

Attributable group net profit rises 44.9% in H1 2006

**Sequana Capital has decided to focus on its core paper business
and to launch a share exchange offer for shareholders
to exchange their Sequana Capital shares for SGS shares held in portfolio
as well as an alternative cash buyback offer**

1- The Board of Directors of Sequana Capital, chaired by Tiberto Ruy Brandolini d'Adda, met on 6 September 2006 to examine the accounts for H1 2006.

In H1 2006, Sequana Capital reported attributable group net profit of €106.5m, up 44.9%. The total share of earnings for operating companies on continuing business was down 16.4% to €62.5m.

At 30 June 2006, the net cash position at the holding level was at €84m while the debt of the operating subsidiaries was decreased by €60m to €556m. Consolidated net debt was at €472m.

Net asset value at 30 June 2006, as validated by BNP Paribas, was at €25.4 per share, compared to €26.4 at 31 December 2005, despite the payment of a €3.30 dividend per share (of which an exceptional portion of €2.70) in H1 2006.

H1 2006 results (equity method) (1)

<i>IFRS - €m</i>	2006	2005
Arjowiggins	16.5	32.5
Antalis	15.7	16.1
SGS	31.2	26.8
Antonin Rodet	(0.9)	(0.6)
Share of earnings for operating companies on continuing business	62.5	74.8
Permal Group	0.0	22.2
Total share of earnings for operating companies	62.5	97
Net financial income / (expense)	5.1	(1.8)
Administrative expenses	(9.2)	(8.5)
Taxes	0.3	(2.1)
Net profit before exceptionnals (2)	58.7	84.6
Net exceptional income / (expense) after tax (3)	47.8	(11.1)
Attributable group net profit	106.5	73.5

(1) This analytical presentation is not intended to replace the Balo consolidated statements of 30 June 2006. It is designed to round out information for shareholders by presenting a pertinent analysis of the portfolio and weight of each line of business as a share of the group's total assets. Operating subsidiaries are treated as associates.

(2) Net profit before exceptionnals: sum of operating profit, net investment income and related taxes, and the share of associates.

(3) Net exceptional income / (expense) after tax: sum of non-recurring income and charges net of taxes. See the breakdown below. All financial factors are summarized at the end of the press release.

Contribution of operating subsidiaries

- **Arjowiggins** reported a decline in its contribution due to higher energy and commodity costs, which amounted to a surcharge of €40m in H1 2006, compared to €46m for full-year 2005. Higher prices could not be passed on in full to the sales prices of high-volume products, such as coated papers, and were not totally offset by fixed costs reduction and organic growth.

In contrast, for a certain number of niche activities, Arjowiggins did manage to raise sales prices or improve the product mix. Furthermore, the company continued to generate cash flow as illustrated by a €32m debt reduction in H1 2006, following a €95m reduction in H2 2005.

This disappointing H1 performance was nonetheless marked by the first signs of a recovery in Arjowiggins' higher margins activities in which it holds strong positions, even though such recovery will presumably be slow and gradual.

- At **Antalis**, results were in line with targets. Its contribution was flat due to widely contrasting geographic markets: buoyant in Asia and South America, sluggish in Europe. The company managed to offset the weakness in some of its markets and to maintain the same operating margin level by keeping pressure on costs, constant optimisation of logistics, ongoing reductions in WCR, and the completion of targeted acquisitions. Debt was reduced by €33m in H1 2006, three times that of H1 2005.

- **SGS** posted a very strong first-half performance with sales of CHF1,845m, up 18.5% compared to the year-earlier period. The earnings contribution to Sequana Capital rose 16.4% to €31.2m.

2- On 6 September 2006, Sequana Capital's Board of Directors approved a strategic shift to focus exclusively on its core paper business, via its two 100%-owned subsidiaries, Arjowiggins and Antalis.

Consequently, the Board of Directors has decided to propose a public share exchange offer allowing the shareholders to tender a portion of their Sequana Capital's shares in exchange for all of the SGS shares held in portfolio, or alternatively in exchange for cash.

Tiberto Ruy Brandolini d'Adda, CEO of Sequana Capital, stated:

"Focusing on our core paper business is a major strategic decision for Sequana Capital.

For the past two years, Arjowiggins has undertaken significant rationalisation efforts and Antalis is already well on the road to recovery. If this strategic decision was to be approved, Sequana Capital would become a pure player in the paper sector with a solid, healthy balance sheet and the financial resources necessary for its development, which should bring forth the true value of our paper assets.

Moreover, the proposed share exchange offer on part of our shares offers all Sequana Capital's shareholders the opportunity to become direct shareholders in SGS, the world leader in its sectors and one of the most active stock of the Zurich stock exchange.

Through the exceptional dividend of May 2006 and the proposed share exchange offer our shareholders would have been returned, in the span of one year, a very significant portion of their investment while remaining shareholders in a paper group that offers real upside potential in the future."

Terms of the offer:

The proposed offer would concern a maximum of 57,646,980 Sequana Capital shares (54.3% of share capital) in exchange for all the SGS' shares held in Sequana Capital's portfolio, at an exchange ratio of 1 SGS share for 31 Sequana Capital shares, or an alternative cash buyback offer of €21 per share.

The proposed share exchange parity offers a premium of 7.9% over the 1-month average share prices of Sequana Capital and SGS and a 12.2% premium over the 3-month averages.¹

¹ Last quote price at 5 September 2006 - Sequana Capital: €22.46 and SGS: CHF1,166
1-month average share price: Sequana Capital: €21.03 and SGS: €703.68 (CHF1,112.5)

IFIL Investissements SA (52.78% ownership in Sequana Capital) and the AGF group (14.75% stake), expressed their intentions at the September 6th 2006 Board Meeting, to present all their shares to the offer, while IFIL Investissements SA specified that it would favour the share exchange. Given the weight of the two core shareholders, the number of shares accepted at the offer will necessarily have to be reduced for each shareholder. All Sequana Capital shares acquired through the offer will be cancelled.

The technical terms of the proposed offer and notably the treatment of incomplete transactions, will be detailed in a prospectus that will be subject to the formal agreement by AMF and to approval the proposed capital reduction by an Extraordinary Shareholders' Meeting to be held on 30 October 2006.

Associés en Finance, an independent expert, has provided a fairness opinion on the proposed offer that will be included in the prospectus of the share exchange offer.

The launch of the offer is subject to its approval by the market authorities as well as to the acceptance of the resolutions concerning the capital reduction by the Extraordinary General Meeting of shareholders.

About SGS

SGS is the world leader in verification, inspection, testing and certification services. It is listed on the SWX Swiss Exchange in Zurich and is a component of the benchmark Swiss Market Index (SMI).

Active around the globe, SGS has nearly 45,000 employees and reported 2005 sales of CHF3.3 billion and net profit of CHF371 million. In H1 2006, sales were up 18.5% to CHF1,845 million, including organic growth of 10.4%. Operating profit rose 15.3% before exceptional items, and net profit rose 26.7% to CHF215.4 million.

**A conference call for financial analysts is scheduled for
Thursday, 7 September 2006 at 8 a.m.
Contact number: +33 (0) 1 58 72 31 26**

All of this information is available at www.sequanacapital.fr

Sequana Capital: H1 2006 financial information

H1 2006 results (equity method)

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(2) Net exceptional income / (expense) after tax: sum of non-recurring income and charges net of taxes. See the breakdown below.

Breakdown of net exceptional income / (expense) after tax (€m)	30 June 2006	30 June 2005
Profit on the disposal of Legg Mason shares, net of taxes	24.8	-
Fox River insurance reimbursements	19.0	7.4
Restructuring charges and provisions	(2.7)	(16.3)
Exceptional taxes	4.3	(0.7)
Other	2.4	(1.5)
Total	47.8	(11.1)

Sequana Capital: key consolidated figures for H1 2006 (full consolidation of controlled companies)

€m	30 June 2006	30 June 2005
Sales	2,042	2,018
Operating profit	70	61*
Net financial income (charge)	28	(17)
Net profit on continuing business	107	51
Net profit from discontinued operations	-	23
Attributable group net profit	107	74

* In 2006, this amount was adjusted to take into account changes in compliance with IFRS

Correspondence table: transition between fully consolidated “operating profit” and “net profit before exceptionnals” - equity method

€m	30 June 2006	30 June 2005
Operating profit – fully consolidated	70	61
Other operating income and charges	(17.0)	13.8
Net financial income (charge)	28	(16.8)
Tax charge on current operating income	(29.2)	(22.5)
Profit on the disposal of Legg Mason shares	(24.8)	-
Share of associates from continuing operations	31.7	27.0
Share of discontinued operations	-	22.4
Minority interests	-	(0.3)
Net profit before exceptionnals - equity method	58.7	84.6