months. The margin depends on the ratio of the adjusted EBITDA to the net debt position of the Ordina Group at year end and at half-year end, and may range between 0.40% and 0.90%.

If the floating rate of interest on non-current and current borrowings had been 0.9% higher/lower with all other variables remaining constant during 2008, post-tax profit for the year would have been approximately EUR 0.5 million lower/higher. The 0.9% interest rate on non-current and current borrowings is based on the volatility of interest rates during 2008.

4.1.2. **Currency risk**

All member companies of the Ordina Group are based, and most of their revenue is realised, in the eurozone. Therefore, the Ordina Group has chosen the euro as its presentation currency. The Ordina Group has no assets or liabilities outside the eurozone. The Management Board qualifies the Ordina Group's foreign currency risk at year-end 2008 as very limited.

4.2. **Credit risk**

Credit risk is managed on a group basis. Credit risk arises on cash and cash equivalents, derivative financial instruments and transactions with customers, including credit exposures. For banks and financial institutions, only independently rated professional parties based in the Netherlands are accepted, with risks being spread over a range of parties. The financing facilities of the Ordina Group, as described on page 94, have been contracted from ABN Amro (RBS), ING Bank and Rabobank. The credit quality of clients is assessed in advance using project acceptance criteria. If available, external credit ratings are used. If there is no independent rating, the Ordina Group assesses the credit quality of the customer based on internal guidelines, taking into account its financial position, past experience and other factors. The exposure to credit risk associated with customers is assessed on an ongoing basis using the internal guidelines. The Management Board of the Ordina Group qualifies the client credit risk at year-end 2008 as limited and does not expect existing counterparties not to fulfil their obligations.

4.3. **Liquidity risk**

With the exception of recent acquisitions, cash management within the Ordina Group has been centralised. For this purpose centrally managed overdraft facilities that the Ordina Group contracted at the end of 2006 are used. At year-end 2008, the Ordina Group can draw on a committed facility of EUR 110 million in total and an uncommitted overdraft facility of EUR 60 million in total. Cash management is aimed at putting the Ordina Group's available cash resources and overdraft facilities to the best possible use. To this end, cash flow forecasts are prepared periodically for both the short and medium terms. These forecasts are revised periodically based on actual results and revised forecasts, if any.

As a policy principle and in line with usual practices within the sector, Ordina seeks to cap its net debt position at twice the amount of earnings before interest, taxes, depreciation and amortisation (EBITDA). At year-end 2008, the net debt position was 1.6 times EBITDA, which falls within the agreed policy (2007: 0.8 times EBITDA). It would be realistic to assume that our debt position during 2009 might be higher than twice our EBITDA, due to the major investments that were involved in building up the BPO activities, the funding of the operating loss on the BPO activities, the cash-out related to the intended sale of the BPO activities in 2009 and the utilisation of the restructuring provision that was formed at year-end 2008. Even then, our debt position will still remain within the bandwidth of the agreed covenants (no more than 2.75 times EBITDA).

Within Ordina, the covenant calculation is performed bi-annually, namely 31 December and 30 June. Net debt is calculated by totalling borrowings and finance lease commitments and subtracting cash and cash equivalents. On the specified dates EBITDA is calculated for the preceding 12 months. The EBITDA may be adjusted for certain non-recurring liabilities, as was the case for the calculation made on 31 December 2008.

Once the sale of Ordina BPO has been finalised (after NMA approval and the actual sale and transfer of shares), the net debt/EBITDA calculation will be affected per

30 June 2009 as follows: (a) the first portion of the negative transaction result increase the net debt position, but (b) at the same time the negative result of Ordina BPO B.V. will no longer form part of the EBITDA for the period 1 July 2008 - 30 June 2009.

The table below analyses the Ordina Group's financial liabilities into relevant contractual due dates, based upon the remaining period from assessment date to contractual due date. The amounts disclosed are the unconditional, contractual, undiscounted cash flows.

	Carrying amount	Maturity date		
		Less than 1 year	1-2 years	More than 2 years
At 31 December 2008				
Borrowings	-34,930	-10,000	-25,000	-
Derivative financial instruments	-699	-172	-196	-
Finance lease obligations	-3,930	-1,754	-2,069	-153
Trade and other payables	-51,398	-51,398	-	-
At 31 December 2007				
Borrowings	-44,893	-10,000	-20,000	-15,000
Derivative financial instruments	717	211	563	153
Finance lease obligations	-4,753	-2,183	-2,168	-551
Trade and other payables	-74,421	-74,421	-	-

4.4. Capital risk management

The Ordina Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase shares and issue new shares, in particular to fund potential acquisitions or to reduce debt.

Ordina's objective is to maintain a minimum capital asset ratio of 25%. The capital asset ratio at year-end 2008 was 35% (year-end 2007: 48%). If, based on a sensitivity analysis, the assumed rate of goodwill impairment is 30%, the capital asset ratio at year-end 2008 was 27% (year-end 2007: 42%). If an impairment rate is assumed of 50%, the capital asset ratio at year-end 2008 was 19% (year-end 2007: 37%).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management of the Ordina Group makes estimates and assumptions concerning the future on an ongoing basis. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

5.1. Impairment of goodwill

Ordina tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.13. Where the recoverable amount of goodwill is less than its carrying amount, an impairment loss is recognised. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of

estimates (Note 7.6). The recoverable amount is based on the higher of the asset's fair value less costs to sell and its value in use.

If the estimated (pre-tax) discount rate applied to the discounted cash flows had been 10% higher than management's estimates, this would not have resulted in a reduction in the carrying amounts of the intangible assets. At an estimated interest rate in excess of 12%, under identical other assumptions, the recoverable amounts of the cash-generating units correspond with the carrying amounts year-end 2008 of goodwill and intangible assets related to customers.

If the estimated medium and long-term growth rates had been 10% lower than management's estimates, this would not have resulted in a reduction in the carrying amounts of the intangible assets.

5.2. Revenue recognition

The Ordina Group uses the percentage of completion method in accounting for fixed-price contracts. Use of this method requires the Ordina Group to estimate the costs incurred to date as a proportion of the estimated costs to meet the contractual obligations (Note 2.19.2). Estimates are based on periodically available information regarding the stage of completion of the projects in question.

5.3. Restructuring provision

Ordina recognises a restructuring provision when it has prepared a detailed formal plan for the restructuring and has started to implement the restructuring or has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to those affected by it. Restructuring provisions include estimates and assumptions involving redundancy and severance payments. The actual situation may differ from these estimates.

5.4. Provision for onerous contracts

The amount of the provision corresponds with the excess of the unavoidable costs of meeting the obligations under such contracts over the economic benefits expected to be received under them. The actual situation may differ from these estimates.

5.5. Income tax expense

The Ordina Group assesses annually the extent to which tax losses are expected to qualify for set-off (Note 19.1). The actual set-off may differ from these estimates.

6. SEGMENT INFORMATION

Segment information is provided based on business and geographical segments within the Ordina Group. The primary reporting format is based on the business segments IT Services and Business Process Outsourcing. Segment results, assets and liabilities are items that are directly or reasonably attributable to a segment. The prices and terms of inter-segment transactions are determined on an arm's length, objective basis. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one period. Segment results do not include interest revenue or interest expense, income tax, or proceeds from the sale of associates. The assets and liabilities of a segment do not include any tax assets or tax receivables.

6.1. Business segments

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments.

Ordina is organised in the IT Services and Business Process Outsourcing segments. The distinction between these segments is motivated by the fact that the activities within the Business Process Outsourcing division are subject to different risks and returns. In addition, the Business Process Outsourcing segment focuses on a specific target group and has a different business and management model. Segment results, assets and liabilities are items that are directly attributable to the segment.

The IT Services segment performs activities relating to business consulting, system development and integration, and application management and maintenance. Business consulting, system development and integration, and application management and maintenance services are frequently provided to customers in complementarity, so as to offer them high value-added solutions. In view of the complementary nature of our services, the IT Services segment is managed as one operation even though it comprises different divisions. The overall strategic and commercial activities are aligned and the reporting structure reflects the coordinated focus towards the market. The risks and returns of the activities described correspond significantly.

Within the Business Process Outsourcing segment, Ordina assumes full responsibility for backoffices (i.e. business processes and IT) of clients operating in the banking and insurance sectors. It was decided, in the second half of

2008, not to continue the BPO activities under the Ordina umbrella on a permanent basis. As a direct result of this decision, due to which no positive cash flows are expected in the future, an impairment loss on all of Ordina BPO's tangible and intangible assets of EUR 72.5 million was recognised in the income statement for 2008.

6.1.1. **Primary segment reporting format – business segments**

The segment results for the year ended 31 December 2007 are as follows:

	Notes	IT Services	Business Process Outsourcing	Total
Total segment revenue		634,592	36,783	671,375
Inter-segment revenue		-5,973	-	-5,973
Revenue		628,619	36,783	665,402
Operating profit		50,318	-4,570	45,748
Finance costs - net	25			-4,668
Share of profit of associates				76
Profit before tax				41,156
Income tax expense	27			-10,762
Profit for the year				30,394

The segment results for the year ended 31 December 2008 are as follows:

	Notes	IT Services	Business Process Outsourcing	Total
Total segment revenue		663,306	43,032	706,338
Inter-segment revenue		-9,865	-	-9,865
Revenue		653,441	43,032	696,473
Operating profit		12,405	-89,468	-77,063
Finance costs - net	25			-5,446
Result on disposed subsidiaries	26			-17,575
Share of profit of associates				133
Profit before tax				-99,951
Income tax expense	27			18,817
Profit for the year				-81,134

In 2008, the Ordina Group recognised revenues from the sale of licences in the sum of approximately EUR 1.2 million in the IT Services segment (2007: approximately EUR 3.8 million).

Other segment items included in the income statement for 2007 are as follows:

	Notes	IT Services	Business Process Outsourcing	Total
Amortisation	7	18,738	2,542	21,280
Depreciation	8	7,679	1,918	9,597
Impairment	7/8	-	-	-

Other segment items included in the income statement for 2008 are as follows:

	Notes	IT Services	Business Process Outsourcing	Total
Amortisation	7	20,727	3,845	24,572
Depreciation	8	8,872	2,227	11,099
Impairment	7/8	-	72,543	72,543

The segment assets and liabilities at 31 December 2007 and capital expenditure for the year then ended were as follows:

	Notes	IT Services	Business Process Outsourcing	Unallocated	Total
Assets		471,174	56,024	4,955	532,153
Liabilities		218,466	22,129	36,967	277,562
Purchases of intangible assets	7	43,831	28,319	-	72,150
Purchases of property, plant and equipment	8	14,555	2,742	-	17,297
Carrying amount of intangible assets	7	252,460	40,151	-	292,611
Carrying amount of property, plant and equipment	8	23,750	5,314	-	29,064

The segment assets and liabilities at 31 December 2008 and capital expenditure for the year then ended were as follows:

	Notes	IT Services	Business Process Outsourcing	Unallocated	Total
Assets		427,778	19,939	12,754	460,471
Liabilities		253,322	21,103	22,766	297,191
Purchases of intangible assets	7	16,231	31,471	-	47,702
Purchases of property, plant and equipment	8	5,260	1,679	-	6,939
Carrying amount of intangible assets	7	240,028	-	-	240,028
Carrying amount of property, plant and equipment	8	20,355	-	-	20,355

6.1.2. **Secondary segment reporting format – geographical segments**

The activities of the Ordina Group are concentrated primarily in the Netherlands, Belgium and Luxembourg. The Group's Belgian and Luxembourg-based activities are exclusively comprised of IT services. What follows is a breakdown by geographical segments.

	2008	2007
Revenue		
The Netherlands	620,302	609,369
Belgium/Luxembourg	73,934	53,089
Other countries	2,237	2,944
Total	696,473	665,402

	2008	2007
Assets		
The Netherlands	399,311	491,307
Belgium/Luxembourg	61,160	40,846
Total	460,471	532,153

	2008	2007
Capital expenditure		
The Netherlands	38,738	77,707
Belgium/Luxembourg	15,903	11,740
Total	54,641	89,447

7. INTANGIBLE ASSETS

This item can be broken down as follows:

	Goodwill	Software	Related to customers	Intellectual property rights	Total
<i>At 1 January 2007</i>					
Cost	178,594	6,351	60,727	16,906	262,578
Accumulated amortisation	-	-2,118	-16,010	-2,349	-20,477
Carrying amount at 1 January 2007	178,594	4,233	44,717	14,557	242,101
<i>Movements in carrying amount</i>					
Additions	8,283	810	33,318	23,227	65,638
Internally generated	-	1,780	-	4,732	6,512
Acquisitions	-	-	-	-	-
Amortisation	-	-2,398	-16,385	-2,497	-21,280
Impairment	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-
Disposals	-312	-48	-	-	-360
Carrying amount at 31 December 2007	186,565	4,377	61,650	40,019	292,611
<i>At 31 December 2007</i>					
Cost	194,827	8,421	94,045	44,616	341,909
Accumulated amortisation	-8,262	-4,044	-32,395	-4,597	-49,298
Carrying amount at 31 December 2007	186,565	4,377	61,650	40,019	292,611
Of which internally generated	-	2,635	-	9,701	12,336

	Goodwill	Software	Related to customers	Intellectual property rights	Total
At 1 January 2008					
Cost	194,827	8,421	94,045	44,616	341,909
Accumulated amortisation	-8,262	-4,044	-32,395	-4,597	-49,298
Carrying amount at 1 January 2008	186,565	4,377	61,650	40,019	292,611
Movements in carrying amount					
Additions	5,378	3,527	7,320	25,828	42,053
Internally generated	-	650	-	4,999	5,649
Acquisitions	-	-	-	-	-
Amortisation	-	-3,669	-16,946	-3,957	-24,572
Impairment	-	-1,351	-	-66,426	-67,777
Assets classified as held for sale	-	-	-	-	-
Disposals	-5,373	-12	-2,421	-130	-7,936
Carrying amount at 31 December 2008	186,570	3,522	49,603	333	240,028
At 31 December 2008					
Cost	194,832	12,464	97,742	75,314	380,352
Accumulated amortisation	-8,262	-8,942	-48,139	-74,981	-140,324
Carrying amount at 31 December 2008	186,570	3,522	49,603	333	240,028
Of which internally generated	-	985	-	318	1,303

7.1. Additions and disposals

Investments in 2008 in goodwill and intangible assets related to customers involved the acquisition of E-Chain Management (Belgium). The disposal of goodwill and intangible assets related to customers is a result of the sale of Ordina Technical Automation B.V. in mid-2008. Investments in intellectual property rights pertained to intangible assets related to business processes and were principally comprised of the design and structure of Business Process Outsourcing activities.

7.2. Impairment and reversal of impairment losses

The Ordina Group recognised impairment losses on intangible assets held by Ordina BPO B.V. in 2008 (Note 6.1). No prior-year impairment losses on intangible assets were reversed in 2008.

7.3. Goodwill

Goodwill is allocated to the Ordina Group's cash-generating units. A segment-level summary of these cash flow-generating units is presented below.

	IT Services	Business Process Outsourcing	Total
Dutch core company	169,261	-	169,261
Rabo OBT	97	-	97
Total Netherlands	169,358	-	169,358
Belgian core company	12,970	-	12,970
E-Chain Management	4,242	-	4,242
Total Belgium	17,212	-	17,212
Total Ordina Group	186,570	-	186,570

For notes to the net realisable value based on value in use, reference is made to Note 7.6.

7.4. Intangible assets related to customers

This item relates to the measurement at acquisition of brand names, customer lists and contract portfolios. The different components are amortised based on the individual components over their estimated useful lives. Intangible assets related to customers are allocated to the Ordina Group's cash-generating units. A segment-level summary of these cash flow-generating units is presented below.

	IT Services	Business Process Outsourcing	Total
Dutch core company	23,645	-	23,645
Rabo OBT	16,000	-	16,000
Total Netherlands	39,645	-	39,645
Belgian core company	3,494	-	3,494
E-Chain Management	6,464	-	6,464
Total Belgium	9,958	-	9,958
Total Ordina Group	49,603	-	49,603

Over the next few years, intangible assets related to customers, based on all acquisitions undertaken by Ordina up to and including 2008, will be amortised as follows:

	2009	2010	2011	2012	2013	2014	2015
Amortisation of intangible assets due to acquisitions	15.5	14.2	9.7	5.2	4.0	1.0	-

(in euro millions)

7.5. **Intellectual property rights related to business processes**

These intangible assets are comprised of intellectual property rights relating to Business Process Outsourcing activities. Intellectual property rights related to business processes are amortised based on the terms to maturity of the underlying Business Process Outsourcing contracts. As a direct result of the decision no longer to continue the BPO activities within Ordina, due to which no positive cash flows are expected in the future, an impairment loss on all assets involving the intellectual property rights related to BPO business processes was recognised in the income statement for 2008 (Note 6.1).

7.6. **Testing cash-generating units with goodwill and intangible assets related to customers for impairment**

The Ordina Group tests cash-generating units to which goodwill and intangible assets related to customers have been allocated for impairment annually. In this regard, reference is made to Notes 2.5, 2.13 and 5. The goodwill and intangible assets related to customers disclosed at year-end 2008 can be allocated entirely to cash-generating units within the IT Services segment.

The useful life based on which cash flows are discounted is indefinite in principle. The recoverable amounts of the different cash-generating units to which goodwill and intangible assets related to customers can be allocated are determined by calculating their value in use. These calculations use cash flow projections based on actual cash flows, a detailed projection for the coming year and a three-year projection. The growth rates of the short-term cash flows range between 0% and 3%, and are determined based on the underlying projections of each individual cash-generating unit. Cash flows beyond three years are extrapolated using growth rates of between 0% and 2%, which are considered acceptable for the development in the sector in the medium and long term. Future cash flows are discounted on a pre-tax basis at an interest rate of 10.4%.

The accumulated carrying amount of the goodwill and intangible assets related to customers embodied in the cash-generating units is less than its recoverable amount based on value in use. The Ordina Group did not, therefore, recognise any impairment loss on goodwill and intangible assets related to customers for 2008.

8. PROPERTY, PLANT AND EQUIPMENT

This item can be broken down as follows:

	Equipment	Fixtures and fittings	Renovations	Total
<i>At 1 January 2007</i>				
Cost	49,623	5,435	14,683	69,741
Accumulated depreciation	-39,847	-3,375	-4,680	-47,902
Carrying amount at 1 January 2007	9,776	2,060	10,003	21,839
<i>Movements in carrying amount</i>				
Additions	9,082	958	7,257	17,297
Acquisitions	304	34	13	351
Depreciation	-6,723	-925	-1,949	-9,597
Impairment	-	-	-	-
Assets classified as held for sale	-	-	-	-
Disposals	-720	-98	-8	-826
Carrying amount at 31 December 2007	11,719	2,029	15,316	29,064
<i>At 31 December 2007</i>				
Cost	28,016	6,053	20,578	54,647
Accumulated depreciation	-16,297	-4,024	-5,262	-25,583
Carrying amount at 31 December 2007	11,719	2,029	15,316	29,064

	Equipment	Fixtures and fittings	Renovations	Total
At 1 January 2008				
Cost	28,016	6,053	20,578	54,647
Accumulated depreciation	-16,297	-4,024	-5,262	-25,583
Carrying amount at 1 January 2008				
	11,719	2,029	15,316	29,064
Movements in carrying amount				
Additions	5,666	769	504	6,939
Acquisitions	149	305	78	532
Depreciation	-7,040	-1,070	-2,989	-11,099
Impairment	-2,622	-393	-1,751	-4,766
Assets classified as held for sale	-	-	-	-
Disposals	-101	-20	-194	-315
Carrying amount at 31 December 2008				
	7,771	1,620	10,964	20,355
At 31 December 2008				
Cost	32,377	6,936	21,717	61,030
Accumulated depreciation	-24,606	-5,316	-10,753	-40,675
Carrying amount at 31 December 2008				
	7,771	1,620	10,964	20,355

8.1. Additions and disposals

Capital expenditure on renovations and furniture and fixtures in 2008 related mainly to expenditures associated with the office buildings in Nieuwegein (the Netherlands), Groningen (the Netherlands) and Hasselt (Belgium). Expenditures on equipment in 2008 related principally to the cost of replacements. The increase as a result of acquisitions was attributable to the consolidation of E-Chain Management (Belgium).

8.2. Impairment and reversal of impairment losses

As a direct result of the decision no longer to continue the BPO activities within Ordina, due to which no positive cash flows are expected in the future, an impairment loss on all of Ordina BPO's property, plant and equipment was

recognised in the income statement for 2008 (Note 6.1). No prior-year impairment losses on property, plant and equipment were reversed in 2008.

8.3. Leasehold property, plant and equipment

Leased assets relate exclusively to equipment. At year-end 2008, the carrying amount of the leased assets was approximately EUR 3.3 million (approximately EUR 4.8 million at year-end 2007). The terms of the lease contracts range from three to five years. Additions to leased assets during the reporting period amounted to EUR 1.5 million (2007: EUR 4.2 million).

9. INVESTMENTS IN ASSOCIATES

This item can be broken down as follows:

	2008	2007
At 1 January	143	119
Additions	125	-
Share of profit	133	76
Dividend	-172	-52
Disposals	-13	-
At 31 December	216	143

The associates at year-end 2008 were Rijnconsult B.V. (20% interest) and Passwerk CVBA (Belgium, 37.31% interest, acquired in 2008). The 22.5% interest in Double Sigma B.V. was sold in 2008.

The following breakdown applies to the associates:

	Assets	Liabilities	Revenue	Profit	Share
Rijnconsult B.V.	3,118	2,118	10,226	969	20.0%
Passwerk CVBA	356	99	283	-78	37.3%

10. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables	Derivatives used for hedging	Total
At 31 December 2007			
Derivative financial instruments	-	717	717
Trade and other receivables	151,174	-	151,174
Cash and cash equivalents	35,993	-	35,993
Total at 31 December 2007	187,167	717	187,884

	Loans and receivables	Derivatives used for hedging	Total
At 31 December 2008			
Derivative financial instruments	-	-699	-699
Trade and other receivables	138,763	-	138,763
Cash and cash equivalents	25,725	-	25,725
Total at 31 December 2008			
	164,488	-699	163,789

All non-current borrowings (year-end 2008: EUR 24.9 million; year-end 2007: EUR 34.9 million) fully qualify as 'other financial obligations'.

11. DERIVATIVE FINANCIAL INSTRUMENTS

This item can be broken down as follows:

	2008	2007
Interest rate swaps	-	717
At 31 December	-	717

Movements in derivative financial instruments were as follows:

	2008	2007
At 1 January	717	292
Movements during the year	-717	425
At 31 December	-	717

The derivative financial instruments had negative carrying amounts at year-end 2008. For disclosures on the carrying amounts of derivative financial instruments and movements in this item during 2008, reference is made to Note 17.

12. TRADE AND OTHER RECEIVABLES

Trade and other receivables can be summarised as follows:

	2008	2007
Trade receivables	114,084	137,317
Provision for doubtful debts	-3,546	-2,244
Trade receivables - net	110,538	135,073
Unbilled receivables	24,679	13,857
Other receivables	1,525	6,193
Prepayments and accrued income	24,651	13,547
At 31 December	161,393	168,670

The fair value of the trade and other receivables approximates to their carrying amount.

As at 31 December 2008, trade receivables of EUR 38.5 million (31 December 2007: EUR 25.9 million) were past

due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2008	2007
Trade receivables not impaired and not past due	72,052	109,206
Trade receivables not impaired and past due:		
Up to 1 month	15,328	3,206
1 to 2 months	8,546	15,769
2 to 3 months	6,243	4,403
Over 3 months	8,369	2,489
	38,486	25,867
Trade receivables - net	110,538	135,073

Movements in the allowance for doubtful debts were as follows:

	2008	2007
At 1 January	2,244	2,311
Provision for receivables impairment	2,134	1,303
Receivables written off during the year as uncollectible	-635	-998
Unused amounts reversed	-197	-372
At 31 December	3,546	2,244

The trade receivables are denominated exclusively in euros. The Ordina Group does not have any receivables that are denominated in a currency other than the euro.

The creation and release of the provision have been included in 'other operating expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

Prepayments and accrued income include prepaid expenses, receivables under fixed-price contracts and other amounts receivable. Other receivables fell due in less than one year at both year-end 2008 and 2007.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Ordina Group does not hold any collateral as security.

13. CASH AND CASH EQUIVALENTS

The balances disclosed in this item are at the Group's free disposal. The bank overdraft amounted to EUR 60 million at year-end 2008 (year-end 2007: EUR 60 million). The majority of subsidiaries have assumed joint responsibility for this bank overdraft.

At the balance sheet date, the Ordina Group did not have any financial instruments other than the interest rate swap for the long-term bank borrowings (Notes 11 and 17).

The cash and cash equivalents have been deposited with professional market parties whose credit quality is rated as good.

14. SHARE CAPITAL

Movements in paid-up and called-up capital in 2007 and 2008 were as follows:

	Number of outstanding shares	Issued capital in EUR
At 1 January 2007	38,987	3,899
Issue at acquisitions	1,813	181
Issue at option exercise	351	35
Share-based payment	44	4
At 31 December 2007	41,195	4,119

(in thousands)

	Number of outstanding shares	Issued capital in EUR
At 1 January 2008	41,195	4,119
Issue at acquisitions	75	7
Issue at option exercise	18	2
Share-based payment	46	5
At 31 December 2008	41,334	4,133

(in thousands)

14.1. Paid-up and called-up share capital

The total authorised number of shares at year-end 2008 was 89,999,995 shares with a par value of EUR 0.10 per share and one priority share of EUR 0.50, divided as follows:

• priority shares	1
• preference shares	17,999,995
• ordinary shares	72,000,000

At year-end 2008, 1 priority share and 41,333,741 ordinary shares (year-end 2007: 1 priority share and 41,194,918 ordinary shares) were fully paid up. Ordina N.V. did not purchase treasury shares at year-end 2008.

14.2. Share options

In the years 1999 to 2002, as well as in 2004, options were granted to the Management Board, management and employees on an annual basis. All options outstanding at year-end 2008 have a five-year exercise period. No share options were awarded to the Management Board, management and employees in 2008.

Under the share option schemes, the option exercise price is at least equal to the closing price of the Ordina N.V. share on the day prior to the grant date. The option schemes include a repayment obligation by virtue of which part of the benefit enjoyed upon exercise of the option rights must be repaid if an employee leaves the company within three years of the grant date.

No treasury shares were purchased as at year-end 2008 for the purposes of exercising option rights. The number of ordinary shares in the authorised capital allows for future share issues pursuant to the exercise of outstanding option rights.

At year-end 2008, approximately 0.3 million option rights were outstanding under the current share option schemes (year-end 2007: approximately 0.4 million option rights). During the financial year, 18,050 option rights (2007: 348,364) were exercised at an average option exercise price of EUR 8.64 (2007: EUR 10.24). The average share price at which the option rights were exercised was EUR 9.92 (2007: EUR 16.39). The option exercise price of all 0.3 million option rights outstanding at year-end 2008

was higher than the closing price of EUR 2.86 of the Ordina N.V. share at 31 December 2008 (EUR 12.20 at year-end 2007).

Movements in the total number of outstanding share options in 2007 and 2008 were as follows:

	Granted	Exercised	Lapsed	Outstanding	Average exercise price	Exercise period in years
Movements in 2007						
Option scheme 2004	175	20	40	115	10.24	5
Option scheme 2004	447	192	36	219	8.68	5
Option scheme 2004	42	17	2	23	8.20	5
Outstanding at year-end 2007				357		

(in thousands)

	Granted	Exercised	Lapsed	Outstanding	Average exercise price	Exercise period in years
Movements in 2008						
Option scheme 2004	175	20	60	95	10.24	5
Option scheme 2004	447	209	62	176	8.68	5
Option scheme 2004	42	18	2	22	8.20	5
Outstanding at year-end 2008				293		

(in thousands)

15. RESERVES

Movements in reserves in 2007 and 2008 can be broken down as follows:

	Share premium reserve	Hedging reserve	Retained earnings	Profit for the year	Total
At 1 January 2007	50,337	218	113,757	25,828	190,140
Prior-year dividend distribution	-	-	-	-8,210	-8,210
Prior-year retained earnings	-	-	17,618	-17,618	-
Issue at acquisitions	31,836	-	-	-	31,836
Issue at option exercise	3,551	-	-	-	3,551
Share-based payment	476	-	224	-	700
Profit for the year	-	-	-	30,394	30,394
Actuarial gains and losses	-	-	1,745	-	1,745
Changes in fair value of cash flow hedges	-	316	-	-	316
Transfer to retained earnings	-10,456	-	10,456	-	-
At 31 December 2007	75,744	534	143,800	30,394	250,472

	Share premium reserve	Hedging reserve	Retained earnings	Profit for the year	Total
At 1 January 2008	75,744	534	143,800	30,394	250,472
Prior-year dividend distribution	-	-	-	-8,250	-8,250
Prior-year retained earnings	-	-	22,144	-22,144	-
Issue at acquisitions	493	-	-	-	493
Issue at option exercise	154	-	-	-	154
Share-based payment	691	-	-1,221	-	-530
Profit for the year	-	-	-	-81,134	-81,134
Actuarial gains and losses	-	-	-1,003	-	-1,003
Changes in fair value of cash flow hedges	-	-1,055	-	-	-1,055
Transfer to retained earnings	-	-	-	-	-
At 31 December 2008	77,082	-521	163,720	-81,134	159,147

The hedging reserve is comprised of the effective portion of the net cumulative change in the fair value of cash flow hedges where the hedge transaction has not yet been settled.

Of retained earnings, an amount of approximately EUR 81.3 million is freely distributable (year-end 2007: approximately EUR 131.5 million). The company financial statements at year-end 2008 include a statutory reserve in the sum of EUR 1.3 million (year-end 2007: EUR 12.3 million).

16. LONG-TERM BORROWINGS

At year-end 2008, non-current borrowings included the bank loan of EUR 45 million that was contracted early in November 2006. Movements in non-current borrowings were as follows:

	2008	2007
At 1 January	44,893	44,852
Bank borrowings	-	-
Change due to effective interest method	37	41
Repaid	-10,000	-
Presented as current liabilities	-10,000	-10,000
At 31 December	24,930	34,893

The effective interest rate on the non-current borrowings is 4.41%. The carrying amount of the non-current borrowings was determined based on the effective interest method and approximates to its fair value. The repayment schedule of the non-current borrowings in the initial sum of EUR 45 million is as follows:

Repayment due on 31 October 2008	10,000
Repayment due on 31 October 2009	10,000
Repayment due on 31 October 2010	10,000
Repayment due on 31 October 2011	15,000
	45,000

In addition to the long-term loan of EUR 45 million, the Ordina Group has had access to an unconditional five-year revolving credit facility of EUR 75 million since early November 2006. The interest on the non-current borrowings and the revolving facility is set based on the prevailing base rate (EURIBOR) plus a margin. The base rate is contingent on the interest period to be designated by Ordina and may range from one to six months in principle. The margin depends on the ratio of earnings before interest, taxes, depreciation and amortisation (EBITDA) adjusted for one-off and restructuring costs to the net debt position of the Ordina Group at year end and at half-year end, and may range between 0.40% and 0.90%.

The interest rate (base rate plus margin) on the non-current borrowings of EUR 45 million was 5.327% at year-end 2008 (year-end 2007: 5.106%). The floating base rate (4.827% at year-end 2008) was converted into a fixed interest rate of 3.794% through an interest rate swap based on the three-month interest period (Notes 11 and 17).

The Ordina Group had an obligation under the revolving facility of EUR 70 million at year-end 2008 (year-end 2007: EUR 20 million). This obligation was recognised under current borrowings. The interest rate (base rate plus margin) on the revolving facility was 3.343% at year-end

2008 (year-end 2007: 5.283%). A commitment fee of 35% of the margin is due on the unused portion of the revolving facility.

The long-term loan and the revolving facility were granted on the condition that the ratio of earnings before interest, taxes, depreciation and amortisation (EBITDA) adjusted for non-recurring expenses and restructuring costs to the Ordina Group's net debt position as stipulated in the loan agreement, should not exceed 2.75; this is based on the IFRS-compliant consolidated financial statements. At year-end 2008, the ratio of EBITDA to the net debt position was 1.6 (year-end 2007: 0.8). Furthermore the credit

agreement stipulates that the total EBITDA of the companies bound by the credit agreement should constitute at least 80% of the consolidated EBITDA as stipulated in the credit agreement. This requirement was fulfilled at the end of 2008. The majority of subsidiaries have assumed joint responsibility for the long-term loan and the revolving facility.

Presented below is a table of estimated future cash flows from the contractual obligations assumed under the non-current borrowings in the initial sum of EUR 45 million and the related interest rate swap.

	From fixed interest	From floating interest	From repayments
<i>Estimated future cash flows</i>			
2009	-1,388	-172	-10,000
2010 to 2011	-1,586	-196	-25,000
Later than 2011	-	-	-

17. DERIVATIVE FINANCIAL INSTRUMENTS

This item can be broken down as follows:

	2008	2007
Interest rate swaps	699	-
At 31 December	699	-

Movements in derivative financial instruments were as follows:

	2008	2007
At 1 January	-	-
Movements during the year	699	-
At 31 December	699	-

The total carrying amount of the derivative financial instruments relates to the interest rate swap in respect of the non-current borrowings (Note 16). An interest rate swap is used to achieve a good mix of fixed and floating interest rates on external borrowings. The term to maturity and repayment schedule of the interest rate swap correspond with those of the underlying loan. The interest rate swap qualifies as a cash flow hedge. The principal of the non-current borrowings for which the interest rate swap was contracted amounts to EUR 45 million. There is no ineffective portion in relation to the change in the fair value of the interest rate swap. The interest rate swap was contracted in

2006. For notes to estimated future cash flows arising from the interest rate swap, reference is made to Note 16. The interest rate swap has been contracted from a professional market party whose credit quality is rated as good.

18. FINANCE LEASES

Finance leases liabilities relate to finance leases of equipment that fall due in more than one year. Lease liabilities that fall due in less than one year are recognised as 'current liabilities'. The underlying assets are disclosed as 'property, plant and equipment'. All finance leases at the Ordina Group contain a fixed-interest component.

	2008	2007
<i>Minimum lease payments</i>		
No later than 1 year	1,718	2,088
Later than 1 year and no later than 5 years	2,212	2,665
Later than 5 years	-	-
Total at 31 December	3,930	4,753

Presented below is a table of estimated future cash flows from the contractual obligations (both current and non-current) assumed under finance leases.

	From fixed interest	From repayments
<i>Estimated future cash flows</i>		
2009	-36	-1,718
2010 to 2011	-10	-2,059
Later than 2011	-	-153

19. DEFERRED TAXES

Deferred taxes can be broken down as follows:

	Notes	2008	2007
Deferred tax assets	19.1	15,920	4,955
Deferred tax liabilities	19.2	9,315	11,517
Deferred tax net at 31 December		6,605	-6,562

19.1. Deferred income tax assets

Deferred income tax assets can be broken down as follows:

	2008	2007
Intangible assets and property, plant and equipment	2,185	1,097
Employee related provisions	1,972	1,650
Recognised tax losses	11,585	2,106
Derivative financial instruments	178	-
Unrealised intercompany gains	-	102
At 31 December	15,920	4,955

The deferred tax asset by virtue of intangible assets and property, plant and equipment relates to the temporary measurement differences due to the changed minimal fiscal amortisation period, starting in 2007. Measurement is at the set tax rates.

The deferred tax asset by virtue of employee related provisions relates to temporary measurement differences where pension and jubilee benefits are concerned. Measurement is at the set tax rates.

Tax losses are recognised if they are expected to be utilised (total at year-end 2008: approximately EUR 45.4 million; year-end 2007: approximately EUR 8.1 million). Measurement is at the fair value that will apply to future financial years. The total tax loss potential at year-end 2008 was approximately EUR 52.6 million (year-end 2007: approximately EUR 8.7 million). Of recognised tax losses, EUR 11.4 million related to losses originating in

the reporting period. Since these losses were due to one-off factors, Ordina believes that they can be utilised in future years.

No deferred tax asset was recognised for tax losses amounting to approximately EUR 7.2 million (year-end 2007: approximately EUR 0.6 million) because it is not probable that taxable profit will be available in the future against which any deferred tax asset can be utilised. Of this amount, approximately EUR 6.6 million relates to prior-year losses of Ordina BPO B.V., which were recognised at year-end 2007.

Of the deferred tax assets, an amount of approximately EUR 8.6 million has a term of more than one year.

Movements in deferred income tax assets were as follows in 2007:

	Opening balance 2007	Acquisitions/ Divestments	Recognised in income statement	Recognised in equity	Closing balance 2007
Intangible assets and property, plant and equipment	-	258	839	-	1,097
Employee related provisions	2,628	33	-414	-597	1,650
Recognised tax losses	3,416	-	-1,310	-	2,106
Unrealised intercompany gains	102	-	-	-	102
	6,146	291	-885	-597	4,955

Movements in deferred income tax assets were as follows in 2008:

	Opening balance 2008	Acquisitions/Divestments	Recognised in income statement	Recognised in equity	Closing balance 2008
Intangible assets and property, plant and equipment	1,097	-116	1,204	-	2,185
Employee related provisions	1,650	-	-21	343	1,972
Recognised tax losses	2,106	-129	9,608	-	11,585
Derivative financial instruments	-	-	-	178	178
Unrealised intercompany gains	102	-	-102	-	-
	4,955	-245	10,689	521	15,920

19.2. Deferred income tax liabilities

Deferred income tax liabilities can be broken down as follows at year end:

	2008	2007
Intangible assets related to customers	9,315	11,334
Derivative financial instruments	-	183
At 31 December	9,315	11,517

The deferred tax liabilities mainly relate to temporary measurement differences that arise in relation to intangible assets related to customers acquired in business combinations. They are measured at the fair value that is expected to apply during the amortisation period of these assets. Of the deferred tax liabilities, an amount of approximately

EUR 5.9 million (2007: approximately EUR 7.7 million) has a term of more than one year.

Movements in deferred income tax liabilities were as follows in 2007:

	Opening balance 2007	Acquisitions/Divestments	Recognised in income statement	Recognised in equity	Closing balance 2007
Intangible assets related to customers	11,649	3,471	-3,786	-	11,334
Derivative financial instruments	75	-	-	108	183
	11,724	3,471	-3,786	108	11,517

Movements in deferred income tax liabilities were as follows in 2008:

	Opening balance 2008	Acquisitions/ Divestments	Recognised in income statement	Recognised in equity	Closing balance 2008
Intangible assets related to customers	11,334	1,798	-3,817	-	9,315
Derivative financial instruments	183	-	-	-183	-
	11,517	1,798	-3,817	-183	9,315

20. EMPLOYEE-RELATED PROVISIONS

Employee-related provisions can be summarised as follows:

	2008	2007
Defined benefit obligation	5,269	3,358
Jubilee benefits	3,747	3,990
Total employee benefits	9,016	7,348

20.1. Defined benefit obligation

The defined benefit obligation can be broken down as follows:

	2008	2007
Defined benefit obligation	24,224	23,795
Less: fair value of plan assets	18,955	20,437
Defined benefit obligation	5,269	3,358

Movements in the defined benefit obligation were as follows:

	2008	2007
At 1 January	23,795	44,755
Current service cost	-	504
Interest cost	1,357	1,845
Contributions by plan participants	-	225
Benefits paid	27	-433
Actuarial gains and losses	-955	-8,409
Change due to harmonisation	-	-14,692
At 31 December	24,224	23,795

Movements in the fair value of plan assets were as follows:

	2008	2007
At 1 January	20,437	35,926
Expected return on plan assets	1,159	1,142
Employer contributions	-147	1,215
Benefits paid	-193	-433
Actuarial gains and losses	-2,301	-6,067
Change due to harmonisation	-	-11,346
At 31 December	18,955	20,437

The defined pension obligation (based on average salary or final salary schemes) is measured at present value in accordance with the provisions of IAS 19, 'Employee Benefits'. Plan assets are stated at fair value. Actuarial gains and losses are recognised directly in equity. All pension plans operated by the Ordina Group are administered by professional insurers. The plan assets are comprised of qualifying insurance policies.

The cumulative change relating to actuarial gains and losses recognised directly in equity (SORIE) amounted to EUR 7.3 million (year-end 2007: EUR 6.0 million).

The amounts recognised in the income statement were as follows:

	Notes	2008	2007
Current service cost		-	504
Interest cost		1,357	1,845
Expected return on plan assets		-1,159	-1,142
Release of pension provision due to harmonisation		-	-3,346
		198	-2,139
Charged against profit due to harmonisation		-	886
Total, included in personnel expenses	23	198	-1,253

The actual return on plan assets was EUR 1.0 million (2007: nil). Plan assets are comprised in full of the market value of the insurance contracts that are principally characterised by surplus interest sharing. There is no separated investment portfolio. Given the nature of the plan assets, the expected return is based on the forecast surplus interest and the contractual interest.

The principal actuarial assumptions were as follows:

	2008	2007
Discount rate at 31 December	5.6%	5.7%
Expected return on plan assets	5.6%	5.7%
Future salary increases (age-related)	2.0%-5.0%	2.0%-5.0%
Future increase in pension obligation (plan-related)	0.0%-3.0%	2.0%-3.0%

Assumptions involving life expectation are set based on advice in accordance with published statistics. The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

	2008	2007
Male	18.5	18.5
Female	21.6	20.1

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:

	2008	2007
Male	20.0	20.1
Female	22.3	20.9

20.2. Jubilee benefits

The jubilee obligation can be broken down as follows:

	2008	2007
Jubilee benefits	3,747	3,990
Less: fair value of jubilee assets	-	-
Jubilee benefits	3,747	3,990

The terms of employment of various group companies include a jubilee scheme, based on which employees who celebrate an anniversary with the company receive a gross, non-salary-based bonus. Under IAS 19, 'Employee Benefits', a provision was formed for the contingent liability associated with this jubilee scheme. Actuarial gains and losses are recognised directly in profit or loss.

The amounts recognised in the income statement were as follows:

	2008	2007
Current jubilee cost	628	534
Interest cost	205	169
Actuarial gains and losses	-625	176
Total, included in personnel expenses	208	879

Movements in the amounts recognised in the balance sheet were as follows:

	Notes	2008	2007
At 1 January		3,990	3,440
Change due to acquisitions	32	-	130
Charged against profit, standard		833	492
Charged against profit due to harmonisation		-	211
Jubilee benefits		-451	-459
Actuarial gains and losses		-318	176
Divestments		-307	-
At 31 December		3,747	3,990

The principal actuarial assumption was as follows:

	2008	2007
Discount rate at 31 December	5.6%	5.5%

21. OTHER PROVISIONS

Movements in other provisions were as follows in 2007:

	Projects	Reorganisa- tion	Other	Total
At 1 January 2007	302	-	1,441	1,743
Additions	-	-	1,576	1,576
Unused amounts	-208	-	-394	-602
Used during the year	-	-	-479	-479
At 31 December 2007	94	-	2,144	2,238

Movements in other provisions were as follows in 2008:

	Projects	Reorganisa- tion	Other	Total
At 1 January 2008	94	-	2,144	2,238
Additions	5,517	13,985	1,313	20,815
Unused amounts	-157	-	-152	-309
Used during the year	-4	-	-1,072	-1,076
At 31 December 2008	5,450	13,985	2,233	21,668

The provision for project commitments pertains to outstanding project activities that were recognised in the financial year under the prevailing accounting policies. A provision of approximately EUR 3.8 million is taken in the project commitments regarding Ordina BPO B.V. The restructuring provision is for non-recurring costs associated with the restructuring and initiatives for sustainable margin improvement. Other provisions relate to vacancy of buildings for which the Group has a contractual lease obligation, as well as to commitments by virtue of a long-term

remuneration component in relation to key management. The provision for vacant buildings was formed to cover the future rent, including directly attributable costs, for the contract period in which the Group does not expect to use these buildings.

Of the provisions, an amount of approximately EUR 0.9 million (2007: approximately EUR 0.8 million) has a term of more than one year.

22. TRADE AND OTHER PAYABLES, ACCRUALS AND DEFERRED INCOME

This item can be summarised as follows:

	2008	2007
Trade payables	30,079	34,502
Advanced billings	7,521	5,606
Taxes and social security	22,766	19,169
Pension contributions	1,171	969
Lease payments due within 1 year	1,718	2,088
Other payables	13,363	15,871
Accruals and deferred income	80,044	76,699
At 31 December	156,662	154,904

The item 'other payables' relates to earn-out payments by virtue of acquisitions, among other debts. Accruals and deferred income include commitments involving holiday allowance, leave day entitlements, year-end and other bonuses, and other personnel expenses, as well as

items charged to profit or loss for the year, as well as the commitment regarding the sale of Ordina BPO B.V. for EUR 28.0 million. Other payables, accruals and deferred income falling due in more than one year amounted to approximately EUR 14.5 million at year-end 2008.

23. PERSONNEL EXPENSES

	2008	2007
Salaries	317,970	302,639
Social charges	41,000	35,717
Defined benefit obligation	198	-1,253
Defined contribution obligation	18,991	15,803
Other personnel expenses	96,689	77,637
	474,848	430,543

In 2007, pension costs included a non-recurring income item of approximately EUR 2.2 million on balance (2008: nil).

Other personnel expenses include car expenses, hotel and travelling expenses, and study costs. This item also includes an amount of EUR 32.5 million (2007: EUR 28.7 million) for operating leases for cars. Additionally an amount of approximately EUR 17.0 million will be charged in 2008 to other personnel expenses involving the costs for the re-organisation.

In 2007, other personnel expenses also included an income item relating to ESF subsidies of approximately EUR 1.3 million (2008: nil).

Personnel expenses included an income item of approximately EUR 0.5 million for share-based payment in 2008 (2007: an expense of approximately EUR 0.7 million). The income, which was recognised in 2008, was attributable to the release of reservations in connection with changes in scoring chances.

The average workforce in FTEs numbered 5,519 in 2008 (2007: 5,388).

At year-end 2008, the Ordina Group employed 5,336 FTEs (year-end 2007: 5,702 FTEs). The number of FTEs working at the Belgian and Luxembourg-based subsidiaries was 776 at year-end 2008 (year-end 2007: 582 FTEs).

24. OTHER OPERATING EXPENSES

Other operating expenses can be broken down as follows:

	2008	2007
Office accommodation costs	17,055	14,025
Marketing and selling expenses	8,484	8,140
Other expenses	21,272	20,083
	46,811	42,248

Other expenses include information management and automation expenses, the cost of insurance, and audit and consulting fees.

Of office accommodation costs, an amount of about EUR 10.7 million (2007: approximately EUR 10.5 million) was recognised for operating leases.

Audit fees recognised in the income statement 2007 under 'other operating expenses' in the reporting period were as follows:

	PwC Accountants NV	Other PwC network	Total PwC network
Audit of the financial statements	313	143	456
Other audit procedures	1,079	89	1,168
Tax advise	-	5	5
Other non-audit services	56	131	187
	1,448	368	1,816

Audit fees recognised in the income statement 2008 under 'other operating expenses' in the reporting period were as follows:

	PwC Accountants NV	Other PwC network	Total PwC network
Audit of the financial statements	336	206	542
Other audit procedures	802	-	802
Tax advise	-	25	25
Other non-audit services	-	307	307
	1,138	538	1,676

25. FINANCE INCOME AND COSTS

Finance income and costs can be broken down as follows:

	2008	2007
Finance income	195	242
Finance costs	-5,546	-4,757
Finance lease liabilities	-95	-153
Total net finance income and costs	-5,446	-4,668

Finance costs include the following amounts for the non-current borrowings and the contracted interest rate swap, under which the base rate was converted from a floating rate into a fixed rate of interest:

	2008	2007
Floating base rate	-2,084	-1,859
Fixed base rate net	414	128
Floating interest margin	-197	-200
Total finance costs of non-current borrowings	-1,867	-1,931

26. GAINS/LOSSES ON SALE OF ASSOCIATES

This item can be broken down as follows:

	Notes	2008
Profit on sale Ordina Technical automation B.V.	32	10,425
Costs on sale Ordina BPO B.V.	34	-28,000
Total result on disposed subsidiaries		-17,575

27. INCOME TAX EXPENSE

	2008	2007
Current tax	4,427	-13,593
Deferred tax	14,390	2,831
Tax income/expense recognised in consolidated financial statements	18,817	-10,762

The tax rate of 22.8% (2007: 26.2%) can be broken down as follows:

	2008	2007
Applicable tax rate	-25.5	25.5
Impact of prior-year unused tax losses	-	-0.4
Differences with foreign tax rates	0.9	1.0
Upward valuation of deferred tax assets	-	-0.3
Impairment of deferred tax assets	2.0	-
Non-deductible amounts	0.4	0.9
Incidental items	-0.6	-0.5
Effective tax rate	-22.8	26.2

The effective tax rate was calculated based on profit or loss exclusive of gains or losses on the sale of associates. The item 'impact of prior-year unused tax losses' concerns profits of subsidiaries that qualify for set-off during the review period and for which no deferred tax asset is recognised. The upward valuation of deferred tax assets came about by the valuation of tax losses which had not been determined previously. The impact of the impairment of deferred tax assets relates to the impairment of the recognised loss set-off at Ordina BPO B.V. Incidental items for 2008 include the impact of the prior-year adjustment recognised in the reporting period as well as incidental items.

28. EARNINGS PER SHARE

28.1. Earnings per share – basic

Basic earnings per share are calculated by dividing profit for the year by the average number of outstanding shares during the year.

	2008	2007
Profit for the year	-81,134	30,394
Average number of outstanding shares (in thousands)	41,264	40,632
Earnings per share - basic (in euros)	-1.97	0.75

28.2. Earnings per share – diluted

Diluted earnings per share are calculated by dividing the profit for the year by the average number of outstanding shares during the year inclusive of any outstanding option rights whose exercise price is less than the share price at year end.

	2008	2007
Profit for the year	-81,134	30,394
Average number of outstanding shares (in thousands)	41,264	40,632
Adjustment for in-the-money options	-	357
Adjustment for share-based payment obligations	-	115
	41,264	41,104
Earnings per share - diluted (in euros)	-1.97	0.74

29. DIVIDEND PER SHARE

The dividend paid in 2008 on the profit for 2007 was EUR 0.20 per ordinary share. Total dividends distributed in 2008 amounted to EUR 8.3 million. Given that a loss was posted for the reporting period, no dividends will be distributed for the financial year 2008.

30. PREFERENCE SHARES

Ordina N.V.'s authorised capital includes 17,999,995 preference shares with a par value of EUR 0.10 per share. Dividends on preference shares shall not exceed the statutory interest rate prevailing at the date the dividends are declared. No preference shares were issued at year-end 2008.

31. COMMITMENTS AND CONTINGENCIES, AND CONTRACTUAL OBLIGATIONS

The Ordina Group has issued guarantees for a total amount of approximately EUR 2.8 million (2007: approximately EUR 5.3 million). These guarantees relate to lease commitments in particular.

At year-end 2008, the Ordina Group had no material expenditure obligations in relation to property, plant and equipment, and intangible assets.

Company cars provided to employees are usually acquired under operating leases spanning 36 to 48 months. Within this scope, the Ordina Group has a total car lease obligation of approximately EUR 27.8 million (2007: EUR 28.2 million) that falls due in less than one year.

	Cars	Buildings
Not later than one year	27,779	10,375
Later than one year and not later than five years	35,806	30,054
Later than five years	-	1,484
	63,585	41,913

Within the scope of the multi-year outsourcing agreements between Ordina BPO B.V. and its contract partners, the parties have made detailed arrangements in relation to the continuity of Ordina's service provision, partly in view of the rules dictated by regulatory authorities. If, at any time, a serious threat should arise to the continuity of the service provision, the contract partners may demand measures based on which such continuity can be safeguarded. These measures comprise the temporary provision by Ordina of hardware and software under conditions that are subject to negotiation.

In accordance with the provisions of Section 403, Book 2, Part 9, of the Netherlands Civil Code, the company has assumed joint and several liability for the obligations arising from the juristic acts of most of the Dutch subsidiaries. The statements to that effect have been filed with the competent Trade Registries. The subsidiaries in question are listed on page 123.

The company and the majority of its Dutch subsidiaries form one or more tax groups for income tax and value-added tax purposes, as a result of which the companies involved are jointly and severally liable for the liabilities incurred by the tax group.

All buildings where group companies are located are in leasehold. The Ordina Group does not have any buildings in freehold. In addition, the Ordina Group has a total building lease obligation of approximately EUR 10.4 million (2007: EUR 9.5 million) that falls due in less than one year. Of the building leases that fall due within one year, an amount of EUR 5.3 million relates to the head office in Nieuwegein. The lease for the head office in Nieuwegein runs through 1 October 2014.

The total of future minimum lease payments can be broken down as follows for each of the following periods:

The company and the majority of its subsidiaries have assumed joint and several liability for the bank overdrafts.

32. ACQUISITIONS AND DISPOSALS

32.1. Acquisitions in 2008

32.1.1. E-Chain Management

Ordina acquired a 100% interest in E-Chain Management Financials BVBA (Belgium) late in September 2008 for a cash consideration of approximately EUR 4.3 million at acquisition. In addition, an amount of EUR 0.5 million was paid at acquisition by issuing about 74,800 million Ordina N.V. shares. Based on the financial performance for 2008 and 2009 expected at acquisition, the business combination was recognised including an earn-out commitment of approximately EUR 7.0 million. The profit of E-Chain has been consolidated with effect from 1 October 2008. The purchase method of accounting was used to account for this business combination. Part of the consideration was allocated to the acquiree's identified acquired assets and liabilities. In addition, an amount of approximately EUR 4.2 million was capitalised in goodwill. E-Chain offers expertise, and carries out projects, in the area of SAP software. At the time of acquisition by the Ordina Group, E-Chain had about 100 employees in Belgium and Luxembourg. E-Chain generated more than EUR 15.2 million in revenues for the full year 2008.

32.2. Disposal Technical Automation

Ordina sold all its shares in Ordina Technical Automation B.V., a subsidiary, on 31 July 2008. The sales proceeds were EUR 25 million (gross). A net amount of EUR 10.4 million remains after deduction of goodwill, intangible assets related to customers, selling expenses and the subsidiary's net asset value at the time of sale. Gross and net sales proceeds can be matched as follows:

	Total
Gross revenue Technical Automation	25,000
Goodwill	-5,373
Intangible assets related to customers	-2,421
Deferred tax	617
Transaction related costs	-3,700
Equity	-3,698
Net revenue Technical Automation	10,425

The goodwill and intangible assets related to customers are connected to the carrying amount of these balance sheet items at the time of sale with respect to the acquisition of Bergson Automatisering. Bergson became a division of Ordina Technical Automation B.V. on 1 January 2008 following a legal merger. The selling expenses include costs associated with the unbundling of infrastructural and financial/accounting systems and processes, as well as consulting fees. The cash flow statement discloses a cash inflow for the sale of Ordina Technical Automation B.V. of EUR 24,959,000, i.e. a gross gain on the sale of EUR 25,000,000 net of Ordina Technical Automation's cash resources on the transaction date in the sum of EUR 41,000.

Ordina's consolidated figures contain an amount of EUR 20.8 million in revenue from Ordina Technical Automation B.V. for the period from January through July 2008. At the time it was sold, Ordina Technical Automation B.V. had about 350 employees.

32.3. Effects of business combinations

The business combinations had the following effects on the assets and liabilities position of the Ordina Group:

	Acquisitions 2008	Acquisitions 2007
Property, plant and equipment	532	351
Intangible assets	-	-
Intangible assets related to customers	7,320	33,318
Inventories	-	-
Trade and other receivables	3,276	6,942
Cash and cash equivalents	1,696	17
Provisions	-	-130
Deferred income taxes - net	-2,529	-3,180
Trade and other payables	-2,238	-5,218
Identifiable assets and liabilities - net	8,057	32,100
Goodwill acquired in business combinations	5,378	8,283
Purchase consideration	13,435	40,383
Earn-out commitments	-6,950	-5,968
Earn-out payments related to prior year acquisitions	5,839	31,735
Financing of purchase consideration through share issue	-500	-32,017
Purchase consideration settled in cash	11,824	34,133
Cash and cash equivalents in subsidiaries acquired	-1,696	-17
Net cash outflow at acquisitions	10,128	34,116

The following breakdown applies to the effects of the assets and liabilities position of the Ordina Group in relation to the acquisition of subsidiaries in 2008:

	E-Chain Management	Other	Total
Property, plant and equipment	532	-	532
Intangible assets	-	-	-
Intangible assets related to customers	7,320	-	7,320
Inventories	-	-	-
Trade and other receivables	3,276	-	3,276
Cash and cash equivalents	1,696	-	1,696
Provisions	-	-	-
Deferred income taxes - net	-2,415	-114	-2,529
Trade and other payables	-2,675	437	-2,238
Identifiable assets and liabilities - net	7,734	323	8,057
Goodwill acquired in business combinations	4,242	1,136	5,378
Purchase consideration	11,976	1,459	13,435
Earn-out commitments	-6,950	-	-6,950
Earn-out payments related to prior year acquisitions	-	5,839	5,839
Financing of purchase consideration through share issue	-500	-	-500
Purchase consideration settled in cash	4,526	7,298	11,824
Cash and cash equivalents in subsidiaries acquired	-1,696	-	-1,696
Net cash outflow at acquisitions	2,830	7,298	10,128

The 'other' item relates mainly to the settlement of the estimated acquisition price of YoungWood, as well as to earn-out commitments related to acquisitions from previous years.

The share of E-Chain Management in the results for 2008 of the Ordina Group was approximately EUR 0.5 million. The profit for the full year 2008 of E-Chain Management was approximately EUR 1.4 million.

33. RELATED PARTIES

33.1. Identity of related parties

The related parties of Ordina N.V. are its subsidiaries, the members of the Supervisory Board and the members of the Management Board.

33.2. Transactions with the members of the Management Board and Supervisory Board

33.2.1. Remuneration policy

The Supervisory Board determines the compensation of the members of the Management Board on an annual basis. For notes to the remuneration policy for the members of the Management Board, reference is made to the Report of the Supervisory Board on page 51 of this Annual Report.

33.2.2. Executive compensation

Executive compensation was as follows at year-end 2008 and 2007 respectively:

	2008	2007
R. Kasteel		
Salary	364	327
Variable component/short-term, cash based	-	260
Variable component/long-term, share based	-174	238
Pension costs	34	39
	224	864

	2008	2007
J.H. den Hartog		
Salary	318	286
Variable component/short-term, cash based	-	228
Variable component/long-term, share based	-153	208
Pension costs	50	35
	215	757

The long-term benefits under variable components are comprised of a payment in Ordina N.V. shares; they are determined for a three-year period for each individual plan. A conditional number of shares is awarded at the beginning of each three-year period. If it is established after three years that the set targets were achieved or exceeded, the shares are awarded unconditionally. The number of shares in Ordina N.V. to be allotted is estimated at the balance sheet date based on the long-term bonus benefits. The costs of the long-term benefits are recognised in the income statement. The costs of the shares expected to be issued are recognised in equity as 'retained

earnings'. Within the scope of the long-term profit-sharing and bonus plans for the period 2006-2008, no shares in Ordina N.V. will be distributed to Kasteel and Den Hartog. The provision for current periods, which was formed in previous years, was released to the income statement in 2008 in connection with the estimate of scoring chances. This release has caused a negative long-term benefit component within the profit-sharing and bonus plans. Kasteel and Den Hartog received 16,500 and 14,500 shares in Ordina N.V. respectively for the period 2005-2007.

The members of the Management Board are provided with a car and a mobile telephone. In addition, they are entitled to a monthly expense allowance.

No loans, advances or guarantees have been issued for the benefit of the members of the Management Board.

33.2.3. **Shares held by the members of the Management Board**

At year-end 2008, the members of the Management Board held 209,684 shares in Ordina N.V. (year-end 2007: 194,184). The shares are distributed among the members of the Management Board as follows:

	2008	2007
R. Kasteel	165,399	157,149
J.H. den Hartog	44,285	37,035
	209,684	194,184

33.2.4. **Options granted to, and held by, the members of the Management Board**

The options held by the members of the Management Board at year-end 2008 can be broken down as follows:

	Granted	Exercised	Lapsed	Outstanding	Exercise price	Date of lapse
R. Kasteel	40,000	-	-	40,000	10.24	12-3-2009
Outstanding at year-end 2008				40,000		

	Granted	Exercised	Lapsed	Outstanding	Exercise price	Date of lapse
J.H. den Hartog	35,000	-	-	35,000	10.24	12-3-2009
Outstanding at year-end 2008				35,000		

The aforementioned outstanding options were granted as at 12 March 2004 under the option schemes referred to in Note 14.2.

33.2.5. **Supervisory Board compensation**

The remuneration of the members of the Supervisory Board can be broken down as follows:

	2008	2007
C.J. de Swart, chairman	33	33
E.P. de Boer	26	25
R.J. van de Kraats	26	25
J.M.L. van Engelen	9	25
	94	108

The compensation of the Supervisory Board is not contingent on the financial performance of the company. No loans, advances or guarantees have been issued for the benefit of the members of the Supervisory Board.

33.2.6. **Shares held by the members of the Supervisory Board**

At year-end 2008, the members of the Supervisory Board held 124,761 shares in Ordina N.V. (year-end 2007: 124,761). The shares are distributed among the members of the Supervisory Board as follows:

	2008	2007
C.J. de Swart, chairman	-	-
E.P. de Boer	124,761	124,761
R.J. van de Kraats	-	-
J.M.L. van Engelen	-	-
	124,761	124,761

34. **EVENTS AFTER THE BALANCE SHEET DATE**

34.1. **Sale of Ordina BPO B.V.**

In the second half of 2008, we decided to discontinue the loss-making BPO activities under the Ordina umbrella on a permanent basis. With highest possible urgency possibilities were looked into in order to solve Ordina BPO's loss-making situation for the long-term as soon as possible. Ordina announced on 27 February 2009 that it sold Ordina BPO B.V. to Centric. Centric will acquire all shares in Ordina BPO, including any rights and obligations, from Ordina on 1 April 2009. The sale is subject to the usual conditions, including the approval of the Netherlands Competition Authority (NMa).

The loss on the sales transaction, including the results for the first quarter of 2009, amounts to EUR 34 million. Of this amount more than EUR 32 million, consisting of EUR 28 million from the transaction result and EUR 4 million

from project commitments, will be recognised as a non-recurring expense item in the income statement for 2008.

The remaining EUR 2 million will be charged in 2009 and concerns the exploitation of the first quarter of 2009. A large portion of the transaction result will be paid to Centric by ways of compensation for future expenditures and operating expenses. Some instalments will not be paid until the second half of 2009 and the first half of 2010.

Ordina BPO's revenue for the full year 2008 was approximately EUR 43.0 million. Its operating loss for 2008 was EUR 12.5 million before income tax. An impairment loss on all of Ordina BPO's tangible and intangible assets of EUR 72.5 million in total was recognised in the income statement for 2008. Ordina BPO B.V. had about 330 employees at the end of February 2009.

**Company balance sheet as at
31 December 2008 of Ordina N.V.**

	Notes	2008	2007
Assets			
<i>Non-current assets</i>			
Intangible assets	36	18,564	18,564
Financial assets	37	127,563	240,444
Deferred income tax assets	38	13,062	796
Total non-current assets		159,189	259,804
<i>Current assets</i>			
Other receivables	39	384	157
Current income tax receivable		6,453	-
Cash and cash equivalents		150	53
Total current assets		6,987	210
Total assets		166,176	260,014
Equity			
Paid-up and called-up share capital	40	4,133	4,119
Share premium reserve	40	77,082	75,744
Hedging reserve	40	-521	534
Statutory reserve	40	1,303	12,336
Retained earnings	40	162,417	131,464
Profit for the year	40	-81,134	30,394
Total equity		163,280	254,591
Liabilities			
<i>Current liabilities</i>			
Short-term borrowings		2,874	2,906
Trade and other payables	41	22	37
Current income tax payable		-	2,480
Total current liabilities		2,896	5,423
Total liabilities		2,896	5,423
Total equity and liabilities		166,176	260,014

(in euro thousands)

Company income statement for 2008 of Ordina N.V.

	Notes	2008	2007
Share of profit of associates	37	-117,081	21,622
Other income		35,947	8,772
Profit for the year		-81,134	30,394

(in euro thousands)

Notes to the company balance sheet and income statement

35. BASIS OF PREPARATION

35.1. Basis of preparation of company financial statements

The company financial statements of Ordina N.V. have been prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code. In preparing these financial statements, the company availed itself of the facility offered by Section 362(8), Book 2, of the Netherlands Civil Code to use the same accounting policies (including those for the presentation of financial instruments as equity or liabilities) for the company and the consolidated financial statements.

The company financial statements of Ordina N.V. are presented in euros (EUR). Amounts are in thousands of euros, unless indicated otherwise.

35.2. Accounting policies

The accounting policies for the company financial statements are the same as for the consolidated financial statements. If no further policies are mentioned, reference is made to the accounting policies for the consolidated financial statements.

35.3. Financial assets/Investments in associates

Subsidiaries and group companies in which Ordina N.V. exercises control or where Ordina N.V. is responsible for central management are accounted for using the equity method. The equity method is a method of accounting whereby the net assets, liabilities and provisions of the group company are measured and profit is calculated based on the accounting policies used in the consolidated financial statements.

In applying the equity method, the company makes allowance for the transitional provisions for the measurement of items and the first-time adoption of the accounting policies applied in the consolidated financial statements (the IFRS 1 adjustments).

36. INTANGIBLE ASSETS

This item can be broken down as follows:

	Goodwill	Total
Carrying amount at 1 January 2007	18,564	18,564
<i>Changes in 2007</i>		
Additions	-	-
Disposals	-	-
Carrying amount at 31 December 2007	18,564	18,564

	Goodwill	Total
Carrying amount at 1 January 2008	18,564	18,564
<i>Changes in 2008</i>		
Additions	-	-
Disposals	-	-
Carrying amount at 31 December 2008	18,564	18,564

37. FINANCIAL ASSETS

This item can be broken down as follows:

	Investments in group companies	Receivables from group companies	Total
Carrying amount at 1 January 2007	36,135	129,830	165,965
<i>Changes in 2007</i>			
Investments/loans advanced	1,221	49,575	50,796
Actuarial gains and losses	1,745	-	1,745
Changes in fair value of cash flow hedges	316	-	316
Share of profit of associates	21,622	-	21,622
Carrying amount at 31 December 2007	61,039	179,405	240,444

	Investments in group companies	Receivables from group companies	Total
Carrying amount at 1 January 2008	61,039	179,405	240,444
Changes in 2008			
Investments/loans advanced	-1,221	7,479	6,258
Actuarial gains and losses	-1,003	-	-1,003
Changes in fair value of cash flow hedges	-1,055	-	-1,055
Share of profit of associates	-117,081	-	-117,081
Carrying amount at 31 December 2008	-59,321	186,884	127,563

38. DEFERRED INCOME TAX ASSETS

Deferred income tax assets can be broken down as follows:

	2008	2007
Intangible assets and property, plant and equipment	1,604	740
Recognised tax losses	11,458	56
At 31 December	13,062	796

Deferred income tax assets regarding intangible assets and property, plant and equipment relate to the temporary differences in valuation that arose due to the minimal tax depreciation period instituted in 2007. Assets are valued at fixed rates. Tax losses are recognised if they are expected to be utilised (total at year-end 2008: approximately EUR 44.9 million; year-end 2007: approximately EUR 0.2

million). Measurement is at the fair value that will apply to future financial years. For notes to the scale and measurement of the tax losses of the Ordina Group as a whole, reference is made to Note 19.1.

39. OTHER RECEIVABLES

This item can be broken down as follows:

	2008	2007
Prepayments and accrued income	384	157
At 31 December	384	157

40. EQUITY

Movements in equity in 2007 and 2008 were as follows:

	Issued capital	Share premium reserve	Hedging reserve	Statutory reserve	Retained earnings	Profit for the year	Total
At 1 January 2007	3,899	50,337	218	8,760	104,997	25,828	194,039
Prior-year dividend distribution	-	-	-	-	-	-8,210	-8,210
Prior-year retained earnings	-	-	-	-	17,618	-17,618	-
Issue at acquisitions	181	31,836	-	-	-	-	32,017
Issue at option exercise	35	3,551	-	-	-	-	3,586
Actuarial gains and losses	-	-	-	-	1,745	-	1,745
Changes in fair value of cash flow hedges	-	-	316	-	-	-	316
Share-based payment	4	476	-	-	224	-	704
Profit for the year	-	-	-	-	-	30,394	30,394
Transfer to retained earnings	-	-10,456	-	-	10,456	-	-
Transfer to statutory reserves	-	-	-	3,576	-3,576	-	-
At 31 December 2007	4,119	75,744	534	12,336	131,464	30,394	254,591

	Issued capital	Share premium reserve	Hedging reserve	Statutory reserve	Retained earnings	Profit for the year	Total
At 1 January 2008	4,119	75,744	534	12,336	131,464	30,394	254,591
Prior-year dividend distribution	-	-	-	-	-	-8,250	-8,250
Prior-year retained earnings	-	-	-	-	22,144	-22,144	-
Issue at acquisitions	7	493	-	-	-	-	500
Issue at option exercise	2	154	-	-	-	-	156
Actuarial gains and losses	-	-	-	-	-1,003	-	-1,003
Changes in fair value of cash flow hedges	-	-	-1,055	-	-	-	-1,055
Share-based payment	5	691	-	-	-1,221	-	-525
Profit for the year	-	-	-	-	-	-81,134	-81,134
Transfer to retained earnings	-	-	-	-11,033	11,033	-	-
Transfer to statutory reserves	-	-	-	-	-	-	-
At 31 December 2008	4,133	77,082	-521	1,303	162,417	-81,134	163,280

The statutory reserve relates to the carrying amount of the internally generated intangible assets (Notes 2.5.6 and 7).

For notes to the movements in outstanding option rights in 2007 and 2008, reference is made to Note 14.2.

Ordina N.V. did not purchase any treasury shares at year-end 2007 and 2008.

For notes to executive compensation, please refer to Note 33.2.2.

41. OTHER PAYABLES, ACCRUALS AND DEFERRED INCOME

This item can be summarised as follows:

	2008	2007
Other payables	22	37
Accruals and deferred income	-	-
At 31 December	22	37

Nieuwegein, the Netherlands, 5 March 2009

Management Board

R. Kasteel, CEO

J.H. den Hartog, CFO

Supervisory Board

C.J. de Swart, chairman

E.P. de Boer

R.J. van de Kraats

List of subsidiaries/principal associates

	Registered office	Participation as a % at year-end 2008
Ordina Holding B.V. *	Nieuwegein	100
Ordina Nederland B.V. *	Nieuwegein	100
Ordina Commercie B.V.	Nieuwegein	100
Ordina ICT B.V. *	Nieuwegein	100
Ordina Consulting B.V. *	Nieuwegein	100
Ordina Infrastructure Solutions B.V. *	Nieuwegein	100
Ordina Enterprise Applications B.V. *	Nieuwegein	100
Ordina Application Outsourcing en Projecten B.V. *	Nieuwegein	100
Ordina BPO B.V. *	Zoetermeer	100
fiNext B.V. *	Voorburg	100
Ormit B.V. *	De Bilt	100
Integer Noord Nederland B.V. *	Wormerveer	100
Integer Zuid Nederland B.V. *	Tilburg	100
Be Value B.V. *	Apeldoorn	100
Wisdom TMLC B.V.	Groningen	100
Ordina Belgium N.V.	Schelle (Belgium)	100
Ordina Denkart N.V.	Schelle (Belgium)	100
ITG Consulting Group N.V.	Brussel (Belgium)	100
Ordina E-Chain Management Financials BVBA	Antwerpen (Belgium)	100
Ormit België N.V.	Brussel (Belgium)	100
Ordina Luxembourg SA	Capellen (Luxembourg)	100

All group companies listed above are fully consolidated. All fully consolidated subsidiaries have their registered offices in the Netherlands unless indicated otherwise.

The company has issued declarations of joint and several liability (pursuant to Section 403, Part 9, Book 2 of the Netherlands Civil Code) for the subsidiaries marked *. These companies were given permission to prepare financial statements based on a format that is in contravention of the provisions of this Part.

Independent auditor's report

To the General Meeting of Shareholders of Ordina N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2008 of Ordina N.V., Nieuwegein, the Netherlands as set out on pages 58 to 123. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the profit and loss account, statement of recognized income and expenses (SORIE) and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company profit and loss account for the year then ended and the notes.

The directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ordina N.V. as at 31 December 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Ordina N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

REPORT ON OTHER LEGAL REQUIREMENTS

Pursuant to the legal requirement under 2:393 sub 5f of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 5 March 2009

PricewaterhouseCoopers Accountants N.V.

Originally signed by drs. C.J.A.M. Romme RA