



30 April 2008

**PRESS RELEASE**

**Results 2007 Insinger de Beaufort Holdings SA**

**NET PROFIT FROM CONTINUED OPERATIONS €10.5 MILLION**

**Insinger de Beaufort Holdings SA (“Insinger de Beaufort”) reports a net profit from continued operations of €10.5 million for 2007 compared to €9.6 million for 2006. The reported operating income for the continuing operations decreased slightly by €0.9 million (1%) to €68.1 million. The decline in performance fee income in 2007, due to market influences, was compensated by an increase in other income sources. The most significant development of the past year has been the restructuring of the group to focus on our core wealth management capabilities by the discontinuance of the UK stock broking, corporate finance and derivative and bond broking units. Accounting for the results of the discontinued operations, which include €16.2 million impairment charges of primarily goodwill, the Group reports a net loss after tax of €14.5 million for 2007 compared with a € 7.4 million profit for 2006.**

Operating profit for continuing operations in 2007 was €11.9 million, a decrease of €2.5 million compared to 2006. The core operations of the group managed to achieve a comparable result to 2006 despite adverse market conditions during the second half of 2007. The decrease in operating profit was mainly caused by an increase in other operating expenses coming mainly from additional marketing expenses and higher expenses for temporary staff. The Asset Management and Private Banking units managed a net inflow of new assets of 5%, even as market conditions declined considerably in the second half of the year.

Due to a lower effective tax rate for 2007 and income from the sale of the Luxembourg subsidiary the net profit for 2007 for continued operations increased by 9% to €10.5 million compared to €9.6 million for 2006.

The group continues to maintain a highly liquid balance sheet and a significant part of the assets are invested in cash or near cash. Loan assets have in the main been collateralised by liquid securities. Capital resources decreased from €56.5 million to €40.2 million, mainly due to the net result, which is mainly impairment charges on discontinued operations, and dividend paid. Although there were one-off costs from goodwill impairment, the financial position remains materially unaffected. The solvency of the group is at a comfortable 15% and the refinancing of the subordinated loan repayable in July 2008 has been put in place. Net of warrants held in treasury by the group, the number of outstanding warrants was 0.3 million as at 31 December 2007.

Assets under management as at 31 December 2007 decreased by 4% to €6.1 billion compared to €6.3 billion as at 31 December 2006<sup>(1)</sup>. The decrease was mainly caused by

<sup>(1)</sup> This amount includes reinvestments in own products.



the sale of the UK unit trust and Luxemburg activities and the discontinued operations, which led to a decrease of €469 million of assets under management. Adjusted for this effect the net inflow of new assets from clients was 5% and an overall market value effect of minus 1%. The institutional assets under advisory – which are now disclosed separately – amounted to €1.2 billion as at 31 December 2007.

The number of employees for the continued operations decreased from 235 to 223.

The Group may from time to time take up Insinger de Beaufort shares and outstanding warrants 2008 from the market. This is executed on occasions when the Group believes this to be opportune in terms of price, capital, or both. These shares will not be cancelled but could inter alia be made available to underpin the outstanding employee share options and compulsory convertible loan notes. For details on movements during the period please refer to the financial statements.

## **Developments**

As discussed in the headlines the most significant development of the past year has been the restructuring of the Group to focus more closely on our core wealth management capabilities. Following the sale of several non-core operational units and the closure of some smaller units the Group is now organised in the main business lines asset management and private banking. The business that remains is lower risk and more concentrated on the areas where we can add value.

## **Private Banking**

### **Operating income**

Operating income remained stable at €35.7 million compared to €35.8 million for 2006. Assets under management in the continuing operations increased by €250 million. Of this 6% increase, approximately 1% resulted from market appreciation and 5% from a net inflow of new assets from clients.

Despite difficult market circumstances and an increasingly competitive market we continue to attract new private clients while retaining existing client relationships. The total assets under management for the continuing Private Banking operations grew from €3,988 million as at 31 December 2006 to €4,173 million as at 31 December 2007.

### **Main developments**

Our Domestic Private Banking activities in The Netherlands showed a stable operating profit compared to 2006. In the second half of the year our conservative investment performance performed well in a difficult investment market, achieving investment results consistent with clients' risk profiles. The unit achieved a significant net inflow of assets under management during the year despite difficult markets, suggesting a good basis for the future development.



As part of our range of alternative investment offerings, the unit helped to construct and launched a series of specialised products for clients. It also placed selected real estate partnerships (CVs) with clients and prospects, ensuring that a portion of the clients' portfolios are invested in asset classes with a low correlation to the equity markets.

During the year participants in previous real estate partnerships exited, realising good investment returns. The dedicated, focused and professional approach of the units in servicing their clients is attracting an increasing number of clients.

Our UK-based International Private Banking unit also grew assets under management, both from new inflow of assets from clients as well as investment performance, much of which is US dollar based.

Our private banking activities in the Italian branch continue to show growth and good inflows of new money under management with increasing income. The unit continues to grow the business to get to the desired scale and we are looking to accelerate this through a local partnership.

Our Luxembourg unit was sold during the year.

We continue to strive to improve the service we offer our clients and to ensure that it remains independent and transparent.

## **Asset Management**

### **Operating income**

Operating income amounted to €27.3 million for 2007, compared to €29.9 million for 2006. Lower performance fees accounted for the decrease, which was largely offset by an increase in management fees. The past year saw a net inflow of new assets under management of €79 million (4%) reflecting the continued success of our range of funds and programme products.

Our newly established collaboration with US-based convertible manager Advent raised in excess of €100 million in net new assets (not reflected in our AUM). The total assets under management amounted to €1,928 million as at 31 December 2007 compared to €2,059 million as at 31 December 2006, €122 million of the €131 million decrease was due to the sale of our UK unit trust activities.

The majority of our range of multi-manager and alternative products fared well in relative terms in a challenging investment environment. Our flagship global multi-manager equity fund outperformed the global index for the third year in a row. Successful hedging strategies also enabled our European Real Estate Fund to outperform its benchmark and peer group substantially.

**Main developments**

The Asset Management division had another good year with inflows of assets in excess of the regular outflows in some of the products. As expected, money flows followed investment performance within our specialty fund range. Our European Real Estate Fund attracted substantial new inflows reflecting its superior performance. Our South African fund range also attracted substantial net new assets. Market conditions in our Dutch wholesale business were more muted with outflows slightly exceeding inflows.

Developing innovative investment products to meet shifts in market demand is a key part of our business model. We have a strong pipeline of new products launching in 2008, including a multi manager SRI (socially responsible investment) and an extended range of income products.

We continue to emphasise the development of our speciality skills as a means of widening our product offering to our institutional clients. The acquisition of a top quantitative team, specialising in market neutral equity strategies, in London late in 2007 will strengthen our capabilities here.

**Development in support areas**

Implementing the requirements under the Markets in Financial Instruments Directive (MiFID) and Basel II were important projects during the year that were successfully concluded.

An increased marketing spending and more temporary staff increased our administrative expenses this year. The cost of outsourcing of our back office processes and IT systems to Ordina BPO is included in other operating expenses. Ordina is currently phasing in replacement of back-office systems in Amsterdam. On completion this project will have a significant impact on the operations and IT departments in Amsterdam. Our new operating environment will then substantially be on a 'straight-through' basis, further reducing operational risk.

**Discontinued operations**

As a result of our strategic decision to sell our UK stock broking, corporate finance, fixed income and derivatives broking, these activities are reported as discontinued operations.

**Dividends and earnings per share**

Basic earnings from continued operations for 2007 were €0.812 per share. On a fully diluted basis earnings from continued operations were €0.727 per share. The board proposes to declare a dividend of €0.22 per ordinary share (2006: € 0.22).

**Outlook**

Our priority now is to create a tight-knit, integrated business from the diverse units which make up the bank: to build on the increased financial stability that our new structure affords;



to pay close attention to costs and take advantage of our lower risk profile. This will provide a supportive framework for growing our business in the coming years. A priority remains to increase our distribution capacity.

Top talent remains a cornerstone. We have improved our ability to continue to attract and retain top quality people. Getting the working environment right is an important ingredient and we work very hard at that. We promote an open, entrepreneurial culture where people are encouraged to speak out and are able to develop and use their talents to the full.

Insinger de Beaufort people participate in their business, both in terms of what they do and financially. The fact that management and staff are significant shareholders remains an important differentiating factor for the bank.

Client maintenance is as significant as asset gathering in building the long-term value for the business. Each client is unique, with distinct requirements for service, expertise and sophistication, but what they all have in common is the desire to work with partners they know and trust to continue to add value over the long-term.

Insinger de Beaufort today is more transparent, more financially stable, more focused and closer to its clients than ever before. We are well placed for sustained future growth.

**Consolidated financials**

	<b>2007</b>	<b>2006</b>
Results in Euro		
Operating income (million) – continuing operations	68.1	69.0
Operating profit (million) – continuing operations	11.9	14.4
Profit after tax (million) – continuing operations	10.5	9.6
Net result for the year (million)	(14.5)	7.4
Per ordinary share		
Earnings per share from continued operations (in cents) (fully diluted)	72.7	65.5
Proposed dividend	0.22	0.22
Net asset value	3.05	4.38
Balance sheet		
Shareholders' equity (million)	40.1	56.4
Number of ordinary shares of € 2.00 each in issue (million) (less shares held in treasury)	13.2	12.9
Number of ordinary shares held in treasury (million)	0.4	0.5
Number of warrants 2008 in issue (million) (less warrants held in treasury)	0.3	0.3
Other information		
Assets under management (excluding fiduciary assets) (billion)	6.1	6.3
Institutional assets under investment advisory (billion)	1.2	0.9
Total assets under management and advisory	7.3	7.2
Number of staff employed (FTE's)	223	235

The full consolidated balance sheet, profit and loss account as per 31 December 2007, segmental information, movements in capital resources and the statement of cash flows for the year ended 31 December 2007 are attached as appendices.

The Financial Statements, director's report and report of the auditor are available on the Company's website [www.insinger.com](http://www.insinger.com) and on the website of the Luxembourg Stock Exchange [www.bourse.lu](http://www.bourse.lu)

*About Insinger de Beaufort*

Insinger de Beaufort is an Anglo Dutch banking group with origins dating back to 1779. The Group operates through the main business lines Asset Management and Private Banking. Besides the main offices in Amsterdam and London, Insinger de Beaufort also has offices in Eindhoven, The Hague, Rome and Cape Town.

Insinger de Beaufort, as an independent group, offers its private clients a broad range of private banking products and services. The offering to institutional clients includes asset management, asset consulting as well as Alternative Investment products.

The Group operates through Bank Insinger de Beaufort N.V. and its subsidiaries. Insinger de Beaufort Holdings S.A., the ultimate parent company, is listed on the Luxembourg Stock Exchange.

*[www.insinger.com](http://www.insinger.com)*

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**Not for publication:**

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**APPENDIX**

**INSINGER DE BEAUFORT HOLDINGS SA**

**CONDENSED CONSOLIDATED FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2007**





## CONDENSED CONSOLIDATED FINANCIAL REPORT

### Appendix 1 Group Balance Sheet

as at 31 December	2007	2006
	000's	000's
<b>Assets</b>		
Cash and balances with central banks	8,198	2,928
Treasury bills	67,405	57,634
Loans and advances to credit institutions	146,592	146,883
Trading securities	170	815
Derivative financial instruments	299	122
Investment securities:		
- available-for-sale	25,903	24,227
- held-to-maturity	39,937	94
Loans and advances to customers	132,773	124,786
Tangible fixed assets	1,690	6,549
Intangible assets	11,892	23,340
Investments in Associates	351	303
Deferred tax assets	6,936	9,473
Current income tax receivable	130	103
Other assets	15,053	40,146
Discontinued operations held for sale	2,146	-
<b>Total assets</b>	<b>459,475</b>	<b>437,403</b>
<b>Liabilities</b>		
Amounts owed to credit institutions	18,844	865
Amounts owed to customers	364,294	323,090
Loan notes and other long term debt	309	7,690
Loan notes short term	7,329	-
Other liabilities	25,458	46,007
Current income tax liabilities	3,018	3,205
<b>Total liabilities</b>	<b>419,252</b>	<b>380,857</b>
<b>Capital resources</b>		
Shareholders' equity	37,989	54,366
Shareholders' compulsory convertible loan note	2,063	2,063
Minority interest	171	117
	<b>40,223</b>	<b>56,546</b>
<b>Total equity and liabilities</b>	<b>459,475</b>	<b>437,403</b>
Off-Balance sheet items: contingent assets	11,464	11,464
Off-Balance sheet items: contingent liabilities	3,270	6,332



## CONDENSED CONSOLIDATED FINANCIAL REPORT

### Appendix 2 Group profit and loss account

	2007 000's	2006 000's
Interest income	19,027	14,503
Interest expense	(14,812)	(10,748)
<b>Net interest income</b>	<b>4,215</b>	<b>3,755</b>
Fee and commission income	69,812	72,031
Fee and commission expense	(16,872)	(15,577)
<b>Net fee and commission income</b>	<b>52,940</b>	<b>56,454</b>
Other operating income	10,977	8,741
<b>Operating income</b>	<b>68,132</b>	<b>68,950</b>
Personnel costs	(30,167)	(30,807)
Redundancy expense	(676)	(407)
Amortisation of intangible assets	(189)	-
Depreciation	(502)	(1,024)
Other operating expenses	(24,706)	(22,276)
<b>Operating profit</b>	<b>11,892</b>	<b>14,436</b>
Income on sale of subsidiaries	504	-
Share of profits from associates	4	3
<b>Profit before taxation</b>	<b>12,400</b>	<b>14,439</b>
Taxation	(1,871)	(4,837)
<b>Profit for the year from continuing operations</b>	<b>10,529</b>	<b>9,602</b>
<b>Loss for the year from discontinued operations</b>	<b>(25,004)</b>	<b>(2,218)</b>
<b>Net profit /(loss) for the year</b>	<b>(14,475)</b>	<b>7,384</b>
<b>Attributable to:</b>		
Group shareholders	(14,564)	7,293
Minority interest	89	91
<b>Net profit/(loss) for the year</b>	<b>(14,475)</b>	<b>7,384</b>
<b>EARNINGS PER SHARE</b>		
Basic earnings per share – continuing operations	81.2	73.9
Diluted earnings per share – continuing operations	72.7	65.5
Dividend per share (in cents) <sup>1</sup>	22.0	22.0

<sup>1</sup> Dividend per share is based on the proposed dividend distribution. The proposed dividend distribution is not accounted for in the financial statements.



## CONDENSED CONSOLIDATED FINANCIAL REPORT

### Appendix 3 Segmental information

	<b>2007</b>	<b>2006</b>
	<u>€ 000's</u>	<u>€ 000's</u>
<b>Segmentation of operating income</b>		
Private Banking	35,731	35,825
Asset Management	27,297	29,925
Ops & Support	(672)	(449)
Group	3,692	2,057
Other	2,084	1,592
Continued operations	68,132	68,950
Discontinued operations	22,477	20,147
	<b><u>90,609</u></b>	<b><u>89,097</u></b>
<b>Segmentation of profit before tax</b>		
Private Banking	8,281	7,796
Asset Management	11,877	15,119
Ops & Support	(4,668)	(2,837)
Group	(1,499)	(4,343)
Other	(1,591)	(1,296)
Continued operations	12,400	14,439
Discontinued operations	(24,558)	(3,507)
	<b><u>(12,158)</u></b>	<b><u>10,932</u></b>



## CONDENSED CONSOLIDATED FINANCIAL REPORT

## Appendix 4 Movements in shareholders' equity

	<b>2007</b>	<b>2006</b>
	€ 000's	€ 000's
Balance at 1 January	56,546	53,066
Dividend	(2,879)	(2,355)
Net gains from changes in fair value, net of tax	225	83
Employee share option plan:		
-equity settled share based payment plan, net of tax	481	456
-proceeds from options exercised	1,114	1,577
- cash settled share based payment plan	(813)	-
Translation adjustments and other movements, net of tax	(564)	(53)
Sale / (Purchases) of treasury shares	588	(3,612)
Net result	(14,475)	7,384
Balance at 31 December	<b>40,223</b>	<b>56,546</b>



## CONDENSED CONSOLIDATED FINANCIAL REPORT

### Appendix 5 Statement of cash flows

	<b>2007</b> € 000's	<b>2006</b> € 000's
<b>Cash flows from operating activities</b>		
Net result	(14,475)	7,384
Adjustment for:		
Result discontinued operations	25,004	2,218
Taxation	1,871	4,837
Depreciation of tangible fixed assets	502	1,024
Amortisation of intangible assets	189	-
Income from associates	(4)	(3)
Share-based compensation (IFRS 2)	481	456
Profit on sale of Insinger de Beaufort (Luxembourg) SA	(504)	-
<i>Net cash inflow from operating activities before changes in operating assets and liabilities</i>	<u>13,064</u>	<u>15,916</u>
<b>Decrease/(increase) in operating assets:</b>		
Loans and advances to credit institutions	(12,394)	(14,299)
Loans and advances to customers	(7,987)	(5,525)
Purchase of trading securities	(338)	(116)
Other assets	6,326	(4,730)
<b>(Decrease)/Increase in operating liabilities:</b>		
Amounts owed to credit institutions	17,660	(8,822)
Amounts owed to customers	42,057	22,020
Other liabilities	1,638	10,609
<i>Net cash inflow/(outflow) from operating activities before payment of taxation</i>	<u>60,026</u>	<u>15,053</u>
Taxation received	<u>(7)</u>	<u>692</u>
<i>Net cash inflow/(outflow) from operating activities after payment of taxation</i>	<u>60,019</u>	<u>15,745</u>



	2007 € 000's	2006 € 000's
<b>Cash flows from investing activities</b>		
Acquisitions of subsidiaries, net of cash acquired	(2,000)	-
Purchase of investment securities	(326,419)	(45,706)
Proceeds from sale and redemption of investment securities	285,000	51,982
Proceeds from sale of 25% shareholding in UTB Partners Ltd	-	3,588
Purchase of associates	(43)	-
Purchase of treasury bills	(141,710)	(158,738)
Proceeds from sale and redemption of treasury bills	131,939	137,000
Sale/(Purchase) of fixed assets	(282)	1,039
Sale of subsidiary Insinger de Beaufort (Luxembourg) SA	1,201	-
<i>Net cash inflow / (outflow) from investing activities</i>	<u>(52,314)</u>	<u>(14,423)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(2,879)	(2,355)
Option exercise	300	1,577
Treasury shares	588	(3,612)
Accrued interest on loan notes	(52)	-
<i>Net cash (outflow) from financing activities</i>	<u>(2,043)</u>	<u>(4,390)</u>
Net increase / (decrease) in cash and cash equivalents	5,662	(3,068)
Cash and cash equivalents at beginning of year	2,928	6,445
Net increase(decrease) in cash and cash equivalents	5,662	(3,068)
Exchange differences	(392)	(449)
Cash and cash equivalents at end of year	<u>8,198</u>	<u>2,928</u>
* Cash flows from operating activities include:		
Interest received	17,412	13,977
Interest paid	(14,812)	(11,114)
Dividends received	-	-