Laurus ANNUAL REPORT

2006

2006

ANNUAL REPORT

The annual report, except for the financial statements, is available in both Dutch and English.
Of the two texts, the text in the English language is the only authentic text,
and therefore prevails.

Table of contents

Foreword

Laurus was a different company at the end of 2006 from what it was at the end of 2005. The former multi-format retailer is now entirely focused on a single format, Super de Boer, which is a major player in the Dutch food retail sector.

Thanks to the successful sale of Edah and Konmar, debt has been considerably reduced and there will only be a small financial legacy for Super de Boer. Nevertheless, Laurus is still in a major, far-reaching reorganisation process. Consequently, the objective of 2007 will be finalising this process of transforming Laurus into Super de Boer.

The sale of Edah and Konmar made heavy demands on Laurus during 2006. The employees of the business units that were sold now have prospects of a better future. Unfortunately, however, the necessary reorganisation of Laurus also led to the loss of hundreds of jobs. The affected employees merit our respect and deep gratitude for their efforts.

Super de Boer is a format with potential. Every effort in the next few years will be focused on making Super de Boer, step by step, a strong, efficient and financially sound organisation.

J.G.B. Brouwer
Chairman of the Group Management Board

Key figures 2006

Financial highlights (consolidated)

(in millions of euro)

	2006	2005
Revenue (net sales)	2,894	3,158
Operating result excluding special items	(13)	(79)
Result from operating activities (EBIT)	(30)	(25)
Net financing costs	(15)	(16)
Result for the period	(45)	(66)
Net debt excl. reorganisation provisions	78	359
Net debt incl. reorganisation provisions[1]	162	359

Stores

	Year-end 2006	Year-end 2005
Edah	21	276
of which, independent affiliated retailers	21	51
Konmar Superstores (including Lekker & Laag Superstores)	2	44
of which, independent affiliated retailers	0	4
Super de Boer	357	380
of which, independent affiliated retailers	184	191
Total	380	700
of which, independent affiliated retailers	205	246

Market share

	2006	2005
Laurus	11.9%	14.3%
Super de Boer	7.6%	8.0%

1 Reorganisation provisions relates only to provisions established in connection with the sale of Edah and Konmar.

The objective

From 2007, Laurus will continue its operations with one single retail format, Super de Boer. The focus of the activities on Super de Boer will strengthen the effectiveness of the format. In 2007, the group will concentrate on completing the enormous reorganisation of Laurus, which will create a strong foundation for the future. In the coming years, the company will work step by step to further improve the competitiveness of the Super de Boer store format.

Strategy

In the process of transforming Laurus into Super de Boer, the focus lies on four key strategic pillars. The first is completion of the sale of Edah and Konmar, a process that is now in its final stages. The second is the sale of about 50 Super de Boer stores that have no potential or do not fit within the format. This will position an effective Super de Boer chain in the market, consisting of more than 300 stores. The concentration of the distribution activities in Beilen, 's-Hertogenbosch, Drachten and Veenendaal will also create a distribution structure that is cost efficient and meets the requirements of the format as effectively as possible. Finally, overhead will be reduced to a level in line with that of the business following the sale of Edah and Konmar, and the head office functions, except for a number of administrative tasks, will be centralised in Amersfoort.

The Super de Boer banner will be further improved in the coming years, in terms of both operational and commercial aspects. The objective is to strengthen the competitive position of Super de Boer as a full-service format that offers customers more value for money. The key concepts here are quality, fresh produce, sustainability, service and appropriate price levels.

Personal particulars Supervisory Board

(status as at 10 April 2007)

Drs. J.A.N. van Dijk (m), (68), chairman

Former member of the Executive Board of Sara Lee/DE N.V.;
Dutch national;
Appointed to the Supervisory Board in May 2003, up for retirement by rotation in 2008.

Main non-executive directorships/ancillary positions:

- Chairman of the Supervisory Board of Bloemenveiling Aalsmeer;
- Chairman of the Supervisory Board of Transavia Airlines.

Drs. F.A. Croon (m), (62)

Former partner of Boer & Croon Management & Strategy Group B.V.;
Dutch national;
Appointed to the Supervisory Board in July 2002, up for retirement by rotation in 2007.

Main non-executive directorships/ancillary positions:

- Chairman Supervisory Board AD NieuwsMedia B.V.;
- Member of the Supervisory Board of Damen Shipyards Group N.V.;
- Member of the Supervisory Board of BCD Holding N.V.;
- Member of the Supervisory Board of N.V. Algemeen Nederlands Trustkantoor A.N.T.;
- Member of the Supervisory Board of Giesbers Groep B.V.

S.W.W. Lubsen MBA (m), (63)

Former member Board of Management of Heineken N.V;
Dutch national;
Appointed to the Supervisory Board in May 2004 up for retirement by rotation in 2008.

Main non-executive directorships/ancillary positions:

- Member of the Board of Directors of Teleflex Inc. USA;
- Member of the Supervisory Board of RUVABO B.V.;
- Member of the Supervisory Board of IFF (Nederland) Holding B.V.;
- Member of the Supervisory Board of X-Hive B.V.;
- Member of the Advisory Council of 4i Trust Group B.V.

J-C.H. Naouri (m), (58)

Chairman Board of Directors and Chief Executive Officer of Casino Guichard-Perrachon S.A.;
French national;
Appointed to the Supervisory Board in May 2005, up for retirement by rotation in 2009.

Main non-executive directorships/ancillary positions:

In addition to holding executive directorships at several Casino Guichard-Perrachon S.A. subsidiaries, Mr Naouri holds directorships at the following companies or businesses in which Casino or the latter's controlling shareholder participates:

- Chairman and Chief Executive Officer of Groupe Euris S.A.S.;
- Chairman Board of Directors and Chief Executive Officer of Rallye S.A.;
- Chairman Board of Directors of Euris S.A.;
- Chairman Board of Directors of Finatis S.A. ;
- Director of HSBC France;
- Director of F. Marc de Lacharrière (Fimalac);
- Member of the Supervisory Board of Natixis;
- Member of the Supervisory Board of CBD;
- Non-executive director or advisor of various companies and organisations including Banque de France, Caisse Nationale des Caisses d'Epargne (CNCE).

J.H. Ozinga (m), (42)

Executive Vice-President International Development of Casino Guichard-Perrachon S.A.;
Dutch national;
Appointed to the Supervisory Board in November 2006, up for retirement by rotation in 2010.

Main non-executive directorships/ancillary positions:

In addition to holding executive directorships at several Casino Guichard-Perrachon S.A. subsidiaries, Mr Ozinga holds directorships at the following companies or businesses in which Casino or the latter's controlling shareholder participates:

- Member of the Board of Directors of Cativen S.A., Venezuela;
- Member of the Board of Directors of Almacenes Exito S.A., Colombia;
- Member of the Board of Directors of Géant Holding B.V., Netherlands.

Committees

Selection, Nomination and Remuneration Committee

S.W.W. Lubsen MBA (chairman)
J-C.H. Naouri

Audit Committee

Drs. F.A. Croon (chairman)
J.H. Ozinga

Personal particulars Group Management Board

With the departure of Mr J.G. Bruijniks (sole member of the Board of Management and Chairman of the Group Management Board) on 29 August 2006 and Mr K.B. Tewarie RA (Chief Financial Officer) on 12 September 2006, and as a result of the far-reaching change in corporate strategy involving the sale of Edah and Konmar, under which the focus is now on Super de Boer, the Group Management Board is composed as follows.

As from 6 November 2006 the Board of Management consists of Mr J.G.B. Brouwer (51), whose appointment by the Supervisory Board took place after the Extraordinary Meeting of Shareholders of 3 November 2006.

Mr W.J. Vreezen (54), a member of the former Group Management Board, is currently responsible for settlement of the sale of Edah and Konmar, the sale of some 50 Super de Boer supermarkets without prospects as well as various other reorganisation activities. Given that most of the activities have largely been completed, Mr Vreezen will leave the company on 11 May 2007.

Furthermore the Laurus/Super de Boer management team is composed as follows:

Th.C.M. van Beek RA (m), (40)
Finance

A.H. de Boer MBA (m), (39)
ICT, Supply Chain Management

A.B. Davids (m), (45)
Real Estate (as from 3 April 2007)

J.A. Heuving (m), (53)
Operations

G. Kuiper (f), (49)
Human Resources Management

E.C.J. Leebeek (m), (43)
Marketing and Purchasing (as from 26 February 2007)

R. de Vries (m), (51)
Logistics

With the exception of Mr Brouwer, none of the above is a member of the Board of Management.

Directorships/ancillary positions Group Management Board

The members of the Group Management Board do only fulfil directorships/ancillary positions outside Laurus N.V. to the extent that these positions are directly related to the activities of Laurus N.V., for example positions with industry organisations. An exception to this is formed by Mr Brouwer's Supervisory Board memberships at Albron B.V. and RFS Holland Holding B.V./Wehkamp.


Super
deBoer

Report of the Supervisory Board to the shareholders

2006 was a turbulent year for Laurus. In early 2006, the discussion of the corporate strategy that began in 2005 led to the conclusion that the improvement in the results of the updated banners was not sufficient. As a result, the company saw a need to dispose of the Edah and Konmar banners, partly because of the investments needed in these chains, and to concentrate solely on strengthening the Super de Boer banner. With the proceeds of the sale, Laurus reduced its debt considerably. As a result, it proved possible to enter into a long-term financing agreement with ABN AMRO Bank N.V., ING Bank N.V. and Rabobank ('the Banks'), which gives Super de Boer a sound financial base, partly through the participation by major shareholder Casino Guichard-Perrachon S.A. in providing a subordinated loan.
The switch from a multi-format retailer to a single-format business required a radical reorganisation, and unfortunately, apart from bidding farewell to its Edah and Konmar employees, the company was also forced to cut hundreds of jobs. Painful though all this was, the Supervisory Board is convinced that the redesign of the organisation and the complete focus on Super de Boer have created the opportunity for Laurus and its Super de Boer banner to be and remain a major player in the Dutch supermarket segment, under a largely new management headed by the new CEO, Mr J.G.B. Brouwer.

The Supervisory Board held 23 meetings with the Group Management Board in 2006. All or virtually all of the members of the Supervisory Board attended most of these meetings. Four of the five then members of the Supervisory Board attended the General Meeting of Shareholders held on 12 May 2006. Three of the four then members attended the Extraordinary General Meeting of Shareholders on 17 July 2006 and all members of the Board attended the Extraordinary General Meeting of Shareholders on 3 November 2006. In addition to the formal meetings, there were frequent contacts among the members of the Supervisory Board and with members of the Group Management Board. Members of the Supervisory Board increased their familiarity with the business through working visits to offices, stores and distribution centres. A Supervisory Board delegation attended the consultative meetings of the works council. There were also regular contacts between the Chairman of the works council and the Chairman of the Supervisory Board. The Supervisory Board also met several times in the absence of the Group Management Board to discuss the functioning of the Group Management Board and its individual members, and to discuss the functioning of the Supervisory Board and its individual members.

Supervisory Board Committees

Notwithstanding its own responsibilities, the Supervisory Board relies on two committees that address certain subjects in greater detail. Since 14 December 2006, the members of the **Audit Committee** have been Messrs F.A. Croon (Chairman) and J.H. Ozinga. Mr J.A.N. van Dijk resigned from the Audit Committee on this date, reducing the membership from three to two. Since his resignation from the Supervisory Board on 14 July 2006, Mr J.P.M.J. Tierny has no longer been a member of the Audit Committee.

The Audit Committee met three times in 2006. These meetings were attended by the chairman of the Group Management Board and the CFO and also by KPMG, the external auditors. The Committee monitored the sale of Edah and Konmar, the refinancing process and the design of the new Super de Boer organisation very closely. Considerable attention was also paid to the normal duties connected with external financial reporting. The principal reports of Laurus' Internal Audit Department are sent to the Audit Committee. The Audit Committee reports regularly on its findings to the full Supervisory Board, which also receives minutes of the Audit Committee meetings.

The Supervisory Board considered the performance of the Group Management Board and the filling of the vacancies arising following the resignation from the Group Management Board of Messrs J.G. Bruijniks, K.B. Tewarie and S. Querido, at seven meetings conducted without Group Management Board members in attendance.
The **Selection, Nomination and Remuneration Committee** has been primarily responsible for filling vacancies and for the consequences of changes in the Group Management Board from a compensation and benefits perspective. Since 13 May 2005 the members of the Selection, Nomination and Remuneration Committee have been Messrs S.W.W. Lubsen (Chairman) and J-C.H. Naouri.

Composition of the Group Management Board

A number of changes were made in the Group Management Board of Laurus during 2006. Mr J-B. Hernu, responsible for Logistics, Supply Chain Management, Purchasing and Category Management, Marketing Research and Quality & Environment, resigned from the Board on 1 February 2006. Mr S. Querido, responsible for Super de Boer, Marketing Research and Quality & Environment, resigned on 9 June 2006. The professional relationship with the former CEO, Mr J.G. Bruijniks, was terminated on 29 August 2006. Mr A.M.F.J. van de Laar was appointed as interim CEO on the same date. He stepped down from this position on 6 November 2006, the date on which Mr J.G.B. Brouwer took up his position as CEO. Mr Brouwer is chairman and sole member of the Board of Management of Laurus N.V. On 12 September 2006, the professional relationship with the former CFO, Mr K.B. Tewarie, was terminated. In the period from 12 September to 6 November 2006, Mr R. van der Hoek held the position of CFO on an interim basis. Mr Th.C.M. van Beek, the former Corporate Controller of the company, was appointed CFO as of 26 February 2007. Mr W.J. Vreezen, who was previously responsible for Konmar/Lekker & Laag Superstores and for Supply Chain, Logistics and ICT and was most recently in charge of completing the programme of disposals, will leave the company on 11 May 2007. Please see page 8 of the Annual Report for the present composition of the Group Management Board.

Composition of the Supervisory Board

The Supervisory Board consists of five members, two of whom are nominated by Casino, in view of the existing agreement and Casino's current interest in the company, amounting to approximately 45%. On the basis of the new statutory two-tier rules that took effect on 1 October 2004, the works council has the special ('versterkt') right to recommend, in this case, one member of the Supervisory Board.

Mr J.P.M.J. Tierny resigned from the Supervisory Board on 14 July 2006. We would like to express our gratitude for his efforts on behalf of the company. On the nomination of Casino, the General Meeting of Shareholders appointed Mr J.H. Ozinga to the Supervisory Board from 3 November 2006. Mr Ozinga's appointment is consistent with the profile approved by the General Meeting of Shareholders and helps to ensure that the required knowledge and skills remain adequately represented in the Supervisory Board.
Mr F.A. Croon will step down from the Laurus Supervisory Board by rotation, immediately after the General Meeting of Shareholders on 11 May 2007. Mr Croon's resignation will lead to a vacancy of one seat within the Supervisory Board. Pursuant to Section 158(6) of Book 2 of the Dutch Civil Code, the works council has increased powers of recommendation with regard to this vacancy.

Financial statements and appropriation of profit

In accordance with Article 27 of the Articles of Association, the Board of Management prepared the financial statements and reported on the financial year 2006. Having taken note of the unqualified auditors' report by KPMG Accountants N.V., which is included in this report, we have co-signed the financial statements. The financial statements and Report of the Group Management Board are submitted for your consideration and adoption. The Articles of Association draw a distinction between adoption of the financial statements and discharge of the management exercised by the Board of Management and the supervision by the Supervisory Board. We recommend that the shareholders adopt the financial statements and discharge the management exercised by the Board of Management and the supervision of the Supervisory Board.

The consolidated net income over the financial year 2006 was € 45 million negative. In accordance with Article 29(2) of the Articles of Association, no dividend will be paid for 2006. Laurus has a low level of shareholders' equity and no dividend may be paid until the losses incurred in the past have been recouped, at least in part, and there are freely distributable reserves. Dividend payments are also restricted by the financing agreement concluded with the Banks.

Corporate Governance Code

In general, Laurus endorses most of the provisions of the Corporate Governance Code. Laurus cannot apply certain elements in the way intended by the Corporate Governance Code, at least not immediately. These are mainly in situations where existing contractual relationships cannot be changed unilaterally, such as the corporate governance agreement with Casino. It is a matter of common knowledge that the Corporate Governance Code allows companies to depart from the Code if there are reasons to do so (the 'apply or explain' principle). A more detailed description of Laurus' application of the Corporate Governance Code is set out on pages 30 to 36 of this Annual Report.

Amersfoort, 10 April 2007

Supervisory Board
J.A.N. van Dijk, Chairman
F.A. Croon
S.W.W. Lubsen
J-C.H. Naouri
J.H. Ozinga

Report of the Supervisory Board to the shareholders

Following the first cautious signs of recovery in 2005, sales in the food sector grew by more than 4% in 2006. For Laurus, however, this recovery came too late to prevent the unavoidable sale of Edah and Konmar. The entire year was dominated by this divestment and the resulting reorganisations. The company also worked on the preparation of a business plan for Super de Boer, the design of a new Super de Boer organisation and on raising financing via ABN AMRO Bank N.V., ING Bank N.V. and Rabobank ('the Banks').

Unfortunately, as in 2004 and 2005, the 2006 'sale and reorganisation' year closed with a loss. Despite the market recovery, like-for-like sales at Edah and Konmar remained negative. An upward trend in the sales of Super de Boer during 2006 ultimately led to like-for-like growth of 2.5% for the year as a whole.

Sale of Edah and Konmar

The sale of Edah and Konmar, announced on 31 January 2006, was necessitated by the fact that too little progress was made with the format modernisation process during 2005. Although the reformatted stores (Lekker & Laag Superstores and Edah Lekker & Laag) achieved an increase in sales and average spending per customer, this did not offset the strong pressure on margins resulting from the economic conditions and the price war. Consequently, the company lacked the financial resources to continue the necessary investments in the modernisation process. Furthermore, an agreement had been reached with the Banks that Laurus's net debt position should not exceed € 200 million on 30 January 2007. The sale of Edah and Konmar and the application of the resulting net proceeds to reduce debt therefore became unavoidable.

There was strong interest in the formats offered for sale, both within the Netherlands and beyond. Following successful negotiations, agreement with buyers could already be announced in the spring. On 29 May 2006, Laurus announced that agreement had been reached with Sligro Food Group Nederland B.V. and B.V. Sperwer Holding on the sale of 223 Edah stores, for a cash consideration of € 177 million. Just two days later, on 31 May 2006, Laurus announced that agreement had been reached on the sale of almost all Konmar Superstores. Royal Ahold N.V. acquired 29 stores for a gross sum of € 110 million, excluding stocks and receivables from franchisees. At year-end 2006, two stores had not yet been transferred to Ahold. The transfer of these locations is expected in the second quarter of 2007. Jumbo Supermarkten B.V. acquired 12 stores on 31 May 2006, for a cash consideration of € 24 million. Following the sale of a Konmar store to the Hoogvliet supermarket chain, only one Konmar store remained, for which a solution is pending.

In October, an agreement was entered into with Sligro Food Group Nederland B.V., CoopCodis Holding B.V. and B.V. Sperwer Holding for the acquisition of 43 Edah franchised stores, involving a gross transfer price of € 26 million. Four other Edah franchised stores were acquired by the Super de Boer franchise organisation for a gross sum of € 2 million. At year-end 2006, 21 locations had yet to be transferred. All but one of these were transferred in the first quarter of 2007. Finally, in early November 2006, some 20 of the off-licenses at Super de Boer stores were sold to Koninklijke Distilleerderij M. Dirkzwager B.V. The other seven off-licenses were closed.

Consequences for employees

Prior to the negotiations, an objective was formulated of selling the Edah and Konmar stores as a whole as far as possible, avoiding excessive fragmentation, with a view to maximum retention of jobs. This objective was very largely achieved. Not only was the transfer of the entire overhead of the format (some 74 FTEs) agreed with the buyers of Edah, united in the S&S Winkels B.V. consortium, but the consortium also offered jobs to all the employees of the Edah distribution centre in Someren (some 400 FTEs). Furthermore, all the employees of the 223 stores were transferred to the new owners. Laurus agreed with S&S Winkels to provide support services relating to administration, ICT and purchasing. These services will be provided for a fee based on cost, and are expected to continue until the autumn of 2007.

Agreements on employment were also reached with the new owners of Konmar. All the employees of the Konmar stores were transferred to the buyers. Employment contracts were also offered for the 45 FTEs overhead staff connected to the 29 stores acquired by Albert Heijn.

Nevertheless, the sale had very drastic consequences for Laurus employees. Unfortunately, mass redundancies could not be avoided. The creation of a lean organisation geared to Super de Boer demanded drastic reductions in the number of office jobs and jobs in the logistical field. Following the sale of Edah and Konmar, outsourcing of various ICT activities and compulsory redundancies for some 260 FTEs, the number of office jobs will be reduced from about 800 FTEs to around 300 FTEs at year-end 2007. All in all, these are extremely painful measures. Some of the consequences were absorbed

Consumer sales and market share

Consolidated consumer sales in 2006 were € 3.2 billion compared with € 3.7 billion in 2005. The decline was due mainly to disposing of the Edah and Konmar formats. A number of Super de Boer stores were also sold. Consumer sales at Super de Boer were almost the same in 2006 (€ 2,049 million) as in 2005 (€ 2,079 million).

Combined like-for-like consumer sales for Super de Boer, Edah and Konmar decreased by 0.2% compared with 2005. Super de Boer was a positive exception compared with the other Laurus formats. In 2006 a growth of 2.5% has been realised.

Super de Boer's market share in 2006 was 7.6% (2005: 8.0%). For Laurus as a whole these figures were 11.9% and 14.3%, respectively.

Revenues and gross profit

Consolidated revenues (net sales) were € 2.9 billion in 2006 (2005: € 3.2 billion). Other than net sales related to the consumer sales of € 2.7 billion (2005: € 3.0 billion), these revenues also include sales related to the service level agreement with S&S Winkels B.V. In addition, rental income from real estate and ICT fees are comprised.

The consolidated gross margin decreased from 18.5% in 2005 to 15.7% in 2006.
This margin was adversely affected by:
- *A lower share of own store sales (own stores generate higher gross profit compared to the wholesale margin realised on franchisee sales);*
- *The component of restructuring costs (€ 31 million) allocated as cost of sales;*
- *A positive effect in 2005 from the release of the pension provision (€ 10 million) which was allocated to cost of sales.*

through a new Social Plan Laurus Total which was agreed in March 2006 with the trade unions: FNV Bondgenoten, CNV Dienstenbond, de Unie and RMU.

Reorganisation of logistics

The sale of so many stores necessitated a radical reorganisation of the logistical network. As a result of the sale of Edah to S&S Winkels, the distribution centre in Renswoude was closed in the first quarter of 2007 and the distribution centre in Waddinxveen will follow in mid-2007. The distribution centres in The Hague and Hoogeveen were closed in the fourth quarter of 2006. As result of reduction in volume, another 50 jobs were lost at the Beilen distribution centre in the second half of the year. From July 2007, therefore, the logistical network of the Laurus/Super de Boer organisation will consist of the full-line distribution centres in Beilen and 's-Hertogenbosch, the 'slow-mover' distribution centre in Veenendaal and the deep-frozen distribution centre in Drachten. The alliance with Salvesen for the distribution of deep-frozen products from Tilburg will be terminated as per May 2007, as the distribution centre in Drachten can cover all deep-frozen activities. The distribution centre in Someren will be leased to S&S Winkels until year-end 2007, after which a suitable solution will be sought for these premises.

Revision of volume contracts

Following the sale of Edah and Konmar, it became necessary to revise various volume contracts signed with suppliers in the past. A dispute with Koninklijke Distilleerderij M. Dirkzwager relating to this situation was resolved in the autumn of 2006. Following arbitration proceedings, a solution was also found for a dispute with Hendrix Meat Group concerning historical volume obligations. Agreement had already been reached earlier on the termination of the contract dating from 2001, on the basis of which Laurus procured meat and meat products from Hendrix Meat Group. The cancellation of the contract was necessitated by the fact that a sharp reduction in take-up volumes for these products could be foreseen as a result of the sale of the Edah stores. In connection with the cancellation of this contract at year-end 2006, Laurus acquired the assets of the Central Abattoir in Beilen for its book value. By agreement with Laurus, Hendrix Meat Group closed the Central Abattoir in Someren. Negotiations are still in progress with a number of suppliers, including Mijwo Beheer B.V. (supplier of cheese and poultry), on the settlement of long-term volume contracts.

Transformation from Laurus to Super de Boer

Following the sale of Edah and Konmar, and the completion of the extensive reorganisation activities, the Laurus organisation is in fact synonymous with Super de Boer. In the coming period, all efforts will focus on making a success of this high-potential format. The strategic plan for Super de Boer in the coming years consists of four pillars: strengthening the positioning of Super de Boer, rationalisation of the store portfolio, adaptation of the logistical network and a new head-office organisation and headquarters.

Super de Boer will remain active in the full-service segment of the food-retail market, with the emphasis on the fresh range and on local market preferences and conditions. The fact that this positioning can be successful, provided that it is implemented under conditions of operational excellence, is illustrated by the awards that Super de Boer stores won in 2006. In January 2006, for instance, Super de Boer stores won four of the eleven 'Best Supermarket in the Province' awards. On 21 March 2006, one of these stores, the Super de Boer Van Dam store in Hilversum, was also elected Supermarket of the Year 2006 (the best supermarket in the Netherlands). Seven of the eleven awards at the departmental level also went to Super de Boer. In 2007, efforts will be made to gradually improve the positioning of the format at both the national level and the level of the individual stores.

Another important item is the rationalisation of the store portfolio. The aim is to reduce the number of stores from 357 at year-end 2006 to more than 300. This involves stores with insufficient prospects or which are not consistent with the Super de Boer banner. The adaptation of the logistical network mentioned above, which will mean that in the future, the stores are primarily supplied only from Beilen, 's-Hertogenbosch, Veenendaal and Drachten, will also lead to a cost-efficient distribution network.

Following the reorganisation of the overhead to around 300 FTEs and the centralisation of the office functions in Amersfoort, the organisation is now efficient and entirely adapted to the new situation. The new Super de Boer organisation is headquartered in Amersfoort. This location was chosen because the existing Super de Boer offices there can be used. Amersfoort is also centrally located in the Netherlands. The former head office in 's-Hertogenbosch was closed on 1 January 2007. Apart from the premises in Amersfoort, Super de Boer still has office space at the distribution centre in 's-Hertogenbosch, where some of the financial administration

Selling expenses

Selling expenses decreased by approximately € 119 million, excluding special items. This decrease was a particular result of the disposal of stores and ending the depreciating assets held for sale.

Result from operating activities

The consolidated result from operating activities for 2006 was € 30 million negative (2005: € 25 million negative). Besides the special items mentioned below, factors affecting the result from operating activities were amongst others:

- *The sale and transfer of the loss-making Edah and Konmar activities, so that operating losses at these formats were no longer for the account of Laurus, had a positive effect of some € 40 million;*
- *Ending depreciation of the assets of Edah and Konmar in accordance with IFRS 5 had a positive effect of € 19 million;*
- *The improvement of operating profit Super de Boer by about € 10 million.*

The operating loss in 2005 was affected by the release of a pension provision (€ 65 million) and impairment losses on goodwill (€ 11 million).

Special items

In 2006 Laurus recorded special items totalling € 17 million negative. The main items were:

- *Capital gain related to the disposal of the Edah and Konmar formats and of the distribution centres in Waddinxveen and Beilen of € 91 million;*
- *The costs related to the restructuring in 2006 comprising cost of employee redundancies, the establishment of a provision for vacant buildings, the impairment of assets and the settlement of long-term supplier agreements for a total amount of € 128 million;*
- *Repayment of a loan granted to CVC in connection with the sale of Laurus Spain. This loan had been fully provided for, consequently there was a positive effect of € 20 million.*

is accommodated. The Laurus premises in Hoogeveen and Helmond will be sold.
Super de Boer now has a 'lean & mean' organisational structure. The departments are small and efficient, with short lines of communication with the stores and suppliers. The activities of the Laurus Purchasing and Category Management (LIA) department and the Super de Boer Sales department, for instance, have been combined in a new Buying & Merchandising department, which enables professional category management.

Financing

On 2 November 2006, Laurus entered into agreements establishing a new financing structure. The new facilities replace the existing senior secured facilities, which expired on 30 January 2007. They are applied to finance the activities of Laurus/Super de Boer within the new business plan. The facilities consist of two components: a subordinated loan of € 50 million issued by Laurus's major shareholder Casino, together with the Banks, and a Senior Credit Facility of € 170 million, issued by the Banks.
The loan, which is subordinated to all other creditors, matures in 3.5 years, with interest charged at the EURIBOR rate plus 7.5%. The Senior Credit Facility is a secured facility expiring in three years, apart from a sum of € 20 million, which expires in two years. Laurus and some of its subsidiaries have guaranteed the amounts included in the facility. The initial interest surcharge for the Senior Credit Facility corresponds with the interest charged for the former credit facility. The facility is dependent on various covenants that are tailored to the company's new business plan.

Corporate social responsibility

Promotion of corporate social responsibility (CSR) remains an important focus point for the Super de Boer banner. Super de Boer's CSR policy focuses on increasing the sustainability of production technologies, in both environmental and social terms. To this end, a partnership agreement was entered into in November 2005 with Natuur en Milieu (the Netherlands Society for Nature and Environment) and Oxfam Novib, which was further developed in the spring of 2006 with the formation of a knowledge consortium. Within this consortium, Super de Boer, Natuur en Milieu and Oxfam Novib work together with the Wageningen Agricultural Economics Institute and Erasmus University to generate knowledge designed to help improve the sustainability of Super de Boer. These activities receive financial support from organisations

Net financing costs

Net financing costs were € 15 million compared with € 16 million for 2005.

Tax expenses

The taxation charge was nil in 2006 (2005: € 28 million). The tax charge in 2005 was predominantly the effect of changes in the deferred tax liability in connection with the release of the pension provision.

Result for the period

Laurus reduced its loss to € 45 million in 2006, whereas a loss of € 66 million was reported over 2005.

Financial position

At the balance sheet date, the outstanding net debt was reduced to € 78 million (2005: € 359 million). The reduction is the result of proceeds from the disposal of the Edah and Konmar formats and the distribution centres in Waddinxveen and Beilen.

After finalising its disposal programme, Laurus renewed its credit facilities. In this context, on 2 November 2006 Casino and the Banks granted Laurus a subordinated loan of € 50 million with a term of 3.5 years. This facility had been drawn in full by the end of the year. In addition Laurus entered into a credit agreement with the banks for a total facility of € 170 million, of which € 150 million has a term of 3 years and € 20 million has a term of 2 years. At the end of 2006, the outstanding balance on this facility was € 54 million.

Cash flow

- *The cash outflow from operating activities was € 124 million (2005: € 33 million outflow);*
- *The cash inflow from investing activities was € 405 million, mainly as a result of the proceeds from disposing of the Edah and Konmar formats (2005: € 91 million outflow);*

Cash flow (continued)

- *The cash outflow from financing activities was € 279 million as a result of the reduction in bank debt (2005: € 67 million inflow).*

Shareholders' equity

Predominantly as a result of the loss in 2006, total shareholders' equity as at year-end 2006 decreased to € 41 million (2005: € 85 million).

Store numbers

At year-end 2006 there were a total of 21 Edah stores (year-end 2005: 276), of which 21 (year-end 2005: 51) were operated by affiliated independent retailers.

The number of Konmar stores at year-end 2006 was two. At year-end 2006 no Konmar Superstores were operated by affiliated independent retailers. At year-end 2005 there were a total of 44 Konmar Superstores, of which four were operated by affiliated independent retailers.

The number of Super de Boer stores at year-end 2006 was 357 (year-end 2005: 380), of which 184 (year-end 2005: 191) were operated by affiliated independent retailers.

including Transforum, an independent foundation that supports the development of a new research infrastructure aimed at a more sustainable agricultural and food sector on behalf of the Dutch government. Super de Boer has already reported on its CSR policy in a CSR Report published in June 2006. This report was drawn up in accordance with the guidelines of the Global Reporting Initiative (GRI). In this respect, Super de Boer is unique in the Dutch supermarket sector.

Outlook for 2007

2007 will be marked by the successful completion of the reorganisation of Laurus and deployment of all resources to make Super de Boer a strong, effective and financially sound organisation. As a result of this period of transformation, Laurus is expecting to make a further overall loss in 2007. However, barring unforeseen circumstances, this will be significantly less than in 2006. Laurus expects to remain within the limits set in the financial covenants with the Banks during the year.

Super de Boer is expecting consumer sales of some € 2 billion and a positive development of like-for-like sales in 2007. The sale of some 50 Super de Boer stores will, of course, involve a reduction in market share. Super de Boer is expected to report break even at EBIT level in 2007. About 20 Super de Boer stores will be completely modernised in 2007, involving capital expenditure of some € 16 million. Furthermore, Laurus expects to apply about € 4 million for replacement capital expenditures.

Amersfoort, 10 April 2007

J.G.B. Brouwer
Chairman of the Group Management Board


Actie!
Super
deBoer

Employees

2006 was a turbulent year for Laurus employees. The sale of two of the three banners left its mark at every level and on every department of the company.

For the supermarket employees of Edah, Edah Lekker & Laag, Konmar Superstores and Lekker & Laag Superstores, this meant a transfer to new owners (Jumbo Supermarkten B.V., Royal Ahold N.V. and the S&S Winkels B.V. consortium, consisting of B.V. Sperwer Holding and Sligro Food Group Nederland B.V.), in accordance with the statutory requirements.

The logistical employees faced the consequences of diminishing volumes and a logistical network tailored purely to Super de Boer. The first step in the transformation process was that all logistical activities for Edah were concentrated at the distribution centre in Someren. The employees of this distribution centre (some 400 FTEs) were offered employment at S&S Winkels. Sperwer Holding and Sligro Food Group will take over a further 50 logistical FTEs. The concentration of the activities for Edah at the distribution centre in Someren resulted in reduction in volume for the distribution centre in Beilen, leading to the loss of about 50 FTEs in the second half of 2006.

As part of the logistical restructuring, the distribution centres in Hoogeveen and The Hague were also closed in the fourth quarter of 2006, with a loss of around 80 jobs. This was followed in early 2007 by the closure of the distribution centre in Renswoude, leading to a loss of about 70 FTEs. A further 225 FTEs will be lost through the announced closure of the distribution centre in Waddinxveen in mid-2007. In addition to the Social Plan Laurus Total, a project was started for the absorption of job losses with organisations that perform logistical activities, in order to seek alternative employment.

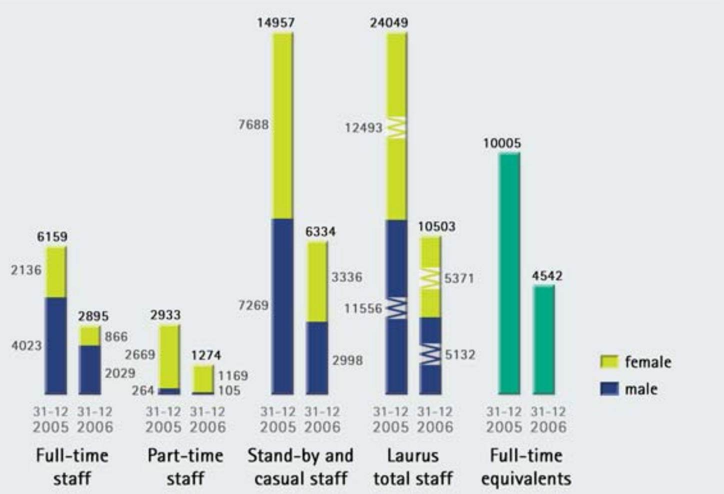
The sales contracts also provide that employees performing head-office activities for the banner will be transferred to, or be offered employment by the new owners. In that connection, 74 FTEs transferred from Edah to S&S Winkels. The staff connected with the 29 Konmar stores acquired by Ahold (approximately 45 FTEs) were offered employment contracts by Albert Heijn. In order to implement the service contract with S&S Winkels, about 60 FTEs in administration, ICT and purchasing will remain active on a temporary basis. This is expected to continue until the autumn of 2007.

In order to further streamline the Laurus overhead and adjust this to the scale of the new Super de Boer organisation, which is now based on a store network of more than 300 stores, a start was made in the autumn of 2006 on the reorganisation of the overhead. This led to the loss of about 260 jobs. The number of office jobs will be reduced to about 300 FTEs. In addition to the cost benefits generated by the reorganisation, Laurus expects the company to gain effectiveness and focus by reducing the overhead.

In order to secure the continuity of service in ICT and cost levels consistent with the new organisation, the company decided to transfer part of the ICT activities to external organisations. In 2006, the activities relating to the technical infrastructure (some 40 FTEs) were outsourced to Simac ICT Nederland B.V. Another five application management employees were transferred to Magma IT Solutions B.V. in early 2007. Following this outsourcing, Laurus retains the following ICT activities in-house: service management, application management and business IT alignment (approximately 30 FTEs).

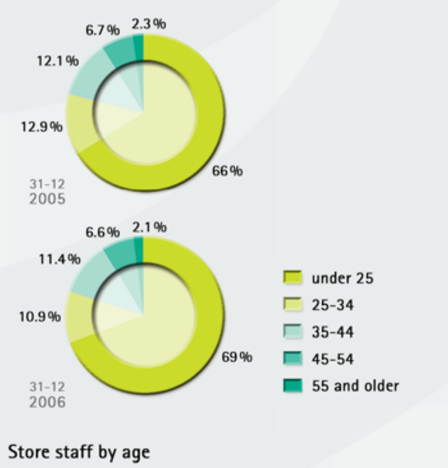
The location of the Laurus head office was transferred in the final quarter of 2006 to the existing office location of Super de Boer in Amersfoort. The office in 's-Hertogenbosch was closed on 1 January 2007.

Obviously, many of these radical decisions came as a heavy blow. Retaining as many jobs as possible played a major role in the consideration of all the interests at stake. A smooth reorganisation process has been assured, partly thanks to the constructive co-operation of the works council and the trade unions. Laurus is well aware that, for many people, the subsequent transformation of the organisation into a 'lean & mean' business with an overhead and logistical infrastructure consistent with the existing and future scale of the store network will be small consolation.

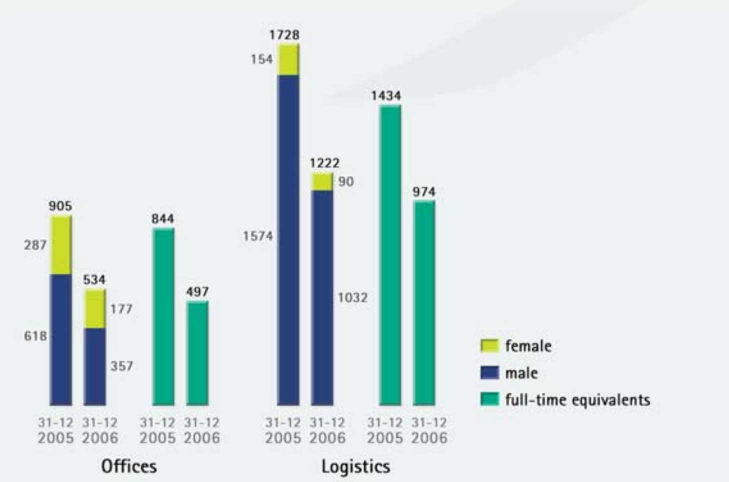


The number of employees at year-end 2006 was 10,503, compared with 24,049 at year-end 2005. This represented 4,542 FTEs, compared with 10,005 FTEs in 2005. The reduction in the number of store employees resulted from the sale of Edah, Konmar and a number of Super de Boer stores, as well as the start of a reorganisation process to achieve overhead and logistics geared solely to Super de Boer.

Employees stores Laurus



Employees offices/logistics Laurus



Most important results in 2006:

- Environmental and social inventory in the fish supply chain finalised.
- Sustainable choices for beef made.
- Evaluation of sustainable improvements in the fruit and vegetables supply chain successfully finalised.

Challenges for 2007:

- Expanding the sustainable fruit and vegetable categories with 10 crops.
- Implementing improvements in the fish supply chain.
- Choosing initiatives for fair trade.

Introduction

In 2006 Laurus continued the sustainability activities and embedded the responsibility for sustainability in the organisation. Sustainability for a supermarket like Super de Boer means sustainability on the shelves and a responsible approach towards society as a whole. In partnership with social organisations, an inventory is made of important product categories for origin, social, ecologic and economic footprint of the sold products.

Integrating sustainability in the product categories strengthens the position of Super de Boer's full service format offering the customers more value for their money. Key elements of this full service format include quality, freshness, sustainability and service. Therefore, the responsibilities for sustainability are embedded in the departments Buying & Merchandising and Quality & Environment within the new Super de Boer organisation.

Stakeholder dialogue

Increased importance of our private label in the sales allows direct incorporation of sustainability in the product assortment. As supermarket we influence this chain; we try to convince our customers to choose for more sustainable products, we stimulate our preferred and dedicated suppliers to make more sustainable choices and implement these choices in the supply chain.

In the transition to more sustainable production chains, partnerships with social organisations are essential (see frame). The objective of the partnerships is to gradually integrate sustainability in the supply chain of Laurus. Based on their knowledge, these organisations contribute to actual sustainable solutions in the chain. Laurus deliberates with these individual organisations for consultation on average six times a year.

Together with the partners the following target areas are identified:

- Increasing sustainability in the fruit and vegetables assortment.
- Increasing sustainability in the meat and fish assortment.
- Promoting ethical trade.
- Developing a 'sustainability benchmark'.
- Embedding sustainability in the organisation and communication with stakeholders.

Cooperation partner	Dialogue subject
Natuur en Milieu	▪ *Protection of field crops in the fruit and vegetables fruit supply chain.* ▪ *Energy usage and sustainable resources in the supply chain.*
Oxfam Novib	▪ *Promoting ethical trade with respect for labour circumstances, human rights and a decent existing.*
Dierenbescherming	▪ *Animal friendly* ▪ *Animal welfare*
WWF de Noordzee	▪ *Biodiversity* ▪ *Exhaustion of fish stock* ▪ *Sustainability in the fishery*

The challenges for 2007 mainly are implementing the target areas aimed at the product assortments (1 till 3). At the end of 2006 the state of affairs was as follows:

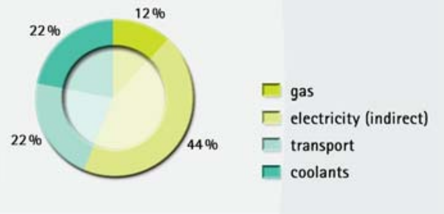
Phase	Potatoes Vegetable Fruit	Meat	Fish	Fair trade
1. Make an inventory: *what are the actual environmental and social risks and opportunities in the chain?*	√	√	√	√ (80%)
2. Make choices: *determine together with preferred supplier and involved social organisation, which products already comply with the requirements, which products can be improved and for which products this is not (yet) feasible.*	√	√	2007	2007
3. Implement: *implementing the improvements based on production method and supply chain complexity.*	√	2007	2007	
4. Evaluate: *assess the result and work method together with grower, preferred supplier and social organisations.*	√			
5. Expand: *expand the new work method to a larger group of growers/producers based on the results.*	2007			

Fruit and vegetables

The fruit and vegetables activities focus on two improvement routes namely, the reduction of the usage of crop protection products in the field crops and the reduction of energy in the greenhouse farming. Jointly with the supplier The Greenery, the no/unless principal was applied, no use of crop protection products unless there is no other alternative, in six field crops (strawberry, apples, pear, iceberg lettuce, leek and sprouts).

After the evaluation of the cultivation period in 2006, on request of four cultivator groups, it was decided to expand

Carbon footprint Laurus 2006 (EN 16)



Total	*104,200*	*tons of carbon*
Gas	*12,228*	*tons of carbon*
Electricity (indirect)	*45,585*	*tons of carbon*
Transport	*23,361*	*tons of carbon*
Coolants	*23,026*	*tons of carbon*

Carbon emission is calculated based on the Green House Gas Protocol (www.ghgprotocol.org).
Transport emission includes Edah and Konmar because of integrated routings.
Coolants 2006 includes Edah and Konmar.

Transport Laurus (EN 29)

Transport of goods from the distribution centre to the stores.
Transport includes Edah and Konmar.

this work method to seven field corps (addition of conical cabbage) and three greenhouse farming crops (tomatoes, sweet pepper and lettuce). The Greenery works together with external experts to share experiences between practised and new cultivators. The finalised inventory of the field crops will conclude in an advice regarding cultivation methods and the introduction of more sustainable cultivation methods for these crops.

Meat

The inventory regarding the environmental and animal welfare improvements for beef is finalised.
Laurus sources its beef mainly from Ireland. The cattle are raised using extensive production methods (the animals walk in the field throughout the largest part of the year) which offer high levels of animal welfare. In 2007, Laurus expects to receive an approval of the Dierenbescherming (Animal Protection Society) regarding the current breed and transport method of cattle.

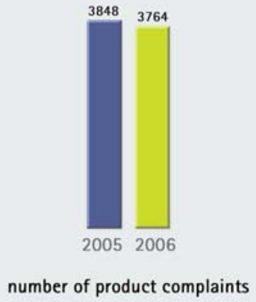
Fish

The inventories regarding the salmon and shrimp chains are finalised. At year-end 2006, the inventories for herring and the other fish in the assortment were completed to a large extent. Final choices for improvements will be made in 2007 together with the fish supplier – Mayonna B.V.- and social organisations. It is expected that in the 2008 season, herring will be sold with the quality mark of the Marine Stewardship Council (MSC), an independent international organisation that certifies fisheries complying with the requirements of sustainable fishery.

Ethical trade

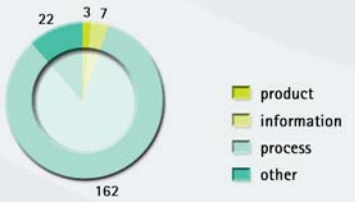
Small producers in developing countries are vulnerable and deserve a decent living. Early 2006 the exploration for possibilities and opportunities for fair trade was finalised. In agreement with The Greenery and Oxfam Novib it was decided to perform an inventory for opportunities for fair trade in the cultivation of string beans, grapes and strawberries from Africa and Chile. In 2007, the results will be discussed with both stakeholders and choices will be made. Additionally, in cooperation with Oxfam Novib, a choice will be made to develop fair trade initiatives for grocer products such as rice, tea, coffee and cacao.

Customer satisfaction Laurus (PR 5)



Reported complaints by consumers about private label products to the Laurus service desk. The judgment whether the complaints are declared valid by the producers is not registered.

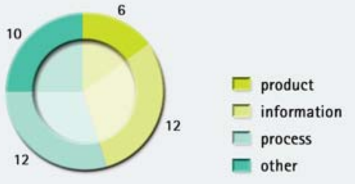
Incidents of non-compliance with regulations concerning product, information and labeling Laurus 2006 per category (PR 4, PR 7)



Fines issued in 2006 by the Food and Consumer Product Safety Authority (VWA) because of non-compliance.

- *Product: deviations of the product*
- *Information: information on the product/information to consumers in the store*
- *Process: store management and store operation (temperature, registration, etc.)*
- *Other: sale of alcoholic beverages and tobacco to minors, etc.*

Incidents of non-compliance with regulations concerning marketing Laurus 2006 per category (PR 4, PR 7)



Written warnings after visits by the VWA.

Sustainability benchmark

In the development of the sustainability benchmark, the various social organisations play a large role.
They can analyse transparency initiatives by other European food retailers and standards such as the Global Reporting Initiative (GRI) on applicability. Based on this information a measuring instrument can be determined to which Laurus can measure its performance. Laurus offers the social organisations assistance in the development of the sustainability benchmark by providing relevant information.

Embedding and communication

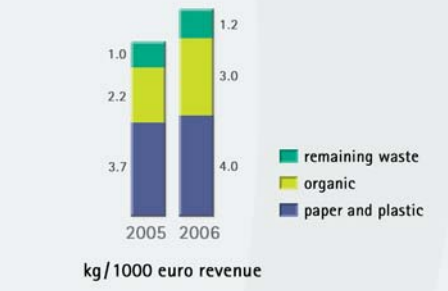
To realise more sustainable production chains of Laurus requires embedding of social considerations in the purchasing process. Previously, purchasing and sales were separate departments, nowadays it is an integrated department Buying and Merchandising. This contributes to the embedding process as the purchasing and selling of the products fall under the responsibility of one department. The involved category managers are responsible for translating the choices in the purchasing strategy. After their introduction on the shelf sustainable products are traced for six months. The introduction is supported by communication where possible, for example in the Super de Boer magazine 'Lekker Leven'. In addition to communication with the customer, Laurus also invests in building sustainable relations with the supply chain partners, in order to sensitize every link in the supply chain to the importance of sustainability. At the same time, Laurus regularly consults various social partners.

Food safety

Due to the increased attention in 2006 for the private label, the food safety and hygiene performance of greater part of the suppliers of our private label increased significantly. After a thematic approach, the storage life of the cook and steam meals of Super de Boer was extended with two days. For the private label products from outside the European Union, a risk analyse has been performed. In 2006 no public recalls of the private label of Super de Boer occurred.

In order to monitor exceeding of the residues of crops protection products for fruit and vegetables a system was developed whereby the crops are sampled by a third party and examined in an external laboratory. In 2006 all fruit and vegetables suppliers were checked. Of the 13 incidents, whereby non-compliance with the regulatory requirements was identified, the exact origin (such as crop, cultivator, land

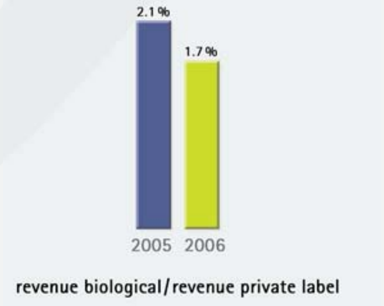
Waste Laurus *(EN 22)*



	2005	2006	absolute unit
Total	*21,836*	*22,398*	*tons*
Paper	*11,174*	*11,723*	*tons*
Plastic	*596*	*782*	*tons*
Organic	*6,904*	*6,694*	*tons*
Remaining waste	*3,162*	*3,199*	*tons*
Chemical waste	*-*	*-*	*tons*

The waste of all stores is collectively brought to the distribution centre.
Waste includes Edah and Konmar.

% Biological products Super de Boer



and crop protection product) is known and a declaration with improvement measures has been developed. The analyses are integrally shared with Natuur en Milieu (The Netherlands Society for Nature and Environment).

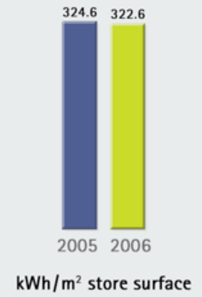
Energy, distribution and waste

In 2006, the Edah and Konmar stores were sold and the larger part has been transferred to the new owners. Therefore, actual energy-saving initiatives in the supermarkets (improvement of cooling and freezing installations) have been delayed. In stores converted to Super de Boer, energy-saving methods were implemented consistent with the Super de Boer banner book. The share of bought sustainable energy increased to 10% compared to 5% in 2005. Due to the closing or the transfer of three distribution centres, the energy saving initiatives from the 'energy analysis distribution centres 2005' and the investment for transport saving are also delayed. In 2007, it is anticipated that several energy measures can be implemented during the renovation of the distribution centre in 's-Hertogenbosch. Additionally, the opportunities for waste processing will be expanded in this distribution centre.

Reactions

We welcome your feedback to the results and policy intentions presented in this report at duurzaamheid@laurus.nl

Direct energy consumption/Indirect energy consumption/Renewable energy use own stores Super de Boer (EN 3, EN 4, EN 6)



Energy use by own stores per square meter of store surface (includes store surface, storage space and office space).

	2005	2006	
Total	*778,599*	*719,155*	*Gigajoules*
'Grey' electricity	*490,872*	*451,076*	*Gigajoules*
'Green' electricity	*25,835*	*50,120*	*Gigajoules*
Gas	*261,892*	*217,960*	*Gigajoules*

Own stores of Super de Boer and distribution centers in Renswoude, Veenendaal, Beilen, Drachten, Waddinxveen and 's-Hertogenbosch.


Super deBoer
269
760

Risk profile and risk management

The Dutch food retail market is saturated and served by a relatively large number of players. A feature of such a fiercely competitive market is that price wars may break out from time to time, with one of the players trying to increase its market share by cutting consumer prices. Other players usually follow suit, putting the operating results of all parties under pressure. The adverse effects of a price war can only be limited to some extent by a cost-effective organisation, or by passing on the loss of margin back to earlier links in the chain.

With Super de Boer, Laurus is now active in one segment of the market only: the full-service segment. In 2007, the focus will lie entirely on the process of transforming Laurus into Super de Boer and addressing the implementation of the Super de Boer business plan, which was discussed with the shareholders on 3 November 2006. The achievement of the business plan, which depends partly on internal and external factors, is crucial for the future viability of Laurus.

Laurus serves customers through its own stores (retail activities) and through affiliated independent retailers (wholesale activities). Laurus grants affiliated independent retailers the right to use a Laurus store format under certain conditions. The Laurus organisation purchases goods and delivers these to the stores. If affiliated independent retailers decided to join another grocery wholesaler, Laurus would lose a significant proportion of its locations. There are, however, long-term contracts with the individual affiliated retailers. In addition, Laurus is often lead tenant and in some cases, owner of the stores. Based on the contracts, and assuming that there are no material changes in the relevant legislation (tenancy and competition law), Laurus believes that this risk is manageable. The price war and the economic downturn have combined to produce a deterioration in the operating results of the independent retailers affiliated to Laurus. This manifests itself for Laurus partly in increased provisions related to receivables. If independent retailers are unwilling or unable to continue operating their store, Laurus generally acquires the store in order to retain the location and if possible to sell it to another independent retailer. This is not always possible in the present economic climate, so repurchased retail stores sometimes make a negative contribution to the result for some considerable time.

With respect to operating activities, the selling and general and administrative expenses are predominantly fixed expenses. Examples include long-term leases on store locations and other premises, and employment contracts with an indefinite term. Consequently, there are only limited opportunities for changing cost levels in the short term and so, in a number of cases, cost reductions involve restructuring costs.

Laurus buys its goods from a range of suppliers in the Netherlands and abroad. The conditions related to purchasing are agreed with these parties, mostly on an annual basis. Changes in the terms and conditions agreed with suppliers could affect Laurus' result. Based on Laurus' long-term relationships with its various suppliers, alliances with other parties in the purchasing market, and the centralisation of purchasing and the logistical structure, Laurus regards this risk as manageable. Laurus has long-term contracts with amongst others suppliers of cheese and poultry. These contracts mostly include a minimum purchase volume. Talks are currently being conducted with the relevant suppliers on dissolving or amending the contracts. It is not certain whether these will be successful.

Goods are predominately purchased in euros and so the effect of exchange movements on Laurus' results is limited. There are international market prices for some products sold by the Super de Boer banner, which may fluctuate, and price increases cannot always be passed on to the consumer in full.

Interest payable and, therefore, Laurus' results are affected by movements in interest rates. Laurus has not entered into interest rate swap contracts to limit the effect of interest rate movements on the result.

As part of its risk management measures, Laurus has insurance policies for the most common risks associated with its activities, such as loss of profits, fire and third-party liability. In Laurus' opinion, the insurance policies offer adequate cover for the financial consequences if such risks should manifest themselves, in order to limit their impact on the result.

The Laurus pension plan qualifies under IFRS as a defined-benefit obligation, which means that the difference between the pension liabilities and the related investments ('plan assets') has to be carried on Laurus' balance sheet.

From 1 January 2006, pension benefits and entitlements may be adjusted annually through a profit sharing scheme. There is no right to indexation. The scheme is conditional.

A number of balance sheet items in the financial statements of Laurus are based on management estimates and assumptions relating to future results. If the actual results differ, it may have a significant influence on the valuation of items such as goodwill, deferred tax assets and the provisions for claims. Some potential risks, the most significant of which concern guarantees given in respect of the sale of Laurus Spain (potential claims relating to the Tragoz and Mas por Menos insolvencies), cannot be quantified.

Laurus' administrative organisation was simplified in 2004 and this has contributed to increased transparency and an improved management information system. In implementing the best-practice provisions in the Dutch Corporate Governance Code on the risk management and control system, Laurus evaluated the existing internal control measures in 2004 and formulated an internal risk management and control system tailored to the company. The system is designed to ensure and where possible improve the quality of financial reporting. It also focuses on promptly identifying financial risks. By now, the system is incorporated in the operating process and is regularly revised in line with changes in the organisation. In 2006 the main focus was on the divestment programme. In 2007 the internal risk management and control system will be adapted to the future Super de Boer organisation. The effective operation of the checks in the system is monitored regularly.

Different organisational measures and procedures are intended to improve the quality of operations and incorporate the correct checks and balances, such as approval, authorisation, reviewing investment decisions, etc. Laurus has introduced a whistleblower's procedure to point out suspected general, operational or financial irregularities.

A new analysis of the principal risks was carried out on the basis of factors set out in the Prospectus published on 9 November 2004. The outcome of this analysis was provided to the Audit Committee and the full Supervisory Board.

Corporate Governance Code

Laurus N.V. ('Laurus'), having its registered seat in 's-Hertogenbosch and its actual office in Amersfoort, is a 'structuurvennootschap' (a two-tier or dual-board company) established in the Netherlands whose shares are listed on the Euronext Amsterdam stock exchange. This means that the Corporate Governance Code ('the Code') applies to Laurus.

We set out below how Laurus shapes its compliance with the Code.

Laurus endorses the aims underlying the Code. There has to be confidence in the integrity of the management of large companies. Greater openness and active dialogue with all stakeholders and society as a whole contribute to this. Expectations between Laurus, its stakeholders and society must be based on respect, good faith and a sense of reality.

Laurus complies with the Code and only a limited number of aspects of the Code are not applied. According to the Code, departures need not be improper as, in certain circumstances, they can be justified. Being able to apply all the provisions depends on the specific circumstances of the company and its shareholders. Not all companies are the same: they operate in different markets, the diversification of share ownership differs, their ownership structures differ, and so forth. According to the Code 'explanation constitutes compliance after approval by the Annual General Meeting of Shareholders'. In other words, if the Annual General Meeting of Shareholders has explicitly adopted the company's corporate governance structure and policy and has also agreed the explanation of a departure from one or more best-practice provisions, the company is complying with the Code. Such an resolution was adopted by the General Meeting of Shareholders on 12 May 2005. As Laurus's application of the Code has changed since then, the General Meeting of Shareholders on 11 May 2007 will be asked to approve these changes.

The following is based on the text of the Code, the explanatory notes by the Tabaksblat Committee and the current interpretation of the Code.

Laurus N.V. is a Dutch public limited liability company subject to the full two-tier board regime. Laurus shares are listed on the Euronext Amsterdam stock exchange. Laurus has no protective measures in place against hostile take-overs; Laurus does not have protective preference shares. No depositary receipts for shares have been issued. This means that Laurus shareholders may, if they wish, always directly exercise the

voting rights on their shares. This in itself meets one of the key principles of the Code.

Laurus initiated a number of measures in 2004 and 2005 to ensure compliance with the best-practice provisions in relation to the risk management and control system. As part of this exercise, the existing internal control measures were evaluated and incorporated in an internal risk management and control system specifically geared to the company. From 2005 the effective operation of the internal control measures incorporated in the system is further recorded and monitored. The Audit Committee is being informed of these developments. The formulated risk analysis of the operational and financial objectives of the company have been further formalised in 2006. In 2007 the system will be adjusted in order to be more aligned with the future size and structure of Laurus.

The French company Casino Guichard-Perrachon S.A. ('Casino') is a major shareholder in Laurus with a holding of approximately 45% of the issued share capital. Casino is listed on the Euronext Paris stock exchange and is a large European retailer. Casino also has a call option on 7,157,725 Laurus shares held by three Dutch banks. If it were to exercise the call option in full, Casino would be able to raise its total holding in Laurus to approximately 51%. The call option can be exercised between 1 July 2007 and 31 December 2009 after which it will lapse. A corporate governance agreement was signed at the time Casino became a major shareholder in Laurus and it partly determines the extent to which Laurus can comply with the Code. Casino is entitled to nominate the largest possible minority of the members of the Supervisory Board of Laurus. This rises to a majority of the Supervisory Board members if Casino's holding in Laurus shares exceeds 50% at any time. The other members of the Supervisory Board of Laurus, including the chairman, must be independent of Casino. It has also been agreed with Casino that at least one member of the Supervisory Board will not be appointed on the nomination of Casino or on the basis of the enhanced right of recommendation of the works council. The chairman of the Supervisory Board must be a resident of the Netherlands. Casino is entitled to nominate the CEO of Laurus and candidates for other senior positions at Laurus. The CEO of Laurus must be a resident of the Netherlands. The corporate governance arrangements between Laurus and Casino will lapse if Casino directly or indirectly holds less than 20% of the issued share capital of Laurus for a period of three consecutive months. The main other elements of the corporate governance arrangements between Laurus and Casino were most recently published in the Prospectus of 9 November 2004.

Without prejudice to the prescribed approval of the General Meeting of Shareholders that is also required in a number of cases, certain decisions by the Board of Management require the approval of the Supervisory Board of Laurus, including decisions on:

- issuing shares, restricting or excluding pre-emption rights, granting options;
- entering into or terminating joint ventures, if the joint venture or its termination is of fundamental significance for Laurus;
- acquiring a participating interest with a value of the least 25% of the issued share capital plus reserves of Laurus, and the significant expansion or reduction of such a holding;
- making investments with a value of at least 25% of the issued share capital plus reserves of Laurus or a value of at least € 5 million;
- proposals for amendments to the Articles of Association, winding up the company and reducing the share capital;
- applying for suspension of payments or bankruptcy;
- terminating the employment or making major changes to the terms of employment of a significant number of Laurus' employees;
- proposals for a significant change in Laurus' commercial strategy; and
- further, significant decisions relating to Laurus' subsidiaries.

Decisions by the Supervisory Board are taken by an absolute majority of votes in a meeting at which a majority of the members of the Supervisory Board are present or represented, except in the following cases. Under the terms of the corporate governance arrangements between Laurus and Casino the regulations of the Supervisory Board of Laurus specify that, while Casino owns no more than 50% of the issued share capital of Laurus, certain decisions of the Supervisory Board require the approval of two-thirds of the votes cast during the meeting. These include decisions on approving the issue of shares, capital expenditure or disposals or the acquisition or sale of businesses or activities with a value of more than € 12.5 million, and decisions on appointing, suspending or dismissing the CEO of Laurus.

Casino provided Laurus with retail and management expertise, including on purchasing, ICT and management information systems, commercial policy, store lay-out, logistics, development of the product range including own-brands, management development, the reorganisation of loss-making activities and the sale of assets. This service was provided under an agreement which ended on 31 December 2006. The consideration for this amounted to € 1.7 million per year. With regard to transactions involving conflicts of interest with shareholders holding 10% or more of Laurus' share capital, Laurus complies with best-practice provisions III.6.1 to III.6.5 inclusive, where these transactions do not form part of the day-to-day running of the business. This means, for example, that the Supervisory Board had no (direct) involvement in the combined purchasing activities of Laurus and Casino. It was the responsibility of the Buying & Merchandising department to ensure that the best possible conditions were agreed.

The sole member of the Board of Management of Laurus N.V. is Mr J.G.B. Brouwer. The other members of the Group Management Board are not member of the Board of Management of the company (see page 8 of this Annual Report for the present full composition of the Group Management Board).

Bearing in mind the comments made in this section, the Supervisory Board and Board of Management of Laurus apply the principles and best-practice provisions of the Code, with the exception of the points set out below.

The Dutch Corporate Governance Code

II.1.1

'A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.'

Laurus was not able to comply with this provision in respect of Mr J.G. Bruijniks, the former member of the Board of Management of Laurus. The contract with Mr J.G.B. Brouwer, the current sole member of the Board of Management of Laurus, does comply with this provision. Laurus will also comply with this provision, and with provision II.2.7, in future contracts, unless this would be unreasonable in the situation at that time.

II.2.1 / II.2.2

'Options to acquire shares are a conditional remuneration component, and become unconditional only when the management board members have fulfilled predetermined performance criteria after a period of at least three years from the grant date.
If the company, notwithstanding best-practice provision II.2.1, grants unconditional options to management board members, it shall apply performance criteria when doing so and the options should, in any event, not be exercised in the first three years after they have been granted.'

Mr Brouwer's options remuneration is described in more detail on page 39 (Remuneration report – employment contract of Mr Brouwer). No performance criteria apply for the options granted to Mr Brouwer. The options cannot be exercised in the first four years after they have been granted, except in the case of a change of control.

II.2.6

'The supervisory board shall draw up regulations concerning ownership of and transactions in securities by management board members, other than securities issued by their 'own' company. The regulations shall be posted on the company's website.
A management board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A management board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.'

Laurus does not apply this provision, as the objectives of this best-practice provision are addressed by the Financial Supervision Act and the regulations for listed companies relating to trade in the company's own shares.
For some years, Laurus has had regulations for 'insiders' on the ownership of and transactions in Laurus securities. In 2006 Laurus, revised its rules in line with the new legislation.

II.2.7
'The maximum remuneration in the event of dismissal is one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such board member shall be eligible for a severance pay not exceeding twice the annual salary.'

With regard to the severance scheme for Mr Bruijniks, we refer to the description of this on page 38 (Remuneration report – Severance agreement with Mr Bruijniks).

Mr Brouwer's terms of employment are described in more detail on pages 38 en 39 (Remuneration report – Employment contract of Mr Brouwer). Mr Brouwer's severance scheme is directly linked to the four-year contract term and provides for severance pay in the event of involuntary dismissal (or termination of the employment contract by either party in the event of a change of control) equal to the basic salary for the remaining contract period, plus one third thereof. In the event of involuntary dismissal (or termination of the employment contract by either party in the event of a change of control) in the fourth year of the contract term, the severance pay amounts to one year's basic salary plus one third of this amount. Laurus regards the terms of employment agreed with Mr Brouwer as reasonable in view of his former position outside the Laurus organisation and the situation at Laurus at the time when he joined the company.

II.2.14
'The company shall state in the notes to the annual accounts, in addition to the information to be included pursuant to article 2:383d of the Civil Code, the value of any options granted to the management board and the personnel and shall indicate how this value is determined.'

Laurus applies this provision but points out that the valuation of options as referred to here is highly arbitrary. There are currently no clear valuation rules for this.

III.2.1 j° III.2.2(f)

'All supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best-practice provision III.2.2.

A supervisory board member shall be deemed to be independent if the following criteria of dependence do not apply to him. The said criteria are that the supervisory board member concerned or his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:
f) is a member of the management board or supervisory board – or is a representative in some other way – of a legal entity which holds at least ten percent of the shares in the company, unless such entity is a member of the same group as the company.'

Laurus cannot comply in full with this provision. In the current situation, in which Casino owns a holding of approximately 45%, the largest possible minority of the Supervisory Board members have been appointed at the nomination of Casino. As explained above, this is based on the corporate governance agreements made in 2002 as part of the financial restructuring. These arrangements were published at that time in the Information Memorandum of 13 June 2002 and the Prospectus of 9 July 2002, and most recently in the Prospectus of 9 November 2004.

III.2.3

'The report of the supervisory board shall state that, in the view of the supervisory board members, best-practice provision III.2.1 has been fulfilled, and shall also state which supervisory board member is not considered to be independent, if any.'

It follows from the comments on III.2.1 j° III.2.2(f), that Laurus cannot meet this provision in full.

III.5

'Composition and role of three key committees of the supervisory board.

Principle: If the supervisory board consists of more than four members, it shall appoint from among its members an audit committee, a remuneration committee and selection and appointment committee. The function of the committees is to prepare the decision making of the supervisory board. If the supervisory board decides not to appoint an audit committee, remuneration committee or selection and appointment committee, best-practice provisions III.5.4, III.5.5, III.5.8, III.5.9, III.5.10, III.5.13, V.1.2, V.2.3 and V.3.1 shall apply to the entire supervisory board. In its report, the supervisory board shall report on how the duties of the committees have been carried out in the financial year.'

For practical reasons, Laurus has decided to operate with two committees, namely an Audit Committee and a Selection, Nomination and Remuneration Committee. This decision is justified amongst others by the fact that Laurus has a single-member Board of Management. The tasks that the Code sets for the remuneration committee and the selection and appointment committee will be performed at Laurus by the Selection, Nomination and Remuneration Committee.

III.7.3

'The supervisory board shall adopt a set of regulations containing rules governing ownership of and transactions in securities by supervisory board members, other than securities issued by their 'own' company. The regulations shall be posted on the company's website. A supervisory board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A supervisory board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.'

Laurus does not yet apply this provision. For further information please see II.2.6.

IV.3.1

'Meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the company's website and by means of press releases. Provision shall be made for all shareholders to follow these meetings and presentations in real time, for example by means of webcasting or telephone lines. After the meetings, the presentations shall be posted on the company's website.'

Laurus applies this broadly formulated best-practice provision for press conferences and important meetings with analysts and/or investors in so far as they are organised by or on behalf of Laurus. In addition, Laurus applies this provision to its (General) Meetings of Shareholders.

IV.3.5

'The management board and the supervisory board shall provide the general meeting of shareholders with all requested information, unless this would be contrary to an overriding interest of the company. If the management board and the supervisory board invoke an overriding interest, they must give reasons.'

Laurus applies this provision in so far as the requests are relevant and the order of the meeting is not disturbed. If the Board of Management or Supervisory Board invoke an overriding interest this will be explained in so far as the explanation itself is not damaging to Laurus.

IV.3.7

'If a right of approval is granted to the general meeting of shareholders by law or under the articles of association of the company (e.g. in the case of option schemes, far-reaching decisions as referred to in draft article 2:107a Civil Code), or the management board or the supervisory board requests a delegation of powers (e.g. issue of shares or authorisation for the repurchase of shares), the management board and the supervisory board shall inform the general meeting of shareholders by means of a 'shareholders circular' of all facts and circumstances relevant to the approval, delegation or authorisation to be granted. The shareholders circular shall, in any event, be posted on the company's website.'

The Shareholders Circular will include sufficient, extensive notes on the agenda and set out the most relevant facts and circumstances in detail.

V.3.1

'The external auditor and the audit committee shall be involved in drawing up the work schedule of the internal auditor. They shall also take cognizance of the findings of the internal auditor.'

Laurus does not apply this provision, as it no longer has an internal auditor.

Laurus implements the remainder of the Code, in so far as it applies to Laurus. For example, best-practice provisions III.8.1 to III.8.4 inclusive (one-tier management structure), IV.1.1 (cancelling a binding nomination) and IV.2.1 to IV.2.8 inclusive (depositary receipts for shares and the role of the trust office) do not apply and, therefore, need not be complied with. The same applies mutatis mutandis to the special obligations on institutional investors set out in the best-practice provisions IV.4.1 to IV.4.3 inclusive.

In so far as the Code conflicts with statutory provisions from which, for example, the Articles of Association cannot deviate, Laurus will apply the law. This also applies where Laurus is not in a position under its existing obligations or arrangements to amend its Articles of Association in line with the Code.

Explanatory notes by reason of the Decree, Article 10 of the Takeover Directive

By reason of the Decree of 5 April 2006 to implement article 10 of Directive 2004/25/EC of the European Parliament and the Council of the European Union of 21 April 2004 regarding public takeover bids, Laurus can provide the following explanation.

a. Capital structure of the company

The capital of the company consists of one class of shares, being ordinary shares. Information on issued shares has been included under explanatory notes no. 20 of the consolidated financial statements.

b. Restriction on transferring shares or issued depositary receipts

The articles of association of Laurus have no restriction with respect to the transfer of shares.

c. Duty to report interests in the company

Laurus has been notified on a number of shareholdings, in accordance with the Act on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (WMZ 2006). The notifications are listed on page 86 of this annual report. The shares held by ABN AMRO Bank, ING Bank and Rabobank are held in connection with Casino's call option.

d. Special controlling rights

Laurus has issued no shares with special controlling rights.

e. Employees' shares

Laurus currently does not hold any employee share scheme or option plan where the control rights are not exercised directly by the employees.

f. Restriction on voting right and issue of depositary receipts

No restrictions are currently imposed on voting rights attached to issued shares. Depositary receipts have not been issued.

g. Agreements with shareholders

As part of the financial restructuring in 2002, Laurus entered into a shareholders agreement with Casino. Full details were most recently disclosed in the prospectus dated 9 November 2004. Some elements are also discussed in the Corporate Governance Code section of this annual report (pages 30–36). Currently, Laurus is unaware of any other shareholder agreements.

h. Regulations pertaining to the appointment and dismissal of executive and supervisory directors and amendments to the articles of association

By virtue of Article 14 of the articles of association, the Supervisory Board is authorised to suspend or dismiss members of the Board of Management. The Supervisory Board shall not dismiss a member of the Board of Management until the General Meeting of Shareholders has been heard regarding the intended dismissal. By virtue of Article 21 of the articles of association, supervisory directors are appointed by the General Meeting of Shareholders, subject to nomination by the Supervisory Board. By virtue of Article 41 of the articles of association, the articles of association can only be amended subject to approval from the Supervisory Board and the shareholders.

i. The powers of the board

By virtue of Article 4 of the articles of association, the Board of Management is entitled to issue shares if and insofar the Board of Management has been appointed as a competent body by the General Meeting of Shareholders. The Board of Management requires the approval of the Supervisory Board. Acquisition is subject to authorisation granted to the Board of Management by the General Meeting of Shareholders. In the General Meeting of Shareholders held on 12 May 2006 the Board of Management has been appointed as the competent body to issue shares for a period of 15 months.

j. Important agreements when issuing a public bid

Currently, Laurus is aware of the following important agreements with a change of control clause:

- The amended and restated Credit Facility Agreement entered into between Laurus and the Banks on 2 November 2006, becomes repayable in case of a change of control unless the party involved is Casino;
- The subordinated loan agreement entered into between Laurus and Casino and the Banks on 2 November 2006, becomes repayable in case of a change of control unless the party involved is Casino.

k. Agreements with executive directors or employees in the event of a public bid

The employment contract with Mr Brouwer provides clauses that may cease his labour agreement in the event of a change of control (see remuneration report pages 38 and 39 of this annual report).


Super deBoer
ANOESKA

Remuneration Report

As per 1 January 2005, a remuneration policy was established for members of the Group Management Board. This remuneration policy was adopted by the General Meeting of Shareholders on 12 May 2005. The remuneration policy aims to attract, motivate and retain highly qualified managers as members of the Group Management Board. The structure of the remuneration package takes Laurus' short- and long-term strategic performance into account. In determining the remuneration policy, the Supervisory Board carefully considered the strategic ambitions and culture of the company, as well as Dutch market practice and the Dutch Corporate Governance Code.

The remuneration policy is based on the principle that the total compensation level is benchmarked against the relevant market in which Laurus competes for talent (labour market peer group). The compensation level should be broadly in line with the median level of the labour market peer group.

The total compensation consists of:

- a base salary which should be broadly in line with the median level of the labour market peer group;
- a total variable compensation, which should be broadly in line with the median level of the labour market peer group. The short- and long-term incentive can vary between the lower quartile and upper quartile level of the labour market peer group.

The complete remuneration policy is included in the Annual Report 2005 and published on the corporate website of Laurus.

In the third quarter of 2006, Laurus and Mr J.G. Bruijniks, former Chairman of the Board of Management/CEO of Laurus N.V., have by mutual agreement decided to terminate the employment contract. As per 6 November 2006, Mr J.G.B. Brouwer was appointed to Chairman of the Board of Management/CEO of Laurus N.V. Mr Brouwer succeeds Mr A.M.F.J. van der Laar, who took over management of Laurus after the departure of Mr Bruijniks. Mr Van de Laar was appointed for a definite period of time to perform interim-management activities.

Individual employment conditions were agreed with Mr Brouwer, partly due to his former position outside Laurus and the situation of Laurus at the time of appointment. These conditions deviate from the remuneration policy. The remuneration policy remains applicable for the evaluation of employment conditions of possible future members of the Group Management Board.

Below, the severance agreement with Mr Bruijniks and the employment contract of Mr Brouwer are further explained.

Severance agreement with Mr Bruijniks

The employment contract of Mr Bruijniks was terminated as per 1 January 2007. The employment contract includes a severance payment of two times the gross annual base salary. The Supervisory Board considered this severance payment reasonable at the time of appointment in light of the specific circumstances. At the time, current relevant corporate governance recommendations were not yet applicable.

In addition to the severance agreement, Mr Bruijniks was entitled to a bonus for 2006 as determined by the Supervisory Board based on agreed performance measures. This bonus amounted to € 230,400 gross.

All option rights and possible comparable rights of Mr Bruijniks lapsed as per 1 January 2007.

Employment contract of Mr Brouwer

The Supervisory Board appointed Mr Brouwer as per 6 November 2006, following the Extraordinary General Meeting of Shareholders of 3 November 2006. His employment contract was presented during this General Meeting of Shareholders.

The employment contract is entered into for a definite period of time. The term of this employment contract is four years, in line with the Dutch Corporate Governance Code. The employment contract can be terminated by both parties. The notice period is six months for the company and three months for Mr Brouwer. Furthermore, it has been agreed that in case of a premature termination – other than resignation of Mr Brouwer or instant dismissal for urgent cause – the base salary will be paid for the remaining period of time. Base salary payments will be guaranteed. This guarantee will be further formalised in 2007.

The base salary, including 8% holiday allowance, is determined at € 495,000 per year. The Supervisory Board has taken into account the employment conditions of Mr Brouwer's former positions, an assessment of the relevant external labour market and internal pay relativities. The base salary level will be adjusted yearly based on the current CBS price-index figures.

Variable compensation is divided between short- and long-term incentives. This division is in line with the remuneration policy.

The short-term incentive consists of a bonus varying between 1/3rd and 2/3rd of base salary. The Supervisory Board determines the conditions and performance measures for this bonus on a yearly basis. The performance measures are a reflection of the financial and operational objectives of the company.

On proposal of the Selection, Nomination and Remuneration Committee, the Supervisory Board has set the short-term bonus of Mr Brouwer for 2006 at € 41,209, which is 50% of two months base salary over 2006. In determining the bonus, the Supervisory Board considered performance and performance criteria relating to the validation and formalisation of the business plan, the composition of management and the determination of the management structure.

The long-term incentive for 2006 is a compensation in options. At the time of appointment of Mr Brouwer, 200,000 options were granted, which vest after four years (or in case of a *change of control*[1]). Options are more than any other compensation vehicle oriented at the creation of shareholders' value. The agreed long-term incentive is largely in line with the remuneration policy. Most important differences are that the options are not related to performance criteria – because the Supervisory Board has the opinion that the long-term performance of Laurus is best measured through the long-term share price – and that the long-term incentive does not encompass a payment in cash.

It is the intention of the Supervisory Board to apply the existing stock option plan for the year 2008 as well. The Board will grant a – to be determined – number of shares not only to Mr Brouwer, but also to the other members of the Group Management Board.

The severance payment of Mr Brouwer is directly linked to the term of the contract. The contract provides a compensation at involuntary dismissal (or termination of the employment contract by one of the parties in case of a *change of control*) which equals the base salary for the remaining contract term increased with one third. In the fourth year of the employment contract, a severance payment applies of one year base salary increased with one third.

For Mr Brouwer, a defined contribution pension plan is applicable. The pensionable salary is € 380,000 per year of which Laurus pays two third of the pension costs. This arrangement is in line with applicable arrangements for other employees and with an assessment of the external labour market peer group.

For 2007, the performance measures of the short-term incentive consist of financial as well as personal operational and strategic objectives. The financial objectives have a collective weight of 40% and the personal operational and strategic objectives have a collective weight of 60%. Due to the commercially sensitive nature of these objectives, no further information can be provided.

1 The transition of all or a majority of the shares of Laurus or the transfer of all or a majority of the assets of Laurus to one or more third parties.

2006

FINANCIAL STATEMENTS

Consolidated income statement

(in millions of euro)	note	2006	2005
Revenue	1	2,894	3,158
Cost of sales		(2,441)	(2,575)
Gross profit		**453**	**583**
Other operating income	3	115	3
Selling expenses	4	(421)	(513)
General and administrative expenses		(177)	(98)
Result from operating activities		**(30)**	**(25)**
Finance income	6	3	7
Finance expenses	6	(18)	(23)
Net financing costs		**(15)**	**(16)**
Share of the profit or loss of joint ventures and associates	13	-	1
Result on disposal of Spain and Belgium		-	2
Result before income tax		**(45)**	**(38)**
Income tax	7	-	(28)
Result for the period		**(45)**	**(66)**
Attributable to:			
Equity holders of Laurus N.V.		(45)	(66)
Minority interest		-	-
Result for the period		**(45)**	**(66)**
Basic earnings per ordinary share (in euros)	21	(0.39)	(0.57)
Diluted earnings per ordinary share (in euros)	21	(0.39)	(0.57)
Revenue sales of goods		2,745	3,007
Revenue services		149	151
Total Revenue		**2,894**	**3,158**

Consolidated statement of recognised income and expense

(in millions of euro)	note	2006	2005
Share based payments		1	1
Net income recognised directly in equity		1	1
Result for the period		(45)	(66)
Total recognised income and expense for the period	20	(44)	(65)
Attributable to:			
Equity holders of Laurus NV		(44)	(65)
Minority interest		-	-
Total recognised income and expense for the period		(44)	(65)

Consolidated balance sheet (before proposed profit appropriation)

(in millions of euro)	note	31 December 2006	1 January 2006
Assets			
Property, plant and equipment	9	117	403
Goodwill	10	22	44
Other intangible assets	11	6	20
Investment in associates	13	2	2
Investment property	12	28	21
Other investments	14	1	1
Loans and amounts receivable	15	18	19
Deferred tax assets	16	15	18
Total non-current assets		209	528
Inventories	17	65	158
Income tax receivable	8	6	6
Trade and other receivables	18	114	119
Cash and cash equivalents	19	52	50
Assets classified as held for sale	2	36	5
Total current assets		273	338
Total assets		482	866
Equity			
Issued capital		149	149
Share premium		518	518
Retained earnings		(626)	(582)
Total equity attributable to equity holders of Laurus N.V.	20, 34	41	85
Minority interest		-	-
Total equity		41	85
Liabilities			
Interest-bearing loans and borrowings	22	99	67
Employee benefits	23	18	23
Provisions	24	39	20
Deferred tax liabilities	16	15	18
Total non-current liabilities		171	128
Bank overdrafts	22	31	342
Current tax payables		15	18
Trade and other payables	25	159	276
Provisions	24	65	17
Total current liabilities		270	653
Total liabilities		441	781
Total equity and liabilities		482	866

Consolidated statement of cash flows

(in millions of euro)

	note	2006	2005
Cash flows from operating activities			
Result for the period		(45)	(66)
Adjustments for:			
Depreciation		43	83
Impairment losses on goodwill		16	13
Investment income		(3)	(1)
Interest expense		18	16
Gain on sale of property, plant and equipment		(4)	(3)
Repayment Loan Spain		(20)	-
Gain on sale of assets Edah and Konmar		(91)	-
Shared based payments		(1)	1
Income tax expense		-	28
Operating profit before changes in working capital and provisions		(87)	71
Movement in inventories		47	(6)
Movement in trade and other receivables		(7)	9
Movement in trade and other payables		(122)	(2)
Movement in provisions and employee benefits		60	(76)
Cash generated from the operations		(109)	(4)
Interest paid		(15)	(27)
Income taxes paid		-	-
Gain on disposal of Spain and Belgium		-	(2)
Net cash from operating activities		(124)	(33)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		352	15
Proceeds from sale of intangible fixed assets		18	1
Proceeds from sale of inventories Edah and Konmar		42	-
Redemptions loans and amounts receivable		19	2
Redemption Loan Spain		20	-
Interest received	6	3	9
Acquisition of property, plant and equipment	9	(31)	(108)
Acquisition in intangible fixed assets	10, 11	-	(6)
Granted loans and amounts receivable	15	(18)	(4)
Net cash from investing activities		405	(91)
Cash flows from financing activities			
Repayment of borrowings	20	(270)	(1)
Drawings of borrowings	22	-	78
Payment of finance lease liabilities	22	(9)	(10)
Net cash flow used in financing activities		(279)	67
Net increase in cash and cash equivalents	19	2	(57)
Cash and cash equivalents at beginning of period		50	107
Cash and cash equivalents at end of period	19	52	50

The consolidated cash flow statement is prepared in accordance with the indirect method, in which the result after tax in the net cash flow from operating activities is adjusted for the income statement items that do not lead to income or expenditure during the financial year. As part of the divestment of Edah and Konmar, cash in stores for an amount of € 13 million was transferred to the purchasers and reimbursed to Laurus by the purchasers for the same amount.

I Reporting entity

Laurus N.V. (the 'Company') is a company domiciled in The Netherlands. The address of the Company's actual office is Computerweg 2, 3821 AB Amersfoort. The Company has 13 reporting periods in a calendar year.
The consolidated financial statements of the Company for the year ended 31 December 2006 (started 2 January 2006) comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities. The Group primarily is involved in operating supermarkets (see note 1).

II Funding and continuity

During 2005 management concluded that Laurus would not be able to comply with certain banking covenants related to the loan agreement dated 1 July 2006. Therefore management decided to restructure the Company by divesting its Edah and Konmar banners, which was announced on 31 January 2006. The proceeds were to be used to reduce the debt level of Laurus. Moreover a business plan has been prepared which entails the strategy for the future Laurus/Super de Boer organisation. The main characteristics of this business plan, which was completed in October 2006 are as follows:

- Continuation of the Super de Boer format as a full-service supermarket.
- Divestment of stores locations that are unfit or not viable for a full-service supermarket.
- Reduction of number of head-office employees as well as logistic network adjustment - reduction of both locations and employees - to reflect to future size of the Super de Boer organisation.

Following the completion of abovementioned business plan and divestment of Edah and Konmar stores, Laurus' then existing credit facilities were refinanced on 2 November 2006 by (see also note 22):

- A € 50 million subordinated loan provided by Casino and ING Bank, ABN AMRO Bank and Rabobank with a term of 3.5 years.
- A € 170 million restated Credit Facility provided by ING Bank, ABN AMRO Bank and Rabobank with a term of 3 years.

In respect of the abovementioned restated Credit Facility a number of covenants have been agreed. The covenants are based on the business plan and vary over the planning period and will be tested on a quarterly basis. The most important can be summarised as follows:

- A Consolidated EBITDA covenant on a 12-months rolling forward basis. The first measurement period is the end of the second quarter 2007.
- An EBITDA covenant of the Super de Boer banner on a quarterly basis. The first measurement period is the end of the second quarter 2007.
- A Guarantee Cover being the total of shareholders' equity and subordinated loan which should exceed nil at the end of each measurement period.
- Capital expenditures must not exceed or deviate from the capital expenditures in the business plan.

Management periodically appraises the development of the result of Laurus in order to assess whether the actual performance is in accordance with the business plan and in agreement with the bank covenants. Based on the current performance, management expects that the bank covenants will be met in 2007.

III Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU-IFRS).

The consolidated financial statements were authorised for issuance by the Supervisory Board and Board of Management on 10 April 2007.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value;
- Financial instruments held for trading are measured at fair value;
- Financial instruments classified as available-for-sale are measured at fair value;
- Non-current assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The methods used to measure fair values are discussed further in note V.

c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest million unless otherwise stated.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note II – Funding and continuity;
- Note 7 – Income tax;
- Note 10 - Goodwill;
- Note 23 – Employee benefits;
- Note 24 – Provisions.

IV Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates and joint ventures (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity accounted investees).

The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

c) Financial instruments

(i) Derivative financial instruments

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The Group does not apply hedge accounting.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

(ii) Share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of certain items of property, plant and equipment at 1 January 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings
  - structure 50 years
  - roof/surfacing 15 years
  - other components 10 – 20 years
- plant and equipment 10 - 20 years
- fixtures and fittings 8 - 10 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

e) Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures.

Acquisitions prior to 1 January 2003

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group's previous accounting framework, Dutch GAAP.

Acquisitions on or after 1 January 2003

For acquisitions on or after 1 January 2003, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Other intangible assets
Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(iv) Amortisation
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Software: 3 – 7 years
- Right of establishment: 10 years

f) Investment property
Investment property is property held either to earn rental income or for capital appreciation or for both. For the accounting policy refer to 'property, plant and equipment'.

If an investment property becomes owner-occupied, then it is reclassified as property, plant and equipment.

g) Leased assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

h) Trade and other receivables
Trade and other receivables are stated at their cost less impairment losses (see accounting policy k).

i) Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

j) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

k) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost less impairment losses.

n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

All actuarial gains and losses at 1 January 2004, the date of transition to IFRSs, were recognised. The Group recognises actuarial gains and losses that arise subsequent to 1 January 2004 using the corridor method. Under the corridor method, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

When the calculation results in plan assets exceeding liabilities to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

(iii) Other long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

(iv) Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(ii) Site restoration

A provision for site restoration is recognised when there is a legal obligation to restore leased premises to it's original condition. The (discounted) amount of the provision is included in the costs of the property, plant and equipment and depreciated separately.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

p) Trade and other payables

Trade and other payables are stated at cost.

q) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(v) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

r) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

s) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and foreign currency losses. All borrowing costs are recognised in profit or loss using the effective interest method.

t) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these consolidated financial statements. The most relevant are:

- IFRS 7 Financial Instruments: Disclosures requires extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of the risks.
- Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures requires disclosure of information that enables users of the financial statements to evaluate the company's objectives, policies and processes for managing capital.
- IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or financial assets carried at cost.

Furthermore IFRIC 7 dealing with reporting in Hyperinflationary Economies; IFRIC 8 share base payments and IFRIC 9 Reassessment of Embedded Derivative will also become mandatory as of 2007. Management does currently not expect that these will have an impact on the financial statements of Laurus.

V Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(i) Property, plant and equipment

The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Investment property

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(v) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(vii) Share-based payment transactions

The fair value of employee stock options and performance share plan shares are measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

1. Segment reporting

IAS 14 – Segment reporting prescribes that under IFRSs a company should assess whether it can identify segments within its operations that qualify as a reportable segment in its financial reporting due to a different character from a risk and rewards point of view. Based on standard IAS 14 and the factual circumstances of the Laurus operations, it is concluded that Laurus operations cannot be segmented. Laurus' main considerations are discussed from a business and geographical point of view respectively by the key elements of the definitions in IAS 14.9.

Business segment

The nature of products offered within the banners is not a distinctive factor as the long-term objectives from a return point of view are the same regardless the format operated. In general the long-term objectives for all banners are substantially similar which is evidenced by the fact that all capital expenditures need approval by the same approval committee and calculations are made on the same discount rate. The type or class of customers is not a distinctive factor as customers loyalty to stores decreased and they are likely to do their daily groceries in two or more stores during the week. Besides, the availability of stores is a more distinctive factor. The methods used to distribute the products is the same for all Laurus banners. The logistic structure within the Laurus organisation is based on the type of goods sold (mainly chilled/frozen, slow-movers and fast-movers). Finally, also the segmentation to stores operated by Laurus and stores operated by franchisees is not considered to be a separate segment since the operational structure of Laurus does not support such a distinction.

Geographical areas

Laurus operates in the Netherlands and therefore the economical and political conditions, besides small regional differences, are similar for the entire market. There is no relationship between operations in different geographical areas as Laurus has an active portfolio-management in order to have the right stores given local circumstances rather than regional or provincial circumstances. The logistic network is organised on a cost efficiency basis.

2. Assets classified as held for sale

(in millions of euro)

	2006	2005
Assets classified as held for sale		
Land and buildings	15	5
Plant and equipment	8	-
Fixtures and fittings	7	-
Trade debtors	4	-
Goodwill	2	-
	36	5

For the year ended December 31, 2006 the categories land and buildings, plant and equipment and fixtures and fittings in the assets classified as held for sale contain the assets of 52 store locations for which the carrying amount will be recovered principally through a sale transaction. These assets are available for immediate sale in its present condition and Laurus seeks actively for buyers for these premises. Trade debtors relates to the remaining Edah franchisees and some Super de Boer franchisees while the goodwill relates to Super de Boer stores which Laurus intends to sell.

3. Other operating income

The other operating income includes the net gains on disposal of land, buildings and goodwill. For the year 2006 these gains amounted to € 115 million positive (2005: € 3 million positive). The other operating income 2006 consists mainly of the capital gain, net of transaction costs, on the divestment of warehouses and the Edah and Konmar banners (€ 91 million) and the repayment of the loan regarding the sale of Laurus Spain (€ 20 million) which was fully provided for.

4. Selling expenses

The selling expenses comprise the direct costs related to sales and promotional activities, costs allocated to sales outlets and other operating expenses including the following components:

(in millions of euro)	note	2006	2005
Impairment loss on goodwill	10	-	13
Impairment loss on trade receivables	18	15	11

5. Personnel expenses

(in millions of euro)	2006	2005
Wages and salaries	248	291
Compulsory social security contributions	34	45
Contributions to defined contribution plans	5	6
Subtotal	287	342
Effect of plan amendment/curtailments	-	(101)
Increase in liability for defined benefit plans	-	36
Equity settled transactions	-	1
Personnel expenses	287	278

At year-end 2006, there were 10,503 employees compared with 24,049 at the end of 2005. Expressed as full-time equivalents, they represented 4,542 FTEs compared with 10,005 in 2005. All personnel is employed in the Netherlands.

6. Net finance costs

(in millions of euro)	2006	2005
Interest income	3	7
Finance income	3	7
Interest expense	(21)	(20)
Net loss on remeasurement of investments at fair value through profit or loss	3	(3)
Impairment loss on held-to-maturity securities	-	-
Finance expenses	(18)	(23)
Net finance costs	(15)	(16)

7. Income tax expense in the income statement

(in millions of euro)

	note	2006	2005
Current tax expense			
Current year		-	-
Adjustments for prior years		-	-
		-	-
Deferred tax expense			
Origination and reversal of temporary differences		(2)	19
Reduction in tax rate		-	1
Impairment of tax losses recognised		2	8
	16	-	28
Total income tax expense in income statement		-	28

Reconciliation of effective tax rate	2006	2006	2005	2005
Result before tax		(45)		(38)
Income tax using the domestic corporation tax rate	29.6%	(13)	31.5%	(12)
Non-deductible expenses (goodwill impairment)	(8.9%)	4	(7.9%)	3
Impairment deferred tax assets	(4.4%)	2	(21.1%)	8
Non recognised taxable losses	(15.6%)	7	(73.7%)	28
Change in tax rates	-	-	(2.7%)	1
Non-taxable results (Spain and Belgium)	-	-	-	-
Reconciliation of effective tax rate	-	-	(73.7%)	28

8. Current tax assets and liabilities

The current tax asset of € 6 million (2005: € 6 million) represents the amount of income taxes recoverable in respect of prior periods that exceed payments.

9. Property, plant and equipment

(in millions of euro)

	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost					
Opening balance 2005	112	252	297	36	697
Other acquisitions	2	28	31	41	102
Transfer to investment property	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Disposals	(1)	(13)	(13)	-	(27)
Other movements	-	9	15	(24)	-
Closing balance 2005	113	276	330	53	772
Opening balance 2006	113	276	330	53	772
Other acquisitions	-	14	17	(4)	27
Transfer to investment property	(13)	-	-	-	(13)
Transfer to non-current assets held for sale	(58)	(154)	(162)	(45)	(419)
Disposals	(3)	(34)	(45)	-	(82)
Other movements	-	-	-	-	-
Closing balance 2006	39	102	140	4	285
Depreciation and impairment losses					
Opening balance 2005	7	126	185	1	319
Depreciation charge for the year	3	28	42	1	74
Impairment losses	-	-	-	-	-
Transfer to investment property	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Disposals	-	(11)	(13)	-	(24)
Other movements	-	-	1	(1)	-
Closing balance 2005	10	143	215	1	369
Opening balance 2006	10	143	215	1	369
Depreciation charge for the year	2	13	20	-	35
Impairment losses	-	1	5	-	6
Transfer to investment property	(3)	-	-	-	(3)
Transfer to non-current assets held for sale	(7)	(80)	(94)	-	(181)
Disposals	-	(18)	(38)	(1)	(57)
Other movements	-	-	(1)	-	(1)
Closing balance 2006	2	59	107	-	168
Carrying amounts					
At 3 January 2005	105	126	112	35	378
At 1 January 2006	103	133	115	52	403
At 2 January 2006	103	133	115	52	403
At 31 December 2006	37	43	33	4	117

The book value of fixed assets held under finance leases amounted to € 1 million (2005: € 10 million). The company has the economic ownership of these assets, but is not the legal owner.

The transfer from assets under construction to non-current assets held for sale primarily relate to the new distribution centre in Waddinxveen. The amounts transferred from land and buildings, plant and equipment and fixtures and fittings to non-current assets held for sale mainly relate to the divestment of the Edah and Konmar banners and the assets of the Super de Boer stores which Laurus intends to sell.

There are no material differences between the fair value and the carrying amounts within property, plant and equipment mainly due to the fact that some items have been revaluated to fair value on or prior to 1 January 2004 (deemed cost).

10. Goodwill

(in millions of euro)

	2006	2005
Cost		
Opening balance	130	135
Other acquisitions-internally developed	-	1
Disposal	(22)	(6)
Transferred to assets held for sale	(2)	-
Closing balance	106	130
Amortisation and impairment losses		
Opening balance	86	79
Impairment charge	-	13
Disposal	(2)	(6)
Transferred to assets held for sale	-	-
Closing balance	84	86
Carrying amounts		
Opening balance	44	56
Closing balance	22	44
Amortisation and impairment charge		
Selling expenses	-	13
General and administrative expenses	-	-
	-	13

Laurus performed an impairment test at year-end with respect to the goodwill of Groenwoudt (carrying amount year-end 2006: € 19 million). The outcome showed that no impairment occurred in 2006. The recoverable amount of the goodwill Groenwoudt is based on the higher of the fair value less costs to sell and the value in use.

In calculating the value in use, the future cash flows are discounted at 10%. The main assumptions can be summarised as follows:

- Sales increase of 3%;
- A gradual increase of contribution margin;
- A residual value of 19% of consumer sales.

The fair value less costs to sell is based on a percentage of 19% of actual consumer sales 2006.

11. Other intangible assets

(in millions of euro)

	2006	2005
Cost		
Opening balance	54	53
Other acquisitions-internally developed	4	7
Disposal	(23)	(6)
Closing balance	35	54
Amortisation and impairment losses		
Opening balance	34	30
Amortisation for the year	8	8
Impairment charge	10	-
Disposal	(23)	(4)
Closing balance	29	34
Carrying amounts		
Opening balance	20	23
Closing balance	6	20
Amortisation and impairment charge		
Selling expenses	-	-
General and administrative expenses	18	8
	18	8

The other intangible assets include third-party and internal developed software amounting € 6 million in 2006 (2005: € 20 million).

12. Investment property

(in millions of euro)

	2006	2005
Cost		
Opening balance	26	36
Other acquisitions	-	1
Transfer to non-current assets held for sale	-	(7)
Transfer from property, plant and equipment		13
Disposals	(4)	(4)
Closing balance	35	26
Depreciation and impairment losses		
Opening balance	5	5
Depreciation charge for the year	-	1
Transfer to non-current assets held for sale	-	(1)
Transfer from property, plant and equipment	3	-
Disposals	(1)	-
Closing balance	7	5
Carrying amounts		
Opening balance	21	31
Closing balance	28	21

Investment property comprises mainly a number of commercial properties that are leased to third parties.

The total rental income regarding investment property amounted € 2 million in 2006 (2005: € 2 million). The direct operating expenses arising from investment property that generated rental income during the period amounts € 1 million in 2006 (2005: € 1 million) and contains mainly depreciation costs.

There are no material differences between the fair value and the carrying amounts of the investment property.

13. Investment in associates

(in millions of euro)

	Country	Ownership 2006	Ownership 2005
Stichting Rocks	Netherlands	50%	50%

	Assets	Liabilities	Equity	Revenues	Profit/(loss)
2006					
Stichting Rocks	28	24	4	12	-

The valuation of the joint venture Stichting Rocks at year-end 2006 is based on the most recent information available, being the unaudited preliminary financial information of year-end 2006.

14. Other investments

(in millions of euro)

	2006	2005
Non-current investments		
Participations	1	1
	1	1

The other investments consists of a participation valued at historical costs as their fair value cannot be measured reliable as no market information is available.

15. Loans and amounts receivable

(in millions of euro)

	2006	2005
Non-current investments		
Interest-bearing loans	18	14
Guarantee deposit	-	5
	18	19

Loans and amounts receivable contain interest-bearing loans granted to affiliated retailers with a term of more than one year.

At year end 2005, long-term loans of € 24 million were outstanding in connection with the transaction with CVC regarding the sale of Laurus Spain. The loans (€ 24 million) were fully provided for, but € 20 million has been repaid in 2006. The repayment is presented within other operating income.

16. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
(in millions of euro)	2006	2005	2006	2005	2006	2005
Tax value of loss carry-forwards recognised	14	17	-	-	14	17
Loans and amounts receivable	1	1	-	-	1	1
Employee benefits	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Investment in associates	-	-	1	1	(1)	(1)
Provisions	-	-	2	1	(2)	(1)
Property, plant and equipment	-	-	12	16	(12)	(16)
Tax (assets)/liabilities	15	18	15	18	-	-
Set off of tax	-	-	-	-	-	-
Net tax (assets)/liabilities	15	18	15	18	-	-

Unrecognised deferred tax assets

On 31 December 2006, a deferred tax asset of some € 84 million (2005: € 75 million) relating to unused tax losses has not been recognised because future positive taxable profits are uncertain.

(in millions of euro)	Opening balance 2005	Recognised in income	Closing balance 2005
Tax value of loss carry-forwards recognised	26	(9)	17
Loans and amounts receivable	1	-	1
Employee benefits	19	(19)	-
Trade and other payables	2	(2)	-
Goodwill	-	-	-
Investment in associates	(1)	-	(1)
Provisions	-	(1)	(1)
Property, plant and equipment	(19)	3	(16)
Movement in temporary difference during the year	**28**	**(28)**	**-**

(in millions of euro)	Opening balance 2006	Recognised in income	Closing balance 2006
Tax value of loss carry-forwards recognised	17	(3)	14
Loans and amounts receivable	1	-	1
Employee benefits	-	-	-
Trade and other payables	-	-	-
Goodwill	-	-	-
Investment in associates	(1)	-	(1)
Provisions	(1)	(1)	(2)
Property, plant and equipment	(16)	4	(12)
Movement in temporary difference during the year	**-**	**-**	**-**

17. Inventories

(in millions of euro)	2006	2005
Trading goods	63	153
Other	2	5
Inventories	**65**	**158**
Inventories stated at fair value less costs to sell	-	-
	65	**158**

18. Trade and other receivables

(in millions of euro)

	2006	2005
Trade receivables	92	81
Other trade receivables and pre-payments	22	38
Trade and other receivables	114	119

Trade receivables are shown net of impairment losses amounting to € 14 million (2005: € 11 million) recognised in the current year arising, from the difficult financial position of franchisees and the closure of franchise stores.

19. Cash and cash equivalents

(in millions of euro)

	2006	2005
Bank balances	35	-
Call deposits	-	12
Cash	6	14
Money in transit	11	24
Cash and cash equivalents	52	50

At year-end 2006, banks include an amount of € 35 million relating to incoming cash from divestments that is not at free disposal of Laurus.

20. Capital and reserves

(in millions of euro)

	Issued capital	Share premium reserve	Retained earnings	Total	Minority interest	Total equity
Opening balance 2005	149.1	518.0	(518.3)	148.8	0.7	149.5
Share based payments	-	-	1.4	1.4	-	1.4
Repayment of capital	-	-	-	-	(0.7)	(0.7)
Result for the period	-	-	(65.7)	(65.7)	-	(65.7)
Closing balance 2005	149.1	518.0	(582.6)	84.5	-	84.5
Opening balance 2006	149.1	518.0	(582.6)	84.5	-	84.5
Share based payments	-	-	1.2	1.2	-	1.2
Repayment of capital	-	-	-	-	-	-
Result for the period	-	-	(45.0)	(45.0)	-	(45.0)
Closing balance 2006	149.1	518.0	(626.4)	40.7	-	40.7

Pending the approval of the financial statements by the Annual General Meeting of Shareholders, it is proposed that the result after tax for 2006, amounting to € 45.0 million negative, be added to retained earnings.

On 31 December 2006, the authorised share capital comprises of 250 million ordinary shares (2005: 250 million) with a nominal value of € 1.30.

21. Earnings per share

The calculation of basic earnings per share at 31 December 2006 was based on the loss attributable to ordinary shareholders of € 45.0 million (2005: € 65.7 million) and a weighted average number of ordinary shares outstanding of 114.7 million (2005: 114.7 million), calculated as follows:

(in millions of euro)

	2006	2005
Result for the period	(45)	(66)
Dividends on non-redeemable cumulative preference shares	-	-
Result attributable to ordinary shareholders	(45)	(66)

	2006	2005
On issue at opening balance	114,703,114	114,703,114
Shares cancelled	-	-
Weighted average number of ordinary shares at end	114,703,114	114,703,114

22. Interest bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency, see note 26.

(in millions of euro)

	2006	2005
Non-current liabilities		
Subordinated loan	50	-
Secured bank loans	49	66
Finance lease liabilities	-	1
Loan from associate	-	-
	99	67
Current liabilities		
Current portion of secured bank loans	30	333
Current portion of finance lease liabilities	1	9
Unsecured bank facility	-	-
	31	342
Interest-bearing loans and borrowings	130	409

On 2 November 2006 Casino, the Banks and Laurus entered into a subordinated loan agreement with a total facility of € 50 million, which was fully drawn on 31 December 2006. This loan is subordinated in right of payment to all amounts owing to all other creditors of the Company. This facility has to be repaid on or before 20 May 2010. Interest payments due in the first two years will accrue to the subordinated loan. After two years the capitalised interest is to be paid in cash. No financial covenants have been agreed with respect to the subordinated loan.

On 2 November 2006 the Banks and Laurus N.V. entered into an amended and restated Credit Facility. The facilities following this agreement can be summarised as follows:

- A € 100 million revolving facility. An amount of € 30 million has been drawn under this facility at the end of 2006. This facility has to be repaid on or before 20 November 2009.
- A € 50 million overdraft facility. An amount of € 24 million has been drawn under this facility at the end of 2006. This facility has to be repaid on or before 20 November 2009.
- A € 20 million back up facility Spain. An amount of nil has been drawn under this facility at the end of 2006. This facility has to be repaid on or before 20 November 2008. The use of this facility is restricted to payments, if any, relating to the former Spanish operations.

In respect of the abovementioned restated Credit Facility a number of covenants have been agreed. The covenants are based on the business plan and vary over the planning period and will be tested on a quarterly basis.

The most important can be summarised as follows:

- A Consolidated EBITDA covenant on a 12-months rolling forward basis. The first measurement period is the end of the second quarter 2007.
- An EBITDA covenant of the Super de Boer banner on a quarterly basis. The first measurement period is the end of the second quarter 2007.
- A Guarantee Cover being the total of shareholders' equity and subordinated debt which should exceed nil at the end of each measurement period.
- Capital expenditures must not exceed or deviate from the capital expenditures in the business plan.

The following security has been provided in connection with the credit facilities:

- A mortgage on the real estate of the Dutch companies.
- A pledge on the shares, receivables and intellectual property of all the group companies.
- A pledge on the inventories, group-receivables and bank deposits from the Dutch companies.
- A pledge on the assets of the Belgian company.
- A pledge not to encumber assets with a pari passu undertaking and assumption of joint and several liability by the company and its group companies.

All financing is dominated in euros. Interest rates are primarily linked to Euribor.

The long term secured bank loans relate to a financing arrangement amounting to € 18 million in respect of certain premises. These premises have been provided as collateral to the financing institutes. The carrying amount of these premises amounts approximately € 39 million. The maturity date of the loans is 22 December 2010. The financing arrangement in respect of the distribution centre in Waddinxveen with a balance of € 38 million end 2005 has been repaid following the sale of the related property.

Finance lease liabilities

(in millions of euro)

	2006			2005		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than one year	1	-	1	9	-	9
Between one and five years	-	-	-	1	-	1
More than five years	-	-	-	-	-	-
	1	-	1	10	-	10

23. Employee benefits

(in millions of euro)

	2006	2005
Laurus Pension Fund		
Present value of funded obligations	324	341
Fair value of plan assets	(412)	(404)
Present value of net obligations	(88)	(63)
Unrecognised actuarial gains and losses	-	-
Recognised liability for defined benefit obligations (see below)	(88)	(63)
Effect of asset ceiling	88	63
Employee benefits	-	-
Other long-term employee benefits (early retirement)	18	23
Other short-term employee benefits (early retirement)	5	-
Total employee benefits	23	23

The fair value of plan assets is invested in the following categories:

(in millions of euro)

	2006	2005
Shares and equity linked bonds	132	128
Fixed income bonds	230	235
Real estate	13	12
Cash	37	29
	412	404

Liability for defined benefit obligations

Laurus has one defined benefits plan in place. This plan is administered by an independent legal entity (Foundation Laurus Pension Fund).

As of 1 January 2006 the scheme has been amended. As a consequence pension rights can be changed through a conditional profit sharing arrangement and the right on indexation is annulled. Also the funding agreement between Laurus and the Foundation has been adjusted. Following this adjustment surpluses are no longer attributable to Laurus.

Movements in the net liability for defined benefit obligations recognised in the balance sheet

(in millions of euro)	2006	2005
Net liability for defined benefit obligations on opening balance	(63)	62
Contributions received	(11)	(18)
Expense recognised in the income statement (see below)	13	36
Effect of plan amendment	-	(101)
Actuarial gains and losses recognised immediately due to asset ceiling	(27)	(42)
Curtailment	-	-
(Asset)/liability for defined benefit obligations on closing balance	(88)	(63)

Movements in plan assets

(in millions of euro)	2006	2005
Fair value of plan assets on opening balance	404	337
Contributions paid into the plan	15	18
Benefits paid by the plan	(10)	(8)
Actual return on plan assets	3	57
Actuarial (losses) gains recognised in equity	-	-
Fair value of plan assets on closing balance	412	404

Movements in the liability for defined benefit obligations

(in millions of euro)	2006	2005
Liability for defined benefit obligations on opening balance	341	439
Benefits paid by the plan	(10)	(8)
Current service costs and interest	31	55
Effect of plan amendments	-	(171)
Actuarial (losses) gains	(38)	26
Liability for defined benefit obligations on closing balance	324	341

Expense recognised in the income statement

(in millions of euro)	2006	2005
Current service costs	13	35
Interest on obligation	14	20
Expected return on plan assets	(14)	(19)
	13	36

Plan participants contribute part of the employee benefit expenses. In 2006 the contribution was € 4 million (2005: € 4 million). The amounts shown above relate to contributions to the foundation before deduction of employee contributions.

Laurus participates in employee defined benefit schemes which are administered by industry pension funds ('Bedrijfstak Pensioenfondsen'). Actuarial calculations under IAS 19 have been requested but were not provided by the industry pension funds. As such the plan is treated as a defined contribution plan. The recognised contribution to this scheme amounted € 5 million (2005: € 6 million). The recognised costs for the self-administered plan (mainly early retirement scheme) were € 5 million (2005: € 8 million).

The expense is recognised in the following line items in the income statement:

(in millions of euro)	2006	2005
Cost of sales	2	6
Selling expenses	8	22
General and administrative expenses	3	8
	13	36

Actuarial gains and losses due to assumption or other changes

(in millions of euro)	2006	2005
Actuarial gain/(loss) due to assumption changes	22	(50)
Actuarial gain/(loss) due to experience other than assumption changes	16	24
	38	(26)

Liability for defined benefit obligations

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2006	2005
Discount rate at 31 December	4.70%	4.05%
Expected return on plan assets at 31 December	5.45%	5.15%
Future salary increases	2.50%	2.50%
Social security increases	2.00%	2.00%
Future pension increases	2.00%	2.00%

Share based payments

Laurus has a share option programme that entitles key management and senior employees to purchase Laurus shares. Under this plan a number of executives were granted option rights to acquire ordinary shares of € 1.30 nominal value each. This programme awarded options in the period 2000 – 2004 with an exercise period of five years. Exercise under this programme is subject to regulations and the customary rules on the prevention of insider trading. Under these rules and regulations, options may not be exercised in certain periods. A considerable proportion of options granted in 2000 are conditional and may be exercised only if the holder is still in Laurus' service three years after they were granted. The options granted as of 2001 are similarly conditional upon the holder still being in Laurus' service three years after the date of granting. If the holder has left Laurus' service within three years, only a part, in proportion to duration of service, of the gain realised on exercise of the options will accrue to the holder. The options granted in 2006 are similarly conditional and may be exercised only if the holder is still in Laurus' service four years after they were granted. If the holder has left Laurus' service within four years the options will expire and consequently no gain realised will accrue to the holder, except if a change of control occurs.

The recognition and measurement principles in IFRS 2 have not been applied to option programmes granted before 7 November 2002.

Option rights granted to executives and former members of the Board of Management 2005

Year granted	Number of options/ PSP shares outstanding opening balance	Granted	Expired or unexercised	Exercised	Number of options/ PSP shares outstanding closing balance	Exercise price in €	Expiry year
2000	45,625	-	(45,625)	-	-	90.17	2005
2000	8,000	-	(8,000)	-	-	93.29	2005
2001	72,250	-	-	-	72,250	50.74	2006
2001	4,000	-	-	-	4,000	42.15	2006
2002	52,450	-	-	-	52,450	7.57	2007
2003	262,500	-	-	-	262,500	9.36	2008
2003	15,000	-	-	-	15,000	10.69	2008
2004	1,024,000	-	-	-	1,024,000	4.29	2009
2005	-	96,644	-	-	96,644	n/a	2008
Total	1,483,825	96,644	(53,625)	-	1,526,844		

Option rights and Performance Share Plan ('PSP') shares granted to executives and former members of the Board of Management 2006

Year granted	Number of options/ PSP shares outstanding opening balance	Granted	Expired or unexercised	Exercised	Number of options/ PSP shares outstanding closing balance	Exercise price in €	Expiry year
2001	72,250	-	(72,250)	-	-	50.74	2006
2001	4,000	-	(4,000)	-	-	42.15	2006
2002	52,450	-	-	-	52,450	7.57	2007
2003	262,500	-	-	-	262,500	9.36	2008
2003	15,000	-	-	-	15,000	10.69	2008
2004	1,024,000	-	-	-	1,024,000	4.29	2009
2005	96,644	-	-	-	96,644	n/a	2008
2006	-	200,000	-	-	200,000	1.30	2010
Total	1,526,844	200,000	(76,250)	-	1,650,594		

On 13 May 2005, following the agreement of the shareholders with respect to the long-term incentive plan (LTIP), Mr Bruijniks was awarded 96,644 options. These options were granted as a Performance Share Plan based on 25% of Mr Bruijniks base salary and the share price on 13 May 2005. The granted options have a vesting period of three years. In accordance with the settlement agreement between Mr Bruijniks and Laurus regarding the termination of his employment, these options were cancelled on 1 January 2007.
No options were exercised during 2005 and 2006.

Fair value at measurement date	2003 262,500 options	2003 15,000 options	2004 1,024,000 options	2005 96,644 PSP shares	2006 200,000 options
Fair value at measurement date	€ 0.64	€ 0.75	€ 2.33	n/a	€ 0.77
Share price	€ 1.20	€ 1.38	€ 4.30	€ 2.59	€ 1.97
Exercise price	€ 1.20	€ 1.37	€ 4.29	n/a	€ 1.97
Expected volatility (expressed as weighted average volatility used in the modelling under binomial tree model)	60%	60%	62%	51%	44%
Option life (expressed as weighted average life used in the modelling under binomial tree (SOP) or Monte Carlo (PSP) model)	5 years	5 years	5 years	3 years	4 years
Expected dividends	0%	0%	0%	0%	0%
Risk-free interest rate (based on national government bonds)	3.45%	3.67%	2.92%	2.62%	3.70%

The fair value of services received in return for share options granted until 2004 and 2006 are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a financial model. The contractual life of the option is used as an input into this model. Expectations of early exercise, when allowed, are incorporated into the binomial tree model with respect to SOPs and the PSP programme is incorporated into the Monte Carlo model. The expected volatility for the option arrangements is based on historical volatility determined by the analysis of daily share price movements over the five years prior to the grant date.

The amounts recognised in the financial statements (before tax) for share based payment transactions with employees were € 1.4 million in 2005 and € 1.2 million in 2006.

24. Provisions

(in millions of euro)

	Restruc-turing	Site restoration	Onerous contracts	Claims	Total
Opening balance	13	2	14	8	37
Provisions made during the year	52	1	20	45	118
Provisions used during the year	(15)	-	(5)	(27)	(47)
Provisions reversed during the year	(5)	-	(1)	-	(6)
Unwind of discount	(3)	-	-	-	(3)
Closing balance	42	3	28	26	99
Non-current	1	1	22	15	39
Current	41	2	6	11	60
Provisions	42	3	28	26	99

Restructuring

The restructuring provision concerns: (i) the provision to cover the reorganisation, announced in 2006, of the overhead departments and logistics network for an amount of € 37 million; (ii) the provision to cover the reorganisation, announced in 2003, of the overhead departments and logistics network for an amount of € 4 million (2005: € 8 million) and (iii) finally an amount of € 1 million (2005: € 1 million) has been included for the settlement of the Belgian activities. The outstanding provisions at year-end 2005 of € 4 million for Project Bridge and the integration of store formats which was suspended in 2001, were settled in 2006.

Site restoration

The provision for site restoration concerns the restoration of rebuildings made to leased premises after the future wind up of the lease-contract.

Onerous contracts

The provision for onerous contracts includes rental obligations up to the end of the leases in respect of vacant leased premises.

Claims

The provision for claims includes known and possible claims, including claims regarding guarantees given in connection with the sale of Laurus Spain to CVC in 2002.

The additions to and reversals of the provisions are accounted for as:

(in millions of euro)	2006	2005
Cost of sales	29	-
Selling expenses	13	-
General and administrative expenses	75	3
Total	117	3

25. Trade and other payables

(in millions of euro)	2006	2005
Other trade payables	116	211
Non-trade payables and accrued expenses	43	65
Trade and other payables	159	276

26. Financial instruments

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on especially franchisees requiring credit over a certain amount. Laurus does require collateral in certain circumstances.

Investments are allowed only in liquid securities and only with counterparties that have an appropriate credit rating. Laurus does not enter into derivative financial instruments.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

Laurus has only financing arrangements with variable interest rates based on Euribor. At the end of 2006 no interest rate swaps have been contracted.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprise.

2005

(in millions of euro)	Effective interest rate	6 Months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Guarantee deposit	4.3%	-	-	-	5	-	5
Loans granted to affiliated retailers	5.0%	14	-	-	-	-	14
Cash and cash equivalents	2.0%	50	-	-	-	-	50
Secured bank loans:							-
Interest bearing loans	3.7%	(66)	-	-	-	-	(66)
Bank overdrafts	3.9%	(333)	-	-	-	-	(333)
Finance lease liabilities	6.9%	(4)	(5)	(1)	-	-	(10)
		(339)	(5)	(1)	5	-	(340)

2006

(in millions of euro)	Effective interest rate	6 Months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Loans granted to affiliated retailers	6.6%	19					19
Cash and cash equivalents	2.1%	52					52
Secured bank loans:							
Interest bearing loans	8.1%	(99)					(99)
Bank overdrafts	5.0%	(30)					(30)
Finance lease liabilities	6.9%	(1)					(1)
		(59)	-	-	-	-	(59)

Foreign currency risk

Laurus is exposed to limited currency risk on purchases that are denominated in a currency other than the euro. The currencies giving rise to this risk are primarily U.S. Dollars. No foreign-exchange rate contracts are entered into by Laurus to mitigate the exposure.

Sensitivity analysis

At 31 December 2006, it is estimated that a general increase of one percentage point in interest rates would decrease Laurus' result before tax by approximately € 1 million (2005: € 4 million).

It is estimated that a general increase of one percentage point in the value of the euro against other foreign currencies would be immaterial.

Fair values

Laurus has assessed to what extent the carrying values and fair values of balance sheet items have a discrepancy. Based on this assessment it is concluded that the differences are immaterial.

Interest rates used for determining fair value

The entity uses the government yield curve as of 31 December 2006 plus an adequate constant credit spread to discount financial instruments.

27. Operating leases

Leases as lessee

The total non-cancellable operating lease rentals are payable as follows:

(in millions of euro)	2006	2005
Less than one year	87	165
Between one and five years	218	465
More than five years	63	134
Leases as lessee	368	764

Long-term operating lease commitments relate mainly to property (store locations, offices and warehouses), but also includes i.e. transport equipment.

Regarding the major category, leased property, the non-cancellable operating lease rentals are payable as follows:

(in millions of euro)	2006	2005
Less than one year	82	158
Between one and five years	206	451
More than five years	62	132
Leases as lessee, leased property	350	741

During the year ended 31 December 2006, € 142 million was recognised as an expense in the income statement in respect of operating leases of property (2005: € 161 million) and € 54 million was recognised as income in the income statement in respect to subleases (2005: € 48 million).

Leases as lessor

Laurus leases out its investment property (see note 12) as well as a part of the leased in properties under operating leases. The future minimum lease receivables under non-cancellable leases are as follows:

(in millions of euro)	2006	2005
Less than one year	42	53
Between one and five years	88	140
More than five years	19	22
Leases as lessor	149	215

In 2006 € 2 million was recognised as rental income in the income statement relating to investment property (2005: € 2 million).

28. Capital commitments

Except for capital commitments related to the regular business, Laurus did not enter any material capital commitments (2005: € 2 million).

29. Contingencies

Purchase and repurchase commitments

As at 31 December 2006, the total amount of guarantees and commitments under purchase and repurchase agreements relating to the fixtures and fittings and inventories of the affiliated independent retailers amounted to € 32 million (2005: € 33 million).

Guarantees and finance liabilities

Guarantees to banks and letter of credit to foreign suppliers amounting to € 17 million (2005: € 6 million) have been issued as security for rental obligations, payment guarantees relating to disposed-off activities and other guarantees.

Guarantees on divestment of Laurus Spain

Laurus has unlimited liability with respect to possible claims in respect to the bankruptcies of Tragoz and Mas por Menos. In addition, Laurus has unlimited liability for part of the other lawsuits, claims by tax authorities and possible claims under social security law already known about in 2002.

Guarantees on divestment of Assural

Laurus has given a guarantee to Aon for claims arising from the disposed-off activities of Assural (insurance portfolio). This guarantee is not limited.

30. Related parties

Shareholders

As part of the transaction with major shareholder Casino, it has been agreed that Casino will support Laurus in its operating processes (including purchasing, logistics and ICT). An annual fee of € 1.7 million was agreed for this support until end-2006. Joint purchasing arrangements have been agreed with Casino for the purchase of goods from international suppliers. The consequent savings are allocated on a proportional basis.

ABN AMRO Bank, ING Bank and Rabobank (the Banks) are shareholders in Laurus. The Banks have granted loans to Laurus providing a total facility of € 610 million which is reduced to € 195 million on 2 November 2006. Interest and commitment fee were paid to the Banks in 2006. Amendments fees were paid to the Banks for an amount of € 3.0 million related to the financing agreements of March 2006 and November 2006. Finally a fee of € 4.1 million was paid to ABN AMRO Bank for professional services rendered in connection to the divestment programme.

On 2 November Casino and the Banks provided a subordinated loan to Laurus with a total facility of € 50 million. In connection to this loan interest will be capitalised on the principal in the first two years of the term. An upfront fee of € 0.5 million was paid to lenders.

Real estate is rented from a major shareholder under two agreements, one in respect of retail premises and one in respect of other real estate. The total annual rent amounts to € 17.0 million (2005: € 18.0 million). The leases for the retail premises expire in 2012 and those for other real estate expire in 2007, and have been concluded on an arm's length basis. At year-end, an amount € 4.2 million (2004: € 5.4 million) was included in trade creditors in respect of rent payable. The Company rents three premises from the Foundation Laurus Pension Fund for an annual fee of € 0.7 million.

Key management personnel

Laurus has a Board of Management and a Supervisory Board. For the remuneration of these members we refer to the notes to the company balance sheet.

Laurus has a Group Management Board which is chaired by the member of the Board of Management. During 2006 the Group Management Board had 8 members, of which most members were part of the year in function. In 2006 the total remuneration for the Group Management Board members, excluding the chairman amounted to € 3.0 million, including bonuses for an amount of € 0.2 million, post-employment benefits for an amount of € 0.1 million and a severance payment of € 1.7 million.

31. Group entities

	Country of incorporation	Ownership interest	
		2006	2005
Albel Betalingskantoor B.V.	Netherlands	100.0	100.0
Assural B.V.	Netherlands	100.0	100.0
Blaauboer – Vezo Slagerijen B.V.	Netherlands	100.0	100.0
De Boer Unigro Rosmalen B.V.	Netherlands	100.0	100.0
De Boer Unigro Zaltbommel B.V.	Netherlands	100.0	100.0
De Groene Weide B.V.	Netherlands	100.0	100.0
Echo S.A.	Belgium	100.0	100.0
Immocom S.A.	Belgium	100.0	100.0
Laurus Asia Ltd.	China	100.0	100.0
Laurus Deelnemingen B.V.	Netherlands	100.0	100.0
Laurus International B.V.	Netherlands	100.0	100.0
Laurus Nederland B.V.	Netherlands	100.0	100.0
Limburg Supermarkten B.V.	Netherlands	100.0	100.0
Super Babylon Nederland B.V.	Netherlands	50.0	50.0
Super Select B.V.	Netherlands	100.0	100.0
Van der Neut Supermarkten B.V.	Netherlands	100.0	100.0

32. Accounting estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Key sources of estimation uncertainty

Note 10 contains information about the assumptions relating to goodwill impairment. Note 16 includes information about the judgements involved in assessing the need for valuation allowances on deferred tax assets. In notes 24 and 29 information about the judgements regarding provisions is included.
The valuation of goodwill and deferred tax assets depends on management's estimations regarding future financial results. The development of these future financial results and the circumstances that may influence these developments are frequently evaluated by management. Changes in assumptions and estimates used could influence the valuation of goodwill and deferred tax assets.

Company balance sheet

(before proposed profit appropriation)

(in millions of euro)

	31 December 2006	1 January 2006
Assets		
Fixed assets		
Financial fixed assets	157	478
Current assets		
Receivables	6	6
Total	**163**	**484**
Liabilities		
Shareholders' equity		
Issued capital	149	149
Share premium reserve	518	518
Other reserves	(626)	(582)
	41	**85**
Long-term liabilities		
Borrowings and credit institutions	98	66
	98	**66**
Current liabilities	24	333
Total	**163**	**484**

Company profit and loss account

(in millions of euro)

	2006	2005
Net result on participating interest	(45)	(66)

Significant accounting policies

General

The separate financial statements are part of the 2006 financial statements of Laurus N.V. With reference to the separate profit and loss account of Laurus N.V., use has been made of the exemption pursuant to Section 402 of Part 9, Book 2 of the Netherlands Civil Code.

Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its separate financial statements, Laurus N.V. makes use of the option provided in section 2:362 (8) of Part 9, Book 2 of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of Laurus N.V. are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method.
The share in the result of participating interests consists of the share of Laurus N.V. in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Laurus N.V. and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

Change in accounting policies

As a result of the application of the accounting principles used in the consolidated financial statements to the separate financial statements, Laurus N.V. has implemented a change in accounting policies in 2005. This change in accounting policies is the result of using the option in section 2:362 (8) of Part 9, Book 2 of the Netherlands Civil Code. By making use of this option reconciliation is maintained between the consolidated and the separate shareholders' equity. The separate financial statements were previously prepared in compliance with the principles for recognition and measurement of assets and liabilities and determination of the result referred to in Part 9, Book 2 of the Netherlands Civil Code.

Financial fixed assets

(in millions of euro)

	Participating interests in group companies	Receivables from group companies	Total 2006	Total 2005
Opening balance	170	308	478	464
Divested interest	-	-	-	(3)
(Redemptions)/loans granted		(276)	(276)	83
Net profit/(Loss) on participating interest	-	(45)	(45)	(66)
Closing balance	170	(13)	157	478

Current assets

This item relates to social security charges and taxation.

Shareholders' equity

Reference is made to the notes to the consolidated balance sheet with respect to this item.

Long-term and current liabilities

This item relates to debts to credit institutions. Reference is made to the notes to the consolidated balance sheet.

Remuneration of Board members

Board of Management

The total remuneration of the Board of Management amounted to € 1,111,495 (2005: € 473,557). The remuneration of the individual members of the Board of Management in euro was as follows:

2005	Salary[1]	Pension	Bonus over 2004	Total
J.G. Bruijniks	402,615	70,942	-	473,557

2006	Salary[1]	Pension	Bonus paid in 2006	Total
J.G. Bruijniks	402,591	74,815	359,040	836,446
A.M.F.J. van de Laar	182,700[2]	-	-	182,700
J.G.B. Brouwer	78,805	13,544	-	92,349
	664,096	88,359	359,040	1,111,495

In 2007 Mr Bruijniks received a severance payment of € 768,000.

1 Including employers' part of social security charges, health insurance premium and out of pocket expenses retributions.
2 To Mr Van de Laar a fee is paid.

Supervisory Board

The total remuneration of the Supervisory Board amounted to € 123,630 (2005: € 140,620). The remuneration of the individual members of the Supervisory Board in euro was as follows:

	2006	2005
J.A.N. van Dijk	31,765	29,304
F.A. Croon	24,958	24,958
S.W.W. Lubsen	24,958	24,958
J-C.H. Naouri	24,958	15,935
J.P.M.J. Tierny	13,055	15,935
J.H. Ozinga	3,936	-
K.J. Storm	-	11,484
P.B.C. Bouchut	-	9,023
C.P. Couvreux	-	9,023
	123,630	140,620

During 2006 and 2005, a number of Supervisory Board members was part of the year in function.

Shareholdings and option rights in Laurus N.V. of members of the Board of Management and Supervisory Board:

	Shares	End 2006 Options	Shares	End 2005 Options
J.G.B. Brouwer	-	200,000	-	-
J.G. Bruijniks	-	164,094[1]	-	164,094[1]
	-	364,094	-	164,094

Amersfoort, 10 April 2007

Board of Management
J.G.B. Brouwer

Supervisory Board

1 Including 96,644 awarded PSP shares.

Provisions of the Articles of Association regarding profit appropriation

Article 29 Dividend

1 Out of the distributable profit - the surplus on the profit and loss account - an amount can be reserved by the Board of Management. The decision to that effect shall be subject to the approval of the Supervisory Board.
2 If a loss has been suffered in any year, no dividend shall be distributed for that year. In the years which follow, a distribution of profits can only take place after the loss has been compensated from the profits. However, on the recommendation of the Board of Management, subject to the approval of the Supervisory Board, the General Meeting may decide to offset such a loss against the distributable part of the shareholders' equity or to distribute dividend from the distributable part of the shareholders' equity.
3 The profits remaining after the reservation of the profits shall be at the disposal of the General Meeting.
4 The Managing Board may decide to distribute an interim dividend. The decision to that effect shall be subject to the approval of the Supervisory Board.
5 Moreover, sections 103, 104, and 105, Book 2 of the Netherlands Civil Code shall be applicable to distributions to shareholders.

Article 30 Distribution in shares and to the debit of the reserves

1 The Board of Management may decide that a distribution on shares is not made entirely or partly in cash, but rather in shares in the company. The resolution to that effect is subject to the approval of the Supervisory Board.
2 On the recommendation of the Board of Management, subject to the approval of the Supervisory Board, the General Meeting may decide to make payments to holders of shares from the distributable part of the shareholders' equity. The provisions of the preceding paragraph shall apply mutatis mutandis.

Article 31 Payments

The amounts payable in respect of dividends and other distributions shall be announced in accordance with article 40. The claim of the shareholder to distribution shall lapse after a period of five years.

Proposed profit appropriation

Pending the approval of the financial statements by the Annual General Meeting of Shareholders, it is proposed that the result after tax for 2006, amounting to € 45.0 million negative, be charged to other reserves. The company did not have freely distributable reserves at the end of 2006. Consequently, in accordance with Article 29(2) of the Articles of Association, no dividend will be distributed in respect of 2006.

Auditor’s report

To the General Meeting of Shareholders of Laurus N.V.

Report on the financial statements

We have audited the accompanying financial statements 2006 of Laurus N.V., ‘s-Hertogenbosch. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2006, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Laurus N.V. as at 31 December 2006, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Laurus N.V. as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, 10 April 2007
KPMG ACCOUNTANTS N.V.
E.H.W. Weusten RA

Financial highlights

(in millions of euro)

	2006	2005
Consolidated result from operating activities (EBIT)	(30)	(25)
Consolidated revenue	2,894	3,158
Consolidated result for the period	(45)	(66)
Consolidated net finance costs	(15)	(16)
Interest-bearing loans and borrowings	130	409

Laurus shares are listed on the Amsterdam stock exchange, which is part of Euronext. Laurus was included in the Midkap index, the Dutch index for medium-sized stocks, until 2 March 2006. Laurus is now included in the AESC index. The liquidity provider for Laurus is ABN AMRO Bank.

Approximately 125 million Laurus shares were traded on the exchange in 2006 in 61,954 transactions (single counted, regulated market). The average daily trading volume was 490,257 shares and the daily turnover was € 1,431,305 based on the volume-weighted average price.

Market capitalisation as at 31 December 2006 was approximately € 326 million.

Spread

As at 31 December 2006, approximately 45% of the issued share capital was held by Casino Guichard-Perrachon S.A., which has been a major shareholder in Laurus since 9 July 2002. According to the most recent notifications under the Major Holdings in Listed Companies Disclosure Act, approximately 18% of the shares are held by Amber Capital LP and some 6% by the consortium of Banks. Approximately 75% of the shares are held by Dutch and foreign institutional investors, and the remaining 25% are held by private investors, mainly in the Netherlands. Geographically, institutional and banking shareholders are concentrated mainly in France and the Benelux (52%). The other institutional shareholders are distributed as follows: UK 2%, North and South America 18% and the rest of the world 3%.

Major shareholdings (notified under the Major Holdings and Capital Interests in Securities-Issuing Institutions Disclosure Act, WMZ 2006)

By 31 December 2006, Laurus has been notified of the following shareholdings of 5% or more:

- Casino Guichard-Perrachon S.A., Saint-Étienne (France)
- Amber Capital LP
- ABN AMRO Bank, ING Bank and Rabobank together hold approximately 6% of the shares in connection with Casino's call option.

Shares

Laurus N.V. has only one class of share, namely ordinary shares with a nominal value of € 1.30. At the end of the year under review, 114,703,114 of these shares were in issue. With the exception of approximately one hundred thousand shares managed through the shareholders' register, the shares are managed by the banks through the book-entry securities transfer system. No depositary receipts for shares have been issued with the company's co-operation.

Share price movements

Closing price, 31 December 2006	€ 2.86
Lowest share price in 2006 (5 September 2006)	(intraday) € 1.73
Highest share price in 2006 (30 May 2006)	(intraday) € 3.85
Closing price, 31 December 2005	€ 2.84

Financial calendar

11 May 2007	Annual General Meeting of Shareholders
10 July 2007	Publication of the sales figures for the second quarter of 2007
28 August 2007	Publication of the 2007 half-year figures
9 October 2007	Publication of the sales figures for the third quarter of 2007
16 January 2008	Publication of the sales figures for the fourth quarter of 2007

Dividend policy

By law and under the provisions of the Articles of Association (see page 84 of this annual report), a company must have freely distributable reserves in order to be able to pay a dividend. This is not currently the case for Laurus. In addition to the provisions of the Articles of Association concerning the distribution of profit, undertakings which prohibit the payment of a dividend have also been entered into with the financing banks.

Investor Relations

Our communications are directed at both private and institutional investors. Laurus' efforts are aimed at providing timely, accurate and complete information concerning financial developments at Laurus, so that investors can take well-founded investment decisions. We ensure that price-sensitive information is made available to all investors at the same time. Webcasting enables interested investors to hear what is said at press conferences and analysts' meetings and to follow the business of shareholders' meetings in real time without being present in person.

Further information which may be of importance to investors and analysts can be found on Laurus' website (www.laurus.nl).

Laurus N.V.

Computerweg 2
3821 AB Amersfoort
The Netherlands
P.O. Box 2680
3800 GE Amersfoort
The Netherlands
Tel. (+31) (0)33 454 77 77
Fax (+31) (0)33 454 74 54
info@laurus.nl

Websites

www.laurus.nl
www.superdeboer.nl

Investor relations:
see www.laurus.nl

Design and Prepress
Fons van Bindsbergen

Production and coordination
Imprima (Nederland) bv

Photography
Jan Willem Houweling