# REPORT ON THE 1st QUARTER 2006

LLOYD FONDS

AKTIENGESELLSCHAFT

# KEY FIGURES 1st QUARTER 2006

| **Performance indicators** (EUR millions) | Q1-2006 | Q1-2005 | Δ |
|---|---|---|---|
| Sales | 31.5 | 11.4 | +176.3 % |
| EBIT | 6.9 | 2.4 | +188.7 % |
| Consolidated profit for period | 5.0 | 1.7 | +191.2 % |
| Return on sales | 16.0 % | 15.1 % | +0.9 % pts |
| Cost of sales ratio | 65.7 % | 61.8 % | +3.9 % pts |
| EBIT margin | 21.9 % | 21.0 % | +0.9 % pts |
| Earnings per share (in EUR)* | 0.40 | 0.14 | +193.7 % |
| Equity capital placed | 153 | 64 | +139.1 % |

| **Balance sheet** (EUR millions) | 3/31/2006 | 3/31/2005 | Δ |
|---|---|---|---|
| Total assets | 116.1 | 45.4 | +155.9 % |
| Shareholders' equity | 80.3 | 18.0 | +345.2 % |
| Equity ratio | 69.1 % | 39.7 % | +29.4 % pts |

| **Employees** | Q1-2006 | Q1-2005 | Δ |
|---|---|---|---|
| Average headcount | 88 | 58 | +51.7 % |
| Personnel expenses (EUR millions) | 2.1 | 1.2 | +80.1 % |
| Personnel expense ratio | 6.8 % | 10.4 % | –3.6 % pts |

* based on 12.7 million shares after IPO

The Management Board of Lloyd Fonds AG: Dr. Torsten Teichert (CEO) and Holger Schmitz

# Dear shareholders, customers and business associates,

The first quarter of 2006 marked a seamless continuation of the previous year's excellent performance. We not only extended our range of lucrative investment products but also achieved a sustained increase in sales and profit. Thus, sales rose from EUR 11.4 million in the year-ago period to just under EUR 31.5 million, while consolidated profit for the first quarter widened from EUR 1.7 million in 2005 to EUR 5.0 million in 2006. Total equity of EUR 153 million was placed (year-ago quarter: EUR 64 million).

Yet, it was not only our financials which improved. At the same time, Lloyd Fonds AG's qualitative strength was additionally reinforced. Independent analysis company Scope Analysis, for example, awarded us an A rating ("High Quality") for management quality, thus increasing by one notch the rating which it had assigned one year earlier. We regularly arrange for analysts to assess our performance so that we are able to gauge the extent to which we have met our own expectations with respect to the transparency of our products and our Company as a basis for ongoing improvement. To further heighten our market success, we continued diversifying our product range in the first quarter of 2006. Thus, by the end of the year, Lloyd Fonds will be offering fund products in the shipping, real estate, regenerative energies, traded endowment policies and private equity segments.

Against this backdrop, Lloyd Fonds AG has strengthened its personnel resources. On June 1, 2006, Dr. Marcus Simon, who comes to us from Munich-based financial-services company cash.life, will be joining the Management Board as our new Chief Financial Officer. As of that date, Management Board member Holger Schmitz, the current Chief Financial Officer, will assume responsibility for product selection and design, an area of which he has previously also been in charge.

With these strategic and personnel adjustments, Lloyd Fonds has created the basis for continued success over the next few years. Indeed, it is already positioned excellently with an attractive range of investment products as well as a superb reputation in the marketplace. Accordingly, we reaffirm our forecast of placing equity of EUR 370 – 390 million in tandem with consolidated sales of some EUR 90 million in 2006 as a whole. This will generate consolidated net profit of around EUR 19 – 20 million. In any case, Lloyd Fonds will again grow far more quickly than the market this year and substantially widen its share in the segment for closed-end funds notwithstanding possible slight market contraction.

We would like to take this opportunity to thank all those without whom this success would not be possible: Our customers, partners, shareholders and employees. We will continue to offer investment products satisfying and, as far as possible, even going beyond our customers' expectations. At the same time, we will be creating sustained growth for our shareholders.

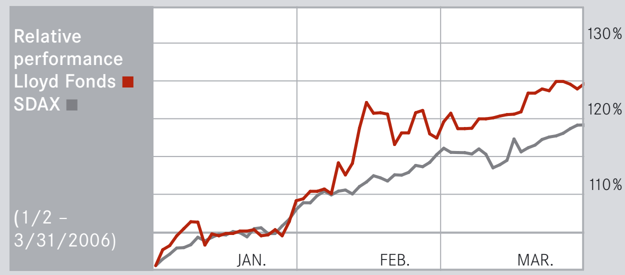
Yours sincerely,

**Dr. Torsten Teichert**
CEO

**Holger Schmitz**
Member of the Board

# LLOYD FONDS STOCK

Lloyd Fonds AG's stock performed very successfully in the first quarter of this year, advancing from EUR 15.56 at the end of 2005 to EUR 19.50 at the end of March 2006, a gain of over 25 %. Since then, the stock has risen again slightly, thus confirming the upward trend.




With this performance, the stock was not only very successful in absolute terms but also beat the market as a whole. By comparison, for example, the benchmark German DAX rose by only around 10 % between January and March. The above-average gains achieved by Lloyd Fonds stock were not least of all underpinned by numerous road shows and capital market presentations, during which institutional investors were given convincing arguments in support of the stock's upside potential and the positive long-term outlook for Lloyd Fonds AG.

Average trading volumes in the stock exceeded 24,200 shares per day in the first quarter of 2006, equivalent to an average daily value of just on EUR 430,000 in closing-price terms. The highest volumes (peaking at EUR 2.65 million) were registered in the first half of February. Free float as defined by Deutsche Börse stood at just under 44 % at the end of March.

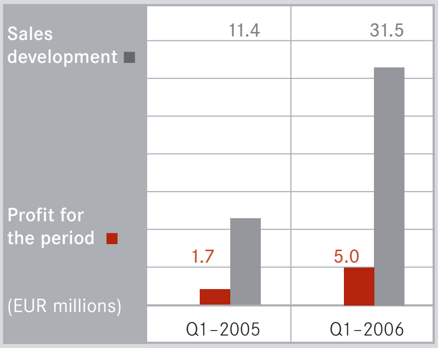
**Lloyd Fonds stock as at March 31, 2006**

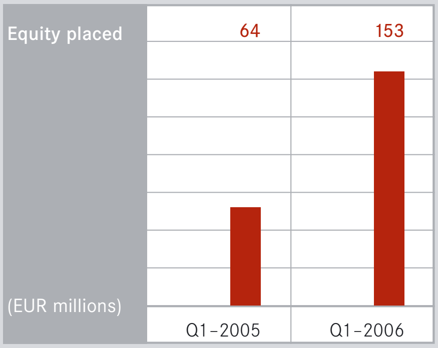
| | |
|---|---|
| German securities code number (WKN) | 617487 |
| ISIN | DE0006174873 |
| Reuters ticker | L1O |
| Market | Official trading Frankfurt / Main |
| Market segment | Index Prime Standard |
| Subscribed capital | EUR 12.67 million |
| Designated sponsors | DZ BANK, Sal. Oppenheim jr. & Cie. KGaA, Close Brothers Seydler AG |
| Firts day of trading | October 28, 2005 |
| Syndicate banks | DZ Bank (Lead), Sal. Oppenheim und HSBC Trinkaus & Burkhardt (Co-Lead), M.M. Warburg (Co-Manager) |
| Type | Bearer shares with a notional share of EUR 1 per share in the Company's subscribed capital |

| | |
|---|---|
| Number of shares (3/31/2006) | 12,666,667 |
| Price on issue date (10/28/2005) | EUR 15.39 |
| High | EUR 19.50 |
| Low | EUR 15.01 |
| Price on 3/31/2006 | EUR 19.50 |
| Market capitalization (3/31/2006) | EUR 247.0 million |
| Average trading volume per day, Q1-2006 | 24,225 shares |

# BUSINESS PERFORMANCE IN THE 1st QUARTER OF 2006

In the first quarter of 2006, Lloyd Fonds outperformed a dynamic market, impressively demonstrating its fund-retailing skills.




## UNDERLYING ECONOMIC CONDITIONS

### Steady growth in the global economy

The global economy continued to grow at a substantial pace at the end of 2005 and the beginning of 2006, although the rate of expansion in the period under review was presumably slightly less than in the same period of 2005. This is primarily due to the economic slowdown emerging in the industrialized nations, particularly the United States. However, several exceptional factors exerted pressure on the United States economy at the end of 2005, suggesting that this weak spell is not the harbinger of any sustained downswing in the pace of economic growth in North America. Current US job market data point to a bounce-back in the first quarter of 2006.

According to preliminary estimates issued by the European bureau of statistics Eurostat, the rate of growth in the euro-zone economy slowed at the end of the year compared with mid 2005. Even so, Deutsche Bundesbank assumes that the pace picked up again at the beginning of the year, explaining that the dwindling momentum in the final quarter of 2005 was due to muted industrial production, a situation which is now changing, however.

At the end of 2005/beginning of 2006, the German economy initially exhibited a sideways move, with gross domestic product (GDP), the sum total of all goods and services produced, virtually unchanged quarter on quarter in the final quarter of 2005 according to figures released by the German Federal Bureau of Statistics. Despite this, Deutsche Bundesbank assumes that the underlying economic recovery remained intact. In the final quarter of 2005, a slight decline in foreign demand placed a damper on the economy. Yet, February 2006 already saw a recovery in export demand particularly from non-euro-zone countries. At 105.4 points, the Ifo business confidence barometer also hit its highest reading in 15 years at the end of March 2006, with the figures showing that all key industries were fueling the recovery.

## MARKET

### Loipfinger forecasting decline in market for closed-end funds

This year, analyst Stefan Loipfinger expects the market for closed-end funds to cool off. Indeed, evidence of this trend emerged in the first quarter of the year. For 2006 as a whole, Loipfinger projects a placement volume of around EUR 10 billion, down from EUR 12.3 billion in the previous year. At the same time, there are signs that real estate and private equity funds will grow. However, it should be noted that Loipfinger himself states that these figures are representative for only 70 % of the market.

In addition, it can be assumed that the Markets in Financial Instruments Directive (MiFID) will also apply to closed-end funds as of 2007 and thus unleash further market consolidation.

## BUSINESS PERFORMANCE

### Continuous placement successes

In the first quarter of 2006, the Lloyd Fonds Group was able to place equity of around EUR 153 million (year-ago period: EUR 64 million). Of this, a sum of USD 137 million involved an exclusive ship fund for Deutsche Bank. “Flottenfonds VIII” has now been placed in full in Germany following the additional availability of EUR 23 million in the first quarter. Equity placed in traded UK endowment policies was valued at around EUR 15 million in the first three months of 2006 and was accounted for by the “Britische Kapital Leben III” fund, which will have a total equity volume of a maximum of EUR 45 million.

Retailing activities for the “Flottenfonds X” fund with total equity of EUR 52 million commenced in April. This fund is so far investing in two full-container ships scheduled for delivery at the end of 2006 and the beginning of 2008, respectively, and already chartered to renowned shipping companies for a period of eight years. Retailing of the Austrian quota of “Flottenfonds VIII” of EUR 5 million has already commenced. In order to strengthen retailing operations in Austria on a sustained basis, a local distribution company was established at the end of January and is now commencing its operating activities.

### Strong top and bottom-line growth

Spurred by this favorable business performance, the Lloyd Fonds Group’s sales surged to EUR 31.5 million in the first quarter of 2006, up almost threefold on the year-ago figure of EUR 11.4 million. This disproportionately strong growth relative to the increase in equity placed is primarily due to the exclusive placement of the “Lloyd Fonds Schiffsportfolio” fund. Recurring income rose substantially from EUR 0.7 million to EUR 1.3 million. The cost of sales ratio widened from 61.9 % in the year-ago period to 65.7 % on account of extensive issuing activity. Movements in net other operating loss tracked those in sales. Personnel expenses almost doubled due to the increase in employee numbers from 58 on March 31, 2005 to 88 one year later together with performance-tied remuneration. EBIT widened from EUR 2.4 million to EUR 6.9 million, with the EBIT margin remaining steady. The ratio of EBIT to equity placed improved substantially from 3.7 % to 4.5 % particularly as a result of the high-margin exclusive fund. Including net financial result, earnings before tax came to EUR 7.0 million between January and March 2006, up from EUR 2.3 million one year earlier. Consolidated profit for the first quarter stood at EUR 5.0 million (first quarter of 2005: EUR 1.7 million).

The Lloyd Fonds Group's total assets were valued at EUR 116.1 million as of March 31, 2006, up from EUR 98.9 million as of December 31, 2005. On the assets side, trade receivables rose by EUR 17.7 million particularly as a result of issuing receivables in connection with the exclusive fund not yet due for payment. On the liabilities side, commission liabilities rose accordingly by EUR 12.2 million. Shareholders' equity climbed by over EUR 5.0 million to EUR 80.3 million due to the addition of the consolidated profit for the period. The equity ratio now stands at 69.1%, down from 76.0% on December 31, 2005.

Cash flow from operating activities in the first three months of 2006 came to EUR 2.3 million, compared with EUR 3.1 million in the year-ago quarter. Cash flow in the period under review particularly came under strain from additions to receivables and liabilities of a net EUR 4.6 million in connection with the exclusive ship fund.

### Partnerships extended

In the first three months, Lloyd Fonds forged a partnership with energyONE, an internationally renowned UK initiator of investments in regenerative energies. In collaboration with this partner, Lloyd Fonds will be arranging funds with an annual volume of up to EUR 100 million over the next few years. Under the terms of the master contract, Lloyd Fonds will be granted a right of first refusal with respect to projects offered by energyONE. The contract provides for the arrangement of projects in Spain, Canada and Germany. The first joint project is scheduled for 2006, with further ones in the pipeline.

Thus, Lloyd Fonds and a Spanish solar energy project developer have signed a declaration of intent for the construction of a solar-energy plant. As well as this, Lloyd Fonds is currently engaged in negotiations for an office real estate portfolio in Cologne.

## OUTLOOK

### Prospects still favorable

Even in spite of possible contraction in the overall market for closed-end funds, the outlook for Lloyd Fonds remains upbeat. For 2006 as a whole, the Lloyd Fonds Group forecasts equity placements of EUR 370 – 390 million, of which around 70 – 75% will be accounted for ships, with the rest spread over the other asset classes (traded endowment policies, regenerative energies and real estate). On the basis of these projects, full-year sales will come to around EUR 90 million for 2006, translating into year-on-year growth of more than 25%. Consolidated profit should come to EUR 19 – 20 million, thus marking growth over the already excellent performance achieved in the previous year.

In the last few months, new ships have been ordered and bought after an absence of such activity for around twelve months. A new ship fund investing in an 8,200 TEUR container vessel acquired in April 2006 is currently in the pipeline, with the equity to be placed equaling at least EUR 30 million. The ship is to be handed over in February 2007, while placement efforts will already commence in 2006. In addition, four container ships each with 4,300 TEU have been ordered for delivery in 2009. The "Britische Kapital Leben IV" fund with equity of around EUR 20 million up to a maximum of EUR 30 million has already received BaFin clearance, while a further traded endowment policy fund "Britische Kapital Leben V" worth around EUR 30 million is currently in the planning phase. In addition to this, the Company expects to initiate further real estate, regenerative energy and private equity funds between now and the end of 2006.

# INTERIM REPORT AS OF MARCH 31, 2006



## CONSOLIDATED INCOME STATEMENT

for the period from January 1 to March 31, 2006

| TEUR | Note | Q1-2006 | Q1-2005 |
|---|---|---|---|
| Sales | 4.1 | 31,469 | 11,389 |
| Cost of sales | 4.2 | −20,661 | −7,044 |
| Personnel costs | 4.3 | −2,134 | −1,185 |
| Depreciation and amortization | | −154 | −148 |
| Other operating result | 4.4 | −1,798 | −624 |
| Share of profit of associates | | 172 | – |
| Profit from operating activities | | 6,894 | 2,388 |
| Finance income | 4.5 | 394 | 118 |
| Finance costs | 4.5 | −320 | −205 |
| Profit before income tax | | 6,968 | 2,301 |
| Income tax expense | 4.6 | −1,944 | −576 |
| **Profit for the period** | | **5,024** | **1,725** |
| | | | |
| Attributable to: | | | |
| Equity holders of the parent company | | 5,041 | 1,725 |
| Minority interest | | −17 | – |
| | | | |
| Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in EUR per share) | | | |
| - basic | 4.7 | 0.40 | 0.18 |
| - diluted | 4.7 | 0.40 | 0.18 |

The notes on pages 10 – 16 are an integral part of this interim report.

# CONSOLIDATED BALANCE SHEET

as of March 31, 2006

| TEUR | Note | 3/31/2006 | 12/31/2005 |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 695 | 692 |
| Intangible assets | | 1,654 | 1,669 |
| Investments in associates | 5.1 | 14,518 | 14,785 |
| Available-for-sale financial assets | 5.1 | 4,225 | 3,565 |
| | | 21,092 | 20,711 |
| Current assets | | | |
| Trade and other receivables | 5.2 | 35,392 | 17,673 |
| Receivables from related parties | 5.3 | 5,548 | 7,805 |
| Inventories | | 621 | 621 |
| Derivative financial instruments | 1.1 | 104 | – |
| Current income tax assets | | 318 | 799 |
| Cash and cash equivalents | | 53,008 | 51,251 |
| | | 94,991 | 78,149 |
| **Total assets** | | **116,083** | **98,860** |
| **Equity** | | | |
| Share capital | 5.4 | 12,667 | 12,667 |
| Additional paid-in capital | 5.4 | 44,007 | 43,971 |
| Retained earnings | 5.4 | 23,578 | 18,537 |
| Capital and reserves attributable to the parent company's equity holders | | 80,252 | 75,175 |
| Minority interest | 5.4 | 8 | 8 |
| Total equity | | 80,260 | 75,183 |
| **Liabilities** | | | |
| Non-current liabilities | | | |
| Borrowings | 5.5 | 105 | 117 |
| Deffered income tax liabilities | 5.5 | 1,216 | 1,088 |
| | | 1,321 | 1,205 |
| Current liabilities | | | |
| Trade and other liabilities | 5.6 | 20,905 | 8,661 |
| Amounts due to related parties | | 2,992 | 3,206 |
| Borrowings | | 10,605 | 10,605 |
| | | 34,502 | 22,472 |
| Total liabilities | | 35,823 | 23,677 |
| **Total equity and liabilities** | | **116,083** | **98,860** |

The notes on pages 10 – 16 are an integral part of this interim report.

# CONSOLIDATED CASH FLOW STATEMENT

| TEUR | Note | Q1–2006 | Q2–2005 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit for the period before share of profit of associates, interest and income taxes | 6.2 | 6,643 | 2,465 |
| Depreciation and amortization of non-current assets | | 154 | 148 |
| Profit from the disposal of property, plant and equipment | | –1 | –10 |
| Other non-cash income and expenses | 6.1 | 29 | –274 |
| Changes in trade and other receivables and derivative financial instrumens | | –17,804 | –589 |
| Changes in receivables from related parties | | 2,257 | 929 |
| Changes in trade and other liabilities | | 12,688 | –18 |
| Changes in amounts due to related parties | | –539 | 733 |
| Changes in the companies consolidated | 5.4 | 17 | – |
| Interest received | | 305 | 19 |
| Interest paid | | –149 | –131 |
| Dividends and profit distributions received | | 8 | – |
| Income tax paid | | –1,347 | –163 |
| Net cash generated from operating activities | | 2,261 | 3,109 |
| **Cash flow from investing activities** | | | |
| Purchases of | | | |
| intangible assets and property, plant and equipment | | –145 | –205 |
| available-for-sale financial assets and investments in associates | | –348 | –169 |
| Proceeds from the disposal of | | | |
| intangible assets and property, plant and equipment | | 4 | 21 |
| Net cash used in investing activities | | –489 | –353 |
| **Cash flow from financing activities** | | | |
| Repayment of borrowings | | –15 | –49 |
| Net cash used in financing activities | | –15 | –49 |
| **Net increase in cash and cash equivalents** | | **1,757** | **2,707** |
| Cash and cash equivalents at January 1 | | 51,251 | 5,473 |
| **Cash and cash equivalents at March 31** | 6.3 | **53,008** | **8,180** |

The notes on pages 10 – 16 are an integral part of this interim report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| TEUR | Note | Share capital | Additional paid-in capital | Retained earnings | Minority interest | Total equity |
|---|---|---|---|---|---|---|
| | | Attributabe to equity holders of the parent company | | | | |
| **Amount at January 1, 2005** | | 1,000 | 639 | 14,665 | – | 16,304 |
| Profit for the period | | – | – | 1,725 | – | 1,725 |
| **Amount at March 31, 2005** | | **1,000** | **639** | **16,390** | **–** | **18,029** |
| Amount at April 1, 2005 | | 1,000 | 639 | 16,390 | – | 18,029 |
| Equity issue using Company funds | | 8,500 | –539 | –7,961 | – | – |
| Equity issue and issue of new shares | | 3,167 | 47,500 | – | – | 50,667 |
| Transaction costs, net of tax | | – | –3,644 | – | – | –3,644 |
| Equity component of the convertible bond, net of tax | | – | 15 | – | – | 15 |
| Profit for the period | | – | – | 14,408 | 987 | 15,395 |
| Deconsolidation | | – | – | – | –987 | –987 |
| Changes in the companies consolidated | | – | – | – | 8 | 8 |
| Dividend paid for 2004 | | – | – | –4,300 | – | –4,300 |
| **Amount at December 31, 2005** | | **12,667** | **43,971** | **18,537** | **8** | **75,183** |
| Amount at January 1, 2006 | | 12,667 | 43,971 | 18,537 | 8 | 75,183 |
| Equity component of the convertible bond, net of tax | 5.4 | – | 36 | – | – | 36 |
| Changes in the companies consolidated | 5.4 | – | – | – | 17 | 17 |
| Profit for the period | | – | – | 5,041 | –17 | 5,024 |
| **Amount at March 31, 2006** | | **12,667** | **44,007** | **23,578** | **8** | **80,260** |

The notes on pages 10 – 16 are an integral part of this interim report.

# NOTES

## TO THE INTERIM FINANCIAL REPORT AS OF MARCH 31, 2006

## 1 ACCOUNTING POLICIES

This interim financial report as of March 31, 2006 has been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) as they have been accepted by the European Union until March 31, 2006. The accounting policies applied correspond to those applied to the consolidated financial statements as of December 31, 2005 and are described in detail there. Accordingly, this interim financial report must be read in the light of the disclosures made in the consolidated financial statements as of December 31, 2005. Additional reference should also be made to Note 1.1 for supplementary information on the accounting policies applied.

In accordance with the IFRS regulations (IAS 34 Interim Financial Reporting), this interim financial report has been prepared in condensed form compared with the consolidated financial statements as of December 31, 2005.

The new and modified standards listed in Note 2.1 of the consolidated financial statements as of December 31, 2005, which became mandatory as of January 1, 2006 following adoption by the EU Commission, did not have any impact on the Group's net assets, financial condition or results of operations.

### 1.1 Recognition and measurement of derivative financial instruments and hedges

Derivative financial instruments are initially recognized at cost plus transaction costs on the date a derivative contract is entered into and are subsequently measured at their fair value. The Group uses derivative financial instruments solely for hedging purposes and employs currency forwards to hedge certain fair values of a substantial volume of recognized foreign-currency receivables (fair value hedges).

Upon becoming party to the transaction, the Group documents the hedging relationship between the hedging instrument and the hedged item as well as the risk management objective and strategy for undertaking the hedge. In addition, the Group documents upon the inception of the hedging relationship and thereafter on a continuous basis its assessment whether the derivatives used in the hedging relationship are expected to be highly effective in offsetting changes in the fair value of the hedged item.

The fair value of foreign-currency forwards is determined on the basis of the forward exchange rates prevailing on the balance sheet date by comparing the hedge price with the reference spot exchange rate plus a surcharge to allow for a corresponding publicly traded countertransaction of the same duration. The relevant exchange rate for financial assets is the bid price and the appropriate exchange rate for financial liabilities the ask price. Any changes in fair value are taken to the income statement together with any changes in the fair value of the hedged assets attributable to the hedged risk.

In the period under review, the application of this accounting policy resulted in financial assets and finance income of TEUR 104 and finance expenses of roughly the same amount arising from the measurement of hedged receivables based on the exchange rate prevailing on the balance sheet date. In the absence of any transactions, there was no impact on the consolidated financial statements and interim financial reports previously published.

## 2 COMPANIES CONSOLIDATED

In articles of incorporation dated January 30, 2006, Lloyd Fonds Austria GmbH, Vienna, Austria, was established with share capital of TEUR 35. This company is responsible for distributing the funds initiated by Lloyd Fonds in Austria. The Group holds a share of 51% in this company. Lloyd Fonds Austria GmbH was consolidated in full for the first time on March 31, 2006. Initial consolidation did not have any material effect on the Group's net assets, financial position or results of earnings. The balance sheet date of this subsidiary is identical to that of the Lloyd Fonds Group (December 31).

There have been no other changes to the companies consolidated since December 31, 2005. The companies consolidated now comprise the parent Company as well as eight subsidiaries.

The income statement for the comparison period contains the expenses and income of Fünfte LF Immobiliengesellschaft mbH & Co. KG assigned to the Rental and Leasing segment in the segment report. Following the deconsolidation explained in the consolidated financial statements for 2005, the company is accounted for as an associate using the of equity method of accounting as of March 31, 2006.

## 3 SEGMENT INFORMATION

The Lloyd Fonds Group continued to comprise the Issuing, Trusteeship and Rental and Leasing business segments. Whereas the Rental and Leasing segment comprised solely Fünfte LF Immobiliengesellschaft mbH & Co. KG in the comparison period, in the period under review it also included expenses and income in connection with the US real estate fund. Segment results break down as follows:

| TEUR<br>**1/1 – 3/31/2006** | Issuing | Rental and Leasing | Trustee-ship | unallo-cated | **Group** |
|---|---|---|---|---|---|
| Sales | 30,293 | – | 1,172 | 4 | 31,469 |
| Cost of sales | –20,661 | – | - | – | –20,661 |
| Personnel expenses | –1,852 | – | -282 | – | –2,134 |
| Depreciation and amortization | –96 | – | -56 | –2 | –154 |
| Other operating result | –1,490 | –183 | –110 | –15 | –1,798 |
| Share of profit of associates | 8 | 164 | – | – | 172 |
| Profit from operating activities | 6,202 | –19 | 724 | –13 | 6,894 |
| Net financial result | 233 | –148 | –13 | 2 | 74 |
| Profit before income tax | 6,435 | –167 | 711 | –11 | 6,968 |
| Income tax expense | | | | | –1,944 |
| **Profit for the period** | | | | | **5,024** |

| TEUR<br>**1/1 – 3/31/2005** | Issuing | Rental and Leasing | Trustee-ship | unallo-cated | **Group** |
|---|---|---|---|---|---|
| Sales | 10,372 | 309 | 708 | – | 11,389 |
| Cost of sales | –7,020 | –24 | - | – | –7,044 |
| Personnel expenses | –994 | – | -191 | – | –1,185 |
| Depreciation and amortization | –68 | –10 | -70 | – | –148 |
| Other operating result | –786 | 251 | –89 | – | –624 |
| Profit from operating activities | 1,504 | 526 | 358 | – | 2,388 |
| Net financial result | 83 | –174 | 4 | – | –87 |
| Profit before income tax | 1,587 | 352 | 362 | – | 2,301 |
| Income tax expense | | | | | –576 |
| **Profit for the period** | | | | | **1,725** |

# 4 NOTES ON THE CONSOLIDATED INCOME STATEMENT

## 4.1 Sales

Sales break down as follows:

| TEUR | 1/1 – 3/31/2006 | 1/1 – 3/31/2005 |
|---|---|---|
| **Issuing** | | |
| Placement of investment capital | 25,403 | 7,588 |
| Fund design | 4,441 | 1,935 |
| Arrangement of financing | 324 | 840 |
| Management fees | 129 | 8 |
| | 30,297 | 10,371 |
| Trusteeship | 1,172 | 708 |
| Rental and Leasing | – | 310 |
| | **31,469** | **11,389** |

Issuing income from the placement of equity capital is dominated by income from the Lloyd Fonds Schiffsportfolio. In addition, equity capital was obtained for the Flottenfonds VIII and British traded endowment policies (BKL III) funds.

Income from fund design and from the arrangement of financing primarily relates to the Flottenfonds X and British traded endowment policies (BKL IV) funds.

## 4.2 Cost of sales

The cost of sales comprises almost exclusively commission to retail partners in connection with the funds referred to in Note 4.1.

## 4.3 Personnel costs

The rise in personnel costs is primarily due to the increase in employee numbers of around 50 % compared with the comparison period to 88 as well as higher performance-tied remuneration in connection with the higher profit for the period.

## 4.4 Other operating result

Other operating result breaks down as follows:

| TEUR | 1/1 – 3/31/2006 | 1/1 – 3/31/2005 |
|---|---|---|
| **Other operating income** | | |
| Income from the reduction in the net assets attributable to other limited partners | – | 273 |
| Other income | 51 | 59 |
| | 51 | 332 |
| **Other operating expenses** | | |
| Entertainment expenses | –347 | –171 |
| Financial statement, legal and consulting costs | –242 | –67 |
| Non-deductible input tax | –213 | –107 |
| Office supplies, IT costs and communications | –212 | –133 |
| Circulars, press and advertisements | –184 | –74 |
| Motor vehicle and travel costs | –166 | –63 |
| Rentals, ancillary rental costs and cost of premises | –146 | –112 |
| Other staff costs | –71 | –104 |
| Other expenses | –268 | –125 |
| | –1,849 | –956 |
| **Other operating result** | **–1,798** | **–624** |

The increase in other operating expenses is due to extensions to business activity.

## 4.5 Net financial result

Net financial result particularly comprises interest income from and interest expense to banks (TEUR 156; comparison period TEUR -132) and net gains and losses from foreign-currency transactions (TEUR -79; comparison period TEUR 77).

## 4.6 Income tax expense

Income tax expense comprises income taxes paid or owed as well as deferred taxes. Taxes entail corporate tax plus the solidarity surcharge.

## 4.7 Earnings per share

### Basic

Basic earnings per share are calculated by dividing profit or loss attributable to the ordinary equity holders by the average number of ordinary shares outstanding during the period:

| | 1/1 – 3/31/2006 | 1/1 – 3/31/2005 |
|---|---|---|
| Profit attributable to equity holders in parent company (in TEUR) | 5,041 | 1,725 |
| Average number of shares issued (in thousands) | 12,667 | 9,500 |
| Basic earnings per share (EUR per share) | 0.40 | 0.18 |

### Diluted

Diluted earnings per share are calculated by adding all conversion rights to the average number of ordinary shares outstanding. It is assumed that the convertible bond will be converted into shares and the net profit will be adjusted to allow for interest expense and the tax effect. With respect to the conversion rights, the number of shares which it was possible to acquire at the fair value is calculated. The number of shares thus calculated is compared with the number which would have arisen had the conversion rights been exercised.

| | 1/1 – 3/31/2006 | 1/1 – 3/31/2005 |
|---|---|---|
| Profit attributable to equity holders in parent company (in TEUR) | 5,041 | 1,725 |
| Interest expense on convertible bond (net; in TEUR) | 2 | – |
| Profit for determining diluted earnings per share (in TEUR) | 5,043 | 1,725 |
| Weighted average number of shares issued (in thousands) | 12,667 | 9,500 |
| Adjustments for assumed conversion of convertible bonds (in thousands) | 28 | – |
| Weighted average number of shares for diluted earnings per share (in thousands) | 12,695 | 9,500 |
| **Diluted earnings per share (EUR per share)** | **0.40** | **0.18** |

# 5 NOTES ON THE CONSOLIDATED BALANCE SHEET

The consolidated balance sheet shows an increase in total assets and total equity and liabilities respectively of 17.4 % to TEUR 116,083. This is particularly due to the commission receivables and liabilities relating to the Lloyd Fonds Schiffsportfolio which were not yet due for payment as of March 31, 2006. This section describes the main changes in the items of the balance sheet.

## 5.1 Financial assets

Changes in investments in associates and available-for-sale financial assets since December 31, 2005 are primarily due to the reclassification of fund companies placed, the share of profit of associates and the incorporation of shelf companies.

## 5.2 Trade and other receivables

Trade and other receivables break down as follows:

| TEUR | 3/31/2006 | 12/31/2005 |
|---|---|---|
| Receivables from issuing business | 33,733 | 16,043 |
| Receivables from trusteeship | 1,255 | 533 |
| Others | 404 | 1,097 |
| | **35,392** | **17,673** |

The increase in receivables from issuing business primarily relates to receivables from the placement of the Lloyd Fonds Schiffsportfolio not yet due (TEUR 18,288).

## 5.3 Receivables from related parties

Receivables from related parties are due almost exclusively from associates. The decline in receivables from associates is due to the full placement of the Schiffsportfolio as these receivables are now reported as trade receivables. This drop is for the most part offset by the addition of receivables in connection with fund design services provided in the first quarter due from as yet unplaced fund companies.

## 5.4 Equity

Movements in the Lloyd Fonds Group's consolidated equity are set out in the statement of changes in equity.

As of March 31, 2006, share capital consists of unchanged 12,666,667 ordinary bearer shares with no par value, each with a nominal value of EUR 1.00. There have been no changes in the authorized and contingent capital since December 31, 2005.

The reserve for convertible bonds included in additional paid-in capital increased by the prorated equity component of TEUR 49 net of tax of TEUR 13. Of the 125,600 partial debentures originally issued in the previous year, 14,400 forfeited in the first quarter of 2006.

As of March 31, 2006, retained earnings comprise solely profit carry-forwards which have not been distributed to shareholders.

The additions and disposals in minority interest during the period under review relate to minority interest in Lloyd Fonds Austria GmbH.

### 5.5 Non-current liabilities

The change in non-current borrowings is due to the partial debentures expiring in the period under review (see Note 5.4).

The increase in deferred income tax liabilities compared with December 31, 2005 is due primarily to the increase in taxable loss allocations from shares in non-incorporated entities.

### 5.6 Trade and other liabilities

Trade and other liabilities break down as follows:

| TEUR | 3/31/2006 | 12/31/2005 |
|---|---|---|
| Trade payables | 19,262 | 7,040 |
| Liabilities arising from operating taxes and levies | 668 | 700 |
| Other liabilities | 975 | 921 |
| | **20,905** | **8,661** |

The increase in trade payables is particularly related to commission liabilities not yet due resulting from the placement of the Lloyd Fonds Schiffsportfolio (TEUR 13,664).

## 6 NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

### 6.1 Other non-cash transactions

Other non-cash income and expenses particularly relate to personnel expenses in connection with the convertible bond (TEUR 49) and unrealized foreign-currency gains (TEUR -32). Other non-cash income in the comparison period relates to income from the reduction in the net assets attributable to other limited partners (TEUR -274).

### 6.2 Reconciliation with profit for the period

For the purposes of the cash flow statement, profit for the period before the share of profit of associates, interest and income tax is calculated as follows:

| TEUR | 1/1 – 3/31/2006 | 1/1 – 3/31/2005 |
|---|---|---|
| Profit from operating activities | 6,894 | 2,388 |
| Share of profit of associates | –172 | – |
| Gains from foreign-currency transactions | 89 | 99 |
| Losses from foreign-currency transactions | –168 | –22 |
| | **6,643** | **2,465** |

### 6.3 Composition of cash and cash equivalents

Short-term bank overdrafts of TEUR 261 have been deducted from cash and cash equivalents as of March 31, 2005 for the purposes of the cash flow statement.

## 7 OTHER DISCLOSURES

### 7.1 Contingencies

Contingencies break down as follows:

| TEUR | 3/31/2006 | 12/31/2005 |
|---|---|---|
| Hedge relationships from interim equity finance | 227,836 | 316,493 |
| Placement guarantees for equity to be obtained | 3,013 | 26,007 |
| | **230,849** | **342,500** |

Capital contributions of an unchanged TEUR 3,480 for four shipping companies have been entered in the companies register but not yet called up.

### 7.2 Operating lease commitments

The Group leases office space, motor vehicles and copiers under operating leases.

Commitments break down as follows:

| TEUR | 3/31/2006 | 12/31/2005 |
|---|---|---|
| Office space | 8,935 | 9,034 |
| Vehicles and copiers | 147 | 162 |
| | **9,082** | **9,196** |

Commitments mainly relate to the lease of new office premises. In addition, there are commitments from the acquisition of financial assets of TEUR 95 as of March 31, 2006.

As part of trust business, shares of TEUR 888,450 (December 31, 2005: TEUR 728,457) are managed on the Company's own behalf but for the account of various trustors. In addition, trust accounts of TEUR 9,050 (December 31, 2005: TEUR 8,327) are maintained on the Company's own behalf but for the account of various trustors.

### 7.3 Events after the balance sheet date

At its meeting held on April 18, 2006, the Supervisory Board appointed Dr. Marcus Simon with effect from June 1, 2006, as member of the Management Board of Lloyd Fonds AG with responsibility for Finances.

Other than this, no events of material importance for the Lloyd Fonds Group have occurred after the balance sheet date of March 31, 2006.

Hamburg, May 22, 2006

The Management Board

**Dr. Torsten Teichert** **Holger Schmitz**

# FINANCIAL CALENDAR

| Dates 2006 | |
|---|---|
| 1st quarter report | May 29 |
| Annual General Meeting in Hamburg | June 29 |
| Dividend payment | June 30 |
| 2nd quarter report | August 24 |
| 3rd quarter report | November 23 |

# CONTACT


| | |
|---|---|
| **Investor Relations** · Dr. Götz Schlegtendal | Tel. +49-40-32 56 78-0 |
| | Fax +49-40-32 56 78-99 |
| | ir@lloydfonds.de |

**Lloyd Fonds AG** · Neuer Wall 72 · 20354 Hamburg · www.lloydfonds.de



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**Lloyd Fonds AG** · Neuer Wall 72 · 20354 Hamburg · Tel. +49-40-32 56 78-0 · Fax +49-40-32 56 78-99

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