

**PRESS RELEASE**

31 August 2006

## **Insinger de Beaufort shows continued growth**

### **Continued focus pays-off especially in private banking and asset management**

**Insinger de Beaufort Holdings SA ("Insinger de Beaufort") is pleased to report continued growth for the six month period ended 30 June 2006. Net profit increased to €5.9 million for the first half year compared to €2.2 million for the first half of 2005. Chief Executive Officer Ian Kantor said: 'In the first half of 2006 we have been able to sustain growth in our operating profit. The group's operations again reflected a considerable improvement compared to the first half year of 2005. In particular Private Banking and Asset Management increased their income and operating margin with higher transaction volumes and above average investment performance related fees.'**

#### **Asset Management and Private Banking contribute to growth**

Gross income for the period grew to €46.6 million, a growth of 21% compared to the first half of 2005. Adjusted for the impact of the acquisition of Monument Securities Ltd and the sale of our Jersey operations in 2005 the growth was 26%. Asset Management and Private Banking continued to show an increase in gross income and inflow of new assets. The first quarter in particular showed above average performance and transaction fees. The assets under management as at 30 June 2006 amounted to €5.9 billion (31 December 2005: €5.3 billion).

Gross income from Institutional and Corporate Clients increased due to the acquisition of Monument Securities Ltd at the start of the year, which partly offset lower trading levels in the bond markets and lower placing fees earned by Corporate Finance. Ian Kantor said: 'The volume in services to Institutional and Corporate Clients has been satisfactory in the first half of the year with the exception of low volumes in the bond market and lower placing fees in Corporate Finance. The Institutional and Corporate Clients operational result was influenced by a lower number of completed introductions to the AIM market. The work in progress on transactions that are expected to complete in the second half suggests that the performance of Corporate Finance should improve. The fixed income broking unit has made a lower contribution than expected caused by rising global interest rates leading to weaker international bond markets and lower customer demand.'

#### **Developments**

New initiatives in the area of credit, structured investment products, fiduciary consulting to pension funds and the introduction of private banking services in the London market are all encouraging strategic developments which will further diversify the group's product and revenue mix. Kantor said: 'As a significant part of our income remains dependent upon investment market activity, it is difficult to predict the performance of the business for the second half of 2006. Our operating margin is improving but still allows room for additional benefits of scale. The business is working hard to implement improvements to our common operating platform in order to achieve this. We remain optimistic about the ongoing and consistent creation of value for our stakeholders.'

#### **Shares and outstanding warrants**

Shareholders' equity increased from €53.0 million to €54.5 million. The net increase is due to the offset of net profit for the period by the payment of dividend, as well as the net impact of options exercised. The group continues to maintain a highly liquid balance sheet with the greater part of the assets invested in cash or near cash and with most loan assets being collateralised by liquid securities. The Insinger de Beaufort 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 may be used inter alia, to underpin the outstanding employee share options and compulsory convertible loan notes.

#### **Earnings per share**

The fully diluted earnings per share amounted to 40.9 euro cents per share for the half year ended 30 June 2006 and was adversely affected by a considerable higher effective tax rate on the profits earned.

**CONSOLIDATED FINANCIALS (unaudited)**

Result in Euro	Half year ended 30 June 2006	Half year ended 30 June 2005	Half year ended 31 December 2005
Gross income (million)	46.6	38.6	43.2
Operating profit before restructuring cost and provisions (million)	7.9	3.8	6.6
Operating profit (million)	7.8	2.5	1.4
Profit before tax (million)	7.8	2.7	6.2
Net profit (million)	5.9	2.2	6.8
<b>Per ordinary share</b>			
Earnings per share (in cents) (fully diluted)	40.9	15.7	49.9
Proposed dividends (in cents)	-	-	0.18
Net asset value	4.23	3.83	4.12
<b>Balance sheet</b>			
Shareholders' equity (million)	54.5	48.8	53.0
Number of ordinary shares of €2.00 each in issue (million) (less shares held in treasury)	12.9	12.8	12.9
Number of ordinary shares held in treasury (million)	0.5	0.6	0.5
Number of warrants 2008 in issue (million) (less warrants held in treasury)	0.3	0.3	0.3
<b>Other information</b>			
Assets under management (excluding fiduciary assets) (billion)	5.9	5.4	5.3
Number of staff employed (FTE's)	371	437	340

**About Insinger de Beaufort**

*Insinger de Beaufort is an Anglo Dutch banking group with origins dating back to 1779. The group operates through three main business lines, focussing on Asset Management, Institutional & Corporate products and services and Private Banking. Besides the main offices in Amsterdam and London, Insinger de Beaufort also has offices in Eindhoven, The Hague, Luxembourg, Rome and Cape Town.*

*Insinger de Beaufort, as an independent group, offers its private clients a broad range of products and services, from integrated private banking, private equity and stockbroking to a full range of manager selection funds. The offering to institutional clients varies from asset management, equity and bond broking and research to mid market corporate finance services.*

*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)

**Not for publication:**

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**Supplements:** Appendix – Condensed consolidated interim financial report

APPENDIX

Insinger de Beaufort Holdings SA

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2006  
(UNAUDITED)

## CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

### GROUP PROFIT AND LOSS ACCOUNT for the period ended 30 June 2006

	Unaudited First half year 2006	Unaudited First half year 2005	Unaudited Second half year 2005	Full Year 2005
	€000's	€000's	€000's	€000's
Interest income	7,518	6,106	6,051	12,157
Interest expense	(4,848)	(3,190)	(3,531)	(6,721)
<b>Net interest income</b>	<b>2,670</b>	<b>2,916</b>	<b>2,520</b>	<b>5,436</b>
Fee and commission income	55,076	43,930	48,031	91,961
Fee and commission expense	(16,165)	(13,956)	(15,218)	(29,174)
<b>Net fee and commission income</b>	<b>38,911</b>	<b>29,974</b>	<b>32,813</b>	<b>62,787</b>
Net trading income	(36)	597	1,200	1,797
Gains less losses from investment securities	-	-	246	246
Other operating income	5,067	5,147	6,450	11,597
<b>Gross income</b>	<b>46,612</b>	<b>38,634</b>	<b>43,229</b>	<b>81,863</b>
Personnel costs	(22,004)	(19,820)	(20,794)	(40,614)
Redundancy expense	(126)	(531)	(94)	(625)
Provisions	-	(814)	(5,076)	(5,890)
Depreciation	(803)	(1,573)	(2,149)	(3,722)
Other operating expenses	(15,857)	(13,437)	(13,707)	(27,144)
<b>Operating profit</b>	<b>7,822</b>	<b>2,459</b>	<b>1,409</b>	<b>3,868</b>
Income on sale of subsidiaries	-	-	4,220	4,220
Share of profits from associates	-	199	540	739
<b>Profit before taxation</b>	<b>7,822</b>	<b>2,658</b>	<b>6,169</b>	<b>8,827</b>
Taxation	(1,877)	(413)	663	250
<b>Net profit for the period</b>	<b>5,945</b>	<b>2,245</b>	<b>6,832</b>	<b>9,077</b>
<b>Attributable to:</b>				
Group shareholders	5,948	2,245	6,829	9,074
Minority interest	(3)	3	-	3
<b>Net profit for the period</b>	<b>5,945</b>	<b>2,248</b>	<b>6,829</b>	<b>9,077</b>

### EARNINGS PER SHARE

Basic earnings per share	46.2	17.4	54.0	71.1
Diluted earnings per share	40.9	15.7	49.9	65.7

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

GROUP BALANCE SHEET  
as at 30 June 2006

	Unaudited 30 June 2006 €000's	31 Dec 2005 €000's
<b>Assets</b>		
Cash and balances with central banks	14,846	6,445
Treasury bills	62,522	35,896
Loans and advances to credit institutions	151,985	148,671
Trading securities	4,958	882
Derivative financial instruments	101	38
Investment securities:		
- available for sale	23,526	18,306
- held-to-maturity	5,070	7,127
Loans and advances to customers	115,839	119,262
Investments in Associates	291	3,917
Intangible fixed assets	23,135	16,090
Tangible fixed assets	6,663	6,627
Investment property	-	1,458
Deferred tax assets	11,185	11,858
Current income tax receivable	115	-
Other assets	31,931	31,064
<b>Total assets</b>	<b>452,167</b>	<b>407,641</b>
<b>Liabilities</b>		
Amounts owed to credit institutions	44,638	9,700
Amounts owed to customers	299,451	301,071
Loan notes and other long term debt	7,716	7,737
Provisions	1,873	1,986
Other liabilities	40,609	31,450
Current income tax liabilities	3,324	2,631
<b>Total liabilities</b>	<b>397,611</b>	<b>354,574</b>
<b>Capital resources</b>		
Shareholders' equity	52,414	50,942
Shareholders' compulsory convertible loan note	2,084	2,063
Minority interests	58	61
	<b>54,556</b>	<b>53,066</b>
<b>Total equity and liabilities</b>	<b>452,167</b>	<b>407,641</b>
Off-Balance sheet items: contingent assets	11,464	11,464
Off-Balance sheet items: contingent liabilities	6,689	9,432

## CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

### GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2006 (unaudited)

	Attributable to shareholders					Total
	Share Capital	Share premium	Other reserves	Compulsory convertible loan note	Minority interest	
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Balance at 1 January 2006	25,750	(5,275)	30,467	2,063	61	53,066
Dividend			(2,324)			(2,324)
Net gains from changes in fair value, net of tax			14			14
Employee share option plan: -equity settled share based payment plan, net of tax		164				164
-proceeds from options exercised	530	722				1,252
Release of capitalised interest, net of tax				21		21
Translation adjustments and other movements, net of tax			(386)			(386)
Movement in minority interests, net of tax						-
(Purchases) /sales of treasury shares	(523)	(2,673)				(3,196)
Net profit			5,948		(3)	5,945
Balance at 30 June 2006	25,757	(7,062)	33,719	2,084	58	54,556

## CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

### GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2005 (unaudited)

	Attributable to shareholders					Total
	Share Capital	Share premium	Other reserves	Compulsory convertible loan note	Minority interest	
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	
Balance at 1 January 2005	25,825	(1,470)	23,629	1,224	97	49,305
Dividend			(1,571)			(1,571)
Issue of compulsory convertible loan note 2013				804		804
Net losses from changes in fair value, net of tax			(172)			(172)
Net (gains)/losses transferred to net profit on disposal and impairment, net of tax			(26)			(26)
Employee share option plan: -equity settled share based payment plan, net of tax		155				155
Release of capitalised interest, net of tax				24		24
Translation adjustments and other movements, net of tax			(413)			(413)
Movement in minority interests, net of tax					(7)	(7)
Purchases/sales of treasury shares	(314)	(1,151)				(1,465)
Net profit			2,248		3	2,251
Balance at 30 June 2005	25,511	(2,466)	23,695	2,052	93	48,885

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**
**GROUP STATEMENT OF CASH FLOWS**  
for the period ended 30 June 2006

	unaudited First half year 2006 €000's	unaudited First half year 2005 €000's	unaudited Second half year 2005 €000's	Full year 2005 €000's
<b>Cash flows from operating activities</b>				
Net profit	5,948	2,248	6,829	9,077
Adjustment for:				
Taxation	1,877	413	(663)	(250)
Loss attributable to minority interest	(3)	(3)	-	(3)
Depreciation of tangible fixed assets	803	1,573	2,149	3,722
Income from associates	-	(199)	(540)	(739)
Provisions	(98)	-	5,890	5,890
Share-based compensation (IFRS 2)	164	155	216	371
Profit on sale of operations in Jersey and Switzerland			(4,220)	(4,220)
	<u>8,691</u>	<u>4,187</u>	<u>9,661</u>	<u>13,848</u>
<b>Decrease/(increase) in operating assets:</b>				
Loans and advances to credit institutions	(3,315)	14,514	(47,397)	(32,883)
Loans and advances to customers	3,423	(42,871)	(10,607)	(53,478)
Purchase of trading securities	(4,139)	(6,620)	5,700	(920)
Other assets	1,326	(5,086)	2,325	(2,761)
<b>(Decrease)/Increase in operating liabilities:</b>				
Amounts owed to credit institutions	34,938	3,459	4,275	7,734
Amounts owed to customers	(1,620)	12,465	45,066	57,531
Other liabilities	718	407	(7,169)	(6,762)
<i>Net cash inflow / (outflow) from operating activities before payment of taxation</i>	<u>40,022</u>	<u>(19,545)</u>	<u>1,854</u>	<u>(17,691)</u>
Taxation received	626	258	35	293
<i>Net cash inflow / (outflow) from operating activities after payment of taxation</i>	<u>40,648</u>	<u>(19,287)</u>	<u>1,889</u>	<u>(17,398)</u>



**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

GROUP STATEMENT OF CASH FLOWS  
for the period ended 30 June 2006 (continued)

**Cash flows from investing activities**

Acquisition of subsidiaries, net of cash acquired	(7,395)	-	-	-
Purchase of investment securities	(322)	(9)	(9)	(18)
Proceeds from sale and redemption of investment securities	2,177	10,249	2,267	12,516
Proceeds from sale of 25% shareholding in UTB Partners Ltd	3,588			
Purchase of treasury bills	(78,626)	(31,100)	(50,626)	(81,726)
Proceeds from sale and redemption of treasury bills	52,000	41,000	45,631	86,631
Sale/(Purchase) of fixed assets	672	(2,151)	(615)	(2,766)
Sale of subsidiaries in Jersey and Switzerland	-	-	7,391	7,391
<i>Net cash inflow / (outflow) from investing activities</i>	<i>(27,906)</i>	<i>17,989</i>	<i>4,039</i>	<i>22,028</i>

**Cash flows from financing activities**

Movement in minority interests	-	(1)	(32)	(33)
Dividends paid	(2,324)	(1,571)	-	(1,571)
Option exercise	1,252		3,153	3,153
Treasury shares	(3,196)	(1,464)	(5,940)	(7,404)
Issue of compulsory convertible loan note	-	996	-	996
Repayment of loans	-	-	(1,600)	(1,600)
<i>Net cash (outflow) from financing activities</i>	<i>(4,268)</i>	<i>(2,040)</i>	<i>(4,419)</i>	<i>(6,459)</i>

Net increase / (decrease) in cash and cash equivalents	8,474	(3,338)	1,509	(1,829)
Cash and cash equivalents at beginning of year	6,445	9,430	5,366	9,430
Net increase / (decrease) in cash and cash equivalents	8,474	(3,338)	1,509	(1,829)
Exchange differences	(73)	(726)	(430)	(1,156)
Cash and cash equivalents at end of year	14,846	5,366	6,445	6,445

\* Cash flows from operating activities include:

Interest received	6,711	6,106	4,346	10,452
Interest paid	(4,848)	(3,190)	(3,531)	(6,721)
Dividends received	-	-	-	-

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**
**SEGMENTAL INFORMATION**

	unaudited First half year 2006 € 000's	unaudited First half year 2005 € 000's	unaudited Second half year 2005 € 000's	Full year 2005 € 000's
<b>Segmentation of gross income</b>				
Private Banking	19,490	16,160	17,845	34,005
Asset Management	15,863	13,190	14,229	27,419
Institutional Clients	10,234	8,447	8,773	17,220
Ops & Support	(76)	(82)	86	4
Group	1,101	919	2,296	3,215
	<u>46,612</u>	<u>38,634</u>	<u>43,229</u>	<u>81,863</u>
<b>Segmentation of operating result (**)</b>				
Private Banking	3,549	1,864	1,661	3,525
Asset Management	7,981	4,298	5,991	10,289
Institutional Clients	(1,213)	89	19	108
Ops & Support	(1,190)	(1,461)	(1,868)	(3,329)
Group	(1,179)	(986)	776	(210)
	<u>7,948</u>	<u>3,804</u>	<u>6,579</u>	<u>10,383</u>
<b>Segmentation of profit before tax (***)</b>				
Private Banking	3,546	1,379	1,507	2,886
Asset Management	7,981	4,299	5,990	10,289
Institutional Clients	(1,316)	89	19	108
Ops & Support	(1,210)	(2,322)	(2,983)	(5,305)
Group	(1,179)	(787)	(2,584)	(3,371)
	<u>7,822</u>	<u>2,658</u>	<u>1,949</u>	<u>4,607</u>

\*\* Operating profit before redundancy and provisions

\*\*\* Before income on sale of subsidiaries

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND  
OTHER EXPLANATORY NOTES**

for the period ended 30 June 2006

**General**

Insinger de Beaufort Holdings S.A. was incorporated on 30 November 1994 as a '1929' Holding Company' in the Grand Duchy of Luxembourg, and was listed on the Luxembourg Stock Exchange on 30 September 1997.

Together with its subsidiaries, Insinger de Beaufort Holdings S.A. ("the Group") operates in the fields of private banking, asset management, securities trading and corporate advisory.

The activities of the Group are not significantly impacted by seasonal influences.

The information in this condensed interim financial report is unaudited.

**Accounting Policies**

These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The consolidated condensed interim financial report has been prepared in accordance with consolidation and accounting policies consistent with the consolidated financial statements as of December 31, 2005. As disclosed in Note 2 of Insinger de Beaufort Holdings S.A.'s consolidated financial statements for the year ended December 31, 2005, on January 1, 2006, several new IFRS pronouncements became effective. In addition to these IFRS pronouncements, IFRIC 10 - Interim Financial Reporting and Impairment was published in July 2006 (to be applied on or after November 1, 2006). Management determined that none of the new pronouncements have a material impact on Insinger de Beaufort Holdings S.A.'s accounting principles.

**Financial position**

On 24 March 2006 the subordinated loan of GBP 2.5 million was repaid by UTB Partners Limited. On 24 April 2006 the Group sold its share of the 25% shareholding in UTB Partners Limited for a consideration of GBP 2.5 million. This transaction has no effect on the result for the period.

On 29 June 2006 the Group sold its investment property in the Netherlands. The result realized on this sale amounts to EUR 0.2 million.

Equity increased EUR 1.5 million to EUR 54.5 million mainly because of net profit for the first half year of 2006 offset by the dividend paid of EUR 2.3 million. In the first half-year of 2006 264.901 options were exercised for which the shares were issued from shares held in treasury.

**Accounting estimates**

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated. No significant changes have occurred compared to 2005, except for the estimated consideration attributable to the acquisition of Monuments Securities Ltd (see business combinations and disposals).

## Business combinations and disposals

### Acquisition of Monument Securities Ltd

On 4 January 2006 the Group acquired 100% of Monument Securities Ltd. The acquired company contributed a net profit of EUR 362,000 to the Group for the period from 4 January to 30 June 2006.

#### *Fair value*

At the acquisition date the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities at their fair values at that date. No material revaluations were made to come to the fair values. The marketing, customers, artistic, contract and technology related intangible assets have been measured and no value was attributed to these intangible assets in light of this acquisition. The difference between the purchase consideration and the fair values is recognised as goodwill. The goodwill is attributable to the anticipated future synergies that are expected to be created by the combined businesses.

The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

	€
Tangible fixed assets	53,607
Investment securities	250,527
Other assets	7,169,720
Cash	11,922,732
Other liabilities	(1,723,384)
Goodwill	7,110,961
Purchase consideration	<u>24,784,163</u>
Cash paid	19,317,321
Loan notes issued	5,466,842
Cost of acquisition	<u>24,784,163</u>
Less: Cash and cash equivalents in subsidiary acquired	(11,922,732)
Loan notes issued	(5,466,842)
Cash outflow on acquisition	<u>7,394,589</u>

#### *Loan notes*

Loan notes were issued to the sellers for EUR 5,466,842 (GBP 3,760,120). The loan notes were issued in two series. EUR 4,361,703 (GBP 3,000,000) are redeemable on the anniversary of year 1, 2 and 3 of the date of acquisition. Half of the value of the amount to be redeemed is conditional upon future performance of the business acquired. EUR 1,105,139 (GBP 760,120) are redeemable on or after the first anniversary of acquisition on 30 days written notice by the noteholder, and must be redeemed on or before the fifth anniversary of the date of acquisition. Interest is payable at Barclays Bank base rate.

#### *Deferred consideration*

Conditional upon certain revenue levels being achieved during the three-year period after the date of acquisition, further loan notes will be issued to the sellers. As the issuance and the amount of these loan notes is highly uncertain the Group has not accrued for this as an actual liability in the balance sheet. There is no maximum amount on such loan notes potentially to be issued.