

**INSINGER DE BEAUFORT
HOLDINGS S.A.**
ANNUAL REPORT 2006
31 DECEMBER 2006

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DIRECTORS AND PROFESSIONAL ADVISORS

INSINGER DE BEAUFORT HOLDINGS S.A.

Board of Directors

Kardol, Bas Chairman

Kantor, Ian Chief Executive Officer

Sieradzki, Peter chief Operating Officer

Mooij, Rob chief Financial Officer, appointed 22 May 2006

Georgola, Steven (Non-Executive)

Ernzer, Marcel (Non-Executive), appointed 22 May 2006

Legal advisors Luxembourg

Elvinger, Hoss and Prussen

Maitland & Co

Registered office and number

Insinger de Beaufort Holdings S.A.

66 Avenue Victor Hugo

L-1750 Luxembourg

R.C.S. Luxembourg B49429

SENIOR EXECUTIVES

MANAGEMENT BOARD

Kantor, Ian (CEO)
Human, Kobus (Asset Management)
Mooij, Rob (CFO)
Peijster, Frans (Private Banking)
Sieradzki, Peter (COO)
White, Piers (United Kingdom)

Group

Finance, Operations and Support

Baltus, Marc

Secretary

Staring, Mike

Marketing and Communications

Bongers, Han
Brandsma, Oedo

United Kingdom

Finance, Operations and Support

Howard, David
Tokley, Jacqui

PRIVATE BANKING

Europe

Beaufort, Rijnhard de
Beffort, Claude
Boot, Jeroen
Donotano, Vito
Kreder, Robert
Kun, Eduard van der
Reijns, Loek
Schepen, Arjen
Snijders, Jeroen
Tilman, Frans
Vink, Jan de
Vismans, Herman
Wijburg, Nico

United Kingdom

Bayer, Elissa
Behrens, Debbie
Berkowitz, Trevor
Marlow, Edward
Martin, Frank
Mun-Gavin, David
Olstead, Simon
Schewitz, Kelvan
Simon, John

INSTITUTIONAL AND CORPORATE PRODUCTS AND SERVICES

United Kingdom

Bond Broking

Blackwell, Andrew
Bruell, Nick
Jordan, Phil
Matthews, Dean
Reynolds, Mark
Syriopolous, Dionissis

Equity and Derivatives Broking

Ash, Andy
Burton, Martin
Coate, Clive
Dunnoos, Elie
Glassock, Jonathan
Green, Robert
Peskin, Andrew
Shaw, Elliott
Stiasny, Collin

Corporate Finance/Broking

Allen, Jasper
Caldwell, Christopher
Sahgal, Nandita
Ward, Peter

Europe

Equity Trading

Leur, Patrick van
Monnik, Frank
Scheper, Harry

ASSET MANAGEMENT

Europe and South Africa

Dugmore, Ina
Ester, Guy
Fitzgerald, Peter
Martens, Eelco
Williams, David
Yeo, Peter

Treasury and Credit

Speld, Alexander van der
Witjes, Sjarrel

SALIENT FEATURES

INSINGER DE BEAUFORT HOLDINGS S.A.

CONSOLIDATED

	2006	2005	Change
	€ 000's	€ 000's	%
Results			
Operating income (million)	89.1	81.9	9
Operating profit (million)	10.9	3.9	180
Profit before tax (million)	10.9	8.8	24
Net profit (million)	7.4	9.1	(19)
Per ordinary share			
Diluted Earnings (cents)	50.2	65.7	(24)
Dividends (cents)	22.0	18.0	22
Dividend cover	2.1	2.2	(4)
Balance sheet			
Total assets (million)	437.4	407.6	7
Shareholders' equity (million)	56.4	53.0	7
Number of ordinary shares of € 2.00 each in issue (million)	12.9	12.9	0
Other			
Assets under management (excluding fiduciary assets) (billion)	6.3	5.3	19
Number of staff employed at year-end	374	340	10

CHAIRMAN'S REPORT

Developments

In the year 2006 the Group showed good growth. The continued focus on the core financial services businesses Private Banking, Asset Management and Institutional & Corporate products and services remains successful. The results of the Institutional & Corporate products and services unit were negatively influenced by unfavourable market conditions. The assets under management and recurring income continued to grow, which is central to the further development of the business. It is an important indicator of the Group's success in providing quality solutions to its clients.

Financial results

The Group reports a net profit after tax of € 7.4 million for the year 2006 compared to € 9.1 for the year 2005. The operating profit for the year 2006 amounted to € 10.9 million, compared to € 3.9 million for 2005. This growth was in particular attributable to increased revenue from Asset Management and Private Banking.

The assets under management amounted to € 6.3 billion as at 31 December 2006 compared to € 5.3 billion as at 31 December 2005.

Strategy and structure

The Group continues its focus on servicing its core niches in the private client, professional intermediary and corporate and institutional client markets. These financial services are provided in an environment where professionals operate in a virtual professional partnership. This entrepreneurial environment allows our professionals to focus on developing their talents fully and gives us the ability to attract highly qualified staff. This remains a key factor for the further development of the Group.

The Group has a policy of being risk averse and maintaining a sound financial position. The policy is to have only a minimal exposure to market and credit risks and to focus on providing best of breed products and services to clients, where the Group remains free of any conflicts of interest.

In the beginning of 2006 Monument Securities Ltd was acquired. This brought increased scale and specialised expertise to the institutional broking business in the UK.

In the report of the executive the strategy and structure of the Group is covered in more detail.

Corporate governance

Having a proper corporate governance structure in a financial services organisation is essential. The Group's practices and procedures are reviewed continuously to ensure that they reflect good corporate governance and comply with the relevant standards and associated best practices. In this respect specific rules and procedures have been laid down at various levels in the Group. Compliance with these rules and procedures is monitored on a regular basis.

Board composition

In the shareholders meeting of 22 May 2006, Marcel Ernzer and Rob Mooij were appointed to the Board as non executive and executive director respectively.

Outlook

The Group will continue to focus on the development of its core activities. Maintaining a highly professional environment with meaningful ownership by management and staff are important elements of the Group's culture. The accompanying entrepreneurial environment enables the Group to attract staff with the right qualities and to provide quality, added value products and services to clients. This approach is aimed at achieving sustainable growth in revenues over time while remaining vigilant on containing costs.

Gratitude to staff

The Board acknowledges the contribution to the development of the Group made by everyone associated with the Group and, in particular, I thank board members, management and the staff of Insinger de Beaufort for their commitment and enthusiasm that is central to the success of the Group.

27 April 2007



Bas Kardol

Chairman, Insinger de Beaufort Holdings S.A.

REPORT OF THE EXECUTIVE

2006 REVIEW

The development of the core activities of the Group has been encouraging over the past year. The continued focus on the core business units remains central to the business' further development. In particular the Private Banking and Asset Management units operated from a well established base and continue to show sustainable growth. The Institutional & Corporate products and services activities operate in market segments with volatile earnings and the past year showed mixed performance as a result. In all that we do professional quality is central to our service to clients. We continue to cherish the independent and the entrepreneurial approach that is embedded in our culture. This is the basis on which we will continue to develop our organisation and deliver high quality services to our clients.

This review first looks at our strategy and then outlines the development of our business activities.

Strategy

We remain committed to our defined strategy of focusing on providing financial services to private clients, professional intermediaries and corporate and institutional clients. Our service offering is based on an in-depth professional approach to finding the best solutions for our clients. This approach is characterised as investigative, considered, flexible and with attention to detail. We always focus on achieving consistently good risk adjusted investment returns for our clients.

We operate as a "professional banking partnership" which is reflected in meaningful ownership by management and staff with the commensurate independence and culture. This creates an environment that attracts highly qualified staff and produces high calibre professional services. This concept remains an important part of our positioning and branding. It enables us to differentiate ourselves in the products and services we offer and in the way we deliver them. Our aim is to develop long-lasting relationships.

The growth of assets under management remains a key element of our business objectives. The longer term economic value of the Group is largely determined by the growth in assets under management. The level of net inflow of assets under management is an important indicator of the success of our services and our future growth. It forms an important basis of recurring income and future income growth. We aim to increase the portion of annuity-based income and to reduce the impact of relatively more volatile types of income.

We plan to bring our cost-to income ratio down further over the coming years by improving our operational efficiency while at the same time increasing the service levels to our clients.

In Private Banking we continue to grow the business by producing quality services to clients. Key to this growth is the investment performance we achieve for our clients and therefore much attention is given to the investment process. This process is aimed at delivering consistent investment returns within the risk profiles of our clients. Through our open architecture we select the best available solution for our clients whether this is developed in-house or with third parties. In servicing our clients we strive to develop long-term relationships, which mirror our approach to both the investment process and the attraction and retention of personnel. This highly specialised approach creates the right environment for our professionals to develop their skills and to fully understand the clients' requirements through a longer term relationship. The business continues to seek expansion of our private banking services in the UK domestic market.

In the Asset Management unit we continue to pursue a well-established and thorough manager selection process as well as managing direct European equity products with specialisation in absolute return strategies. The basis of our Group-wide investment process is maintained in the unit which then cascades through to the other units. It forms the basis of achieving sustainable returns on the assets we manage for our clients throughout the Group. We continue to expand our specialty investment products in-house and through selected partnerships. Widening the distribution of our investment services to institutional investors will continue.

Attracting and retaining the right people is fundamental to the success of the unit. We create a professionally challenging environment in which our people can exploit their talents fully. We continue to develop our retail distribution further through financial intermediaries, with a good market position in the Netherlands while also growing our position in the UK and South African intermediary markets. We expect that the unit will increase its assets under management where revenue is linked to performance.

In the Institutional & Corporate products and services units we have experienced more volatility in income. This volatility is inherent to these activities. We seek to mitigate income volatility by having a complete institutional service offering in equity stock broking, bond broking and derivatives. These units continue to serve a high quality client base with specialised service offerings. In addition to this we have our UK corporate finance unit that is a specialised Nominated Advisor for listings on London's Alternative Investment Market (AIM). We focus on the further expansion of our institutional investment advisory activities aimed at supporting institutional investors in an ongoing process of monitoring, evaluating and reporting the performance of asset managers in terms of risk, return, correlation and attribution.

Our three business lines continue to be supported on a decentralised basis by our locally managed Support and Finance & Control units. In addition to the local control functions, we operate a detailed centralised financial control, both of which are supported by a common accounting system. A substantial part of the back office operation, including systems development and IT support services, has been outsourced to professional service providers where these services are positioned as their core competence which brings qualitative and scale advantages.

We continue to pursue growth through the continued further development of the current core businesses, while retaining a tight control on costs and mitigating risk. Our risk management process is reviewed constantly and tightened where needed. Our policy is to maintain a highly liquid balance sheet. Operating without material proprietary positions also strengthens the independence and transparency inherent in the delivery of our services. This remains a cornerstone of our positioning.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

General

Having a proper corporate governance structure in a financial services organisation is essential. The Group's practices and procedures are continuously reviewed to ensure that they reflect good corporate governance and comply with the relevant standards and associated best practices, and at the same time are not replicated unnecessarily at different levels due to the various corporate governance codes which the Group takes into account. Specific rules and procedures have been laid down at various levels in the Group. Compliance with these rules and procedures is monitored on a regular basis.

In 2006 the Luxembourg Stock Exchange released its Ten Principles of Corporate Governance of the Luxembourg Stock Exchange ("the Ten Principles"). The Ten Principles entered into force as per 1 January 2007. The Company complies with the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange ("the Ten Principles").

Board Composition

During 2006, the Board of Directors welcomed two new members: on 22 May 2006, the shareholders appointed Mr R. Mooij as executive member and Mr M. Ernzer as non-executive member.

REPORT OF THE EXECUTIVE (CONTINUED)

The personal data of the members of the Board are presented below:

M. (Marcel) Ernzer – Non-Executive Director

Gender : male

Age : 52

Nationality: Luxembourgish

Marcel Ernzer, réviseur d'entreprises, lic. rer. pol., has worked as a chartered accountant for Price Waterhouse in Luxembourg and is currently active as an independent consultant. He has been a member of the Board of Directors of the ALFI (Association Luxembourgeoise des Fonds d'Investissement) and sits on the boards of Blackstar Investors Plc., listed on the UK Alternative Investment Market (AIM), and various other companies with a main focus in the financial services industry.

S. (Steven) Georgala – Non-Executive Director

Gender : male

Age : 49

Nationality: Luxembourgish

Steven Georgala, BComm, LLB, qualified as an attorney in 1984 and was admitted as a solicitor of England and Wales in 1995. He is a Director of Maitland, based in the Paris office, and practices predominantly in the area of international tax and law, and sits on the board of numerous international groups. He was appointed as a Non-executive Director of the Company on 13 June 1995.

I.R. (Ian) Kantor – Executive Director (Chief Executive Officer)

Gender : male

Age : 60

Nationality: Dutch

Ian Kantor, BSc (Elec. Engineering), MBA, is the founder and Chief Executive Officer of the Group. He is also the founder of Investec Bank Limited, which is the largest independent investment and private banking group in South Africa. He was appointed a Director of the Company on 30 November 1994. He is also a Non-executive Director of Investec Bank Plc and has been associated with the Insinger the Beaufort and Investec groups for over 30 years.

B. (Bas) Kardol – Non-Executive Director (Chairman)

Gender : male

Age : 80

Nationality: Dutch

Bas Kardol was appointed Chairman of the Company on 30 November 1994. He was also Chairman of Investec Bank (UK) Limited, Deputy Chairman of Investec Holdings Limited and a Director of Delta Motor Corporation (Proprietary) Limited. He has over 50 years of diverse business experience and has held a number of executive and non-executive directorships both in the Netherlands and South Africa. He has been associated with the Insinger de Beaufort and Investec groups for 14 years. He is also a past Chairman of the Netherlands South African Chamber of Commerce and a member of the International Advisory Board of Nijenrode University Business School in the Netherlands.

R. (Rob) Mooij, RA, – Executive Director

Gender : male

Age : 53

Nationality: Dutch

Rob Mooij has been with the Group since 1997 and is currently Chief Financial Officer and responsible for financial affairs, risk management, compliance and internal audit. Before he joined Insinger the Beaufort, he was partner of Deloitte & Touche Accountants in the Netherlands.

P.G. (Peter) Sieradzki – Executive Director

Gender : male

Age : 49

Nationality: Dutch

Peter Sieradzki, BA, LLB, MBA, is a founder member of the Group and was appointed as an Executive Director on 30 November 1994. He is a qualified lawyer with extensive experience in the financial markets and has been associated with the Group for 19 years. He is Chief Operating Officer of the Group.

Independence

A Director will be considered independent if the following criteria of dependence do not apply to him. These criteria are that the Director concerned, his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:

- a) has been an Executive Director, manager or employee of the Company or a company affiliated with it in the five years prior to his appointment;
- b) receives personal financial compensation from the Company or a company affiliated with the Company other than the compensation received for the work performed as a Supervisory or Non-executive Board member of the Company or a subsidiary, and in so far as this is not in keeping with the normal course of business;
- c) has had an important business relationship with the Company or a company associated with it in the year prior to his appointment. This will in any event include the situation where a Director, or the firm of which he is a shareholder, partner, associate or advisor, has acted as advisor to the Company (consultant, external auditor, civil notary and lawyer) and the situation where a Director is a management board member, Executive Director or an employee of any bank with which the Company has a lasting and significant relationship;
- d) is a member of the management board or Executive Director of a company, of which an executive member of the Company's Board is a supervisory or Non-executive Director;
- e) holds at least ten percent of the shares in the Company (including the shares held by natural persons or legal entities that co-operate with him under a legal, tacit, oral or written agreement);
- f) is a member of the Board -or is a representative in some other way – of a legal entity that holds at least ten percent of the shares in the Company, unless such entity is a member of the same group as the Company;
- g) has temporarily managed the Company during the preceding twelve months while the Executive Directors were absent or unable to discharge their duties.

None of the above criteria apply to Bas Kardol or Marcel Ernzer. The Board also considers Steven Georgala an independent Director, despite the services rendered to the Company by the Maitland group. The services rendered by the Maitland group consist of advises given by advisors of Maitland Luxembourg. The Company does not consider this an important business relationship in the context of corporate governance rules.

Board meetings

During the year two meetings of the Board of Directors were held. At the first meeting the full Board was present. One Director has not attended the second meeting. At the meetings, the Board discussed amongst others the consolidated results for the financial year 2005 and the first half year 2006, press releases, reports from the auditors, share price and trading, investments, group structure and litigation. In addition the reports from the audit committee were discussed.

The Board has not carried out an evaluation of itself or its committees.

Board committees

The audit committee had the following members: Peter Sieradzki (Chairman), Steven Georgala and Rob Mooij. During the year 2006, the audit committee met twice, prior to the meetings of the Board. The audit committee discussed amongst others the Company's consolidated results for the financial year 2005 and the first half year 2006, press releases, reports from the auditors and from the audit committee of Bank Insinger de Beaufort N.V., as well as litigation issues at the level of the Company and its non-banking subsidiaries.

In its second meeting of the year, the Board considered that the Company's audit committee tasks and responsibilities were limited, since the principle tasks and responsibilities with respect to the operational activities of the Group were covered and reported by the audit committee appointed by the Supervisory Board of Bank Insinger de Beaufort N.V. This led to the decision of the Board to dissolve the audit committee and to take up the audit committee's responsibilities itself. The audit committee appointed by the Supervisory Board of Bank Insinger de Beaufort N.V. reports to the Board in respect of the Group's operations.

The Board has assessed the need to establish a separate nomination committee and remuneration committee and decided that the appointment of such committees is not necessary as the relevant tasks and responsibilities are already dealt with at different levels within the Group.

REPORT OF THE EXECUTIVE (CONTINUED)

Remuneration

Each Director receives remuneration on a cost to company basis, paid out by the Company and/or by a subsidiary. The allocation to pension or other benefit is done on an individual basis.

The aggregate remuneration of the Directors in 2006 is set out in note 4 to the Financial Statements.

The Group has issued various call options to the Executive Directors. One option gives the right to acquire one share in the Company at the respective exercise price. In 2006 no options were issued to or exercised by any Director in office.

Non-executive Directors have not been granted any option rights. Details in respect of the options held by Executive Directors as at 31 December 2006 are set out in note 4 to the Financial Statements.

Shareholders

The following table shows the principal holders (holding of 5% or more of the shares) of the Company's share capital to the best of the Company's knowledge at 31 December 2006:

Treasury	3.5 %
Sailfish International Limited*	35.2 %
Chai Trust*	7.6 %
Priory Finance Limited	20.2 %
Investec International Holdings (Gibraltar) Limited	9.1 %
Other (including employees)	24.2 %

*) Shareholder is part of a structure established for the benefit of a director and/or his family.

Luxembourg Law of 9 May 2006 on Market Abuse

In order to comply with the provisions of the Luxembourg Law of 9 May 2006 on market abuse, the Company has taken the following measures:

The Board of Directors, as well as the boards of the Group's main operating company Bank Insinger de Beaufort N.V., has been briefed on the requirements in relation to the disclosure of inside information. Information available to the board is subject to evaluation in the light of these requirements on a continuing basis.

The Group has established insider trading rules which apply to all employees of the Insinger de Beaufort group. The rules include the prohibitions resulting from market abuse legislation. In accordance with these rules all securities transactions by directors and employees are reported to and monitored by the compliance department. The Company maintains a list of persons who have access to inside information regularly and occasionally.

Risk Management

An important part of our governance structure is our risk management process. As a financial institution we are constantly evaluating potential risks that underlie our business and how to mitigate these risks. We have a comprehensive process to determine policies on risk tolerance and where we control and monitor risk positions as an integrated set of activities.

Members of the executive management are responsible for ensuring that risks and controls are addressed within each of their operations. This process is fundamental to all business units in our organisation.

Our Risk Committee governs the risk management processes in accordance with the Group Risk Management Policy. Our Credit Committee, Asset & Liability Committee and Operational Risk Committee respectively provide the expertise and independent input for the management of credit risks, market and liquidity risks, operational and compliance risks. Our risk management department provides the operational units with support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the Group.

REPORT OF THE EXECUTIVE

THE OPERATING UNITS

Overlaying this process our internal audit department independently monitors the ongoing adequacy and execution of this structure. They report their findings to responsible management and directly to the Audit Committee of Bank Insinger de Beaufort N.V. which oversees our risk management and control systems. Our policy on risk tolerance is based on an ongoing assessment of the environment that emphasises high liquidity, limited credit, market and foreign currency risk exposures and a healthy capital base. An important element of our risk management is safeguarding us against reputational risk to ensure that our integrity is not compromised. Our compliance monitoring sits at the core of preserving our business ethics and making sure that we operate in line with the applicable rules and regulations.

The main subsidiary of the Company, Bank Insinger de Beaufort N.V., has a branche in Italy and the United Kingdom.

Consolidated Results

(million euro)	2006	2005
Operating income	89.1	81.9
Operational profit before tax	10.9	3.9
Operating profit	10.9	8.8
Net profit	7.4	9.1
Diluted earnings per share (in euro cents)	50.2	65.7

The operating profit increased to € 10.9 million in 2006 from € 3.9 million in 2005, which is an increase of € 7.0 million. The core operations of the group showed a good improvement over the previous year. The Asset Management and Private Banking units continued to show a significant inflow of new assets and realised good performance on these assets. Consequently they managed to increase their operating income and operating margins with above average investment performance related fees. This illustrates the success of these units and provides an important basis for ongoing solid growth. Although Monument Securities Ltd. performed in line with expectations, overall the Institutional units were adversely impacted by poor market conditions and produced results below expectations.

Agreement was reached to terminate the lease contract of the previously occupied premises in London resulting in a lower than expected liability. Consequently a net amount of € 1.3 million (pre tax) of the provision made in 2005 for these property lease commitments was released in 2006.

The higher effective tax rate for 2006 and the income in 2005 on the sale of subsidiaries caused the net profit for 2006 to come to € 7.4 million compared to € 9.1 million for 2005.

The group continues to maintain a highly liquid balance sheet and most of the assets are invested in cash or near cash and the loan assets have been collateralised by liquid securities. Capital resources increased from € 53.0 million to € 56.5 million, mainly due to the net result less the movement in treasury shares and dividend paid. The employee options that were exercised during the year have been fully covered by shares held and taken into treasury. Net of warrants held in treasury by the group, the number of outstanding warrants is 0.3 million as at 31 December 2006.

The assets under management as at 31 December 2006 increased by 19% to € 6.3 billion compared to € 5.3 billion as at 31 December 2005¹. The increase resulted from both a net inflow of new assets from clients (10%) and market value appreciation (9%).

The number of employees increased from 340 to 374, mainly due to the acquisition of Monument Securities Ltd at the beginning of 2006.

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 we refer to the financial statements.

1) This amount includes reinvestments in own products.

REPORT OF THE EXECUTIVE

THE OPERATING UNITS

PRIVATE BANKING

Operating income

Operating income increased to € 38.4 million from € 34.0 million, an increase of 13%. The past year showed an increase in assets under management of € 722 million. Of this 20% increase, approximately 10% resulted from market appreciation and 10% from a net inflow of new assets from clients. This continues to demonstrate our ability in both achieving good investment performance for our clients and attracting new private clients in a competitive market. The total assets under management grew from € 3,548 million as at 31 December 2005 to € 4,270 million as at 31 December 2006.

Main developments

Our Private Banking activities continued to show a growth in operating income and operating profit. The quality investment process has again delivered good investment returns for clients and a considerable net inflow of assets under management was achieved during the year. This illustrates the success of the unit and provides a good basis for continued growth. As part of the range of alternative investment offerings the unit remains active in the construction and distribution of structured products for clients as well as placing selected real estate partnerships (CVs). The dedicated, focused and professional approach of the units in servicing their clients is fundamental to the success of attracting an increasing number of clients.

Our London Private Banking unit has been successful in growing the assets under management considerably, both from new inflow of assets from clients as well as investment performance. In this unit we provide a specialised service to our mostly international clients throughout the world and in addition we continue to grow our UK resident client base. In 2006 we were granted regulatory permission to open a UK branch operation.

Our Private Banking activities in the Italian branch continue to show growth and good inflows of new money under management with an increasing income. However, the unit is not yet operating on the desired scale and we are looking to improve this through potential local partnerships.

Our Luxembourg unit continued its good performance. As the nature of the business has shifted more towards administrative services we are in the process of repositioning the unit.

We continue to strive to improve the servicing of our clients in an independent and transparent manner.

ASSET MANAGEMENT

Operating income

Operating income grew to € 29.9 million from € 27.4 million, an increase of 9%. The past year showed a net inflow of new assets under management of € 144 million (8%) reflecting the continued success of our range of funds and programme products. The total assets under management amounted to € 2,059 million as at 31 December 2006 compared to € 1,786 million as at 31 December 2005, an increase of 15% of which 7% was due to investment performance.

Main developments

The Asset Management division again had a good year with important net inflows of assets under management. The thorough investment process supporting both the direct European equity products and the manager selection products have again delivered good investment performance, and generated performance fees for the unit during the year that exceeded expectations. The unit continues to develop selective specialist skills that are producing consistently good results. There are good opportunities to further develop our own managed specialty funds and increase our institutional client base in this field.

INSTITUTIONAL & CORPORATE PRODUCTS AND SERVICES

Operating income

Operating income increased to € 19.8 million from € 17.2 million in respect of our Institutional & Corporate products and services units 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.

Main developments

Although Monument Securities Ltd performed in line with expectations, overall our Institutional units were adversely impacted by poor market conditions and produced results below expectations. The number of concluded introductions by Corporate Finance to the AIM market has been less than last year and the fixed income broking unit has made a lower contribution than expected caused by rising global interest rates and further tightening of credit spreads, which combined to create a difficult operating environment. These units are more susceptible to market fluctuations and therefore have more volatile income.

The investment advisory service for institutions is developing well and continues to attract new clients. The prospects for this activity are looking promising and investment in this area continues.

Our Institutional broking units remain dependent on market volumes and opportunities available. Our Corporate Finance unit remains well positioned as Nominated Advisor to the AIM market and continues to attract mandates. Our placing capacity is to be increased through a more structured collaboration with distribution partners.

Development in support areas

The full year impact of outsourcing our back office processes and IT systems to Ordina BPO together with additional consulting fees for setting up our bank branch in London and preparing for the implementation of Basel II resulted in an increase in other administrative expenses during the year. The outsourcing arrangement includes the replacement of our backoffice systems in Amsterdam, which is now planned for completion in 2007. This will have a significant impact on the operations and IT departments in Amsterdam. The new operating environment will be on a substantially "straight-through" basis and enable us to further reduce operational risk.

Dividends and earnings per share

The basic earnings for 2006 is € 0.566 per share. On a fully diluted basis the earnings were € 0.502 per share. The board proposes to declare a dividend of € 0.22 per ordinary share (2005: € 0.18).

Outlook

The current specialised focus in our business is to ensure a high quality service to our clients. Our unique position as an independent financial institution with significant ownership by management and staff is essential for our continued success. It provides an entrepreneurial environment where our people can develop and use their talents fully in servicing clients. We believe that this type of working environment is an important factor which enables us to attract and retain top professionals. This remains a differentiating feature of our organisation and an essential part of our culture and positioning.

With this highly focused and committed approach we aim to continue the further development of our business in a sustainable way and within the limited risk parameters we have established for our organisation. We will continue to pursue growth through the further development of the current core businesses, while retaining a tight control on costs. We do not rule out strategic acquisitions that will both add immediate value and fit with our culture. We are cautious of the development of the equity markets and the effect this may have on the level of performance fees for the coming year. We strongly believe that maintaining long-lasting relationships with our clients, staff, suppliers and other stakeholders builds value for the long term.

27 April 2007



Ian Kantor
Chief Executive Officer

STATEMENT OF THE CEO AND CFO

The directors are responsible for the preparation and reviewing the reliability of the Financial Statements, the underlying accounting policies and the integrity of all information included in this report. The independent auditor is required to confirm that the Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The controls throughout the Group concentrate on focused critical risk areas. These areas are identified by operational management, confirmed by Group management, monitored by directors and reviewed annually by the external auditors. The directors report that the Group's internal controls are designed to:

- provide reasonable assurance as to the integrity and reliability of the Financial Statements
- adequately safeguard, verify and maintain accountability of assets
- prevent and detect fraudulent financial reporting.

Such controls are based on established policies, and procedures are reinforced by appropriate risk management forums and processes. Internal controls are developed to ensure that their cost does not exceed their benefit. The controls are implemented by suitably qualified personnel with appropriate segregation of duties and are monitored throughout the Group. Processes are in place to monitor the effectiveness of internal controls to identify material breakdowns and to ensure that corrective action is taken. The directors are not aware of indications that the internal risk and control systems are not adequate or not effective.

The annual Financial Statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Company will not continue as a going concern until the next reporting date. The Financial Statements have been prepared by the Board of Directors. The Financial Statements, which appear on pages 18 to 70, were signed by the directors on 27 April 2007.



Ian Kantor
Chief Executive Officer



Rob Mooij
Chief Financial Officer

AUDITOR'S REPORT

To the Shareholders of
Insinger de Beaufort Holdings S.A.
Luxembourg

Report on the parent company financial statements and consolidated financial statements

We have audited the accompanying parent company financial statements of Insinger de Beaufort Holdings S.A. and consolidated financial statements of Insinger de Beaufort Holdings S.A. and its subsidiaries (the "Group") which comprise the parent company balance sheet and consolidated balance sheet as of December 31, 2006, the parent company and consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes. We have also read the related Directors reports.

Management's Responsibility for the parent company financial statements and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements and consolidated financial statements in accordance with International Financial Reporting Standards as well as of the Directors reports. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 these the parent company financial statements and consolidated financial statements based on our audit, and to check the consistency of the Directors reports with them. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the parent company financial statements and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the parent company financial statements and consolidated 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the parent company financial statements and consolidated financial statements.

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

Opinion

In our opinion:

- the accompanying parent company financial statements present fairly, in all material respects, the financial position of Insinger de Beaufort Holdings S.A. as of December 31, 2006, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2006, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Directors reports are in accordance with the parent company financial statements and consolidated financial statements.

PricewaterhouseCoopers S.à r.l.
Luxembourg, 2 May 2007
Réviseur d'entreprises
Represented by



Emmanuelle Caruel-Henniaux

FIVE-YEAR SUMMARY

CONSOLIDATED

Insinger de Beaufort Holdings SA
Five-Year summary*

	2006	2005	2004	2003¹	2002²
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Results					
Operating income (million)	89.1	81.9	75.4	90.1	149.2
Operating profit (million)	10.9	3.9	3.0	2.3	0.4
Profit before tax (million)					
— before amortisation of goodwill	10.9	8.8	2.3	2.3	0.4
— after amortisation of goodwill	10.9	8.8	2.3	43.0	(15.9)
Profit attributable to shareholders (million)					
— before amortisation of goodwill and profit on sale of subsidiaries	7.3	4.9	3.6	2.6	4.1
— after amortisation of goodwill and profit on sale of subsidiaries	7.3	9.1	2.7	43.3	(12.2)
Per ordinary share					
Diluted earnings (cents)					
— before amortisation of goodwill	50.2	65.7	22.6	325.2	15.3
— after amortisation of goodwill	50.2	65.7	22.6	211.3	(45.9)
Dividends (cents)	22.0	18.0	12.0	8.0	6.0
Balance sheet					
Total assets (million)	437.4	407.6	370.4	472.2	573.4
Shareholders' equity (million)	56.4	53.0	49.2	39.6	86.2
Number of ordinary shares of € 2.00	12.9	12.9	12.9	10.3	26.1
Other					
Assets under management (excluding fiduciary assets) (billion)	6.3	5.3	4.9	4.4	4.6
Number of staff employed at year-end	374	340	436	434	1,078

*) Figures have not been adjusted for sale of Trust Group as at 30 April 2003

1) Including 4 months of Trust Group activities

2) Including full year of Trust Group activities

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 € 000's	2005 € 000's
Interest income		15,592	12,157
Interest expense		(11,114)	(6,721)
Net interest income	6	4,478	5,436
Fee and commission income		104,653	91,961
Fee and commission expense		(30,285)	(29,174)
Net fee and commission income	7	74,368	62,787
Net trading income		670	1,797
Gains less losses from investment securities		—	246
Other operating income	8	9,581	11,597
Operating income		89,097	81,863
Personnel costs	9	(45,331)	(40,614)
Redundancy expense	10	(459)	(625)
Provisions	11	1,302	(5,890)
Impairment charges	22	(130)	
Depreciation	23	(1,766)	(3,722)
Other operating expenses	12	(31,784)	(27,144)
Operating profit		10,929	3,868
Income on sale of subsidiaries	5	—	4,220
Share of profits from associates	21	3	739
Profit before taxation		10,932	8,827
Taxation	13	(3,548)	250
Net profit for the year		7,384	9,077
Attributable to:			
Group shareholders		7,293	9,074
Minority interest		91	3
Net profit for the year		7,384	9,077
Earnings per share	14		
Basic earnings per share		56.6	71.1
Diluted earnings per share		50.2	65.7
Dividend per share (in cents) ¹		22.0	18.0

The notes on pages 31 to 70 are an integral part of these financial statements

1) Dividend per share is based on the proposed dividend distribution.

The proposed dividend distribution is not accounted for in the financial statements.

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2006

	<u>Notes</u>	<u>2006</u> € 000's	<u>2005</u> € 000's
Assets			
Cash and balances with central banks	15	2,928	6,445
Treasury bills	16	57,634	35,896
Loans and advances to credit institutions	17	146,883	148,671
Trading securities	19	815	882
Derivative financial instruments	36	122	38
Investment securities:			
— available-for-sale	19	24,227	18,306
— held-to-maturity	19	94	7,127
Loans and advances to customers	18	124,786	119,262
Investments in Associates	21	303	3,917
Intangible assets	22	23,340	16,090
Tangible fixed assets	23	6,549	6,627
Investment property	24	—	1,458
Deferred tax assets	13	9,473	11,858
Current income tax receivable		103	—
Other assets	25	40,146	31,064
Total assets		437,403	407,641
Liabilities			
Amounts owed to credit institutions	26	865	9,700
Amounts owed to customers	27	323,090	301,071
Loan notes and other long term debt	28	7,690	7,737
Provisions	29	—	1,986
Other liabilities	30	46,007	31,450
Current income tax liabilities		3,205	2,631
Total liabilities		380,857	354,575
Capital resources			
Shareholders' equity		54,366	50,942
Shareholders' compulsory convertible loan note	35	2,063	2,063
Minority interest		117	61
		56,546	53,066
Total equity and liabilities		437,403	407,641
Off-Balance sheet items: contingent assets	38	11,464	11,464
Off-Balance sheet items: contingent liabilities	38	6,332	9,432

The notes on pages 31 to 70 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Attributable to shareholders					Attributable to shareholders			Minority interest € 000's	Total € 000's	
	Shares net of treasury shares	Share Capital	Share premium	Revaluation reserves	Translation reserve	Other reserves	Treasury shares reserve	Subtotal			Compulsory convertible loan note
		€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's			€ 000's
Balance at 1 January 2005	12,912,474	26,771	10,231	(1,142)	(7,586)	32,357	(12,647)	47,984	1,224	97	49,305
Dividend						(1,571)		(1,571)			(1,571)
Issue of compulsory convertible loan note 2013									804		804
Net gains from changes in fair value, net of tax				162				162			162
Net (gains)/losses transferred to net profit on disposal and impairment, net of tax				(236)				(236)			(236)
Employee share option plan: — equity settled share based payment plan, net of tax								371			371
— proceeds from options exercised						371	3,153	3,153			3,153
Release of capitalised interest, net of tax									35		35
Translation adjustments and other movements, net of tax					(594)			(594)			(594)
Movement minority interest, net of tax						3		3		(39)	(36)
(Purchases)/sales of treasury shares ²	(37,715)						(7,404)	(7,404)			(7,404)
Net profit						9,074		9,074		3	9,077
Balance at 31 December 2005	12,874,759	26,771	10,231	(1,216)	(8,180)	40,234	(16,898)	50,942	2,063	61	53,066

The notes on pages 31 to 70 are an integral part of these financial statements

2) See note 31

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

	Attributable to shareholders					Attributable to shareholders			Compulsory convertible loan note	Minority interest	Total
	Shares net of treasury shares	Share Capital	Share premium	Revaluation reserves	Translation reserve	Other reserves	Treasury shares reserve	Subtotal			
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	
Balance at 1 January 2006	12,874,759	26,771	10,231	(1,216)	(8,180)	40,234	(16,898)	50,942	2,063	61	53,066
Dividend						(2,324)		(2,324)		(31)	(2,355)
Net gains from changes in fair value, net of tax				83				83			83
Employee share option plan:											
— equity settled share based payment plan, net of tax						456		456			456
— proceeds from options exercised	332,109						1,577	1,577			1,577
Translation adjustments and other movements, net of tax					(36)	(13)		(39)		(4)	(53)
(Purchases) of treasury shares ⁴	(317,571)						(3,612)	(3,612)			(3,612)
Net profit						7,293		7,293		91	7,384
Balance at 31 December 2006	12,889,297	26,771	10,231	(1,133)	(8,216)	45,646	(18,933)	54,366	2,063	117	56,546

The notes on pages 31 to 70 are an integral part of these financial statements

4) See note 31

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006	2005
		€ 000's	€ 000's
Cash flows from operating activities			
Net profit		7,384	9,074
Adjustment for:			
Taxation	13	3,548	(250)
Depreciation of tangible fixed assets	23	1,766	3,722
Impairment charges	22	130	—
Income from associates	21	(3)	(739)
Provisions	11	(1,986)	5,890
Share-based compensation (IFRS 2)		456	371
Profit on sale of operations in Jersey and Switzerland	5	—	(4,220)
Net cash inflow from operating activities before changes in operating assets and liabilities		11,295	13,848
Decrease/(increase) in operating assets:			
Loans and advances to credit institutions		1,788	(32,883)
Loans and advances to customers		(5,525)	(53,478)
Purchase of trading securities	19	(17)	(920)
Other assets		(6,889)	(2,761)
(Decrease)/Increase in operating liabilities:			
Amounts owed to credit institutions		(8,835)	7,734
Amounts owed to customers		22,020	57,531
Other liabilities		5,984	(6,762)
Net cash inflow/(outflow) from operating activities before payment of taxation		19,821	(17,691)
Taxation received		692	293
Net cash inflow/(outflow) from operating activities after payment of taxation		20,513	(17,398)
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	5	(7,396)	—
Purchase of investment securities	19	(45,706)	(18)
Proceeds from sale and redemption of investment securities	19	51,982	12,516
Proceeds from sale of 25% shareholding in UTB Partners Ltd	21	3,588	—
Purchase of treasury bills	19	(158,738)	(81,726)
Proceeds from sale and redemption of treasury bills	19	137,000	86,631
Sale/(Purchase) of fixed assets	23	(176)	(2,766)
Sale of subsidiaries in Jersey and Switzerland		—	7,391
Net cash inflow / (outflow) from investing activities		(19,446)	22,028

The notes on pages 31 to 70 are an integral part of these financial statements

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2006

(CONTINUED)

Cash flows from financing activities	Notes	2006	2005
		€ 000's	€ 000's
Movement in minority interest		—	(33)
Dividends paid	41	(2,355)	(1,571)
Option exercise	32	1,577	3,153
Treasury shares	31	(3,612)	(7,404)
Issue of compulsory convertible loan note	35	—	996
Repayment of loans	28	—	(1,600)
Net cash (outflow) from financing activities		(4,390)	(6,459)
Net increase/ (decrease) in cash and cash equivalents		(3,323)	(1,829)
Cash and cash equivalents at beginning of year		6,445	9,430
Net increase(decrease) in cash and cash equivalents		(3,323)	(1,829)
Exchange differences		(194)	(1,156)
Cash and cash equivalents at end of year		2,928	6,445
* Cash flows from operating activities include:			
Interest received		13,977	10,452
Interest paid		(11,114)	(6,721)
Dividends received		—	—

The notes on pages 31 to 70 are an integral part of these financial statements

COMPANY PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 € 000's	2005 € 000's
Interest income		1,830	1,680
Interest expense		(683)	(511)
Net interest income	6	1,147	1,169
Fee and commission income		—	36
Fee and commission expense		—	—
Other operating income	8	894	2,716
Operating income		2,041	3,921
Personnel cost	9	2,057	(376)
Other general administrative expenses	12	(210)	(185)
Profit/(loss) before taxation		3,888	3,360
Taxation	13	(80)	97
Net profit/(loss)		3,808	3,457

The notes on pages 31 to 70 are an integral part of these financial statements

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006	2005
		€ 000's	€ 000's
Assets			
Loans and advances to credit institutions		—	—
Shares in subsidiary undertakings	20	49,647	49,647
Goodwill	22	1,249	1,249
Other assets	25	40,174	42,864
Total assets		91,070	93,760
Liabilities			
Amounts owed to credit institutions	26	5,775	6,098
Loan notes and other long term debt	28	7,329	7,329
Other liabilities	30	2,731	5,555
Total liabilities		15,835	18,982
Capital resources			
Shareholders' equity		75,235	74,778
Total equity and liabilities		91,070	93,760

The notes on pages 31 to 70 are an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

	Shares	Share Capital	Share premium	Other reserves	Total
		€ 000's	€ 000's	€ 000's	€ 000's
Balance at 1 January 2005	13,385,583	26,771	10,231	40,409	77,411
Dividend				(1,606)	(1,606)
Exercise of warrants					
Employee share option plan:					
— equity settled share based payment plan,					
net of tax				371	371
Net option exercise ¹				(4,855)	(4,855)
Net result				3,457	3,457
Balance at 1 January 2006	13,385,583	26,771	10,231	37,776	74,778
Dividend				(2,410)	(2,410)
Employee share option plan:					
— equity settled share based payment plan,					
net of tax				456	456
Net option exercise ¹				(1,397)	(1,397)
Net result				3,808	3,808
Balance at 31 December 2006	13,358,583	26,771	10,231	38,233	75,235

The total authorised number of ordinary shares at year-end was 115,000,000 (2005: 115,000,000) with a par value of € 2 per share (2005: € 2 per share). All issued shares are fully paid.

The notes on pages 31 to 70 are an integral part of these financial statements

- 1) For the options exercised in 2005 and 2006 the Company entered into an agreement with a subsidiary that holds shares of the Company in treasury. In this agreement the subsidiary acts as the counterparty to the option holders and is reimbursed by the Company for the difference between the actual share price on the date of exercise and the exercise price of the options.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>Notes</u>	<u>2006</u> € 000's	<u>2005</u> € 000's
Cash flows from operating activities			
Net profit		3,808	3,457
Adjustment for:			
Taxation	13	80	(97)
Share-based compensation (IFRS 2)	32	456	371
Option recharge revenue	8	(899)	(1,069)
Net cash (outflow)/inflow from operating activities before changes in operating assets and liabilities		3,445	2,662
Decrease/(increase) in operating assets:			
Loans and advances to credit institutions		(323)	6,752
Other assets		3,589	(609)
(Decrease)/increase in operating liabilities:			
Amounts owed to credit institutions		—	—
Other liabilities		(2,856)	(841)
Net cash (outflow)/inflow from operating activities before payment of taxation		3,855	7,964
Taxation received/ (paid)	13	(48)	97
Net cash (outflow)/inflow from operating activities after payment of taxation		3,807	8,061

The notes on pages 31 to 70 are an integral part of these financial statements

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2006

(CONTINUED)

	2006	2005
	€ 000's	€ 000's
Cash flows from financing activities		
Dividends paid	(2,410)	(1,606)
Option exercise	(1,397)	(4,855)
Warrant buy back	—	—
Repayment of loans	—	(1,600)
Share buy back	—	—
Receipt/(Repayment) of loans	—	—
Net cash (outflow)/inflow from financing activities	(3,807)	(8,061)
Net (decrease)/increase in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of year	—	—
Net (increase)/decrease in cash and cash equivalents	—	—
Exchange differences	—	—
Cash and cash equivalents at end of year	—	—
* Cash flows from operating activities include:		
Interest received	1,830	1,680
Interest paid	(683)	(511)
Dividends received	—	—

The notes on pages 31 to 70 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

1. 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 consolidated Group” or “the Group”) operates in the fields of private banking, asset management, securities trading and corporate advisory.

In order to reflect appropriately the banking character of the Group, the layout of the Financial Statements adopted is that of a bank holding company and complies with International Financial Reporting Standards (IFRS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General

The Financial Statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations (hereinafter referred to as IFRS) as such are endorsed by the European Union and are issued and effective for the annual report beginning January 1, 2006. The accounting policies for the Company and the Group are the same.

The significant accounting policies applied in the preparation of these Financial Statements are set out below. In 2006, the Group and the Company did not early adopt any standard. The following standards, interpretations and amendments to published standards are not yet effective:

– Amendments to IAS 1 – Capital disclosures (effective for annual periods beginning on or after 1 January 2007).

The amendments to IAS 1 require entities to present all income and expenses separately from changes in its equity that arise from transactions with its owners.

– IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007).

IFRS 7 introduces new disclosures relating to financial instruments and enhanced risk management disclosures. This standard does not have any impact on the classification and valuation of the Group’s financial instruments.

– IFRS 8, Operating segments (effective for annual periods beginning on or after 1 January 2009).

IFRS 8 replaces IAS 14 Segment reporting. The standard requires identification of operating segments based on internal reports that are regularly reviewed by the entity’s chief operating decision maker.

- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006).

IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Group will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Group's accounts; and

- IFRIC 9, Reassessment of embedded derivative (effective for annual periods beginning on or after 1 June 2006).

IFRIC 9 concludes that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Reassessment is prohibited, unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006).

IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Group's accounts.

- IFRIC 11, IFRS 2 – Group treasury share transactions (effective for annual periods beginning on or after 1 March 2007).

The interpretation addresses how to apply IFRS 2 Share-based Payment to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group (eg equity instruments of its parent).

- IFRIC 12, Service concession arrangements (effective for annual periods beginning on or after 1 January 2008).

IFRIC 12 addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements. IFRIC 12 does not address accounting for the government side of service concession.

Other new standards, amendments and interpretations issued are not relevant to the Group.

2.2 Changes in accounting standards

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to or have no impact on the Group's operations:

- IAS 19 (Amendment), Actuarial Gains and Losses, Group Plans and Disclosures;
- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRIC 4, Determining whether an Arrangement contains a Lease;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.

2.3 Accounting convention

The Financial Statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, derivatives, financial assets and financial liabilities at fair value through profit or loss and investment properties, which are carried at fair value. Income and expenses are allocated to the reporting period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

(CONTINUED)

2.4 Principles of consolidation

The Consolidated Financial Statements comprise Insinger de Beaufort Holdings S.A., its subsidiaries and companies over which it has management control. The list of significant subsidiaries and Group companies is disclosed in "Other Information" on page 69. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The accounting period and policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

2.5 Revenue recognition

In general, revenue is recognised when it is realised or realisable, and earned. This concept is applied to the key revenue generating activities of the Group as follows:

Net interest revenues

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and interest basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees and commissions

Revenue from the various services the Group performs is recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured. Incentive fee revenues from investment advisory services are recognised at the end of the contract period when the incentive contingencies have been resolved.

2.6 Goodwill

Goodwill comprises the difference between the fair value of net assets purchased on the effective date of the transactions determined on the basis of the accounting policies of the Group and the total cost of acquisition. As per 1 January 2004 the Company applies IFRS 3, Business Combinations. This implies that the goodwill is recorded at cost less any accumulated impairment losses. Write offs are booked when the value of the goodwill is considered to be impaired. On disposal of cash generating units, the attributable amount of unamortised goodwill is deducted from the result of the sale of these units.

Goodwill is tested annually for impairment, as well as when there are indications of impairment. Goodwill is allocated to cash generating units for the purpose of impairment testing. Impairment testing is based on discounting of cash flows of cash generating units, being business units within the primary segments. Cash flow projections are based on a four-year forecast and a growth rate of 4% for the subsequent six years. The discount rate used is 10%.

Goodwill is presented under intangible assets.

2.7 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

Assets and liabilities of foreign Group companies are translated into euros at year-end exchange rates and the income and expenditure of foreign subsidiaries are translated at the average rate of exchange for the year. The resulting translation gains and losses are recognised in the translation reserve as an adjustment to shareholders' equity.

Transactions arising in foreign currencies are translated into the functional currency at the spot exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Resulting gains or losses are recognised in the profit and loss account.

When a foreign subsidiary is sold, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation shall be recognised in profit or loss when the gain or loss on disposal is recognised.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the translation reserve in equity.

2.8 Financial assets

The Group classifies its financial fixed assets in the following categories:

I. Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. If the Group sells other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

II. Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management at inception. Derivatives are also categorised as held for trading unless they are designated as hedges.

III. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

IV. Available-for-sale

Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Management determines the classification of its securities at initial recognition.

ad. I – Held-to-maturity

Held-to-maturity investments are carried at amortised cost using the effective interest method.

ad. II – Financial assets at fair value through profit or loss

Listed securities held for trading purposes are stated at the market value prevailing at the balance sheet date. Unlisted securities are stated at fair value. When the fair value of unlisted securities cannot be estimated reliably, the securities are measured at cost less any impairment. Resulting gains and losses are recognised net in the profit and loss account.

ad. III – Loans and advances

Loans and advances are stated at amortised cost net of a provision for doubtful debts based on a case-by-case valuation.

ad. IV – Available-for-sale

This category consists of securities, which are shown at market value. Revaluations are taken to a revaluation reserve in equity, net of tax. Realised results at disposal are recorded through the profit and loss account.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available for sale are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

(CONTINUED)

2.9 Impairment of financial assets

A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of an asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Furthermore a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

An equity investment or fixed income instrument is impaired if its carrying amount is greater than its estimated recoverable amount. The impairment loss that has been recognised in equity is removed from equity and recognised in the income statement. Impairment loss recognised in the income statement on equity instruments is not reversed through the income statement.

Loans are evaluated on impairment on a case-by-case basis. When a loan is uncollectable, it is impaired and provided for in an allowance account. Such loans are written off from the allowance account after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

2.10 Tangible assets

The valuation principles for tangible fixed assets are as follows:

Leasehold improvements

Leasehold improvements are shown at cost net of accumulated depreciation less accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets taking into account estimated residual values.

The following rate is applied:

- Leasehold improvements 10.0%

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. The fair value is determined based on market data such as quotes received and trade data on comparable property. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise. Periodically the investment property is valued by an independent valuer. In 2006 no valuation has taken place by an independent valuer.

Other tangible fixed assets

Other tangible fixed assets are shown at cost net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets taking into account estimated residual values.

The following rates are applied:

- Furniture and fixtures 10.0% - 20.0%
- Computer equipment 20.0% - 33.3%

2.11 Shares in subsidiary undertakings

In the company financial statements investments in subsidiaries are stated at cost less provision for impairment if any.

The company recognises income from the investment only to the extent that the company receives distributions from accumulated profits of the subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the company.

2.12 Interest in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Generally this represents a shareholding of between 20% and 50% of the voting rights. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. The Group's investment in associates includes goodwill identified on acquisition.

2.13 Taxation

Taxes are calculated on profit before tax in accordance with the ruling tax legislation in the country of incorporation for the various Group companies included in the Consolidated Financial Statements. Where items are subject to withholding tax, tax is accrued to the extent that it is expected to be paid.

2.14 Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The tax effects of income tax losses available for carry forward are only recognised as an asset when it is probable that future taxable profits will be available to compensate for those losses. Deferred income tax is recognised in full.

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 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.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity.

2.16 Provisions

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.

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

2.17 Compulsory convertible loan notes

Convertible loan notes are compound financial instruments. The Group's obligation to make scheduled payments of interest and principal, if any, are valued at their fair value at initial recognition and are presented as a liability under the loan notes and other long term debt. The equity component being the embedded option to convert the liability into equity is presented as equity based on its fair value.

Upon conversion of the instrument at maturity, the Group derecognises the liability component and recognises it as equity. The original equity component remains as equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

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2.18 Shareholders' equity

a) Share capital

Share capital consists of paid up capital.

b) Share premium

Share premium consists of premium contributions upon issue of shares.

c) Revaluation reserve

The revaluation reserve represents unrealised differences, net of deferred taxation, on the revaluation of available-for-sale assets.

d) Translation reserves

Reference is made to note 2.7 foreign currency translation

e) Other reserves

Other reserves comprise retained earnings.

f) Minority interest

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. The minority interest is included in equity, but separate from Group equity.

g) Treasury shares

Where the Company or other members of the Group purchases the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. The Company uses the cost method, which means that Treasury shares will not be revaluated when in treasury.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the note dividends

2.19 Earnings per share

Earnings per share are calculated by dividing the net profit and loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Dilutive earnings per share is calculated taking into account all potential dilutive instruments in issuance at the balance sheet date.

2.20 Derivative financial instruments

Derivative financial instruments are initially recorded at fair value and remeasured at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated as an effective fair value hedge are recognised immediately in the profit and loss account.

Changes in the fair value of derivative financial instruments that are designated as an effective net investment hedge in a foreign entity are recognised directly in equity.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

2.21 Employee benefits

a) Pension obligations

The Group has only defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid. The contributions are recognised as personnel costs when they are due.

b) Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled and cash-settled share-based payments to certain employees. Share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Cash-settled share-based payments are revalued periodically through the profit and loss account and recorded as a liability on the balance sheet.

The fair values of the share based payments have been determined by using an option-pricing model. This model takes the risk free interest rate into account, as well as the expected life of the options granted, the exercise price, the current share price, the expected volatility and the expected dividends.

The proceeds received from equity-settled share based payments, net of any direct attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2.22 Cash flow statement

The cash flow statement has been drawn up in accordance with the indirect method, making a distinction between cash flows from operating, investment and financing activities.

Cash flows in foreign currency are converted at the average exchange rates during the financial year. With regard to cash flow from operations, the net profit is adjusted for income and expenses that did not result in receipts and payments in the same financial year and for changes in provisions and accrued and deferred items (other assets, accrued assets, other debts and accrued liabilities).

Cash and cash equivalents consist of cash, deposits at the Dutch Central Bank and deposits at other banks.

2.23 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company has no finance leases during the reporting period.

2.24 Accounting estimates

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Main items subject to accounting estimates where changes in the underlying assumptions may impact the financial statements are the following:

a) Impairment losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flow from a loan.

b) Litigation

From time to time the Group is involved in claims and litigations. Management makes estimates as to whether provisions are needed on a case-by-case basis.

c) Fair value of financial assets and liabilities

Fair value of financial assets and liabilities is determined using quoted market prices. For certain financial assets and liabilities fair value is determined using valuation techniques. Models are subjective in nature and significant judgement is involved in establishing fair values for financial assets and liabilities. Estimates are mainly made in the valuation of the Equity Trust Holdings Sarl loan notes. Reference is made to note 19.

d) Estimated impairment of goodwill

The Group tests at least on an annual basis whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. These calculations require the use of estimates. If the estimated gross margin had been 10% lower or the pre-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates, the Group would have also recognised no impairment.

2.25 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefits plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.26 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 segments operating in other economic environments. The geographical analyses are based on the location of the office from which the transactions originated. The five operating divisions of the Group are the basis on which the Group reports its primary segment information, the geographical segments the secondary.

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FOR THE YEAR ENDED 2006

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3. FINANCIAL RISK MANAGEMENT

3.1 General

The risk management process of the Group is fostered through a formal substructure in which executive management is made responsible for ensuring that risks and controls are addressed in each of their operations. Our risk management department provides them with support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the Group.

Specific expertise is provided by our Group Risk Committee, Compliance Department and the Asset & Liability Committee who support executive management with managing respectively integrity and credit risks, compliance risks, and market and liquidity risks.

Overlaying this process our internal audit independently monitors the ongoing adequacy and execution of this structure. They report their findings to responsible management and directly to the Audit Committee, which oversees our risk management and control systems on behalf of the Supervisory Board.

Our policy on risk tolerance is based on an ongoing assessment of the environment that emphasises high liquidity, limited credit and foreign currency risk exposures and a healthy capital base.

3.2 Credit risk

The credit policy of the Group is to extend credit on the basis of sufficient liquid collateral. This collateral is mostly comprised of listed securities with sufficient liquidity or mortgages on private residential property. The policy on the level of required collateral coverage is determined by the Risk Committee of the Group.

The credit risk policy in relation to professional counter-party risk for investment/placing of financial assets is set by the Risk Committee of the Group.

The Group is also engaged in settlement of securities transactions with professional counter-parties on a delivery versus payment basis. This can expose the Group to the risk that such a counter-party is not able to fulfil its obligations in relation to the settlement of the securities transaction. The Group may then be exposed to a credit risk on the counter-party for interest claims and potentially adverse market movements in the value of the related securities. The Risk Committee of the Group sets policies on the determination of limits in relation to such counter-party settlement risks.

Insinger de Beaufort in the UK has outsourced the settlement and clearing of security transactions to professional clearing service providers. As a consequence these settlements are not booked through the accounts of the Group. Insinger de Beaufort in the UK has given indemnities to its clearing service providers in respect of customer default in relation to these securities transactions settlements. The contingent liability arising therefrom cannot be quantified.

The loans and advances to credit institutions and customers may be analysed by sector and geographical region as follows:

	2006	2005
	€ 000's	€ 000's
Financial institutions	146,883	148,671
Others	124,786	119,262
	271,669	267,933
European Union	231,807	220,251
Rest of Europe	4,677	5,358
Other	35,185	42,324
	271,669	267,933

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

3.3 Geographical concentration of assets, liabilities and off balance sheet items

The following note incorporates credit risk disclosures, geographical concentrations of assets, liabilities and off balance items disclosure and the Company's secondary segment disclosure.

	Total assets	Total liabilities	Gross income	Capital expenditure
	€ 000's	€ 000's	€ 000's	€ 000's
At 31 December 2006				
European Union	372,920	303,645	87,112	1,528
Rest of Europe	7,530	5,826	481	—
Other	56,650	71,386	1,504	14
Share of associates	303			
Total	437,403	380,857	89,097	1,542
At 31 December 2005				
European Union	331,180	256,034	73,405	4,299
Rest of Europe	8,151	32,455	6,136	51
Other	64,393	66,086	2,322	6
Share of associates	3,917			
Total	407,641	354,575	81,863	4,356

Included under the geographical segments is the category 'other'. This includes, amongst others, the British Virgin Islands, Channel Islands and South Africa.

3.4 Currency risk

Foreign currency positions are monitored on a continuous daily basis and closed in the market. The Group has hedged most of

these foreign currency exposures. Table: Concentration of assets, liabilities and off balance sheet items

	EUR	GBP	USD	CHF	ZAR	Other	Total
At 31 December 2006							
Assets							
Cash and balances with central banks	2,926	1			1		2,928
Treasury bills	57,634						57,634
Loans and advances to credit institutions	215,912	11,820	(96,730)	(11,998)	10,038	17,841	146,883
Trading securities	94	721					815
Derivative financial instruments	56			66			122
Investment securities:							
— available-for-sale	23,495	89	152		491		24,227
— held-to-maturity	94						94
Loans and advances to customers	112,180	22,664	(17,995)	12,008	(4,211)	140	124,786
Investments in associates	303						303
Intangible fixed assets	11,194	12,146					23,340
Tangible fixed assets	1,944	4,591			14		6,549
Investment property							—
Deferred tax assets	9,473						9,473
Current income tax receivable	103						103
Other assets	9,163	13,282	15,468	1,580	659	(6)	40,146
Total assets	444,571	65,314	(99,105)	1,656	6,992	17,975	437,403
Liabilities							
Amounts owed to credit institutions	217	310	75	182		81	865
Amounts owed to customers	218,631	29,681	51,689	87	5,239	17,763	323,090
Loan notes and other long term debt	7,690						7,690
Other liabilities	157,745	39,316	(151,613)	127	299	133	46,007
Provisions							—
Current income tax liabilities	3,205						3,205
Total liabilities	387,488	69,307	(99,849)	396	5,538	17,977	380,857
Net on balance sheet position	57,083	(3,993)	744	1,260	1,454	(2)	56,546
Off balance sheet items: contingent assets	11,464						11,464
Off balance sheet items: contingent liabilities	6,219				113		6,332
At 31 December 2005							
Total assets	187,792	50,653	150,730	2,527	9,662	6,277	407,641
Total liabilities	139,423	42,669	151,872	3,189	11,151	6,271	354,575
Net on balance sheet position	48,369	7,984	(1,142)	(662)	(1,489)	6	53,066
Off balance sheet items: contingent assets	11,464						11,464
Off balance sheet items: contingent liabilities	9,293				139		9,432

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FOR THE YEAR ENDED 2006

(CONTINUED)

3.5 Market risk

From time to time equity and bond broking desks may take limited positions to facilitate the broking activity. These positions are controlled through relatively limited intra-day and overnight limits set by the Risk Committee of the Group. Our interest rate mismatch is controlled through a relatively limited one-day value at risk (VAR) limit that is monitored daily and adjusted for actual results achieved during the year. The VAR limit may be changed on the basis of an evaluation of our risk tolerance in relation to our net income.

The one-day VAR is calculated with a confidence level of 99%. The average daily VAR during 2006 was € 13,900 and the maximum at any one day during the year was € 60,700.

3.6 Liquidity risk

The Group has a policy to have a comfortable position in available cash resources for draw-downs on current accounts and maturing deposits. In addition, lending to customers is primarily done on the basis of sufficient collateral in the form of liquid securities. Under the contractual lending arrangements these securities are available to the bank for refinancing.

The following table analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

At 31 December 2006

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Not allocated⁴	Total
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Assets							
Cash and balances with central banks	2,600	328					2,928
Treasury bills	19,943	21,877	15,814				57,634
Loans and advances to credit institutions	121,899	24,984					146,883
Trading securities						815	815
Derivative financial instruments						122	122
Investment securities							
— available-for-sale					24,227		24,227
— held-to-maturity			1	93			94
Loans and advances to customers	109,602	11,020	170	2,873	1,121		124,786
Investments in associates						303	303
Intangible fixed assets						23,340	23,340
Tangible fixed assets						6,549	6,549
Investment property							—
Other assets						40,249	40,249
Deferred tax assets						9,473	9,473
Total assets	254,044	58,209	15,985	2,966	25,348	80,851	437,403
Liabilities							
Amounts owed to credit institutions	865						865
Amounts owed to customers	204,235	115,420	435	3,000			323,090
Loan notes and other long term debt				7,549	141		7,690
Provisions							—
Other liabilities						46,007	46,007
Current income tax liabilities						3,205	3,205
Total liabilities	205,100	115,420	435	10,549	141	49,212	380,857
Net liquidity position	48,944	(57,211)	15,550	(6,461)	24,086	31,639	56,546
At 31 December 2005							
Total assets	165,732	135,069	13,764	2,836	16,145	74,095	407,641
Total liabilities	231,055	79,917	3,188	8,702	263	31,450	354,575
Net liquidity position	(65,323)	55,152	10,576	(5,866)	15,882	42,645	53,066

4) Relates mainly to non-interest bearing securities

NOTES TO THE FINANCIAL STATEMENTS

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4. RELATED PARTIES

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.

The split between executive and non-executive directors is specified as follows:

Non Executive
Executive

Remuneration of key personnel

Key personnel consist of the board of the Company and other directors within the Group. Each director receives remuneration on a cost-to-company basis. The allocation to pension or other benefit is done on an individual basis. The remuneration of the directors is set out below and includes salaries, pension cost and social cost:

	2006	2005
	€ 000's	€ 000's
	86	58
	1,069	881
	1,155	939
At 31 December advances made to directors amount to:	3,263	34

The interest rate is LIBOR +1.5%

The Group has issued various call options to the directors and staff. One option gives the right to acquire one share in Insinger de Beaufort Holdings S.A. at the respective price. As at 31 December 2006 the directors of the Company held 449,852 options (2005: 323,680) with exercise prices varying between € 4.32 and € 7.88 (2005: € 6.30 and € 7.88) and with exercise period expiring from 25 October 2007 through to 25 October 2008.

During the year no options (2005: nil) were granted and 37,247 options (2005:38,080) have been exercised by the directors.

In 2006 the Group has granted some key personnel stock based compensation arrangements. See note 33 for details.

Some key personnel provided funding to the Group by way of a subordinated loan (note 28) and a shareholders' compulsory convertible loan note (note 35).

Company

The following related party transactions are identified for the company:

- recharge of insurance premium to subsidiaries
- recharge of option premium to subsidiaries
- financing arrangements with subsidiaries

Reference is made to the company notes for further details.

5. ACQUISITIONS AND DISPOSALS

Acquisition of Monument Securities Ltd

On 4 January 2006 the Group acquired 100% of Monument Securities Ltd. The acquired company contributed revenue of € 5,432,796 and net profit of € 165,952 to the Group for the period from 4 January to 31 December 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 assembled work force and 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:

	€ 000's
Tangible fixed assets	53,607
Investment securities	250,527
Other assets	7,169,720 ^a
Cash	11,922,732
Other liabilities	(1,723,384) ^b
Goodwill	7,110,961
Purchase consideration	24,784,163
Cash paid	19,317,321
Loan notes issued	5,466,842
Cost of acquisition	24,784,163
Less: Cash and cash equivalents in subsidiary acquired	(11,922,732)
Loan notes issued	(5,466,842)
Cash outflow on acquisition	7,394,589

a) includes mainly amounts due from clearing agent.

b) includes accruals and deferred income and social charges payable.

Loan notes

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

Contingent 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. At initial recording the issuance and the amount of these loan notes was highly uncertain. The Group has not accrued for this. At the end of December 2006 a new estimate has been made and an additional € 479,882 has been recorded as a liability in the balance sheet. There is no maximum amount on such loan notes potentially to be issued.

Merger of Bank Insinger de Beaufort N.V. with Reitsma & Wertheim & Partners B.V.

On 31 December 2006 Bank Insinger de Beaufort N.V. merged with Reitsma & Wertheim & Partners B.V., both Group companies.

NOTES TO THE FINANCIAL STATEMENTS

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6. NET INTEREST INCOME

	2006	2005
	€ 000's	€ 000's
Group		
Fixed income securities	3,422	2,609
Other interest and similar income	12,170	9,548
Interest income	15,592	12,157
Interest expense	(11,114)	(6,721)
Net interest income	4,478	5,436
Company		
Net intercompany interest income	1,830	1,646
Other	(683)	(477)
	1,147	1,169

Net interest includes € 63,801 (2005: € 69,377) of interest accrued on impaired financial assets.

7. NET FEE AND COMMISSION INCOME

Included under the line fee and commission income are, amongst others, management fees, commissions received, upfront fees, performance fees and custodian fees.

Included under the line fee and commission expense are, amongst others, commissions paid, commissions paid to employees and settlement expenses.

8. OTHER OPERATING INCOME

	2006	2005
	€ 000's	€ 000's
Group		
Administration fees	1,489	1,751
Foreign exchange income	2,998	3,011
Advisory fee income	1,810	2,442
Other	3,284	4,393
	9,581	11,597
Company		
Recharged option expenses	899	1,069
Foreign exchange income	(5)	1,647
	894	2,716

The category 'other' consists mainly of placing fees received.

9. PERSONNEL COSTS

	2006	2005
	€ 000's	€ 000's
Group		
Wages and salaries	27,933	27,788
Pension costs	1,643	1,767
Social security costs	3,515	2,618
Other staff costs (including bonus entitlements)	12,240	8,441
	45,331	40,614

The increase in other staff costs is mainly due to bonus entitlements.

The Group's pension schemes are defined contribution plans.

Company

The revenue is caused by a release of a bonus accrual which has been paid by a subsidiary.

10. REDUNDANCY EXPENSE

In 2006 certain employees became redundant. The expense recorded under this item relates to severance pay for these employees.

11. OTHER PROVISIONS

Provisions comprise provisions in respect of obligations arising under property operating leases. During 2005 the Company vacated its then current premises at Worship Street and moved to new premises at 131 Finsbury Pavement. Vacation of Worship Street gave rise to an onerous lease provision to reflect the unavoidable obligations under the existing contract. The provision was discounted to the present value of the onerous lease.

Contracts were exchanged in December 2006 for the surrender of the lease in respect of Worship Street with completion due in early January 2007. The exchange of contracts triggered a reversal of provisions held in respect of Worship Street. Any creditors arising from the exchange of contracts were recognised as at December 2006 and are included under note 30 Other liabilities.

	2006
	€ 000's
Group	
At 1 January	1,986
Terminations payments	(684)
Release to profit and loss account	(1,302)
	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

(CONTINUED)

Litigation

NUSA SIM SpA ("Nusa"), a company acquired by the Group in 2001, has been involved in a court case in Rome in relation to claims made by two clients on losses incurred by them on the purchase of certain securities on which Nusa acted as a broker. In January 2005 Nusa was informed of a court ruling condemning Nusa to unwind the original sale of the securities and to pay € 3.2 million plus legal interest and inflation damages.

Part of the purchase price paid for Nusa has been paid into escrow for potential damages incurred on this case. Including earned interest the amount in escrow is approximately € 0.5 million.

In September 2005 a payment was made of € 4.4 million. The branch filed an appeal with the Court for a second level trial, and subsequently made a provision for the full amount claimed per 31 December 2005. The second level trial is expected to be held during the course of 2008.

The impact of the legal dispute can be summarised as follows:

	2006	2005
	€ 000's	€ 000's
Payment made	—	4,404
Escrow amount	—	(500)
Impairment booked on receivable	—	3,904

Impairment losses on loans and advances

	2006	2005
	€ 000's	€ 000's
Group		
At 1 January	1,782	1,591
Charge for the year	374	586
Disposal of subsidiaries	—	—
Used for write-offs	(882)	(395)
	1,274	1,782

The impairment losses on loans and advances are recorded under the loans and advances to customers in the balance sheet. Reference is made to note 18.

12. OTHER OPERATING EXPENSES

	2006	2005
	€ 000's	€ 000's
Group		
Audit fees	495	515
Bad debt	374	586
Systems & information suppliers ¹	8,547	5,219
Communication & travel	3,966	3,607
Other administrative expenses ²	18,402	17,217
	31,784	27,144
Company		
Audit fees	30	24
Other administrative expenses	180	161
	210	185

1) increase mainly due to full year impact of outsourcing contract with Ordina

2) Included under other administrative expenses are, amongst others, consultancy fees, legal fees, rent, insurance, membership fees and marketing expenses.

13. TAXATION

The charge for the year can be reconciled to the profit as per the income statement as follows:

	Tax rate	2006	2005
	%	€ 000's	€ 000's
Group			
Profit before tax		10,932	8,827
Tax calculated at a tax rate of 30.4% (2005: 30.4%)	30.4%	(3,293)	(2,682)
Effect of liquidation of company on deferred tax asset	0%	—	(428)
Tax on non-deductible expenses ¹	20.1%	(2,182)	(0)
Tax on non-taxable income	(17.1%)	1,852	2,817
Effect of different tax rates in other countries	(0.7%)	75	543
Effective tax rate/tax expense for the year	32.7%	(3,548)	250

1) Included in this amount is € 1.8 mln resulting from the revaluation of the deferred tax asset to 25,5% in the Netherlands.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

(CONTINUED)

The movement in the deferred tax assets is as follows:

	2006	2005
	€ 000's	€ 000's
	11,858	13,156
	(3,548)	250
At 1 January	1,163	(1,548)
Charge for the year	9,473	11,858
Reclassify from/(to) current tax		

The deferred tax assets for the Group relates to accrued tax on losses carried forward. As per 1 January 2007 the loss compensation rules in the Netherlands are restricted. The carry forward of losses is restricted to nine years. Existing carry forward losses on 1 January 2007 may be carried forward up to and including 2011. As of 2012 still existing carry forward losses realised in 2002 or earlier years can no longer be set off against profits. Of the deferred tax assets € 1,904,000 can be carried forward indefinitely.

Company

Insinger de Beaufort Holdings S.A. is a so-called billionaires holding company for tax purposes. Billionaire Holding Companies are taxed on the basis of various percentage rates applied to interest paid out and dividends distributed by the company, and on the remuneration and fees paid to directors, auditors and liquidators residing less than six months of the year in Luxembourg. The current tax regime will end as at 1 January 2011.

The Company has no deferred tax assets and liabilities.

14. EARNINGS PER SHARE

	2006	2005
Basic earnings per share: (cents)	56.6	71.1
Diluted earnings per share: (cents)	50.2	65.7

There were no operations discontinued in the period.

	2006	2005
	Shares	Shares
Weighted average		
Number of ordinary shares outstanding	12,878,331	12,767,502
Dilutive potential ordinary shares	1,644,237	1,058,644
Number of ordinary shares for the purpose of diluted earnings per share	14,522,568	13,826,146

Diluted earnings per share take into account the effect of outstanding employee stock options and other dilutive equity instruments. See note 32.

15. CASH AND BALANCES WITH CENTRAL BANKS

	2006	2005
	€ 000's	€ 000's
Group		
Cash in hand	51	22
Balances with central banks	2,877	6,423
	2,928	6,445

The balances with central banks include demand deposits with De Nederlandsche Bank N.V.

16. TREASURY BILLS

This relates to zero coupon short term Dutch Government paper. € 2,953,000 (2005: € 11,295,000) of treasury bills have been pledged as security for the execution of payments and security settlements. Due to the short remaining life of the treasury bills

the fair value does not differ materially from the recorded amount in the balance sheet. Reference is made to note 19 for the classification of the treasury bills.

17. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

	2006	2005
	€ 000's	€ 000's
Group		
Receivable in relation to settlements of securities transactions	10,372	13,785
Placements with other banks	136,511	134,886
	146,883	148,671

Of the placements with other banks € 3,759,502 (2005: nil) is deposited as an escrow account for the purchase of Monument Securities Ltd. This balance is not at free disposal of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

(CONTINUED)

18. LOANS AND ADVANCES TO CUSTOMERS

	2006	2005
	€ 000's	€ 000's
Group		
Receivable in relation to settlements of securities transactions	18,963	25,472
Advances against securities	59,417	52,651
Mortgages	38,937	25,226
Other loans	8,743	17,695
	126,060	121,044
Less: impairment losses on loans and advances	(1,274)	(1,782)
	124,786	119,262

19. INVESTMENT SECURITIES

Investment securities, which are included in the following balance sheet categories may be analysed between listed, and unlisted securities, and held-to-maturity, available for sale and trading portfolios as follows:

	2006				2005			
	Listed	Unlisted	Total	Listed	Unlisted	Total		
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's		
Group								
Treasury bills	57,634		57,634	35,896	—	35,896		
Interest bearing securities	94	21,930	22,024	7,127	16,145	23,272		
Shares	881	2,231	3,112	1,148	1,895	3,043		
Total	58,609	24,161	82,770	44,171	18,040	62,211		
	Held-to-maturity	Available-for-sale	Trading	Total	Held-to-maturity	Available-for-sale	Trading	Total
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Treasury bills	57,634			57,634	35,896	—		35,896
Interest bearing securities	94	21,930		22,024	7,127	16,145	—	23,272
Shares	—	2,297	815	3,112	—	2,161	882	3,043
Total	57,728	24,227	815	82,770	43,023	18,306	882	62,211

Of the interest bearing securities € 1,082,363 (2005: € 1,052,135) of the available-for-sale portfolio has been pledged as security for execution of payments and security settlement. Of the interest bearing securities € 21,929,830 is invested in Equity Trust Holdings Sarl (2005: € 16.144.663). Note that in 2005 the accrued interest in the amount of € 4,170,738 on the loan notes was recorded under the other assets. The fair value of this investment has been calculated using an estimated repayment date and a market-related discount rate. A 10% change to these variables does not result in a material change in the fair value.

Included in the unlisted, available-for-sale shares is the Group's holding of € 533,021 (2005: € 414,961) in the special purpose companies that held the Convertible Loan Notes on behalf of current and former senior employees of the Group (see note 35).

Included in the unlisted, available-for-sale shares is the interest of 11,2% in Equity Trust Holdings Sarl, which amounts to € 679,775 (2005: € 679,775).

The fair value of the held-to-maturity portfolio does not differ materially from the recorded amount in the balance sheet.

The movement in investment securities may be summarised as follows:

	<u>Available-for-sale</u>	<u>Held-to-maturity</u>	<u>Total</u>
	€ 000's	€ 000's	€ 000's
Balance as at 1 January	18,306	43,023	61,329
Additions	50,819	157,201	208,020
Additions from acquired companies	249	—	249
Sold during the year	(173)	—	(173)
Redemptions	(45,000)	(144,000)	(189,000)
Changes in valuations	83	1,574	1,657
Foreign exchange difference	(57)	(70)	(127)
Balance as at 31 December	24,227	57,728	81,955

20. SHARES IN SUBSIDIARY UNDERTAKINGS

	<u>2006</u>	<u>2005</u>
	€ 000's	€ 000's
Company	49,647	49,647

A list of significant subsidiaries held as direct and indirect investments of Insinger de Beaufort Holdings S.A. is disclosed in "Other Information" on page 69.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

(CONTINUED)

21. INVESTMENTS IN ASSOCIATES

	2006	2005
	€ 000's	€ 000's
Group		
At 1 January	3,917	3,077
Acquired during the year	18	18
Share in results	3	739
Sale	(3,635)	—
Dividends paid	—	—
Exchange differences	—	83
At 31 December	303	3,917

The sale relates to the 25% participation in UTB Partners Ltd.

The Group's interests in its principal associates, which are unlisted, are as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/Loss	Interest held %
B & S Insinger Beheer ¹	The Netherlands	230,533	401	87,744	(343)	50%
Holland Immo Groep Insinger de Beaufort Beheer B.V. ¹	The Netherlands	359,880	128,544	416,598	4,382	50%
Holland Immo Groep Insinger de Beaufort V B.V. ¹	The Netherlands	17,493	507	1,000	314	50%
Holland Immo Groep Insinger de Beaufort VI B.V. ¹	The Netherlands	18,408	400	1,000	125	50%
Holland Immo Groep VII /Winkelfonds Zuidplein B.V. ¹	The Netherlands	18,667	400	1,000	411	50%
Holland Immo Groep X / Woningfonds B.V. ¹	The Netherlands	20,955	1,055	2,060	1,308	50%
Holland Immo Groep XI / Retail Residential Fund B.V. ²	The Netherlands					50%
Germany Residential Fund Management B.V. ²	The Netherlands					50%
Bouwfonds Germany Residential Fund II Management BV ³	The Netherlands					50%
Bouwfonds Germany Residential Fund III Management BV ⁴	The Netherlands					50%

1) Figures are based on annual reports for the year ended 31 December 2005.

2) These companies were acquired in 2005 and have an extended fiscal year ending 31 December 2006. No annual report is available yet.

3) Purchase of Bouwfonds Germany Residential Fund BV II in 2006. No annual report is available yet.

4) Purchase of Bouwfonds Germany Residential Fund BV III in 2006. No annual report is available yet.

22. INTANGIBLE ASSETS

	2006	2005
	€ 000's	€ 000's
Group		
At 1 January	16,090	20,868
Additions arising during the year	7,111	—
Sale of subsidiaries	—	(4,891)
Impairment charges	(130)	—
Foreign exchange translation adjustments	269	113
At 31 December	23,340	16,090

The addition relates entirely to the acquisition of Monument Securities. The impairment charges relate to capitalized expenses of sold subsidiaries.

The intangible assets are allocated to the cash-generating units as follows:

	2006	2005
	€ 000's	€ 000's
Private banking	10,080	10,080
Institutional	13,260	6,010
At 31 December	23,340	16,090
	2006	2005
	€ 000's	€ 000's
Company		
At 1 January	1,249	1,249
Impairment charges	—	—
At 31 December	1,249	1,249

23. TANGIBLE FIXED ASSETS

	Leasehold improvements	Computing equipment	Other fixtures, fittings and equipment	Total 2006	Total 2005
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Group					
Cost	3,993	12,564	4,665	21,222	21,362
Accumulated depreciation	(1,307)	(10,377)	(2,989)	(14,673)	(14,735)
Net book value	2,686	2,187	1,676	6,549	6,627
Net book value					
At 1 January 2006	2,836	2,080	1,711	6,627	7,459
Acquisitions	—	55	—	55	—
Additions	164	1,011	366	1,541	4,356
Disposals	—	—	—	—	(1,749)
Impairment	—	—	(173)	(173)	(416)
Impact of sale of consolidated subsidiaries	—	—	—	—	(192)
Depreciation	(375)	(982)	(236)	(1,593)	(2,906)
Foreign exchange translation adjustments and other	61	23	8	92	75
At 31 December 2006	2,686	2,187	1,676	6,549	6,627

The impairment relates to the write down of certain assets in the Italian office. The fair value of the fixed assets is estimated to be in excess of the carrying amounts.

Assets are depreciated using the straight-line method:

- Leasehold improvements: 10 years
- Computing equipment: 3-5 years
- Other: 4-5 years

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(CONTINUED)

24. INVESTMENT PROPERTY

	2006	2005
	€ 000's	€ 000's
Group		
At 1 January	1,458	1,858
Additions	—	—
Sale	(1,458)	—
Fair value adjustments	—	(400)
At 31 December	—	1,458

The investment property (Herengracht 529) has been sold as per 29 June 2006 for an amount of € 1,701,676. The profit on the sale amounted to € 244,048, which is recorded under other operating income.

The fair value adjustments in 2005 relate to Dutch property.

The following amounts have been recognised in the income statement:

	2006	2005
	€ 000's	€ 000's
Rental income	35	34
Direct operating expense	(18)	(53)

25. OTHER ASSETS

	2006	2005
	€ 000's	€ 000's
Group		
Trade debtors	4,140	2,829
Staff advances	15	89
Accrued income	9,127	14,717
Other receivables and prepaid amounts	27,555	14,011
	40,837	31,646
less: impairment charges	(691)	(582)
	40,146	31,064
Company		
Amounts due from Group companies	40,175	42,864

Included in the other assets is a collateral of € 2.6 mln (2005: 0,8 mln) which has been deposited at another bank in the Netherlands.

26. AMOUNTS OWED TO CREDIT INSTITUTIONS

The amounts owed to credit institutions can be specified as follows:

	2006	2005
	€ 000's	€ 000's
Group		
Payable in relation to settlements of securities transactions	858	3,960
Other loans	7	5,740
	865	9,700
Company		
Bank Insinger de Beaufort N.V.	6,218	6,529
Placements with other banks	(443)	(431)
	5,775	6,098

27. AMOUNTS OWED TO CUSTOMERS

	2006	2005
	€ 000's	€ 000's
Group		
Payable in relation to settlements of securities transactions	13,578	12,306
Current accounts	195,765	209,412
Time deposits	113,747	79,353
	323,090	301,071

28. LOAN NOTES AND OTHER LONG-TERM DEBT

	2006	2005
	€ 000's	€ 000's
Group		
Accrued interest compulsory convertible loan note	361	408
Subordinated loan note	7,329	7,329
	7,690	7,737

On 24 December 2003 a Euro denominated, subordinated loan note 2008 in an amount of € 8,929,000 was issued by the Company to the note holder. The loan note is subordinated to all the current and future liabilities of the Company. The note will be redeemable on 1 July 2008 and in the meantime, will attract interest at the rate of the 12-month EURIBOR plus 3% per annum. In the event that more than 30% of the Banking Group's assets are distributed or sold, or if a controlling interest in the Company (namely, 30% or more of the issued ordinary share capital) is transferred to a single party, then within three months of

such event, the note holder will be entitled to demand the early redemption of such loan note. During 2006 € nil has been repaid (2005: € 1,600,000).

Company

The Loan notes for the Company are entirely the same as for the Group only with the exception that the accrued interest of the compulsory convertible loan note is not included in the Company balance sheet. The compulsory convertible loan note has been issued by a Group company.

NOTES TO THE FINANCIAL STATEMENTS

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29. PROVISIONS

This item relates to the provision for onerous contract. See note 11 Other provisions.

30. OTHER LIABILITIES

	2006	2005
	€ 000's	€ 000's
Group		
Trade creditors	2,432	2,933
Salaries payable	196	304
Payroll taxes payable	1,404	1,300
VAT payable	522	418
Accruals and deferred income	6,072	11,611
Other short-term payables	35,381	14,884
	46,007	31,450
Company		
Accruals and deferred income	1,993	4,887
Short-term payables	673	636
Taxation	65	32
Amounts owed to Group companies	—	—
	2,731	5,555

31. TREASURY SHARES

The movement of Treasury share is as follows:

	2006	2005
At 1 January	510,824	473,109
Movement Treasury shares	(14,538)	37,715
At 31 December	496,286	510,824

The Treasury shares are not deducted from the Company balance sheet as they are held by a consolidated subsidiary.

32. OPTIONS

The Company has issued various call option series to staff and staff related vehicles. One option gives the right to acquire

one share at the respective exercise price. The following number of options were outstanding as at 31 December 2006:

Exercise Date	Number of options in issue				Exercise Price	Capped profit above	Vesting Period Applicable	
	at 31 Dec 2005	issued	exercised	cancelled				at 31 Dec 2006
9 June 2007	50,000				50,000	6.00	yes	
25 October 2007	359,000		(6,212)	(858)	351,930	6.30	yes	
25 October 2007	16,748			(5,810)	10,938	4.04	yes	
25 October 2007	28,236				28,236	5.78	yes	
25 October 2007	38,920			(2,500)	36,420	3.52	yes	
7 November 2007	26,476		(26,476)		—	4.32	yes	
25 October 2008	1,494,640		(9,520)	(4,760)	1,480,360	7.88	yes	
25 November 2009	922,000		(25,000)		897,000	5.35	yes	
9 November 2009	444,350			(22,100)	422,250	6.50	yes	
21 December 2009	100,000				100,000	7.50	yes	
15 April 2008	—	60,000			60,000	7.50	yes	
15 April 2010	—	40,000			40,000	7.50	yes	
25 October 2010	—	222,850		(18,000)	204,850	10.00	yes	
	3,480,370	322,850	(67,208)	(54,028)	3,681,984			
26 January 2006	264,901		(264,901)		—	4.73	10.27	yes
	3,745,271	322,850	(332,109)	(54,028)	3,681,984			

Where a vesting period is applicable the option rights can only be exercised when the person is still employed in the Group at the exercise date. Otherwise the person can only exercise the number of vested options as earned up to the date of the end of his or her employment.

The fair value of the options determined at grant date is expensed on a straight-line basis over the vesting period. This calculation is adjusted at each balance sheet date in accordance with the vesting conditions and included in the other staff costs in note 9.

The average share price at the date of exercise for share options exercised during the period was € 10,57.

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FOR THE YEAR ENDED 2006

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33. SHARE-BASED COMPENSATION

In October 2006 various subsidiaries issued share-based compensation arrangements for certain staff members where a settlement is paid in cash when the staff member is still employed by the Group at the reference date. The amount to be

paid is determined on the basis of the difference between the share price of the Company on the Luxembourg stock exchange on the reference date and the reference price. Below is a summary of the outstanding arrangements:

Reference date	Number	Reference price
15 September 2009	10,000	€ 10,-
22 October 2012	157,500	€ 12,-
22 October 2013	157,500	€ 12.50
Total	325,000	

The fair value of the granted outstanding arrangements has been recorded under staff expenses for the total of € 255,703.

As the arrangements are cash settled they are not included in the diluted earnings calculations.

34. WARRANTS

Each warrant entitles the holder to acquire one fully paid Ordinary Share at an exercise price of € 6.00. The warrants may be exercised at any time during the period from 25 May to 24 June each year up to and including 2008.

	Outstanding	Owned by Group Companies	Net
At 1 January 2005	1,204,667	863,393	341,274
Repurchased		24,762	(24,762)
Exercised		—	
At 1 January 2006	1,204,667	888,155	316,512
Repurchased	—	17,166	(17,166)
Exercised	—	—	
At 31 December 2006	1,204,667	905,321	299,346

35. SHAREHOLDERS' COMPULSORY CONVERTIBLE LOAN NOTE

On 24 November 2003 a Group company issued a compulsory convertible loan note ("CCLN2011") of € 1,475,000 to part of senior management of the Group. The CCLN2011 will mature in 2011 and will pay 150 interest basis points above the 3-month Euribor and ranks pari passu with all other unsecured obligations of the issuing company. The conversion rate has been set at € 5.00, which will lead to an issuance of 295,000 shares in Insinger de Beaufort Holding S.A. in 2011. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2006 amounts to € 1,398,864 (2005: € 1,409,187)

On 11 May 2005, a Group company issued a compulsory convertible loan note ("CCLN2013") of € 995.875 to part of senior management of the Group. The CCLN2013 will mature in 2013 and will pay 150 interest basis points above the 3-month Euribor and ranks pari passu with all other unsecured obligations of the issuing company. The conversion rate has been set at € 7.75, which will lead to an issuance of 128,500 shares in 2013. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2006 amounts to € 929,979 (2005: € 970,278).

36. DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivative financial instruments

	<u>2006</u>	<u>2005</u>
	€ 000's	€ 000's
	122	38

Includes interest rate swaps and options.

The Group hedges its foreign currency positions by ways of forward contracts relating to the UK operations (British Pounds Sterling). The results of this net investment hedge are recorded in the translation reserve when the hedge is considered effective. At year end the Euro equivalent fair value of sold forward contracts amounted to € 17,913,960 (2005: € 19,495,474). The forward contracts will be renewed on a revolving basis as required.

The effectiveness of the hedge is determined on a monthly basis. During 2006 there was ineffectiveness recorded from net investment in foreign currency hedges. The ineffective portion of € 420,563 (2005: nil) is recorded under the foreign exchange income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

(CONTINUED)

37. LEASEHOLD COMMITMENTS

	2006	2005
	€ 000's	€ 000's
Minimum lease payments under operating leases recognised in income for the year	4,069	3,871

Group commitments due under non-cancellable operating leases may be summarised as follows over the periods in which amounts fall due:

	2006	2005
	€ 000's	€ 000's
Amounts payable:		
within one year	4,169	3,391
more than one year and less than five years	13,689	11,066
more than five years	5,727	4,459
	23,585	18,916

Operating leases represent mainly rentals payable by the Group for some of its office properties. The leases have varying terms, escalation clauses and renewal rights.

At the balance sheet date the future sublease payments to be received under non-cancellable subleases at the balance sheet date may be summarised as follows:

	2006	2005
	€ 000's	€ 000's
Amounts receivable:		
within one year	794	406
more than one year and less than five years	3,040	1,548
more than five years	374	553
	4,208	2,507

The subleases relate to the office in Amsterdam and the office in Eindhoven. The sublease contracts started in 2005.

Process outsourcing

The outsourcing of our back office processes and IT systems to Ordina was completed in the third quarter of 2005. The term of the contract is seven years. The fixed costs of the contract are estimated at € 4.5 million a year.

38. CONTINGENT ASSETS & LIABILITIES

Group	2006 € 000's	2005 € 000's
Contingent asset:	11,464	11,464
Contingent liability:		
Guarantees and other direct substitutes for credit	6,332	9,432

This represents the deferred consideration loan notes due by Equity Trust Holdings Sarl. Repayment of these loan notes depends on certain return levels realized by the shareholders of Equity

Trust Holdings Sarl when selling their interest. As the Group considers the realisation to be highly uncertain, the Group did not account for the loan notes in the balance sheet.

39. LITIGATION

As per 30 April 2003 the group has sold its Trust Group activities. The purchaser of the Trust Group has made a claim against the Company under the warranties provided in the sale and purchase agreement. This claim relates to damages incurred and potentially to be incurred by the Trust Group from an alleged error made by the Trust Group in the services provided to a client. The Company is in proceedings brought forward by the purchaser of the Trust Group before the High Court in England. The amount of damages claimed is uncertain but the potential amount of damages could be approximately £ 10 million. The Company believes the claim is unfounded and is vigorously denying any liability. The proceedings before the high court have been suspended for the time being pending the outcome of proceedings between the Trust Group and their insurer.

For the legal dispute regarding NUSA SIM SpA see footnote 11 provisions.

40. SEGMENTAL ANALYSIS

For management purposes, the Group is currently organised into five operating divisions – Private Banking, Asset Management, Institutional & Corporate products and services, Operations & Support and Group. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Private Banking – Wide range of services on behalf of individuals
- Asset Management – Activities that offer individuals and institutions a comprehensive choice of funds and investment programmes
- Institutional & Corporate products and services – Wide range of financial products and services aimed at institutions and corporate clients
- Operations & Support – Operations & Support areas within the Group
- Group – All Group activities such as legal, head office and financing activities.

Secondary segmentation is the geographical information as disclosed in note 3.3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

(CONTINUED)

At 31 December 2006	Private Banking € 000's	Asset Management € 000's	Institutional € 000's	Ops & Support € 000's	Group € 000's	Total € 000's
Operating income	38,420	29,925	19,764	(481)	1,469	89,097
Impairment charges					(130)	(130)
Provisions				1,302		1,302
Operating profit	5,416	15,119	(4,951)	(1,417)	(3,238)	10,929
Income on sale of subsidiaries						—
Share of results of associates					3	3
Profit before tax	5,416	15,119	(4,951)	(1,417)	(3,235)	10,932
Income tax expense						(3,548)
Net profit						7,384
Segment assets	107,341	20,580	32,705	65,659	210,815	437,100
Associates					303	303
Total assets	107,341	20,580	32,705	65,659	211,118	437,403
Segment liabilities	233,942	90,051	10,490	30,858	15,515	380,857
Total liabilities	233,942	90,051	10,490	30,858	15,515	380,857
Other segment items						
Capital expenditure	42	27	628	845	—	1,542
Depreciation	(271)	(8)	(44)	(1,443)		(1,766)

At 31 December 2005	Private Banking € 000's	Asset Management € 000's	Institutional € 000's	Ops & Support € 000's	Group € 000's	Total € 000's
Operating income	34,005	27,419	17,220	4	3,215	81,863
Provisions				(1,987)	(3,903)	(5,890)
Operating profit	2,886	10,289	108	(5,305)	(4,110)	3,868
Income on sale of subsidiaries	143	4,077				4,220
Share of results of associates	—	—	—	—	739	739
Profit before tax	3,029	14,366	108	(5,305)	(3,371)	8,827
Income tax expense						250
Net profit						9,077
Segment assets	101,190	12,078	6,408	82,858	201,190	403,724
Associates	282				3,635	3,917
Total assets	101,472	12,078	6,408	82,858	204,825	407,641
Segment liabilities	216,350	77,554	5,323	30,057	25,291	354,575
Total liabilities	216,350	77,554	5,323	30,057	25,291	354,575
Other segment items						
Capital expenditure	11	57	—	4,288	—	4,356
Depreciation	(665)	(109)		(2,948)		(3,722)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2006

(CONTINUED)

Employees

The average number of employees was:

	2006	2005
	Individuals	Individuals
Private Banking	144	146
Asset Management	33	58
Institutional	92	63
Ops & Support	86	111
Group	19	12
	374	390

41. DIVIDENDS

A dividend of 0.22 eurocent per ordinary share totaling € 2,835,645 (2005: 18 eurocent per ordinary share totaling € 2,317,457) is proposed by the Board of Directors and is payable as soon as possible after shareholder approval at the general meeting on 21 May 2007 to those shareholders registered on 31 May 2007. The dividend proposal has not been included under the liabilities in the Financial Statement. Dividend payments are exempt from withholding tax.

OTHER INFORMATION

LIST OF SIGNIFICANT INVESTMENTS

Name	Registered office	Issued equity held%
Direct Investments		
Insinger de Beaufort Finance Sàrl	Luxembourg, Grand-Duchy of Luxembourg	100
Insinger Finance (BVI) SA	Tortola, British Virgin Islands	100
Insinger Trust Holdings Limited	Tortola, British Virgin Islands	100
Indirect investments		
Bank Insinger de Beaufort Safe Custody N.V.	Amsterdam, The Netherlands	100 ⁵
Bank Insinger de Beaufort NV	Amsterdam, The Netherlands	100
Insinger de Beaufort	London, United Kingdom	100
Insinger Asset Management AG	Zug, Switzerland	50
Insinger de Beaufort Asset Management NV	Amsterdam, The Netherlands	100
Insinger de Beaufort Holding BV	Amsterdam, The Netherlands	100
Insinger de Beaufort Investments Limited	Tortola, British Virgin Islands	100
Insinger de Beaufort (Luxembourg) SA	Luxembourg, Grand-Duchy of Luxembourg	100
Insinger de Beaufort (UK) Limited	London, United Kingdom	100
Insinger de Beaufort Associates B.V.	Eindhoven, The Netherlands	100
Insinger de Beaufort Investments (S.A.) (Proprietary) limited	Claremont, South Africa	100
Associates⁶		
B & S Insinger Beheer B.V.	Laren, The Netherlands	50
Holland Immo Groep Insinger de Beaufort Beheer B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep Insinger de Beaufort V B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep Insinger de Beaufort VI B.V.	Eindhoven, The Netherlands	50
Holland Immo Groep X / Woningfonds B.V.	Eindhoven, The Netherlands	50
Germany Residential Fund Management B.V.	Amersfoort, The Netherlands	50
Bouwfonds Germany Residential Fund BV II	Hoewelaken, The Netherlands	50
Bouwfonds Germany Residential Fund BV III	Hoewelaken, The Netherlands	50
Non-consolidated indirect Investments		
Equity Trust Holdings Sàrl	Luxembourg, Grand-Duchy of Luxembourg	11.2

5) Depository receipts of shares

6) Non consolidated

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