CVGPAPIER
CROWN VAN GELDER

ANNUAL REPORT 2011

CROWN VAN GELDER N.V.

WE BRING PAPER TO LIFE

ANNUAL REPORT 2011

CROWN VAN GELDER N.V.

TABLE OF CONTENTS

The development of new products is an important part of Crown van Gelder's success.

COMPANY PROFILE
VISION AND KEY FIGURES

COMPANY PROFILE

Based in Velsen, the Netherlands, Crown Van Gelder N.V. is a specialist paper manufacturer with around 290 staff. The company develops, produces and sells high-quality speciality products in the woodfree uncoated and single-coated paper sectors. The product portfolio includes customised solutions for self-adhesive labels and base paper grades that are coated, metallised or provided with a PE (polyethylene) coating, and paper products suited as packaging materials for use in combination with foodstuffs, and a series of speciality paper products designed to print forms, direct mail, envelopes, books, and manuals. Crown Van Gelder operates two paper machines. Its products range from 40 g/m^2 to 250 g/m^2 and are mainly distributed in Western Europe.
Crown Van Gelder N.V. is listed on NYSE Euronext Amsterdam (ISIN number: NL0000345452), and registered with the Chamber of Commerce under number 34059938.

VISION

- Crown Van Gelder wishes to be known as a reliable supplier of high-quality woodfree uncoated and single-coated paper grades.
- Crown Van Gelder aims to add value for its customers and shareholders.
- Crown Van Gelder strives to be an attractive company to its employees.

We uphold the following guiding principles:
- continuity of the paper mill in Velsen;
- continuous improvements in quality and efficiency;
- attractive dividend payments to shareholders;
- proper and transparent corporate governance for all our stakeholders within the framework set by law and voluntary covenants;
- attractive employment terms and working conditions;
- corporate social responsibility and sustainable operations.

KEY FIGURES

EUR x 1,000	*2011*	*2010*	*2009*	*2008*	*2007*
Revenue	162,292	160,882	144,669	160,780	163,218
Operating result[1]	(5,217)	(2,830)	5,372	(2,081)	2,681
Net result[2]	4,272	(12,909)	4,520	(14,921)	2,190
Depreciation	6,248	8,225	8,275	9,773	9,755
Capital expenditure	3,782	5,091	5,973	6,284	3,033
Sales (ton)	203,100	208,800	198,200	212,200	218,600
Production (ton)	203,900	207,700	197,800	213,300	220,500
Workforce (average)	292	309	301	291	284
Number of depository receipts of shares at year-end	4,356,005	4,356,005	4,356,005	4,356,005	4,356,005

[1] *2008, 2010 and 2011 operating result excluding non-recurring items.*
[2] *Net result as reported here is the net annual result available to Crown Van Gelder shareholders, as shown in the consolidated income statement.*

The Management Board and the Supervisory Board from left to right:
Han Wagter, Miklas Dronkers (CEO), Berry Bemelmans (Chairman), Emile Bakker, Klaas Schaafsma

REPORT OF THE SUPERVISORY BOARD

INTRODUCTION AND PROFIT DISTRIBUTION

We are pleased to present Crown Van Gelder N.V.'s financial statements for 2011, and recommend that the shareholders adopt the financial statements at the Annual General Meeting of Shareholders (AGM). The financial statements have been prepared by the Management Board and audited by Ernst & Young Accountants LLP.

The Supervisory Board has discussed the financial statements, which report a net profit of EUR 4.3 million, with the Management Board. Given the operational loss (excluding a non-recurring (post-tax) pension benefit), the uncertain economic outlook and the investment plans for 2012, the Management Board proposes not to pay a dividend over 2011. The dividend proposal is supported by the Supervisory Board. We recommend that the shareholders discharge the Management Board and Supervisory Board from liability for the policies and supervision pursued in 2011.

COMPOSITION AND OPERATING PROCEDURE OF THE SUPERVISORY BOARD

Details of the Supervisory Board's operating procedure and distribution of responsibilities are given in its Profile and Regulations. The Profile and Regulations are available for inspection at the company's offices and can also be accessed on the company's website (www.cvg.nl). The Supervisory Board's membership composition reflects the Profile and ensures broad expertise in areas relevant to the company. Newly-appointed Supervisory Directors are offered an orientation programme at the start of work to introduce them to specific aspects of the company at the financial, operational and strategic levels. The Supervisory Directors confirm that they can operate independently and be critical, both individually and in their dealings with the Management Board. In its opinion, the Supervisory Board is in compliance with Best Practice III.2.1 as set out in the Dutch Corporate Governance Code (the Code). The Supervisory Board has four members. At the General Meeting of Shareholders held on 12 May 2011, Han Wagter was re-appointed as a member of the Supervisory Board.

During the year under review, the Supervisory Board met eleven times with the Management Board and three times without. In addition, the Supervisory Board chairman regularly held informal talks with the Management Board. A Supervisory Board delegation also attended three Works Council meetings. These meetings provided an opportunity to share views on internal corporate affairs, operating results, economic developments in the various markets, safety in the workplace, and the company's strategy.

Among the issues discussed internally by the Supervisory Board were the company's strategy, operating performance and results, business risks, capital expenditure, implementation of investment plans, potential effects of the unrest on the financial markets and the economic recession, trends in market demand and production capacity use, the development of new products, outcome of the Management Board's review of the structure and operation of the internal risk management and control systems, Management Board membership and remuneration, corporate image, management development, corporate governance, sustainability, and investor relations. Special attention has been given to develop possible future cooperations with partners in order to enhance our NBD programme.

In addition, without the Management Board attending, the Supervisory Board reviewed its own performance and that of its individual members, including the frequency of attendance at Board meetings. This was done on the basis of a performance checklist. The Supervisory Board

also discussed Management Board performance, including its delivery on agreed performance indicators. Issues discussed during closed meetings included the Supervisory Board's desired profile and membership composition, its powers, and the Audit Committee's performance. These deliberations have not led to any change in the Profile or Regulations.
If a Supervisory Director is unable to attend more than two Supervisory Board meetings, this fact is stated. That was not the case in 2011.

In 2011 the Audit Committee comprised Supervisory Board members Wagter (chairman) and Bakker, who were elected for their financial expertise. In 2011 the Audit Committee met twice to discuss the 2010 financial statements and 2011 half-year results, and the interpretation of IFRS standards, particularly those concerning pension and impairment accounting, because these could have a considerable impact on Crown Van Gelder's financial performance. Other topics included the company's financing, risk profile, risk management, and credit portfolio risk exposure. The Audit Committee's reports were discussed at the Supervisory Board's plenary meetings. The Audit Committee consulted with the external auditors once, without the Management Board attending. Crown Van Gelder has no internal audit department. After conducting its annual review, the Audit Committee concluded that the company's structure and size did not justify an internal audit department. The Supervisory Board agreed with that recommendation.

Given the limited number of Supervisory Board members and the company's transparent organisational structure, no other committees were set up to perform any subactivities. All activities and responsibilities of subcommittees (remuneration, recruitment and selection), as defined in the Code, have been entrusted to the Supervisory Board as a whole.

The Supervisory Directors are paid a fixed remuneration for their activities, independent of the company's performance. Their remuneration includes no shares or options, and has been approved by the Annual General Meeting of Shareholders (AGM). If any of the Supervisory Directors hold any Crown Van Gelder N.V. securities, these are held as a long-term investment.

The Supervisory Board intends to nominate Theo Philippa as its fifth member at the Annual General Meeting of Shareholders to be held on 16 May 2012. Mr Philippa has broad expertise in business strategy and finance, consistent with the profile drawn up for Supervisory Board members.

CORPORATE GOVERNANCE

At the Annual General Meeting of Shareholders in May 2011, the issue of corporate governance was raised with the shareholders. The clarification of Management Board variable pay was also discussed. The Management Board elaborated on the company's reserve and dividend policies. The minutes of the AGM are posted on the company's website.
In September 2011, the Board of Stichting Administratiekantoor Crown Van Gelder (Trust Office) held a meeting with the holders of depository receipts. One of the items on the agenda was to consult the depository receipt holders on the vacancy which had arisen on the Board of the Trust Office with the departure of Mr Fuchs. After the close of that meeting, the Board decided to appoint Mr W.M. Lammerts van Bueren as a Board member. The appointment was approved by the Supervisory Board. The minutes of the meeting with the depository receipt holders are posted on the company's website.

In 2010 the Supervisory Board amended the rules on insider trading, adding a list of companies which it considered to be inappropriate investments. The list is updated at least once a year. The rules have been published on the company's website.

The draft report on the shareholders' meeting was posted for comments on the company's website for three months. After expiry of this period, the report was adopted by the Supervisory Board and the final version published on the website.

In accordance with a resolution adopted by the AGM in 2005, the company's Articles of Association were amended and readopted on 13 July 2005. The Articles of Association can also be found on our website.

The meetings with the auditors addressed the company's results and related matters, its pension scheme, impairment calculations, risk statement, annual management letter, and ICT issues.

The external auditor attended the Supervisory Board meeting at which the conclusions in the auditor's report with regard to the financial statements were discussed. He was also present at the Supervisory Board meeting convened to discuss the adoption of the financial statements, and attended the AGM, where he was granted the opportunity to address the meeting.
Once every year, the Management Board and Audit Committee report to the Supervisory Board on the manner in which their relationship with the external auditor has progressed, and once every four years they review the external auditor's performance.

REMUNERATION OF THE MANAGEMENT BOARD

Current and future remuneration policy

The Management Board remuneration policy was adopted by the shareholders at the AGM in 2009 and is available on the company's website. The adjustments to Management Board remuneration made in 2011 were prompted by a HayGroup report in which pay levels were published for equivalent positions (peer group). Instructions to review the remuneration proposal were issued by, and the review findings reported to, the Supervisory Board chairman only.

As the existing remuneration policy has been recently assessed, taking into account the company's risk profile, pay trends in the Netherlands and abroad as well as trends in corporate governance, the Supervisory Board has decided that the fundamentals of the existing remuneration policy will remain unchanged for the next financial year. The Supervisory Board does not anticipate any changes for the longer term. The full remuneration policy can be found at the website of the company (www.cvg.nl).

The following scenario analysis, with a poor score on variable remuneration objectives (15%), an at target score on variable remuneration objectives (30%) and a maximum score on variable remuneration objectives (45%), gives an overview of the remuneration policy.

Score on objectives in 2011	*Fixed (in EUR)*	*Variable pay (in EUR)*	*Total (in EUR)*
Low (15% score)	174,700	26,200	200,900
Medium (30% score)	174,700	52,400	227,100
High (45% score)	174,700	78,600	253,300

Remuneration of the Management Board for 2011

Under the current remuneration policy, the Management Board is entitled to both a fixed and a variable pay item. The fixed pay item is in 2011 determined by the Supervisory Board at EUR 174,700.

The variable pay item is made up of two elements and is linked to the fixed pay item. The first element is aimed at creating profit growth whereas the second element is based on realising certain long-term objectives and corporate performance measures. As explained in Mission 2012, the contribution made by the Management Board to strategic and long-term objectives and performance measures is a key criterion. The variable pay item can never exceed 45% of the fixed pay item.

The amount of the variable pay item depends on the development of the revenue and profit growth of the company and the extent to which certain long-term objectives and corporate performance measures are achieved. These include targets for production volumes, new product launches, customer complaints, safety, energy consumption and management development. At the beginning of each performance period (i.e. annually), the Supervisory Board establishes the targets or measures in the areas mentioned above, which are commercially sensitive and are therefore not publicly disclosed. Any payment of the variable pay element is subject to these objectives being met. The Supervisory Board ascertains that the variable pay item is structured in such a way as not to encourage risk taking that conflicts with sound business practice.

In light of the company's performance and the proposal not to pay a dividend over the financial year 2011, the Supervisory Board and the Management Board have considered it appropriate not to award variable pay to the Management Board for the year under review.

Further details on the remuneration of the Management Board over the financial year 2011 are given in the financial statements.

CHANGE IN MANAGEMENT BOARD MEMBERSHIP

On 12 May 2011, Miklas Dronkers succeeded Mees Hartvelt as the company's CEO. Mr Hartvelt was a Management Board member from 1999 and CEO from 2004. He stepped down on 12 May 2011 but his employment as an adviser to the company continued until the end of the year.

REPORT OF THE SUPERVISORY BOARD

INTERNAL CORPORATE AFFAIRS

The Supervisory Board and Management Board met to discuss movements in the company's operating result, new products, productivity, and level of investment against the background of what were exceptional market conditions in 2011. The Supervisory Board notes that the company's response to these conditions and the ongoing strong competition in the paper industry has been adequate. Developing new products with high added value will continue to be a key policy challenge. The Supervisory Board observes that, on account of permanent changes in demand, the demand for paper is unlikely to return to the levels seen prior to the economic crisis. This means that the company will need to adjust its policies and cost structure.

COMPANY POLICY

The company's strategic policy and objectives are presented in Mission 2012. The policy document covers commercial, financial, sustainability and social issues. Building the company into a strong niche player and shifting its focus to products with higher added value, especially by developing customised paper grades, form the backbone of Crown Van Gelder's strategy.
In early 2011 the company launched a strategic review and engaged Pöyry Consulting to explore ways of accelerating the development of new products. The study findings confirm that the company is pursuing a viable strategic course. New product market combinations have been identified which will enable it to double its sales of new products over the next few years. In order to expedite the return to a satisfactory level of profitability, the company is actively looking for partners in the paper and packaging industries to get new products on the market more quickly. The company is open to discuss different structures of cooperation. The strategic review has the full backing of the Supervisory Board.

FINAL NOTE

The Supervisory Board notes that although the company reported an operational loss (excluding a non-recurring pension benefit) for 2011, it has expanded its production capability enabling new products to be developed according to specific customer requirements. In 2012 the company will focus on commercialising its recently developed products and achieving a substantial increase in productivity.

Velsen, the Netherlands, 15 March 2012

The Supervisory Board:
Berry Bemelmans, Chairman
Emile Bakker
Klaas Schaafsma
Han Wagter

Paper machines 1 and 2.

REPORT OF THE MANAGEMENT BOARD

SUMMARY

Results

Crown Van Gelder ended the 2011 financial year with a net profit of EUR 4.3 million, including a non-recurring (post-tax) pension benefit of EUR 7.8 million. Excluding non-recurring items, the company reported an operating loss of EUR 5.2 million, compared to a loss of EUR 2.8 million in 2010. Despite higher selling prices and sustained cost-savings, its financial performance declined due to lower sales volumes and higher energy costs.
Sales fell by 5,700 ton to 203,100 ton and production dropped by 3,800 ton to 203,900 ton in 2011. The reductions in volume were mainly driven by the worsening economic conditions in the course of 2011. Uncertainty about the economic outlook and the instability of the European financial and monetary system had a major impact on overall market confidence and the demand for paper in the second half of 2011. These factors limited the sales opportunities and led to scheduled maintenance stops to be extended in the autumn of 2011, which left their mark on a capital intensive business such as Crown Van Gelder.

Cost of raw materials

In 2011 the average NBSK USD benchmark pulp price rose by 3% compared to 2010. Expressed in EUR, it fell by approximately 2%. Developments in short-fibre pulp prices are, however, of greater relevance to the company. Expressed in EUR, the average price of short-fibre was down 9% on 2010. The average pulp price paid by Crown Van Gelder fell by 1% in 2011, reducing its cost base by EUR 1 million. This fall in prices was below the market average, because in 2010 the company still benefited from pulp stocks that had been sourced at lower prices.

Energy costs

Energy is a major cost item for a non-integrated paper company such as Crown Van Gelder.
On balance, energy costs increased by EUR 1.4 million in 2011.
The company has energy contracts in place that will run until 2013, with prices for 2012 locked in at the level of 2011.

Strategy

When presenting the 2010 financial statements on 11 February 2011, the company explained that market conditions and the direction in which its results were going necessitated a strategic review. Crown Van Gelder invited Pöyry, a Finnish consulting firm with in-depth knowledge of the European paper industry, to explore the possibilities for expanding and accelerating the NBD programme.
A key conclusion from the report is that the proposed growth of profitable NBD products to account for two thirds of the total volume can only be achieved if Crown Van Gelder taps into new markets where it has never done business before.
On the basis of the report findings, Crown Van Gelder follows three parallel tracks. These tracks should ultimately ensure successful growth in NBD sales to account for two thirds of total sales. Crown Van Gelder expects to finalise the strategic review during the course of 2012.

Outlook

After several months of reduced order inflows, the demand for paper picked up again in December 2011. Restored market confidence and lower pulp prices led to higher sales margins at the beginning of 2012. The overall outlook for 2012 strongly depends on economic developments in Europe.

In 2011 considerable efforts were channelled into marketing and technology to make new products tailored to customer needs for use in food packaging. Additional functionality was added to the paper machines to produce more paper varieties. They can now produce paper grades ranging from 40 g/m^2 to 250 g/m^2. This opens up the markets for food and non-food packaging, with paper being provided with either a light coating to improve printability or a moisture-proof coating. Considerable growth in NBD sales should be feasible in 2012.
In addition to devoting much of its resources to NBD, the company will also in 2012 focus strongly on improving the efficiency of its paper production process. In early 2012 organisational changes were made with a view to optimise the paper production.

OPERATING REVIEW

Results

In 2011 revenue increased by more than EUR 1 million to EUR 162 million. Sales amounted to 203,100 ton, down nearly 3% on 2010, when 208,800 ton were sold. Output stood at 203,900 ton in 2011, down 2% on 2010, when 207,700 ton were produced.
Production capacity usage was adversely affected by the reduced order inflow in the autumn of 2011. In 2011 the company made an operating loss (non-recurring items excluded) of EUR 5.2 million, down EUR 2.4 million on the operating loss of EUR 2.8 million reported in 2010. Including a one-off pension benefit, operating profit came to EUR 5.2 million.
At year-end 2011, 20,000 ton of finished products were in stock (2010: 19,200 ton).
The company supplied 81.8 GWh of electricity to the public grid, generating EUR 4.1 million in revenues (2010: 74.7 GWh and EUR 4.2 million).

In December 2011, Crown Van Gelder agreed a new pension deal with the trade unions for 2012-2016. The new pension scheme, effective from 1 January 2012, is a CDC (collective defined contribution) scheme. The new deal will lead to more stable and more predictable pension charges under IFRS from 2012 onwards. The new arrangements also led to a pension settlement in the 2011 financial statements, with the pension benefit obligation previously recognised in the balance sheet being removed from the books. The pension settlement, involving an amount of EUR 10.4 million and recognised in income in accordance with IFRS, had no impact on the cash flow. With effect from 2012, the pension charges (approximately EUR 2 million) recognised in the income statement will be equal to the amount in actual pension contributions paid by Crown Van Gelder.

On 31 December 2011, the company's market value was lower than its net asset value. In line with IAS 36.12d, an annual impairment test was carried out. Given the outcome of the test, there was no need for an impairment write-down nor a reversal. In 2010 the outcome of the test had been reason for the company to recognise a pre-tax impairment loss of EUR 15 million.

Market developments

Total sales of reels on the European woodfree uncoated (WFU) paper market – the market where Crown Van Gelder operates – declined overall by 8% compared to 2010 (2010: +2%; 2009: -8%). Sales by Crown Van Gelder were down 2.7% on 2010. Accordingly, the company saw its market share increase.

REPORT OF THE MANAGEMENT BOARD

Developments on the European markets provided a very mixed picture in 2011. The overall order inflows showed a fickle pattern and on average were below European production capacity. Sales of the company's NBD products were off to a good start but fell back in the second half of the year due to the economic uncertainties and the reduction of stocks in all areas of the logistics chain. The demand for graphic products in the product portfolio was moderate in the first six months of 2011, but declined in the second half of the year. The shift from printed to digital information distribution is seen as the main cause of the decline, in addition to the worsening economic conditions.

In the course of 2011, overall production capacity on the European woodfree uncoated market decreased due to the closure of a number of mills. These closures are expected to improve capacity usage at the remaining mills on our markets in 2012.

In spite of these strongly fluctuating developments, average selling prices rose by 4% compared to 2010. They came under pressure in the second half of 2011 due to deteriorating market conditions and falling pulp prices. Sales outside Europe accounted for 12% (2010: 13%) of total sales. This market traditionally has the lowest selling prices.

Again in 2011, a great deal of time was devoted to implementing one of Crown Van Gelder's key policy goals, i.e. New Business Development (NBD). The company intends to offset the ongoing contraction of traditional graphic paper markets by growing its business in markets where there is an increasing need for paper-related products, especially for packaging applications.
In 2011 sales of new and improved products amounted to approximately 52,000 ton, unchanged from 2010, but falling short of the 2011 target. The average selling price of NBD products exceeded the average prices of all other products. NBD sales were disappointing mainly in the second half of the year, in line with broad-based negative market sentiment, but declining at a quicker pace than the market average because the pipeline to end-users is longer for these products than for other product offerings. If and as soon as market sentiment turns positive, the demand for NBD products is also likely to recover at a stronger pace.

As market demand remained weak in the second half of the year, the company seized the opportunity to run a series of tests of NBD products on the paper machines. With a lot of creativity and technical ingenuity, our staff modified the functionality of the paper machines so as to also produce lighter paper grades from 40 g/m^2, heavier paper grades up to 250 g/m^2 and a variety of coating formulae. This has allowed us to develop a whole range of new NBD products and brings within reach a substantial increase in NBD sales in 2012.

In September 2011, Crown Van Gelder took part in the LabelExpo trade fair in Brussels, with a great exhibition stand presenting our new 'Industrial Specialities' brochure, including a product portfolio with several of our new NBD varieties. Our participation attracted the attention of other participants and brought us into contact with several new prospects.

In 2011, because we wish to focus strongly on the food packaging market, we made an inventory of the food safety regulations to be complied with. Paper that is used for packaging and designed to come into direct or indirect contact with foodstuffs must meet 'good manufacturing practices'.

CEPI, our European umbrella organisation, has issued a 'Good Manufacturing Practice (GMP) Guidance for Manufacturers of Paper and Board for Food-Contact Applications'. In December 2011, Lloyds performed a pre-audit at Crown Van Gelder. The audit findings show that we are in full compliance with the food safety requirements of our customers.

Pulp prices

In China, the demand for market pulp rose by 34% in 2011 compared to 2010. In the same period, demand for pulp dropped by 3.3% in Europe and 4.4% in the US. This development is indicative of the growing importance of China in terms of the total worldwide use of market pulp. The growth in demand in China occurred primarily in the first half of 2011, which sent pulp prices rocketing. One of the reasons why demand for NBSK benchmark pulp, in particular, remained elevated in early 2011 was the high price level for another commodity, namely cotton. Cotton is used, along with another fibre known as dissolving pulp, to make rayon. Due to reduced planting and poor harvests, the prices of cotton more than doubled, which made it financially more attractive to use NBSK to produce dissolving pulp. This pushed up the NBSK price from USD 950 in December 2010 to USD 1,030 per ton in June 2011. It then declined gradually to USD 830 at the end of 2011, driven by a lack of buyers in China and a fall in demand in Europe.

As the USD weakened in the first half of 2011, the NBSK price in EUR remained reasonably stable at EUR 715 in June 2011 (EUR 720 at year-end 2010). The subsequent decline more or less coincided with a gradual appreciation of the USD, with the NBSK standing at EUR 645 at the end of 2011, down EUR 75 on year-end 2010. At the end of December 2011, short fibre pulp sold at EUR 500 per ton, down EUR 150 on the previous year.

Because of the uncertain economic conditions in Europe, demand for pulp in Europe is generally expected to remain flat or to contract rather than grow. By contrast, demand from China is likely to continue to increase, driven by new paper capacity (mainly tissue) in 2012, assuming that the Chinese economy remains buoyant. The availability of pulp will increase considerably in the course of 2012 as new capacity is launched in Brazil at the end of the fourth quarter. Until that time we expect prices to be volatile, with the euro/dollar exchange rate playing a key role. With more pulp coming on the market due to increased production capacity, pulp prices are expected to come under pressure in the course of the fourth quarter of 2012.

Earnings per share and profit appropriation

In 2011 net earnings per depository receipt were EUR 0.98 (2010: a loss of EUR 2.96). Excluding non-recurring items, the net loss per depository receipt was EUR 0.81 (2010: a loss of EUR 0.40). Given the operating loss reported for 2011, the uncertain economic outlook, and the investment plans for 2012, the shareholders will be asked to agree to forego a dividend for 2011. Once the strategic review has been completed, the dividend policy will also be up for review.

CAPITAL EXPENDITURE

In 2011 capital expenditure totalled EUR 3.8 million (2010: EUR 5.1 million), mainly consisting of replacement investments. Investments made in 2011 were funded from cash flow and existing lines

of credit supplied by financial institutions. At year-end 2011, Crown Van Gelder had approximately EUR 10 million worth of loans outstanding. Its solvency ratio stood at 71% of the balance-sheet total (2010: 69%). The company's financial position is adequate to implement its investment plans and fund its working capital. We are taking the necessary steps to be able to respond to the challenging economic conditions.

SUSTAINABILITY REPORT

We believe sustainability reporting contributes to enhancing Crown Van Gelder's profile as a transparent and progressive company. We publish a condensed sustainability report (also available in Dutch) on key issues and current affairs. It provides stakeholders with information on the progress we have made on delivering our ten objectives set out in Mission 2012. In addition, a more detailed sustainability report is available on the company's website, compiled according to the Global Reporting Initiative's G3.1 guidelines.

The 2010 Sustainability Report was reviewed by KPMG, at the request of the Dutch Ministry of Economic Affairs, Agriculture and Innovation, against the Transparency Benchmark for Corporate Social Responsibility (CSR) Reporting. Crown Van Gelder again came 15th in the list of 500 Dutch-based companies audited, and this effectively put the company in third place in the league table for the manufacturing industry.

In the following section, we will discuss our objectives set out in Mission 2012 that are not covered elsewhere in this report.

Our focus on customer service and service levels continues to be an area for improvement. We are pleased to report that in 2011 we again made an improvement on 2010, with a total of 2.5 complaints per 1,000 ton of products sold (2010: 2.7).

Once every two years, we gauge customer satisfaction among our key accounts together representing more than 50% of our revenue. In November 2011, we again asked for their opinion and they gave us a score of 7.6 (2009: 7.3 and 2007: 7.4).

In the past few years, we have investigated alternatives to make our energy use more sustainable. We will continue to explore the possibilities for renewable energy and keep a close watch on any new technological developments and apply these where possible.
By signing the MEE Agreement (Multi-Year Energy-Efficiency Agreement for ETS Companies), Crown Van Gelder has committed itself to a joint industry effort to achieve an additional (20%) energy efficiency improvement by 2020 compared to the 2005 base year. Depending on the economic conditions, we expect to do this by putting in place the Process Efficiency and Supply Chain Efficiency measures set out in the EEP (Energy Efficiency Plan). We have also begun implementing a certified energy management system based on ISO 50001. Regrettably we have to report a lower EEI (Energy Efficiency Index) in 2011 than in 2010, because of the lower volume of products manufactured causing a less efficient conduct of business.

Crown Van Gelder sources 100% of its pulp from proven sustainably managed forests. Our aim for 2012 is to procure 70% of pulp fibre from forests with an FSC or a PEFC chain-of-custody certificate. In 2011, thanks to the ample availability on the market, 79% of pulp fibre came with a chain-of-custody certificate (2010: 64%).

At Crown Van Gelder, we consider it vital that our staff is well-trained and can be assigned to a variety of positions. This increases the quality of the work they do and their satisfaction with the jobs they hold, and ensures long-term employability. In 2010 our staff invested an average of 33 hours on training and education. In 2011 this increased to 42 hours per employee. At our production facility, we provide competence-based, on-the-job training courses that are tailored to the needs of our staff.

RESEARCH AND DEVELOPMENT

Crown Van Gelder's technological department is responsible for research and development, focusing on products and processes. In terms of product development, the company generally works in close consultation with customers, original equipment manufacturers (OEMs), and suppliers to the paper industry.

In 2006, in order to accelerate the successful introduction of new products, we put in place our New Business Development (NBD) concept, into which our development operations were fully integrated. The pilot runs are scheduled into the regular production programmes of both paper machines.

We are also taking part in several projects relevant to the Dutch paper industry as a whole. These mainly include projects designed to save energy in the production process.
Also in 2010, the company launched a pilot project to convert a residue stream into polylactic acid, a raw material used in bioplastics. Carried out under the Paper Industry Energy Transition Plan, the project is funded by the Dutch government and third parties. The company incurs only minimal net costs as a result. In 2011 two small-scale tests were carried out, the results of which were so positive that we believe fibre material from the process waste water can be converted to polylactic acid on an industrial scale.

WORKFORCE AND EMPLOYEE BENEFITS

Workforce

At the end of 2011, the company employed 285 staff, compared to 297 staff at the end of 2010. Since June 2010 the workforce has been reduced by 10%. This was achieved without forced redundancies.

In 2011 there were five accidents that resulted in absenteeism (2010: 3). On 8 March 2011, one of our operators was involved in an industrial accident sustaining severe injuries. Following an investigation by the Health & Safety Inspectorate, the rotating parts of the paper machine were fitted with better protection to help prevent injuries in the future. In-house emergency staff responded very adequately to the accident, taking good care of the member of staff involved who,

we are very glad to say, has returned to work. Our staff has grown more alert to unsafe working practices; the number of reported incidents and unsafe work situations has increased.

Absenteeism rose from 4.1% in 2010 to 6.7% in 2011. The rate of absenteeism at Crown Van Gelder used to be below the process industry's national average for many years. Regrettably, we now seem to be nearing that figure. Our sociomedical teams regularly perform analyses to see whether the absence of a member of staff is work-related or not. The employee who has reported ill, his or her manager, HR and the company doctor are invited to give their views on the employee's ability to deal with stressful situations, on how to reintegrate and perhaps be assigned other duties. Unfortunately, several staff members suffer from non-work related chronic illnesses, as a result of which long-term absenteeism has risen.

Employee benefits

An interim collective agreement with a term of 6 months came into force on 1 July 2011. It gives rules on, for example, performance-related pay in 2011. A one-off bonus is paid if business targets for production, new product sales, customer complaints, and accidents resulting in absenteeism are met. The performance-related bonus for 2011 amounted to EUR 125 (2010: EUR 83) and was paid to staff in early 2012.
On 19 December 2011, a new 12-month collective agreement was made with the trade unions. Effective 1 January 2012, the new agreement provides for a new pension scheme. In light of the company's financial performance, it was also agreed that no initial pay rise would be granted in 2012.

Remuneration of the Management Board

The Management Board's pay package covers a fixed salary and a variable pay element of no more than 45% of the fixed salary. The variable income depends on, among other things, the return on shareholders' equity and the extent to which certain targets are achieved. The variable pay item is determined by the Supervisory Board. There is no option scheme in place for the Management Board.
The level of fixed remuneration paid to the Management Board, and a clarification of variable pay for 2011, were discussed by the shareholders at their meeting in April 2011. In light of the loss reported for 2011 and the proposal to forego a dividend, the Supervisory Board and the Management Board decided not to grant variable pay to the Management Board for 2011.

The Management Board remuneration policy was submitted to the Annual General Meeting of Shareholders in April 2009, and is available on the Corporate Governance page of the company's website. Details of the various elements of the pay package of the Management Board for 2011 are given on page 61 of the Annual Report.

INVESTOR RELATIONS

At Crown Van Gelder, we take great care in maintaining good relationships with existing and potential investors. We regularly report on developments relevant to investors, and organise meetings twice a year with analysts, who issue reports on the issues discussed. In addition, we hold many meetings with investors and investors' groups, all of whom are welcome to visit our facilities.

Our website frequently features reports on the latest developments as well as recent press releases. We publish our official financial statements in English and issue a condensed report in Dutch, as well as releasing a sustainability report (in English and in Dutch) that relates the progress we make in the field of corporate social responsibility (CSR). The annual reports and the agenda for the Annual General Meeting of Shareholders will be available on our website from 26 March 2012.

RISK MANAGEMENT

Sensitivity analysis

Key factors affecting Crown Van Gelder's financial performance include selling prices, production and sales volumes, pulp prices, the euro/dollar exchange rate, and gas prices.

The impact of a 10% increase or decrease of these factors on the company's operating result (based on the 2011 financial statements):

	EUR million
Selling prices of paper	15 / (15)
Production and sales volumes	4 / (4)
Pulp prices	(8) / 8
EUR/USD exchange rate	4 / (4)
Gas prices	(2) / 2

Introduction

At Crown Van Gelder, we regard risk management as a systematic and proactive way of identifying and prioritising risks and opportunities. By continually identifying risks which pose a threat to the company's targets, we can take timely action to limit or eliminate the impact of those risks. It is equally important to identify opportunities at an early stage and put them to effective use.
Risk management also includes reviewing existing controls put in place to minimise the risks identified. These controls are documented in the internal risk management and control system and the QHSE (Quality, Health & Safety, and Environmental) management system.
Doing business inherently involves taking risks. In taking those risks, we are guided by the sustainable nature of our business. Risk management and control are both elements of the company's corporate governance system. This calls for a proper balance between business acumen and risk control.

Activities in 2011

In 2011 we re-identified and assessed the financial, operational, strategic, compliance and disaster risks affecting all of our major business processes, implementing measures where necessary.
We also, in 2011, reviewed the most relevant controls. These reviews were conducted during internal audits (21 sessions), external audits (ISO 9001 and ISO 14001 interim audits, and OHSAS 18001 recertification audit), and internal inspections. These internal and external audits and review findings were recorded, reported to and, where necessary, discussed with the Management Board, the Audit Committee and the Supervisory Board.

In auditing the company's financial statements, the external auditors also prepare a report on their findings concerning the risks accounted for in those statements. These findings are discussed with the Management Board, Audit Committee, and Supervisory Board.
For the report on the internal risk management and control statement ('in control statement') reference is made to the Corporate Governance chapter in this Annual Report.

Strategic risks
Strategic risks are those associated with the business environment, the nature and size of our business, and the positioning of our business activities on the paper market. The company responds actively to the risks and opportunities as they arise, and we consider this response to be part of our normal business operations.

The changing paper market, current economic climate, strong fluctuations in commodity and energy prices, and other events have affected the company's performance.
Developments on our sales markets and those affecting our customers may influence production capacity usage and hence adversely affect the funding of fixed costs.
We regularly develop scenarios to assess the potential impact of these developments on our operations, identify measures which can be taken to mitigate their impact, and establish an overall approach in dealing with these developments.

The paper industry is a global market with strong regional players. We are aware of market developments and trends, and of our position on the geographical sales markets. Digitisation has become a major market trend affecting the paper industry. We will continue to roll out our NBD programme to strengthen our position as a niche player, and maintain and improve our market position. Over the last few years, paper has increasingly been replaced by digital applications. This has particularly affected European demand for graphic paper grades, which make up a substantial part of Crown Van Gelder's sales volume. This considerably raises the bar for the company to achieve its target for NBD products in the coming years. In early 2011 we engaged a consulting firm to investigate the possibilities of accelerating the New Business Development programme. On the basis of the report findings, we have developed new paper grades and identified new markets. In 2012 we will push ahead with the commercialisation of new products, and the market launch of new paper grades is expected to contribute positively to our financial performance. In May 2011, the Management Board and Supervisory Board concluded that in order to speed up the return to a satisfactory level of profitability, in addition to the company's own efforts to increase NBD sales, additional alternatives needed to be considered to strengthen the company's market position in the long run. We have engaged a corporate finance advisory firm to help chart the full spectrum of alternative options available to us. We expect to be able to provide further details in the course of 2012.

The company keeps abreast of technological developments by maintaining contacts with suppliers of paper machines and manufacturers of copier and printer systems, through the Netherlands Paper and Board Knowledge Centre, and our staff regularly attend seminars on the latest market surveys and developments. Our assets comprise a state-of-the-art fleet of machinery, and our investment programmes are designed to apply the latest available technology to our internal processes.

Operational risks

Commodity prices – pulp and energy prices, in particular – are major cost items. Most of our key non-integrated competitors are facing the same challenges.
Depending on the price of pulp expected in the short term, we may decide to reduce or increase our stocks of pulp. In 2011, in order to mitigate price uncertainty and the upward price risks to some extent, we continued to hedge some of our pulp purchases.
We are also actively striving to improve purchasing terms and achieve cost-savings on the use of raw materials.

The company is also exposed to fluctuations in energy prices. To control the level of energy costs, we signed contracts to lock in part of the gas and electricity prices for the period up to and including 2012.
One of the uncertainties the company faces is the auctioning of carbon emission allowances, which is expected to take place from 2013. In the course of 2012, we should be clear as to the quantity of emission allowances we will need to purchase annually from 2013 onwards in order to meet our obligations under the EU Emissions Trading Scheme.

A breakdown of, or problems with the operating systems in production or the company's combined heat and power plant could cause production processes to come to a standstill or give rise to quality issues. In early 2012, the operations department underwent a number of organisational changes with a view to achieving the company's production targets. We expect to be able to increase productivity as a result, using our existing production configuration and deploying the current number of staff. To analyse failures and problems, we use a standard method that we have used as a basis for introducing a variety of measures. To minimise the risks, we have signed service contracts with suppliers and implemented back-up and recovery procedures.

Quality complaints could lead to compensation claims or damage the company's reputation. The quality assurance procedures, which were tightened in 2010, have led to a reduction in the number of complaints and will remain in place so as to improve our performance even further.

Crown Van Gelder is a small player in the paper industry and its future success depends, in part, on its ability to recruit and retain both specialist technical staff and talented managers in key positions. Five core competencies have been identified to guide personnel management. In 2012 tools will be developed to embed these core competencies more strongly in the company policy. We have set up an in-house training programme for the paper machine process operators, according to the principles of competency-based education, which enables them to obtain the nationally recognised VAPRO certificate.

It is our policy to ensure the health and safety of our staff as well as any third parties directly or indirectly engaged in our business activities. We are also committed to supporting sustainable business operations and controlling their direct and indirect impact on the environment. We regularly conduct risk surveys and risk assessments of our operations. Where necessary, we take appropriate measures to ensure the health and safety of our staff and third parties, and mitigate the environmental impact of our operations.

Financial risks

Crown Van Gelder is exposed to a variety of financial risks. Due to the economic recession and developments on the financial markets, the availability of funds and working capital constitutes a major risk. In the light of the company's present capital base, expected cash flows, and the flexibility of its investment programme, we believe that we have appropriate measures in place to address this risk. The new pension scheme, which came into effect on 1 January 2012, will improve the predictability of cash outflow and pension costs of the company.

The company is also exposed to exchange rate fluctuations. Because we sell part of our products in UK pounds sterling, and procure a substantial portion of our materials in US dollars, any decline of the UK pound sterling or strengthening of the US dollar against the EUR may have a negative impact on our operating performance. We partly hedge our exposure to GBP and USD currency fluctuations.

Since we operate in a niche market, we serve a small number of large customers, which may affect our revenue, profit, and working capital. As far as credit risk is concerned, we prefer to do business with reputable and creditworthy parties. Existing and prospective customers are subject to credit checks on a regular basis. All receivables are closely monitored through internal procedures. Despite the extended cover provided under our credit risk insurance policy, any insolvency of our customers may adversely affect our financial performance.

Compliance risks

As we face rapidly changing laws on, among other things, financial reporting, health and safety and the environment, we increasingly run the risk of failing to comply with laws and regulations. The departments responsible for compliance issues have put in place policy measures and procedures to keep track of and comply with legislative and regulatory changes.
Crown Van Gelder holds all permits necessary to conduct its operations. We maintain close contact with the competent authorities. Environmental reports and external inspections (environmental and health & safety) have not led to any tightening of permit conditions.

Disaster risks

The company's production facilities and offices are located on the same site. Large-scale events within the organisation, such as fire and explosions, could damage our production facilities and combined heat and power plant, and adversely affect our reputation and/or financial performance. The precautionary measures and inspections we have put in place meet the requirements of insurers and are in line with industry standards.

We are also aware of other external risks, such as terrorism and disasters in the direct vicinity of our premises. The measures and procedures designed to mitigate any damage arising from internal and external disasters are embedded in a business continuity plan (BCP). The BCP has been reviewed by the insurance broker and the COT (Institute for Safety, Security and Crisis Management).

To cover these various types of risk, such as credit risk, interruptions to the production process, liability, directors' liability, and transport, the company has taken out insurance from reputable insurers with a good rating.

STRATEGY AND MARKET DEVELOPMENTS

In 2009 Crown Van Gelder published a policy plan entitled Mission 2012 that covered the period to 2012 inclusive. On 11 February 2011, when presenting its 2010 financial statements, the company announced that current market conditions and the direction in which its results were going necessitated a review of its strategy. The key focus of the company's current strategy is to develop new and improved products under the New Business Development (NBD) programme. This involves products which are nearing the end of their life cycles being replaced by new products. Over the last few years, paper has increasingly been replaced by digital applications. Crown Van Gelder will have to raise the bar considerably in terms of its targets for NBD products for the next five years. It is looking to increase NBD volume to 150,000 ton by 2016, representing two thirds of the total volume.

We engaged Pöyry, a Finnish consulting firm with in-depth knowledge of the European paper industry, to explore the possibilities for expanding and accelerating the NBD programme.
The Pöyry report confirms that we are pursuing the right niche strategy: the company is on the right course, but needs to pick up speed, taking market developments into account. As the market is contracting, Crown Van Gelder's competitors are also looking for growth markets and may well have set their sights on the same markets. Importantly, the report concluded that the proposed growth of profitable NBD products to account for two thirds of the total volume can only be achieved if the company enters new markets which it never operated on before.

On the basis of the study findings, the company follows three parallel tracks. These tracks run parallel because they are interrelated in terms of product portfolio and market approach.

1. Crown Van Gelder considers it feasible to bring a variety of new NBD products on to the market and expand NBD volume to 110,000 ton in 2016, i.e. double the level of 2011 and 50% of the total volume. This can be done using the existing paper machines with only limited additional investment. In 2012 the company intends to make a targeted investment in paper machine 2 to be able to manufacture new products and enter new markets.
2. The NBD portfolio is aimed at new markets, such as food packaging. Crown Van Gelder is actively looking to cooperate with supply chain partners, an important feature being the ability to coat and metallise base paper grades.
3. The third track involves exploring and developing forms of strategic collaboration. In recent months, talks have been held with various market participants and are set to continue. However, the search for alternatives is taking placing against the backdrop of challenging economic conditions.

We will use this strategic review to reformulate our mission for the period 2013-2016.

REPORT OF THE MANAGEMENT BOARD

PROSPECTS FOR 2012

After reduced order inflows in the third and fourth quarters of 2011, the demand for paper picked up again in December. In early 2012, Crown Van Gelder saw its order portfolio filled to such an extent as to be able to continue to manufacture to capacity.

The general outlook for 2012 is strongly determined by economic developments in Europe, particularly the stability of its financial and monetary system. The woodfree uncoated paper market, where we operate, is expected to benefit from the recent mill closures and the lack of capacity expansion within the EU. These developments are likely to support capacity usage, selling prices, and the demand for woodfree uncoated paper in 2012.

Crown Van Gelder focusing strongly on commercialising the products which it has recently developed. This, and the substantial increase in productivity within our operational units, should boost the company's sales volume to as much as 215,000 ton in 2012, with NBD accounting for about one third of that.

Pulp markets have gone back to a more balanced match between supply and demand, with pulp prices expected to bottom out in the first quarter of 2012. Historically, however, pulp prices in EUR are still relatively elevated. In 2012 exchange rate fluctuations will continue to have a major impact on the volatility of pulp prices and the company's cost base. New pulp production capacity will become available by the end of 2012 and will likely put pressure on pulp prices.

Crown Van Gelder has energy contracts in place that will run until 2013, with prices for 2012 having been locked in at the level of 2011.

In 2012 capital expenditure is expected to involve an amount in the order of EUR 8 million. This will cover the periodic overhaul of the combined heat and power plant, and additional modifications to the paper machines to make them better suited to new products and new markets. These capital expenditures can be funded from the operating cash flow and the available lines of credit.

Our financial performance in 2012 will depend on the general economic outlook across Europe, the demand for paper, selling prices, pulp prices, and exchange rate developments. Although the ultimate impact of these factors is yet uncertain, based on current developments Crown Van Gelder expects the year 2012 to be profitable.

Velsen, the Netherlands, 15 March 2012

Miklas Dronkers
Chief Executive Officer

FINANCIAL STATEMENTS 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Before profit appropriation)

EUR x 1,000	*Note*	*31 December 2011*		*31 December 2010*	
ASSETS					
Non-current assets					
Property, plant and equipment	(1)	38,114		40,158	
Intangible assets	(2)	1,262		1,685	
Investment in associate	(3)	1,375		1,342	
Other assets	(4)	2,274		2,383	
Deferred tax assets	(12)	10,172		10,134	
			53,197		**55,702**
Current assets					
Inventories	(5)	29,006		31,779	
Trade and other receivables	(6)	19,241		17,119	
Cash and cash equivalents	(7)	431		330	
			48,678		**49,228**
Total assets			**101,875**		**104,930**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Subscribed and paid-up capital	(8,9)	8,712		8,712	
Retained earnings	(9)	59,226		84,792	
Other reserves	(10)	198		(8,578)	
Result for the year	(9)	4,272		(12,909)	
			72,408		**72,017**
Non-controlling interests	(9)		**53**		**83**
Total equity			**72,461**		**72,100**
Non-current liabilities					
Employee benefit liability	(11)	-		4,238	
Deferred tax accruals	(12)	3,324		3,748	
Other non-current liabilities	(13)	-		636	
			3,324		**8,622**
Current liabilities					
Interest-bearing liabilities	(14)	9,961		10,962	
Trade creditors	(15)	10,185		7,913	
Taxation and social security contributions		105		249	
Other short-term liabilities	(16)	5,839		5,084	
			26,090		**24,208**
Total liabilities			**29,414**		**32,830**
Total equity and liabilities			**101,875**		**104,930**

CONSOLIDATED INCOME STATEMENT

EUR x 1,000	*Note*		*2011*		*2010*
Revenue	(17)		162,292		160,882
Costs related to revenue			(7,347)		(7,616)
Raw materials, consumables and energy	(18)		(116,837)		(116,016)
Change in inventories of finished goods	(19)		(1,472)		2,677
Employee benefits cost excluding settlement	(20)	(21,743)		(21,182)	
Settlement DB pension plan	(11)	10,403		-	
Total employee benefits			(11,340)		(21,182)
Depreciation and amortisation	(21)		(6,248)		(8,225)
Other expenses	(22)		(13,863)		(13,350)
Total operating expenses			(157,107)		(163,712)
Operating result			**5,185**		**(2,830)**
Impairment on fixed assets	(1)		-		(15,000)
Operating result after impairment			**5,185**		**(17,830)**
Finance income		3		3	
Finance costs		(433)		(346)	
Net finance income	(28)		(430)		(343)
Share of after tax result of associate			408		470
Result before tax			**5,163**		**(17,703)**
Tax income / (expense)	(23)		(845)		4,870
Result for the year from continuing operations			**4,318**		**(12,833)**
Result for the year attributable to:					
Equity holders of the parent (net result)			4,272		(12,909)
Non-controlling interests			46		76
Result for the year from continuing operations			**4,318**		**(12,833)**
Basic earnings (in EUR) per depository receipt of share	(24)		0.98		(2.96)
Diluted earnings (in EUR) per depository receipt of share	(24)		0.98		(2.96)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR x 1,000	*Note*		*2011*		*2010*
Result for the year from continuing operations			**4,318**		**(12,833)**
Other comprehensive income					
Net gains on cash flow hedges	(29)	171		94	
Income tax effect		(43)		(24)	
			128		70
Actuarial losses in respect of pension scheme	(11)	(5,345)		(1,218)	
Income tax effect		1,336		311	
			(4,009)		(907)
Movement due to change in tax-rate			-		(24)
Other comprehensive income for the year, net of tax			**(3,881)**		**(861)**
Total comprehensive income for the year, net of tax			**437**		**(13,694)**
Total comprehensive income for the year attributable to:					
Equity holders of the parent			391		(13,770)
Non-controlling interests			46		76
Total comprehensive income for the year, net of tax			**437**		**(13,694)**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR x 1,000		*2011*		*2010*
Operating activities				
Operating result after impairment		5,185		(17,830)
Adjustments for:				
Impairment on fixed assets	-		15,000	
Depreciation and amortisation	6,248		8,225	
Pension accounting	(9,582)		25	
		(3,334)		23,250
Movements in working capital:				
Trade and other receivables	(2,122)		3,583	
Inventories	2,773		(4,428)	
Trade creditors	2,272		(140)	
Other items	196		237	
		3,119		(748)
		4,970		4,672
Interest paid	(429)		(308)	
Interest received	4		3	
Income taxes paid	(36)		(17)	
		(461)		(322)
Net cash flow from operating activities		**4,509**		**4,350**
Investing activities				
Investments in property, plant and equipment	(3,756)		(5,030)	
Investments in intangible assets	(26)		(61)	
Dividends received	375		442	
Net cash flow used in investing activities		**(3,407)**		**(4,649)**
Financing activities				
Dividends paid	-		(2,178)	
Interest-bearing liabilities	(1,001)		1,665	
Net cash flow used in financing activities		**(1,001)**		**(513)**
Increase / (decrease) in cash and cash equivalents		**101**		**(812)**
Cash and cash equivalents at 1 January		**330**		**1,142**
Cash and cash equivalents at 31 December		**431**		**330**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR x 1,000	*Subscribed and paid-up capital*	*Retained earnings*	*Other reserves (note 10)*	*Result for the year*	*Total*	*Non-controlling interests*	*Total equity*
At 1 January 2010	**8,712**	**82,416**	**(7,683)**	**4,520**	**87,965**	**52**	**88,017**
Result for the period	-	-	-	(12,909)	(12,909)	76	(12,833)
Other comprehensive income	-	-	(861)	-	(861)	-	(861)
Total comprehensive income	-	-	(861)	(12,909)	(13,770)	76	(13,694)
Paid dividends	-	(2,178)	-	-	(2,178)	-	(2,178)
Result appropriation	-	4,520	-	(4,520)	-	-	-
Dividends non-controlling interests	-	-	-	-	-	(45)	(45)
Other movements	-	34	(34)	-	-	-	-
At 31 December 2010	**8,712**	**84,792**	**(8,578)**	**(12,909)**	**72,017**	**83**	**72,100**
At 1 January 2011	**8,712**	**84,792**	**(8,578)**	**(12,909)**	**72,017**	**83**	**72,100**
Result for the period	-	-	-	4,272	4,272	46	4,318
Other comprehensive income	-	-	(3,881)	-	(3,881)	-	(3,881)
Total comprehensive income	-	-	(3,881)	4,272	391	46	437
Paid dividends	-	-	-	-	-	-	-
Result appropriation	-	(12,909)	-	12,909	-	-	-
Dividends non-controlling interests	-	-	-	-	-	(76)	(76)
Settlement DB pension plan	-	(12,657)	12,657	-	-	-	-
At 31 December 2011	**8,712**	**59,226**	**198**	**4,272**	**72,408**	**53**	**72,461**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Crown Van Gelder N.V. is a company domiciled in Velsen, the Netherlands. The company produces and sells high quality industrial and graphical specialty products in the woodfree uncoated and single-coated paper sector. The company is based in Velsen (the Netherlands) and currently employs around 290 people. The company operates two paper machines and its product portfolio includes customised solutions for self-adhesive labels and base paper grades that are coated, metallised or provided with a PE (polyethylene) coating, paper products suited as packaging materials for use in combination with foodstuffs, and a series of speciality paper products designed to print forms, direct mail, envelopes, books, and manuals. Crown Van Gelder N.V. is listed at the Official Market of NYSE Euronext Amsterdam N.V. (ISIN number: NL0000345452). The Chamber of Commerce registration number of the company is 34059938.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and adopted by the EU.

BASIS OF PREPARATION

The consolidated financial statements of Crown Van Gelder N.V. have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in euros (EUR) and all values are rounded to the nearest thousand except when otherwise indicated.

PRESENTATION OF THE COMPANY PROFIT AND LOSS ACCOUNT

The company profit and loss account is prepared under the application of article 402 Book 2 of the Dutch Civil Code.

CONSOLIDATION

Subsidiaries

These companies are all entities over which Crown Van Gelder N.V. has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. During the reporting year these subsidiaries are:

- Crown Van Gelder Energie B.V. (Velsen, The Netherlands) 100%
- Inkoopcombinatie De Eendragt B.V. (Zaandam, The Netherlands) 82%

The subsidiaries are fully consolidated in the financial statements of Crown Van Gelder N.V. Inter company transactions, balances and unrealised gains on transactions between subsidiaries are fully eliminated. Non-controlling interests in group capital and group result are shown separately.

Associates

The associates are the entities over which Crown Van Gelder N.V. has significant influence but no control over the financial and operating policies.

Crown Van Gelder N.V. has a participating interest in:

- International Forwarding Office B.V. (Zaandam, the Netherlands) 50%

IFO B.V. can not be classified as a joint venture. There is no contractual agreement whereby Crown Van Gelder N.V. and IFO B.V. undertake an economic activity that is subject to joint control.

Reference is made to note 26 concerning the related party disclosures.

CASH FLOW STATEMENT

The cash flow statement has been prepared according to the 'indirect method', based on the statement of financial position and income statement. The statement reconciles 'cash and cash equivalents' at different balance sheet dates.

ACCOUNTING POLICIES

Foreign currencies

The consolidated financial statements are presented in euros (EUR), which is the functional and presentation currency. Assets and liabilities denominated in foreign currency are translated to EUR at the rate of exchange ruling at balance sheet date. Exchange differences, if any, are recognised in the income statement. Transactions in foreign currency are accounted for in the income statement at the exchange rates prevailing at the date of transaction.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if necessary. Dismantling costs are not included as these are expected not to be of relevant size. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

• Buildings	10 – 40 years
• Plant and machinery	5 – 30 years
• Other tangible fixed assets	3 – 6 years

Where an item of property, plant and equipment comprises major components having a different useful life, these components are accounted for as separate items of property, plant and equipment. Expenditures or major overhaul extending the useful life of assets are considered to be an investment.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of items of property, plant and equipment are included in the income statement in the year the asset is derecognised.
The residual value, useful life and depreciation calculation of each item of property, plant and equipment is reviewed at each balance sheet date and adjusted if appropriate.

Intangible assets

Intangible assets comprise computer software. This computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over the estimated useful life of these assets. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category 'Depreciation and amortisation'.

Investment in associate

Associates, including those where the shareholding is 50%, are stated at their net asset value in line with the equity method.

Impairment of non-financial assets

Whenever there is an indication that assets may be impaired, an impairment test is performed. The company qualifies as one cash generating unit and therefore the impairment test is performed on the company as a whole. An impairment loss is recognised whenever the carrying amount of the cash generating unit exceeds its recoverable amount. The

recoverable amount is the higher of fair value less costs to sell or the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the company as a whole.
An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, an estimation is made of the asset's or cash-generating unit's recoverable amount. An impairment loss recognised in prior periods will be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Other assets
Other assets include the capitalised amount of a lease contract with the Municipality of Velsen. The capitalised amount will be allocated to the income statement during the remaining contract period using the straight-line method.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:
- raw materials: purchase cost on a first-in, first-out basis;
- finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Deferred tax assets and accruals
Deferred income tax relates primarily to 1) carry forward of unused tax losses and 2) future tax payable on differences between the carrying amounts of assets and liabilities for financial reporting purposes and that for corporate income tax purposes. The calculation of deferred income tax is based on applicable future tax-rates and against nominal value. Deferred tax assets and accruals relate to temporary differences between the financial reporting valuation and tax valuation of the tangible fixed assets, employee benefit liability, stocks of finished products, debtors, hedging contracts and provisions. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised.

Financial assets

Initial recognition
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Crown Van Gelder determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value.
Purchases or sales of financial assets that require delivery of assets within a time frame are recognised on the trade date, i.e. the date that Crown Van Gelder commits to purchase or sell the asset.
Crown Van Gelder's financial assets include cash and short-term deposits, trade and other receivables and derivative financial instruments.
The company uses derivative financial instruments such as foreign currency contracts and commodity forward contracts to hedge its risks associated with foreign currency, energy price movements and commodity price fluctuations.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Derecognition of financial instruments
A financial asset is derecognised when:
- The right to receive cash flows from the asset has expired; or
- Crown Van Gelder has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
  (a) Crown Van Gelder has transferred substantially all the risks and rewards of the asset, or
  (b) Crown Van Gelder has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Employee benefit liability
On 19 December 2011 an agreement was reached with trade unions on the new pension plan which characterises as a Collective Defined Contribution (CDC) plan. As of 1 January 2012 the pension scheme changes from a defined benefit pension plan to a defined contribution plan. This change eliminates all further legal or constructive obligations of Crown Van Gelder for all the benefits provided under the pension plan. As a result of a settlement, Crown Van Gelder has no employee benefit liability on the balance sheet at 31 December 2011. The gains on the settlement are recognised in the 2011 income statement.

Until 19 December 2011 the pension scheme qualified as a defined benefit pension plan. IAS 19 required recognition in the statement of financial position of a defined benefit asset or liability. Crown Van Gelder recognised actuarial gains and losses in the period in which they occur and gains and losses were recognised outside the income statement, in other comprehensive income. The actuarial gains and losses were presented in a statement of changes in equity titled 'Consolidated Statement of Comprehensive Income'.

The employee benefits plans are insured with De Eendragt Pensioen N.V. This company administers the pension scheme for the Crown Van Gelder employees.

Financial liabilities

Initial recognition
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Crown Van Gelder determines the classification of its financial liabilities at initial recognition.
Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.
Crown Van Gelder's financial liabilities include trade and other payables, bank overdraft, loans and borrowings and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial instruments
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial instruments

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments, which are actively traded in organised financial markets, is determined by reference to quoted market prices.

Impairment of financial assets
Crown Van Gelder assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Examples of triggers, used for gathering objective evidence, are financial information from parties involved and / or information from business information agencies.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Derivative financial instruments
Derivative financial instruments are carried at their fair value. Derivatives that are not designated or do not qualify for hedge accounting are measured at fair value through the income statement.

In the case of a derivative financial instrument being designated as a hedging instrument, the company documents the relationship between the hedging instrument and the hedged item as well as the company's risk management objectives and strategy for undertaking the hedge transaction. The company also documents its assessment, both at the conclusion of the hedge and on a periodical basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Derivatives are classified as a non-current asset or liability if the remaining term of the derivatives is more than 12 months and as a current asset or liability if the remaining term of the derivatives is less than 12 months.

For the purpose of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

The effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in other comprehensive income. The cumulative gain or loss recognised in other comprehensive income is transferred to the income statement at the time when the hedged transaction affects net profit or loss and is included in the same line item as the hedged transaction.

When a hedging instrument expires, is sold, or is no longer effective, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

We refer to note 27 concerning the disclosure of the financial instruments.

Revenue
Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer and the amount of revenue can be measured reliably and includes total invoiced amounts, excluding VAT, less commission, bonuses and payment discounts.
Revenue of paper sales is revenue from selling high quality specialty products in the woodfree uncoated and single-coated paper sector. Supplies of energy are revenues from energy supplies by Crown Van Gelder's power plant to the regional grid.

Costs related to revenue
Costs related to revenue are mainly freight costs and costs for export documents.

Raw materials and consumables
The costs of raw materials and consumables used are based on historic costs.

Operating lease
Payments made under operating leases are recognised in the income statement.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

DIVIDEND DISTRIBUTION

Dividend distribution to the Crown Van Gelder N.V. shareholders is recognised as a liability in the financial statements after approval of the dividend proposal by the company's shareholders.

CORPORATE INCOME TAX

The taxation shown in the income statement is based on the economic result, and calculations are based on prevailing tax-rates and regulations.

ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the process of applying the accounting policies, the management discussed judgements and assumptions that have the most significant effect on the amounts recognised in the financial statements. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements and assumptions were made concerning mainly the following items:
- Property, plant and equipment;
- Intangible assets;
- Deferred tax assets;
- Employee benefit liability;
- Impairment of assets.

For the explanation of these judgements and used assumptions we refer to the notes to the financial statements.

SEGMENT INFORMATION

Crown Van Gelder N.V. produces and sells woodfree uncoated paper on reels, which is a specific product / market segment within the paper industry. Crown Van Gelder N.V. does not operate in different business locations or business units. Therefore the company has no segmental differentiation in internal financial reporting.

NEW ACCOUNTING STANDARDS

On a regular basis, the IASB issues new accounting standards, amendments and interpretations. In the financial year 2011, the following changes, subdivided into effective and not yet effective, have been reviewed and, if found applicable, have lead to consequential changes to the accounting policies and other note disclosures:

New and amended accounting standards, effective during the year

- IAS 24 Related Party Disclosures
  The revised standard clarifies the definition of a related party and is effective as of 1 January 2011. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the revised standard introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The revised standard did not affect the current disclosures and did not have any impact on the company's financial position or performance.

- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
  The amendment alters the definition of a financial liability to enable entities to classify rights issues and certain options or warrants as equity instruments and is effective as of 1 February 2010. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment did not have any impact on the company's financial position or performance because the company does not have these types of instruments.

- IFRIC 14 Prepayments of a Minimum Funding Requirement
  The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment is effective as of 1 January 2011. The amendment permits a prepayment of future service costs by the entity to be recognised as pension asset. The company is not subject to minimum funding requirements. The amendment did therefore not have any impact on the company's financial position or performance.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
  The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid and is effective as of 1 July 2010. The equity instruments issued are measured at their fair value. In case this fair value cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. This interpretation did not have any impact on the company's financial position or performance.

- Improvements to IFRSs
  In May 2010, the IASB issued a third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These improvements are effective as of 1 January 2011. There are separate transitional provisions for each standard to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13. The adoption of the improvements did not have any impact on the company's financial position or performance.

New and amended accounting standards, not yet effective during the year

- IFRS 7 Financial Instruments: Disclosures
  The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment will affect disclosure only and will have no impact on the company's financial position or performance. The amendment becomes effective for financial years beginning on or after 1 July 2011.

- IFRS 9 Financial Instruments
  IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. In subsequent phases, the IASB will address impairment of financial assets and hedge accounting. The completion of this project is expected in 2012. The company is currently assessing the impact of the adoption of the first phase of IFRS 9 is on the classification and measurement of the company's financial assets and financial liabilities. The standard is effective for financial years beginning on or after 1 January 2015.

- IFRS 10 Consolidated Financial Statements
  IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The company does not expect any impact on its financial position or performance. The standard becomes effective for financial years beginning on or after 1 January 2013.

- IFRS 11 Joint Arrangements
  IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The adoption of this standard will have no impact on the company's financial position of performance. The standard becomes effective for financial years beginning on or after 1 January 2013.

- IFRS 12 Disclosure of Interests in Other Entities
  IFRS 12 includes all of the disclosures that were previously in IAS 27 as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The standard will affect disclosure only and will have no impact on the company's financial position or performance. The standard becomes effective for financial years beginning on or after 1 January 2013.

- IFRS 13 Fair Value Measurement
  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is currently assessing the impact of this standard. The standard becomes effective for financial years beginning on or after 1 January 2013.

- IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
  The amendment changes the grouping of items presented in other comprehensive income. Items that could be reclassified ('or recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment will affect presentation only and will have no impact on the company's financial position or performance. The amendment becomes effective for financial years beginning on or after 1 July 2012.

- IAS 12 Income Taxes
  The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment will have no impact on the company's financial position or performance. The amendment becomes effective for financial years beginning on or after 1 January 2012.

- Amended IAS 19 Employee Benefits
  The amendments to IAS 19 are numerous. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment will have no impact on the company's financial position and performance. The amended standard becomes effective for financial years beginning on or after 1 January 2013.

- IAS 27 Separate Financial Statements (as revised in 2011)
  As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment will have no impact on the company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

- IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
  As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The company does not expect any impact on its financial position or performance from the amendment of this standard. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
  The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation will have no impact on the company's financial position and performance. IFRIC 20 is effective for financial years beginning on or after 1 January 2013 with earlier application permitted.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

PROPERTY, PLANT AND EQUIPMENT (1)

Movements in the value of property, plant and equipment were as follows:

EUR x 1,000	*Land and buildings*	*Plant and machinery*	*Other tangible fixed assets*	*Tangible fixed assets under construction*	*Total*
Costs					
At 1 January 2010	21,171	182,166	1,763	3,768	208,868
Additions	980	4,910	131	(991)	5,030
Disposals	(4)	(3,017)	(62)	-	(3,083)
At 31 December 2010	**22,147**	**184,059**	**1,832**	**2,777**	**210,815**
Depreciation					
At 1 January 2010	15,346	134,316	1,308	-	150,970
Disposals	(4)	(3,018)	(62)	-	(3,084)
Depreciation for the year	674	6,977	120	-	7,771
Impairment on PP&E	1,611	13,260	129	-	15,000
At 31 December 2010	**17,627**	**151,535**	**1,495**	**-**	**170,657**
Book value					
At 1 January 2010	**5,825**	**47,850**	**455**	**3,768**	**57,898**
At 31 December 2010	**4,520**	**32,524**	**337**	**2,777**	**40,158**
Costs					
At 1 January 2011	22,147	184,059	1,832	2,777	210,815
Additions	74	2,987	42	653	3,756
Disposals	-	(1,648)	(34)	-	(1,682)
At 31 December 2011	**22,221**	**185,398**	**1,840**	**3,430**	**212,889**
Depreciation					
At 1 January 2011	17,627	151,535	1,495	-	170,657
Disposals	-	(1,648)	(34)	-	(1,682)
Depreciation for the year	513	5,187	100	-	5,800
At 31 December 2011	**18,140**	**155,074**	**1,561**	**-**	**174,775**
Book value					
At 1 January 2011	**4,520**	**32,524**	**337**	**2,777**	**40,158**
At 31 December 2011	**4,081**	**30,324**	**279**	**3,430**	**38,114**

Financial year 2010

In 2010 the company recognised an impairment loss of EUR 15.0 million. The events and circumstances that led to the recognition of the impairment loss in 2010 were that a number of important business factors (among others an increase in pulp prices and continuing overcapacity) worsened compared to previous expectations; operating results decreased due to the need in maintaining competitive sales prices while suffering from increased pulp prices. Due to the economic recession and a surge in pulp prices which are expected to remain at a relatively high level in the coming years, a recovery of results to structural profitable levels takes longer than anticipated earlier. Crown Van Gelder concluded from the revised estimation of the recoverable amount an impairment of EUR 15 million of certain property, plant and equipment. The impairment charge was recognised in the income statement in the line 'Impairment on fixed assets'.

Financial year 2011

As in previous years, in 2011 an impairment review was performed since the carrying amount of the net assets was higher than the market capitalisation of the entity (IFRS 36.12.d). The recoverable amount is based on the value in use and is assessed by Crown Van Gelder N.V. as one cash generating unit.

The company has based its cash flow projections on the company's business plans (a.o. the approved budget for 2012, the company's Mission 2012 and long term New Business Development goals) and reports from market research bureaus regarding the general economic outlook, developments within the European paper industry, especially within the woodfree uncoated sector, and the pulp and energy market outlook. Furthermore, as in previous years, in its analysis and calculations management has used the expertise of an external valuator.

Main drivers in cash flow projections (which are also outlined in the risk management paragraph of the Annual Report) to which the entity's recoverable amount is most sensitive are long term developments of the pulp prices (including underlying EUR/USD exchange rate developments), gas prices, selling prices, production, sales volumes, the WACC and EBITDA per ton. Future expected cash flows were discounted at a rate of 10.7% (prior year 10.7%) on a pre-tax basis. The discount rate represents the current market assessment of the risk specific to Crown Van Gelder N.V., and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The beta factors are evaluated annually based on publicly available market data. In determination of the recoverable amount the pulp price is considered to be the most relevant and volatile factor.

Impairment losses recognised in prior periods should be reversed if, and only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Management has reviewed both external and internal sources of information and concluded early 2012 that no such reversal is required. As of 31 December 2011 value in use exceeds carrying value with approximately EUR 5 million. A break-even situation of value in use and carrying amount would occur when: the (pre-tax) WACC is 11.3% or pulp prices are up by 0.5% or gas prices are up by 2% or selling prices are down by 0.25% or production and sales volume are down by 0.8% or EBITDA would be EUR 2 per ton lower. In practice, these long term developments are no isolated events and main cash flow drivers could also (partly) offset each other.

The amount of capitalised borrowing costs during the year ended 31 December 2011 was nil (2010 nil).

None of the items of property, plant and equipment are pledged as security for liabilities and none of the items are held under a finance lease construction. The company has reviewed the residual values and the remaining lifetime of the assets used for the purpose of depreciation calculations. The outcome did not result in an extra adjustment (2010: nil). The depreciation of the property, plant and equipment is included in line item 'Depreciation and amortisation' in the consolidated income statement.

For the commitments concerning property, plant and equipment we refer to note 25.

INTANGIBLE ASSETS (2)

Movements in the value of intangible assets were as follows:

EUR x 1,000	*Software*	*Software under construction*	*Total*
Costs			
At 1 January 2010	2,645	337	2,982
Additions (acquired)	369	(308)	61
Disposals	(489)	-	(489)
At 31 December 2010	**2,525**	**29**	**2,554**
Amortisation			
At 1 January 2010	904	-	904
Amortisation for the year	454	-	454
Disposals	(489)	-	(489)
At 31 December 2010	**869**	**-**	**869**
Book value			
At 1 January 2010	**1,741**	**337**	**2,078**
At 31 December 2010	**1,656**	**29**	**1,685**
Costs			
At 1 January 2011	2,525	29	2,554
Additions (acquired)	29	(3)	26
At 31 December 2011	**2,554**	**26**	**2,580**
Amortisation			
At 1 January 2011	869	-	869
Amortisation for the year	448	-	448
At 31 December 2011	**1,318**	**-**	**1,318**
Book value			
At 1 January 2011	**1,656**	**29**	**1,685**
At 31 December 2011	**1,236**	**26**	**1,262**

The intangible assets comprise computer software. These intangible assets have been assessed as having a finite useful life and are amortised under the straight-line method over a period of 3 to 6 years. The amortisation of the intangible assets is included in line item 'Depreciation and amortisation' in the consolidated income statement.

INVESTMENT IN ASSOCIATE (3)

Movements in the associate can be detailed as follows:

EUR x 1,000	*2011*	*2010*
At 1 January	1,342	1,272
Share of result	408	470
Dividends received	(375)	(400)
At 31 December	**1,375**	**1,342**

Crown Van Gelder N.V. has a 50% interest in International Forwarding Office B.V. (Zaandam, The Netherlands). This company operates as a freight broker. The following table illustrates summarised financial information:

EUR x 1,000	*Assets*	*Liabilities*	*Revenue*	*Profit/(loss)**	*% Interest held*
2010					
International Forwarding Office B.V.	4,430	1,995	2,244	762	50
2011					
International Forwarding Office B.V.	4,516	2,018	2,405	814	50

* This amount represents the actual result of IFO. In the income statement of Crown Van Gelder the recorded result for the year consists of the forecasted result of the year and a correction on the previous year.

OTHER ASSETS (4)

Other assets include the capitalised amount of a lease contract with the Municipality of Velsen. In 1982 the company acquired the site and existing buildings based on a 50-year lease contract. In 1996, the 37 remaining payments for the years up to and including 2032 were redeemed. The capitalised amount will be allocated to the income statement during the remaining contract period using the straight-line method.

Movements in the other assets can be detailed as follows:

EUR x 1,000	*2011*	*2010*
At 1 January	2,383	2,492
Allocated to the income statement	(109)	(109)
At 31 December	**2,274**	**2,383**

The allocation is included in line item 'Other expenses' in the consolidated income statement.

INVENTORIES (5)

Inventories can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Raw materials	11,606	12,710
Other materials	5,544	5,741
Finished goods	11,856	13,328
At 31 December	**29,006**	**31,779**

TRADE AND OTHER RECEIVABLES (6)

Trade and other receivables can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Trade receivables	18,375	16,446
Other receivables	569	417
Accrued income and prepayments	297	256
At 31 December	**19,241**	**17,119**

Trade receivables are non-interest bearing and are generally on 8-90 day's terms. In the trade receivables an allowance is included for doubtful debts.

As at 31 December 2011, trade receivables at nominal value of EUR 494 (2010: EUR 402) were impaired and fully provided for.

Movements in the provision for impairment of trade receivables were as follows:

EUR x 1,000	*2011*	*2010*
At 1 January	402	248
Charge for the year	260	335
Utilised	-	(105)
Unused amounts reversed	(168)	(76)
At 31 December	**494**	**402**

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. By actively monitoring the financial condition of our trade receivables, using renowned third party credit rate assessment specialists and arranging insurance for outstanding debt, the company believes that there is no further credit provision required in excess of the allowance for doubtful debt.

Included in the company's trade receivable balance are debtors which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The company does not hold any collateral over these balances.

As at 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

EUR x 1,000	*Total*	*Neither past due nor impaired*	*<30 days*	*30-60 days*	*60-90 days*	*90-120 days*	*>120 days*
2010	**16,446**	15,142	1,298	7	-	-	-
2011	**18,375**	16,951	1,424	-	-	-	-

At 31 December 2011, the company held six forward exchange contracts (2010: none). Reference is made to note 27.

CASH AND CASH EQUIVALENTS (7)

Cash and cash equivalents can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Cash at bank and in hand	431	330
At 31 December	**431**	**330**

Cash at bank earns interest at floating rates based on daily bank deposit and the daily interest rate. There were no deposits during the financial year and all cash and cash equivalents are payable on demand.

SUBSCRIBED AND PAID-UP CAPITAL (8)

The authorised capital can be detailed as follows:

Number of shares (thousands)	*2011*	*2010*
Ordinary shares of EUR 10 each	1,500	1,500
Preference shares of EUR 10 each	1,500	1,500
Number of shares at 31 December	**3,000**	**3,000**

Issued and fully paid-up capital

	Thousands	*Thousands*
Ordinary shares	871.2	871.2
Preference shares	-	-
At 31 December	**871.2**	**871.2**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY (9)

EUR x 1,000	*Subscribed and paid-up capital*	*Retained earnings*	*Other reserves (note 10)*	*Result for the year*	*Total*	*Non-controlling interests*	*Total equity*
At 1 January 2010	**8,712**	**82,416**	**(7,683)**	**4,520**	**87,965**	**52**	**88,017**
Net gains on cash flow hedges	-	-	70	-	70	-	70
Actuarial losses in respect of pension scheme	-	-	(907)	-	(907)	-	(907)
Adjustment due to change in tax-rate	-	-	(24)	-	(24)	-	(24)
Result for the period	-	-	-	(12,909)	(12,909)	76	(12,833)
Total comprehensive income	-	-	(861)	(12,909)	(13,770)	76	(13,694)
Paid dividends	-	(2,178)	-	-	(2,178)	-	-
Result appropriation	-	4,520	-	(4,520)	-	-	-
Dividends non-controlling Interests	-	-	-	-	-	(45)	(45)
Other movements*	-	34	(34)	-	-	-	-
At 31 December 2010	**8,712**	**84,792**	**(8,578)**	**(12,909)**	**72,017**	**83**	**72,100**
Net gains on cash flow hedges	-	-	128	-	128	-	128
Actuarial losses in respect of pension scheme	-	-	(4,009)	-	(4,009)	-	(4,009)
Result for the period	-	-	-	4,272	4,272	46	4,318
Total comprehensive income	**-**	**-**	(3,881)	4,272	391	46	437
Paid dividends	-	-	-	-	-	-	-
Result appropriation	-	(12,909)	-	12,909	-	-	-
Dividends non-controlling interests	-	-	-	-	-	(76)	(76)
Settlement DB pension plan	-	(12,657)	12,657	-	-	-	-
At 31 December 2011	**8,712**	**59,226**	**198**	**4,272**	**72,408**	**53**	**72,461**

* Other movements in 2010 relate to change in tax-rate.

OTHER RESERVES (10)

EUR x 1,000	*Actuarial gains / losses*	*Cash flow hedge reserve*	*Total*
At 1 January 2010	**(7,683)**	**-**	**(7,683)**
Movements in 2010			
Recognition in other comprehensive income	(907)	-	(907)
Net gains on cash flow hedges			
Charge for the year	-	70	70
Allocated to the income statement	-	-	-
Adjustment due to change in tax-rate	(24)	-	(24)
Other movements	(34)	-	(34)
At 31 December 2010	**(8,648)**	**70**	**(8,578)**
Movements in 2011			
Employee benefits			
Actuarial losses in respect of the pension scheme	(4,009)	-	(4,009)
Settlement DB pension plan	12,657	-	12,657
Net gains on cash flow hedges			
Charge for the year	-	572	572
Allocated to the income statement	-	(444)	(444)
At 31 December 2011	**-**	**198**	**198**

Nature and purpose of the other reserves

Actuarial gains and losses
The reserve has been created for recognising actuarial gains and losses in other comprehensive income. All amounts are recorded net of tax. Other movements in 2010 comprise the cumulative impact of changes in future income tax-rate.

Cash flow hedge reserve
The cash flow hedge reserve at the end of 2011 comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transactions have not yet occurred. The cash flow hedge reserve relates to the commodity forward contract and will be settled in 2012. Reference is made to note 27.

EMPLOYEE BENEFIT LIABILITY (11)

As of 1 January 2012 the pension scheme changes from a defined benefit pension plan to a defined contribution plan. This change eliminates all further legal or constructive obligations of Crown Van Gelder for all the benefits provided under the pension plan as from 19 December 2011, when agreement was reached with trade unions on the new pension plan which characterises as a Collective Defined Contribution (CDC) plan. As a result of a settlement, Crown Van Gelder has no employee benefit liability on the balance sheet at 31 December 2011. The gains of the settlement of EUR 10.4 million are recognised in the 2011 income statement. Until 19 December 2011 the pension scheme qualified as a defined benefit pension plan.

From 1 January 2006 until 31 December 2011, Crown Van Gelder's pension plan is based on an average indexed salary plan without an early retirement pension plan for employees less than 56 years of age and in service at 1 January 2006. This plan provides for a normal retirement pension as from the age of 65. The accrual rate is 2.25% of the pension base per year of service. The pension plan includes a partner pension for spouse or unmarried partner of 70% of the attainable normal retirement pension, as well as an orphan's pension per child of 7% of the attainable normal retirement pension. All Crown Van Gelder's benefit plans are financed on the basis of Dutch statutory and supervisory rules.

The reconciliation of the funded status can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Defined benefit obligation (DBO) at 31 December	-	(109,940)
Plan assets at 31 December	-	105,702
Employee benefit liability at 31 December	**-**	**(4,238)**

The reconciliation of the present value of the defined benefit obligation can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Defined benefit obligation (DBO) at opening balance	109,940	96,237
Service cost (including employee contributions)	2,459	2,127
Interest cost	5,576	5,085
Actuarial (gains) / losses	-	11,848
Benefits paid	(5,497)	(5,357)
Settlement DB pension plan	(112,478)	-
Defined benefit obligation (DBO) at 31 December	**-**	**109,940**

The reconciliation of the fair value of the plan assets can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Plan assets at opening balance	105,702	92,931
Expected return on plan assets	5,164	5,144
Actuarial gains / (losses)	(5,345)	10,630 (1)
Contributions	2,051	2,354
Benefits paid	(5,497)	(5,357)
Settlement DB pension plan	(102,075)	-
Plan assets at 31 December	**-**	**105,702**

(1) At year-end 2010 the value of the plan asset is calculated using best estimates.

The amount of the pension plan settlement recognised in the income statement 2011 can be detailed as follows:

EUR x 1,000	*2011*
Settlement DBO	112,478
Settlement plan assets	(102,075)
Total net effect of pension plan settlement	**10,403**

The movements in the net pension asset / (liability) can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Net pension liability at 1 January	(4,238)	(3,306)
Contributions paid	1,440	1,748
Net pension expense recognised in the income statement	(2,260)	(1,462)
Recognition in other comprehensive income	(5,345)	(1,218)
Settlement DB pension plan	10,403	-
At 31 December	**-**	**(4,238)**

The net pension expense recognised in the income statement can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Current service costs	1,849	1,521
Interest on obligation	5,576	5,085
Expected return on plan assets (2)	(5,165)	(5,144)
Total net pension expense	**2,260**	**1,462**

(2) The expected return on plan assets is a long-term expected return and based on a long-term investment strategy in the various classes of the investments in the asset portfolio. For each asset class, a long-term asset return assumption is developed taking into account the long-term level of risk of the asset and historical returns of the asset class. A weighted average expected long-term return was developed based on long-term returns for each asset class and the target asset allocation of the plan.

The cumulative amount of actuarial gains and losses can be detailed as follows:

EUR x 1,000		*2011*		*2010*
At 1 January		(11,534)		(10,316)
Actuarial losses recognised in the 'Consolidated Statement of Comprehensive Income'	(4,009)		(907)	
Recognised in deferred tax assets	(1,336)		(311)	
Settlement DB pension plan	16,879		-	
		11,534		(1,218)
At 31 December		**-**		**(11,534)**

The percentage that each major category of plan assets constitutes of the fair value of the plan assets (at the end of the reporting date) can be detailed as follows:

Asset Category	*2010*
Equities	5%
Bonds	83%
Real Estate	8%
Other	4%

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

In %	*Used in 2010*
Discount rate	5.08
Expected return on plan assets	5.23
General salary increase	2.41
Pension increase	2.19

The history of experience gains and losses can be detailed as follows:

EUR x 1,000	*2011*	*2010*	*2009*	*2008*	*2007*
The present value of the defined benefit obligation	-	(109,940)	(96,237)	(93,189)	(89,777)
The fair value of plan assets	-	105,702	92,931	102,542	108,333
Funded status	-	(4,238)	(3,306)	9,353	18,556
Experience gains / (losses) on plan liabilities					
Amount	-	603	53	(3,379)	3,478
Actuarial return less expected return on plan assets					
Amount	(5,345)	11,250	(11,189)	(9,319)	(6,383)

DEFERRED TAX ASSETS AND ACCRUALS (12)

The deferred tax assets relate to the following:

EUR x 1,000		*2011*		*2010*
Deferred tax assets				
Property, plant and equipment	1,458		11	
Pension	(12)		1,061	
Derivative in effective hedge	(66)		(24)	
Inventories	(360)		(580)	
		1,020		468
Movement due to change in tax-rate		-		(205)
Losses available for offset against future taxable income		9,152		9,871
At 31 December		**10,172**		**10,134**

Deferred tax assets have been valued at expected future tax-rates (25.0% for 2012) and are estimated to be primarily longer than one year.

The deferred tax accruals relates to the following:

EUR x 1,000		*2011*		*2010*
Deferred tax accruals				
EIA tax allowance	3,324		3,748	
At 31 December		**3,324**		**3,748**

The deferred tax accruals at 31 December 2011 comprise an amount of EUR 3.3 million for the (EIA) tax allowance. A deferred tax accrual amounting to EUR 0.4 million can be classified as short-term deferred tax accrual. The EIA tax allowance is classified as a tax accrual which means that the allowance reduces tax-rate. This amount will be released to the income statement during the expected useful life of the assets involved.

Movements in deferred tax charged or credited to other comprehensive income were as follows:

EUR x 1,000	*2011*	*2010*
Movements charged or credited directly to other comprehensive income		
Cash flow hedging	(43)	(24)
Pension accounting	1,336	311
Adjustment due to change in tax-rate	-	(24)
Total	**1,293**	**263**

Movements in deferred tax charged or credited to the income statement were as follows:

EUR x 1,000	*2011*	*2010*
Movements charged or credited to the income statement		
EIA tax Allowance	423	418
Prior year adjustment	(68)	-
Adjustment due to change in tax-rate	-	(182)
Total	**355**	**236**

OTHER NON-CURRENT LIABILITIES (13)

The company has entered into an emission swap contract in 2010. Other non-current liabilities as at 31 December 2010 relate to the amount of the liability to settle this contract in the future. At 31 December 2011 the amount of this liability is classified as a short term liability.

INTEREST-BEARING LIABILITIES (14)

The company has credit facilities at its disposal up to EUR 35 million. These credit facilities are secured by inventories and accounts receivables. The interest concerning the facilities consists of a basic interest rate (EURIBOR), plus a mark-up of 1.75%. The credit facilities are committed until further notice.

At the end of 2011 an amount of EUR 10.0 million of these credit facilities was used.

TRADE CREDITORS (15)

Trade creditors are non-interest-bearing and normally settled within a maximum of 30 days.

OTHER SHORT-TERM LIABILITIES (16)

Other short-term liabilities are non-interest-bearing and normally settled within a maximum of 12 months.

REVENUE (17)

Revenue can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Revenue of paper sales	158,233	156,650
Supply of energy	4,059	4,232
Total	**162,292**	**160,882**

The geographical distribution of paper sales and revenue in 2011 and 2010 were as follows:

In %	*Sales of paper*		*Total revenue*	
	2011	*2010*	*2011*	*2010*
Benelux	27	25	30	28
Germany	25	25	24	24
United Kingdom	9	9	9	9
France	14	15	15	16
Italy	6	7	6	7
Other European countries	7	6	7	6
Other countries	12	13	9	10
Total	**100**	**100**	**100**	**100**

COSTS OF RAW MATERIALS, CONSUMABLES AND ENERGY (18)

The costs of raw materials, consumables and energy can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Raw materials and consumables	95,844	95,900
Water	518	529
Packaging	2,211	2,097
Energy	18,264	17,490
Total	**116,837**	**116,016**

For the period 2008 until 2012, Crown Van Gelder has been allocated 147,933 CO_2 allowances on an annual basis. In 2011 total CO_2 emissions of Crown Van Gelder amounted to around 141,000 ton. The market value of the accumulated surplus CO_2 allowances at 31 December 2011 is around EUR 0.1 million.

CHANGE IN INVENTORIES OF FINISHED GOODS (19)

The movement in inventories of finished goods can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Finished goods at 1 January	13,328	10,651
Finished goods at 31 December	11,856	13,328
Total	**(1,472)**	**2,677**

EMPLOYEE BENEFITS COSTS (20)

The employee benefits costs can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Wages and salaries	15,693	15,917
Social security contributions	1,936	2,011
Other staff costs	1,854	1,733
Net pension expense	2,260	1,521
Total	**21,743**	**21,182**

For more information on the settlement of the DB pension plan of EUR 10,403,000 and a breakdown of the net pension expense we refer to note 11 concerning the employee benefit liability.

The average number of employees in 2011 was 292 (2010: 309).

DEPRECIATION AND AMORTISATION (21)

The depreciation and amortisation can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Depreciation property, plant and equipment	5,800	7,771
Amortisation intangible assets	448	454
Total	**6,248**	**8,225**

OTHER EXPENSES (22)

Other expenses can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Maintenance costs	5,882	5,735
Leasing	330	317
Other operating expenses	7,651	7,298
Total	**13,863**	**13,350**

Research & development
The company is taking part in several projects relevant to the Dutch paper industry as a whole (e.g. energy saving, reduction in CO_2 emission levels). These projects are largely funded and sponsored by the Dutch government and third parties. The company incurs only minimal net costs as a result.

INCOME TAX (23)

The income tax can be detailed as follows:

EUR x 1,000		*2011*		*2010*
Current tax expense				
Current year tax (income) / expense	1,188		(4,644)	
Movements due to limit on deductibility	12		10	
		1,200		(4,634)
Movements in deferred tax and accruals				
Movements due to timing differences and release of EIA tax allowance	(423)		(418)	
Adjustments in respect to prior years	68		-	
Movement due to changes in tax-rate	-		182	
		(355)		(236)
Total		**845**		**(4,870)**

Reconciliation of the tax-rate with the effective tax-rate can be detailed as follows:

In % and EUR x 1,000		*2011*		*2010*
Result on ordinary activities before taxation		5,163		(17,703)
Less share of result of associate		(408)		(470)
Accounting result before tax		4,755		(18,173)
	In %		*In %*	
Statutory income tax-rate	25.0	1,188	(25.5)	(4,643)
Non-deductible expenses for tax purposes	0.3	12	0.1	9
Reduction through tax allowances	(8.9)	(423)	(2.4)	(418)
Prior year adjustments	1.4	68	-	-
Decrease in tax-rate	-	-	1.0	182
Total effective tax-rate	**17.8**	**845**	**(26.8)**	**(4,870)**

EARNINGS PER DEPOSITORY RECEIPT OF SHARE (24)

Basic earnings per depository receipt of share are calculated by dividing the result attributable to equity holders of the parent by the weighted average number of depository receipts of shares during the period.

The following reflects the calculation of the basic earnings per share:

	2011	*2010*
Result for the year attributable to equity holders of the parent (EUR x 1,000)	4,272	(12,909)
Dividends distributed to owners (EUR x 1,000)	-	2,178
Weighted average number of depository receipts of shares (thousands)	4,356	4,356
Basic earnings per depository receipt of share (EUR)	0.98	(2.96)
Diluted earnings per depository receipt of share (EUR)	0.98	(2.96)
Dividends distributed to owners per depository receipt of share (EUR)	-	0.50

There is no potential dilution of earnings per depository receipt of share.

COMMITMENTS AND CONTINGENCIES (25)

Leasing

Crown Van Gelder N.V. has entered into commercial leases on company cars, internal transport vehicles, printers and copiers. Future minimum rentals payable under non-cancellable operating lease as at 31 December are as follows:

EUR x 1,000	*2011*	*2010*
Within one year	409	316
Between one and five years	794	383
Longer than five years	121	-
Total	**1,324**	**699**

Capital expenditure commitments
At 31 December 2011, Crown Van Gelder had commitments amounting to EUR 0.9 million (2010: 2.0 million).

Guarantees
There were no bank guarantees issued at the balance sheet date (2010: nil).

Declaration of liability
Crown Van Gelder N.V. has provided a declaration of liability, as referred to in Article 403, Book 2, of the Dutch Civil Code, for the debts of its subsidiary Crown Van Gelder Energie B.V.

Forward transactions
Reference is made to notes 6 and 27.

Fiscal unity
Crown Van Gelder N.V. forms a fiscal unity with Crown Van Gelder Energie B.V. for both income tax and value added tax purposes.

RELATED PARTY TRANSACTIONS (26)

Related parties
Crown Van Gelder N.V. has related party transactions with International Forwarding Office B.V. (IFO). IFO operates as a freight broker.

Crown Van Gelder N.V. pays IFO on a commission fee per ton basis. There are no other related party transactions. The following table provides the total amount of transactions, which have been entered into with related parties:

EUR x 1,000	*2011*	*2010*
Outstanding balances as per year-end	166	217
Commission fees during the year	181	194

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured and the settlements occur in cash. There have been no guarantees provided or received for any related party receivables or payables.

Transactions with other related parties

The remuneration of the statutory directors is set out in the table below.

EUR x 1,000	*2011*	*2010*
Miklas Dronkers, Chief Executive Officer, appointed as per 12 May 2011 (Until 12 May 2011 Chief Operating Officer)		
Fixed remuneration	175	154
Variable remuneration	-	-
Pension costs	31	23
Fixed expense allowance	7	6
Total	**213**	**183**

EUR x 1,000	*2011*	*2010*
Mees Hartvelt, Chief Executive Officer, retired as per 12 May 2011		
Fixed remuneration	83	220
Variable remuneration	-	-
Pension costs	21	52
Fixed expense allowance	3	8
Total	**107**	**280**

Mr Hartvelt stepped down as CEO and Statutory Director of the company as per 12 May 2011. As from this date till 31 December 2011, when the contract of Mr Hartvelt with the company ended, Mr Hartvelt acted as an advisor to the company. As part of the early retirement arrangement between Crown Van Gelder N.V. and Mr Hartvelt it was agreed that the fixed income remuneration would continue till the end of 2011, including the package of fringe benefits as stated below. For the variable remuneration it was agreed that the amount for 2011 would be based on the average variable remuneration in the period 2008 - 2010, of EUR 35,300. In December 2011 both parties agreed, that taking the development of results of the company into account, no variable remuneration for 2011 would be paid out to Mr Hartvelt.

A variable reward system is in force for the remuneration of the statutory directors, in which the variable remuneration is limited to 45% of the fixed yearly income. This variable income depends on the company's performance with respect to shareholders' equity and the extent to which certain specific objectives have been realised, and is determined at the discretion of the Supervisory Board. The Supervisory Board has reviewed the performance of the Management Board on specific targets. Although non-financial objectives have partially been met, the Management Board and Supervisory Board do not believe present financial performance allow disbursement of accrued rights and subsequently the Management Board waived its right for variable remuneration.

Crown Van Gelder provides a competitive package of fringe benefits for its Management Board, in line with those applicable to other employees. These include items as accident insurance, a lease car, directors' and officers' liability insurance.

Pension costs of the Management Board are based on its pensionable salary in accordance with IAS19 accounting. No stock options have been offered to or are owned by the Management Board. There are no loans outstanding to the Management Board and no guarantees were given on behalf of the Management Board.

The remuneration of the members of the Supervisory Board is set out in the table below.

EUR x 1,000	*2011*	*2010*
Berry Bemelmans, Chairman	29	29
Emile Bakker	22	22
Klaas Schaafsma	22	22
Han Wagter	25	25
Total	**98**	**98**

No stock options have been offered to the members of the Supervisory Board. There are no loans outstanding to the members of the Supervisory Board and no guarantees given on behalf of members of the Supervisory Board.

FINANCIAL RISK MANAGEMENT (27)

For classification purposes under IFRS 7, all financial instruments, with exception to the derivative financial instruments classified under hedging activities, are categorised as 'Loans and receivables'.

Objectives and policies

It is the company's policy to monitor and manage financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk, credit risk and liquidity risk.
The company uses foreign currency contracts, commodity and interest rate swaps as derivative financial instruments. The purpose is to manage the currency and energy price risks arising from Crown Van Gelder's operations and to hedge its exposure to interest rate risk in its financing activities. It is the company's policy that no trading in financial instruments shall be undertaken. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. The commodity forward contract, outstanding at year-end 2011, is classified as derivative in effective hedge. At year-end 2011, six forward exchange contracts were outstanding (2010: none).

Capital management

Crown Van Gelder manages its capital to ensure sufficient working capital to finance its daily activities.
This is accomplished by short term debt, acquired from various renowned banks at competitive rates.

Market risk

Foreign currency risk
Crown Van Gelder has transactional currency exposures. Such exposure arises from purchases and sales in currencies other than the functional currency. Currency forward contracts in USD and GBP are used in order to hedge short-term currency risks relating to cash, accounts receivable and payable. For further disclosure on these cash flow hedges and derivatives through profit and loss, reference is made to paragraph 'Hedging activities'. The fair value of forward exchange contracts is their market price at balance sheet date.
The following table demonstrates the sensitivity to a reasonably possible change in the USD and GBP rate, with all other variables held constant, of the company's result before tax.

EUR x 1,000	*2011*	*2010*
Impact of currency changes on result before tax		
Increase / (decrease) in USD rate		
-5%	(131)	(300)
5%	131	300
Increase / (decrease) in GBP rate		
-5%	(43)	(48)
5%	43	48

Calculations are based on constant payment terms, geographical distribution of sales, sales volume and price levels.

Crown Van Gelder has evaluated the impact of changes in currency on equity and found them to be equal to the profit and loss effect.

Interest rate risk
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's finance cost (through the impact on floating rate borrowings).

EUR x 1,000	*2011*	*2010*
Average outstanding balance	11,817	10,562
Finance costs	433	345
Average interest rate %	3.66%	3.27%
Increase / (decrease) in base points		
(50)	59	53
(25)	30	26
25	(30)	(26)
50	(59)	(53)

Fair value
Comparison between book value and fair value of financial assets and liabilities can be detailed as follows:

EUR x 1,000	*Book value*	*Fair value*
At 31 December 2011		
Financial assets		
Trade and other receivables	19,241	19,241
Derivatives in effective hedge	264	264
Cash and cash equivalents	431	431
Financial liabilities		
Bank overdrafts	9,961	9,961
Trade and other payables	16,129	16,129

EUR x 1,000	*Book value*	*Fair value*
At 31 December 2010		
Financial assets		
Trade and other receivables	17,119	17,119
Derivatives in effective hedge	94	94
Cash and cash equivalents	330	330
Financial liabilities		
Other non-current liabilities	636	636
Bank overdrafts	10,962	10,962
Trade and other payables	13,246	13,246

In disclosing fair values, financial assets and liabilities are grouped into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. At Crown Van Gelder, these classes do not differ from the presentation as currently recorded on the statement of financial position.

The risk of a change in fair value, due to fluctuations in interest rate, of future cash flows relating to financial instruments, can be quantified with a sensitivity analysis. This signifies how the fair value of financial assets and liabilities is impacted due to a reasonable to be expected change in interest rate. The company has performed a sensitivity analysis and concluded that reasonable changes in interest rate do not significantly affect the fair value of any of the financial assets or liabilities.

Hedging activities

Cash flow hedges
At 31 December 2011, the company held one commodity forward contract (2010: one) and six forward exchange contracts (2010: none).

The commodity forward contract entails to financially hedge an amount of 12,000 ton of pulp at a certain price, with expiration date of December 2012. The costs to enter this commodity forward contracts was nil. Its fair value is based on a quote by a renowned third party. The commodity forward contract was initially recognised as cash flow hedges. By subsequent testing for effectiveness it was concluded to be an effective cash flow hedge. The calculated amount is recorded in 'Other receivables'.

At 31 December 2011 the company held six forward exchange contracts.

Forward exchange contracts	*Exchange rate*	*Expiration date*	*Fair value EUR x 1,000*
Sell			
GBP 500,000	EUR/GBP 0.8568	19 January 2012	15
GBP 200,000	EUR/GBP 0.8556	19 January 2012	6
GBP 300,000	EUR/GBP 0.8364	19 January 2012	-
GBP 350,000	EUR/GBP 0.8556	16 February 2012	10
GBP 350,000	EUR/GBP 0.8443	16 February 2012	4
GBP 300,000	EUR/GBP 0.8369	16 February 2012	1

At 31 December 2010, the company held none forward exchange contracts.

Derivatives are classified as a non-current asset or liability if the remaining term of the derivatives is more than 12 months and as a current asset or liability if the remaining term of the derivatives is less than 12 months.
Net gain or loss on financial asset and liabilities at fair value through profit and loss can be summarized as follows:

EUR x 1,000	*2011*	*2010*
Financial assets at fair value through profit and loss	444	-
Financial liabilities at fair value through profit and loss	-	-
	444	-

This has been recognised in the income statement in the line 'Raw materials, consumables and energy'.

As at 31 December 2011, Crown Van Gelder held the following financial instrument measured at fair value:

Financial instruments: Assets / (liabilities) measured at fair value

EUR x 1,000	*31 Dec 2011*	*Level 1*	*Level 2*	*Level 3*
Derivative in effective hedge				
Commodity forward contract	264	-	-	264
Foreign exchange contracts – non hedged	36	-	36	-

During the reporting period ending 31 December 2011, there where no transfers between Level 1 and Level 2 fair value measurements.

EUR x 1,000	*31 Dec 2010*	*Level 1*	*Level 2*	*Level 3*
Financial assets / (liabilities) at fair value through profit and loss				
Commodity forward contract	94	-	-	94
Foreign exchange contracts – non hedged	-	-	-	-

During the reporting period ending 31 December 2010, there where no transfers between Level 1 and Level 2 fair value measurements.

Fair value hierarchy
Crown Van Gelder N.V. uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Reconciliation of fair value measurements of Level 3 financial instruments

Crown Van Gelder N.V. carries a commodity forward contract classified as Level 3 within the fair value hierarchy. A reconciliation of the beginning to the closing balances disclosing movements separately is disclosed hereafter:

EUR x 1,000	*2011*	*2010*
At 1 January	94	-
Total gains / (losses) in OCI	171	94
At 31 December	**265**	**94**

Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Crown Van Gelder is exposed to credit risk from its operating activities and from its financing activities, primarily deposits with banks and insurance contracts.

The credit risk on balances with banks, derivative financial instruments and insurance claims is limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies. Reference is made to note 6 for credit risk related to receivables.

Liquidity risk management

The company manages liquidity risk by maintaining adequate credit facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The credit facilities from financial institutions are committed until further notice. The following table details the company's remaining contractual maturity for its financial liabilities.

EUR x 1,000	*< 1 year*	*1 – 5 years*	*> 5 years*	*Total*
2011				
Interest bearing liabilities	9,961	-	-	9,961
Trade payables	10,185	-	-	10,185
Other short-term liabilities	3,913	-	-	3,913
Total	**24,059**	**-**	**-**	**24,059**
2010				
Interest bearing liabilities	10,962	-	-	10,962
Trade payables	7,913	-	-	7,913
Other non-current liabilities	-	636	-	636
Other short-term liabilities	3,203	-	-	3,203
Total	**22,078**	**636**	**-**	**22,714**

Depending on both external developments and management decisions, both the outstanding credit-facility and effective interest-rate can fluctuate over time. Consequently, assessing the amount of interest due for the coming year is ambiguous.

NET FINANCE INCOME (28)

Finance income

EUR x 1,000	*2011*	*2010*
Interest from outstanding cash and equivalents	-	-
Interest from non-related parties	3	3
	3	**3**

Finance costs

EUR x 1,000	*2011*	*2010*
Interest on interest bearing-liabilities	433	345

COMPONENTS OF OTHER COMPREHENSIVE INCOME (29)

EUR x 1,000	*2011*	*2010*
Cash flow hedges		
Gains arising during the year on commodity forward contract	572	94
Reclassification adjustment for gains included in the income statement	444	-
	128	**94**

(Before profit appropriation)

EUR x 1,000	*Note*	*31 December 2011*		*31 December 2010*	
ASSETS					
Fixed assets					
Intangible fixed assets	(I)	1,262		1,685	
Tangible fixed assets	(II)	32,344		33,268	
Financial fixed assets	(III)	14,003		14,110	
			47,609		**49,063**
Current assets					
Inventories	(IV)	29,006		31,779	
Accounts receivable	(V)	23,338		22,536	
Cash and cash equivalents	(VI)	289		50	
			52,633		**54,365**
Total assets			**100,242**		**103,428**
EQUITY AND LIABILITIES					
Shareholders' equity					
Subscribed and paid-up capital	(VII,VIII)	8,712		8,712	
Legal reserve	(VIII)	1,289		1,256	
Retained earnings	(VIII)	57,937		83,536	
Other reserve	(VIII)	198		(8,578)	
Result for the year	(VIII)	4,272		(12,909)	
Total equity			**72,408**		**72,017**
Provisions					
Employee benefit liability	(IX)	-		4,238	
Provision for deferred tax liabilities and accruals	(X)	3,324		3,748	
			3,324		**7,986**
Long term liabilities					
Other non-current liabilities	(XI)		-		**636**
Short term liabilities					
Interest-bearing liabilities		9,961		10,962	
Trade creditors	(XII)	8,594		6,539	
Taxation and social security contributions		126		215	
Other short-term liabilities		5,829		5,073	
			24,510		**22,789**
Total shareholders' equity and liabilities			**100,242**		**103,428**

COMPANY PROFIT AND LOSS ACCOUNT

EUR x 1,000	*2011*	*2010*
Result from subsidiaries and associates	411	524
Other result	3,861	(13,433)
Net result	**4,272**	**(12,909)**

GENERAL INFORMATION

The company financial statements of Crown Van Gelder N.V. as presented are prepared in conformity with Generally Accepted Accounting Principles in the Netherlands and in compliance with the legal requirements concerning annual reporting as included in Title 9 Book 2 BW. These accounting principles are in accordance with the valuation principles as applied in the consolidated financial statements prepared under IFRS. Reference is made to the accounting principles mentioned in the notes to the consolidated financial statements. Differences between the accounting principles for the consolidated financial statements and the company financial statements are separately disclosed in this paragraph.

VALUATION

Financial fixed assets

Subsidiaries are stated at net asset value. Associates, including those where the shareholding is 50%, are stated at their net asset value. A legal reserve has been created for the accumulated profits to the extent that the company is not able to enforce the distribution of these profits.

NOTES TO THE COMPANY BALANCE SHEET

INTANGIBLE FIXED ASSETS (I)

Reference is made to note 2 of the notes to the consolidated statement of financial position.

TANGIBLE FIXED ASSETS (II)

Movements in the tangible fixed assets were as follows:

EUR x 1,000	*Land and buildings*	*Plant and machinery*	*Other tangible fixed assets*	*Tangible fixed assets under construction*	*Total*
Costs					
At 1 January 2010	21,171	156,414	1,736	3,768	183,089
Additions	980	3,560	119	(991)	3,668
Disposals at cost	(4)	(2,016)	(62)	-	(2,082)
Balance sheet at 31 December 2010	**22,147**	**157,958**	**1,793**	**2,777**	**184,675**
Depreciation					
At 1 January 2010	15,346	118,456	1,295	-	135,097
Disposals	(4)	(2,016)	(62)	-	(2,082)
Depreciation for the year	674	5,405	114	-	6,193
Impairment on PP&E	1,611	10,459	129	-	12,199
Balance sheet at 31 December 2010	**17,627**	**132,304**	**1,476**	**-**	**151,407**
Book value					
At 1 January 2010	**5,825**	**37,958**	**441**	**3,768**	**47,992**
At 31 December 2010	**4,520**	**25,654**	**317**	**2,777**	**33,268**
Costs					
At 1 January 2011	22,147	157,958	1,793	2,777	184,675
Additions	74	2,946	30	653	3,703
Disposals at cost	-	(1,619)	(34)	-	(1,651)
Balance sheet at 31 December 2011	**22,221**	**159,285**	**1,789**	**3,430**	**186,725**
Depreciation					
At 1 January 2011	17,627	132,304	1,476	-	151,407
Disposals	-	(1,619)	(34)	-	(1,653)
Depreciation for the year	513	4,024	91	-	4,629
Balance sheet at 31 December 2011	**18,140**	**134,709**	**1,533**	**-**	**154,382**
Book value					
At 1 January 2011	**4,520**	**25,654**	**317**	**2,777**	**33,268**
At 31 December 2011	**4,081**	**24,576**	**256**	**3,430**	**32,344**

FINANCIAL FIXED ASSETS (III)

Financial fixed assets can be detailed as follows:

EUR x 1,000		*2011*	*2010*
Subsidiaries	(A)	182	251
Investment in associate	(B)	1,375	1,342
Other assets	(C)	2,274	2,383
Deferred tax asset	(D)	10,172	10,134
Balance sheet at 31 December		**14,003**	**14,110**

(A) Subsidiaries

Movements in the balance sheet value of the subsidiaries were as follows (EUR x 1,000):

Balance sheet at 31 December 2010	251
Net result subsidiaries	4
Dividends received	(73)
Balance sheet at 31 December 2011	**182**

An overview of the subsidiaries is presented in the notes to the consolidated financial statements.

(B) Investment in associate

Reference is made to note 3 of the notes to the consolidated statement of financial position.

(C) Other assets

Reference is made to note 4 of the notes to the consolidated statement of financial position.

(D) Deferred tax asset

Reference is made to note 12 of the notes to the consolidated statement of financial position.

INVENTORIES (IV)

Reference is made to note 5 of the notes to the consolidated statement of financial position.

ACCOUNTS RECEIVABLE (V)

Trade and other receivables can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Trade receivables	18,337	16,383
Group companies	4,558	5,806
Other receivables	443	347
Balance sheet at 31 December	**23,338**	**22,536**

CASH AND CASH EQUIVALENTS (VI)

Cash and cash equivalents can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Cash at bank and in hand	289	50
Balance sheet at 31 December	**289**	**50**

There were no deposits during the financial year and all the cash and cash equivalents are payable on demand.

SUBSCRIBED AND PAID-UP CAPITAL (VII)

Reference is made to note 8 of the notes to the consolidated statement of financial position.

SHAREHOLDERS' EQUITY (VIII)

EUR x 1,000	*Subscribed and paid-up capital*	*Legal reserves*	*Retained earnings*	*Other reserves (note 10)*	*Result for the year*	*Total equity*
Balance sheet at 1 January 2010	**8,712**	**1,186**	**81,230**	**(7,683)**	**4,520**	**87,965**
Net gains / (losses) on cash flow hedges	-	-	-	70	-	70
Actuarial gains / (losses) in respect of pension scheme	-	-	-	(907)	-	(907)
Adjustment due to tax-rate change	-	-	-	(24)	-	(24)
Result for the year	-	-	-	-	(12,909)	(12,909)
Total recognised income and expense	-	-	-	(861)	(12,909)	(13,770)
Result appropriation	-	-	4,520	-	(4,520)	-
Paid dividends	-	-	(2,178)	-	-	(2,178)
Other movements	-	70	(36)	(34)	-	-
Balance sheet at 31 December 2010	**8,712**	**1,256**	**83,536**	**(8,578)**	**(12,909)**	**72,017**
Net gains / (losses) on cash flow hedges	-	-	-	128	-	128
Actuarial gains / (losses) in respect of pension scheme	-	-	-	(4,009)	-	(4,009)
Result for the year	-	-	-	-	4,272	4,272
Total recognised income and expense	-	-	-	(3,881)	4,272	391
Result appropriation	-	-	(12,909)	-	12,909	-
Paid dividends	-	-	-	-	-	-
Settlement DB pension plan	-	-	(12,657)	12,657	-	-
Other movements	-	33	(33)	-	-	-
Balance sheet at 31 December 2011	**8,712**	**1,289**	**57,937**	**198**	**4,272**	**72,408**

Nature and purpose of the reserves

Legal reserve

The legal reserve has been created for the accumulated results to the extent that the company is not able to enforce the distribution of these results.

Other reserve
Reference is made to note 10 of the notes to the consolidated statement of financial position.

EMPLOYEE BENEFIT LIABILITY (IX)

We refer to note 11 of the notes to the consolidated statement of financial position.

PROVISION FOR DEFERRED ASSETS AND TAX LIABILITIES (X)

We refer to note 12 of the notes to the consolidated statement of financial position.

OTHER NON-CURRENT LIABILITIES (XI)

We refer to note 13 of the notes to the consolidated statement of financial position.

TRADE CREDITORS (XII)

Trade creditors can be detailed as follows:

EUR x 1,000	*2011*	*2010*
Trade creditors	8,594	6,539
At 31 December	**8,594**	**6,539**

DIRECTORS' REMUNERATION

We refer to note 26 of the notes to the consolidated statement of financial position.

AUDITOR'S REMUNERATION

In accordance with article 382a Title 9 Book 2 BW, our financial auditor received as compensation for services rendered the following amounts:

EUR x 1,000		*2011*		*2010*
Assurance services				
Audit of financial statements	99		95	
Other assurance services	-		-	
		99		95
Other assignments				
Tax assurance	14		10	
Miscellaneous services	9		12	
		23		12
Total		**122**		**117**

INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Shareholders and Supervisory Board of Crown van Gelder N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Crown van Gelder N.V., Velsen. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2011, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2011, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Crown van Gelder N.V. as at 31 December 2011 its result and its cash flows 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 Dutch 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 Crown van Gelder N.V. as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

The Hague, 15 March 2012

Ernst & Young Accountants LLP
Signed by E.J. Pieters RA

DIRECTORS' STATEMENT

The 2011 financial statements give a true and fair view of the assets, liabilities, financial position and results of Crown Van Gelder N.V. and the companies jointly included in the consolidation.
The 2011 directors' report gives a true and fair review of the situation on the balance sheet date, the developments during the financial year at Crown Van Gelder N.V. and its related companies whose details have been included in its 2011 financial statements. The 2011 Annual Report describes the principal risks which Crown Van Gelder N.V. is facing.

Velsen, 15 March 2012

Management Board	**Supervisory Board**
Miklas Dronkers, CEO	Berry Bemelmans, Chairman
	Emile Bakker
	Klaas Schaafsma
	Han Wagter

PROFIT APPROPRIATION

Statutory Provisions

The principles applied in profit appropriation are stated in article 31 of the Articles of Association of Crown Van Gelder N.V. The principles can be summarised as follows:

From the distributable profit, first of all a dividend shall be paid on the preference shares.
The percentage to be paid is related to EURIBOR (Euro Interbank Offered Rate) increased with one and a half (1.5) per cent point, calculated over the paid-up amount of the nominal value and pro rata if these shares have been issued in the course of the financial year. If the profit for any financial year is insufficient to meet the aforementioned payment on preference shares, the deficit will be paid from the distributable part of the shareholders' equity. If this would also be insufficient, the remaining deficit will be paid from the profits earned in subsequent years.

From the profit remaining after the application of provisions as aforementioned, the Management Board will determine the amount of profit to be reserved and to be added to retained earnings. This decision is subject to approval of the Supervisory Board. The profits remaining thereafter shall be at the disposal of the General Meeting of Shareholders which decides on distribution or reservation.

If a loss has been suffered in any year, no dividend will be distributed for that year, apart from payments on preference shares from the distributable part of the shareholders' equity. Also in the following years, a distribution of profits can only take place after the loss has been compensated from the profits. However, on the recommendation of the Management Board, subject to approval of the Supervisory Board, the General Meeting of Shareholders may decide to make dividend payments from the distributable part of the shareholders' equity.

The Management Board may decide to distribute an interim dividend. The decision to that effect shall be subject to approval of the Supervisory Board.
The Management Board may decide that a distribution on ordinary shares will partly or entirely be made in shares in the company or depository receipts of share therefore. The resolution to that effect is subject to approval of the Supervisory Board.
On the recommendation of the Management Board and approval of the Supervisory Board, the General Meeting of Shareholders may decide to make payments to holders of ordinary shares from the distributable part of the shareholders' equity.

Result Appropriation 2011

The Management Board proposes to forego the dividend for the financial year 2011.

General

Set forth below is a concise summary of the corporate governance structure of Crown Van Gelder. The summary does not purport to be complete and is qualified in its entirety by reference to the constitutional and organisational documents of the company and Stichting Administratiekantoor Crown Van Gelder (which are all published on the company's website) as well as to the relevant statutory provisions of Dutch law.

The company's Management Board

Crown Van Gelder is managed by its Management Board. The Management Board has the full responsibility for both the company's management and the longer term policy making and strategy, all under the supervision of the Supervisory Board. The Management Board consists of such number of members as resolved by the Supervisory Board, with a minimum of one member. As the company is subject to the (mandatory) Rules for Large Companies (*structuurregime*), the members of the Management Board are appointed and dismissed by the Supervisory Board. The remuneration and other conditions of employment of each member of the Management Board are determined by the Supervisory Board, within the framework of the remuneration policy to be adopted from time to time by the General Meeting of Shareholders. Certain important decisions of the Management Board require the prior approval of the Supervisory Board. Other important resolutions of the Management Board are subject to the prior approval of the General Meeting of Shareholders. The internal organisation and procedures of the Management Board as well as some aspects of its relationship with, inter alia, the Supervisory Board, the General Meeting of Shareholders and the company's Works Council are laid down in the Management Board Regulations.

The Management Board consists of one director:

- M. Dronkers (1966)
  Mr. Dronkers is member of the Management Board since 2009.
  The Management Board convenes every fortnight with the company's Management Team to discuss the current affairs of the business, sales and marketing plans, projects' status, operational, safety and health issues and efficiency.

The company's Supervisory Board

Crown Van Gelder has a Supervisory Board which, according to its Articles of Association, shall consist of at least three members. The task of the Supervisory Board is to supervise the policy conducted by the Management Board and the general course of affairs in the company and the enterprise connected therewith. It further assists the Management Board by providing advice. In fulfilling their duties, all members of the Supervisory Board must serve the interests of the company and the enterprise connected therewith. The Management Board requires the prior approval of the Supervisory Board for certain important decisions laid down in the Dutch Civil Code and the company's Articles of Association. The Supervisory Board from time to time draws up a profile (published on the company's website) regarding its desired composition and the knowledge and expertise that should be represented in the Supervisory Board. In principle, the members of the Supervisory Board are appointed by the General Meeting of Shareholders out of a nomination drawn up by the Supervisory Board. The General Meeting of Shareholders has the right to recommend persons for placement on the nomination while the company's Works Council has a reinforced right of recommendation for one out of each three candidate Supervisory Board members. The internal organisation and procedures of the Supervisory Board as well as some aspects of its relationship with, inter alia, the Management Board, the General Meeting of

Shareholders and the company's Works Council are laid down in the Supervisory Board Regulations, which are published on the company's website.

The Supervisory Board consists of four members:

- K. Schaafsma (1942)
  Member of the Supervisory Board since 2005

- H.A.J. Bemelmans (1944)
  Member of the Supervisory Board since 2006

- H. Wagter (1949)
  Member of the Supervisory Board since 2007

- E.J.L. Bakker (1947)
  Member of the Supervisory Board since 2008

All members of the Supervisory Board are independent pursuant to the criteria listed in best practice provision III.2.2 of the Dutch Corporate Governance Code (the Code) and, accordingly, the company has complied with best practice provision III.2.1 of the Code.
In 2011, the Supervisory Board met on eleven occasions with the Management Board and three times without. For the issues that were discussed and the functioning of the Supervisory Board, we refer to the report of the Supervisory Board.
The Supervisory Board has appointed an Audit Committee, which in 2011 consisted of Supervisory Board members H. Wagter and E.J.L. Bakker, who were elected because of their financial expertise. The Audit Committee met twice in 2011. The Audit Committee has reported its deliberations and findings to the Supervisory Board. For the issues that were reported, we refer to the report of the Supervisory Board. The reports issued by the Audit Committee were discussed at the Supervisory Board's plenary meetings.
No other committees have been appointed by the Supervisory Board.

The company's General Meeting of Shareholders
The ultimate control of the company is vested in the General Meeting of Shareholders. The General Meeting of Shareholders consists of all holders of shares.
Shareholders, and anyone who has a right of usufruct (*vruchtgebruik*) or pledge (*pand*) in respect of a share, is obliged to provide his address to the company.
Holders of shares as well as holders of depository receipts of shares (issued by Stichting Administratiekantoor Crown Van Gelder) have an unlimited right to attend meetings of the General Meeting of Shareholders, to address the meeting and to exercise (either by instruction, or by power of attorney) the voting rights on their shares (underlying their depository receipts, as the case may be). Unless otherwise prescribed by Dutch law or the Articles of Association, resolutions will be adopted by an absolute majority of the votes cast.
The General Meeting of Shareholders meets at least once a year. The last annual General Meeting of Shareholders took place on 12 May 2011.
Shareholders and holders of depository receipts are entitled to request that the Management Board or the Supervisory Board add items to the agenda of the meeting. Such requests have to meet the conditions as defined in the company's Articles of Association.

Crown Van Gelder facilitates voting by proxy. Introduction and maintenance of electronic voting would involve a substantial effort for a company with the size of Crown Van Gelder and therefore, this is not facilitated. Electronic voting will be introduced once a legal obligation has been introduced.
The main powers belonging to the competence of the General Meeting of Shareholders are the issuance of new shares and the designation of this authority to another corporate body, the adoption of the remuneration policy for the members of the Management Board, the appointment of the members of the Supervisory Board, the adoption of the financial statements, the allocation of profits and the amendment of the company's Articles of Association.

The role of the Stichting Administratiekantoor Crown Van Gelder

Most of the Crown Van Gelder ordinary shares are held in trust and are administered by Stichting Administratiekantoor Crown Van Gelder (Trust Office). The Trust Office issues depository receipts for those shares to individuals and institutions and these depository receipts are the Crown Van Gelder securities traded on NYSE Euronext Amsterdam. In exercising its voting rights on the shares held by it in trust, the Trust Office shall be guided primarily by the interests of the depository receipt holders. The interests of the company and other stakeholders are taken into account as well. The Trust Office's principal goal is to prevent a coincidental majority of shareholders in the General Meeting of Shareholders from controlling the decision-making process as a result of absenteeism. It so fosters the long-term interests of Crown Van Gelder and all of its stakeholders. The Trust Office complies with the requirements of Section 2:118a of the Dutch Civil Code as well as the requirements set out in the Code. Most of the latter requirements relate to the independence of the Board of the Trust Office and the unlimited right of the holders of depository receipts to exercise the voting rights on the shares underlying their depository receipts. The rules governing the internal organisation of the Trust Office and the rights of and obligations resting with the Trust Office and the holders of depository receipts are laid down in the Trust Office's Articles of Association and Trust Conditions which are published on the company's website.

The Dutch Corporate Governance Code

Book 2 of the Dutch Civil Code in conjunction with Royal Decree nr. 747 of 23 December 2004 (as further extended by Royal Decree of 10 December 2009 (Bulletin of Acts and Decrees 545)) requires that companies like Crown Van Gelder indicate in their annual report to what extent they apply the principles and best practice provisions of the Dutch Corporate Governance Code (the Code) and explain to what extent and why certain principles and best practice provisions of the Code, if any, are not applied by the company. The Code can be found on www.commissiecorporategovernance.nl. Crown Van Gelder does not apply any other code of conduct or corporate governance practices other than pursuant to provisions of Dutch law.
Crown Van Gelder complies with nearly all principles and best practice provisions of the Code (as amended in December 2008). To the extent that Crown Van Gelder does not comply with the Code, this is explained in the paragraph below.

Deviations from the Code

- Best practice provision II.2.13 determines the requirements which the overview of the remuneration policy of the company needs to meet. As certain requirements, on the relationship between the chosen performance criteria and the strategic objectives, such as the introduction of new products are considered competition sensitive, this provision is only partly complied with.
- Best practice provision III.4.3 requires the appointment of a company secretary. In view of the

(limited) size of the company and the diversity of tasks and duties, this seems to be an inefficient function. When necessary, the Supervisory Board hires the services of an external lawyer, who shall ensure that correct procedures are followed and that the Supervisory Board acts in accordance with its statutory obligations and its obligations under the Articles of Association. All other tasks are divided between Supervisory Board members.

- Best practice provision III.6.7 requires that a member of the Supervisory Board who, in case all Management Board seats are vacant (*ontstentenis*) or all Management Board members are unable to perform their duties (*belet*), is temporarily charged with the management of the company, shall resign as member of the Supervisory Board. Any such Supervisory Board member temporarily charged with the management shall not participate in the deliberations of the Supervisory Board. In order to safeguard the continuity of the constitution of the Supervisory Board of Crown Van Gelder and the performance of its duties and responsibilities, only in case it is expected that the Supervisory Board member in question may be charged with the management for a longer period, he may be requested to resign as member of the Supervisory Board.
- Best practice provision IV.3.1 requires facilitating internet communication (webcasting) for the purpose of accessibility of the General Meetings of Shareholders, press conferences and analysts meetings. Introduction and maintenance of such facilities involves considerable efforts and expenses, which are substantial for a company with the size of Crown Van Gelder. Therefore, this requirement is only partly complied with. In 2007, the company has started to webcast the analyst meetings, which are held twice a year. The other meetings are not webcasted yet. The Management Board monitors the general, technological and costs developments in this respect on a continuing basis and will take further steps, if it deems such necessary.

Transactions

- According to best practice provisions II.3.2, II.3.3 and II.3.4 a member of the Management Board shall immediately report any (potential) conflict of interest that is material to the company and/or to him, to the chairman of the Supervisory Board and to the other members of the Management Board. Such member of the Management Board should not participate in any discussion and decision making with respect to the relevant transaction and such transaction should be entered into under arm's length conditions. During the financial year 2011 no such transactions have been reported; the Management Board confirms that these best practice provisions have been complied with.
- Further to best practice provisions III.6.1, III.6.2 and III.6.3 a member of the Supervisory Board shall immediately report any (potential) conflict of interest that is material to the company and/or to him, to the chairman of the Supervisory Board. Such member of the Supervisory Board should not participate in any discussion and decision making with respect to the relevant transaction and such transaction should be entered into under arm's length conditions. During the financial year 2011 no such transactions have been reported; the Supervisory Board confirms that these best practice provisions have been complied with.
- Best practice provisions III.6.4 requires that each transaction between the company and any person holding at least 10% of the issued share capital of the company shall be entered into under arm's length conditions. Furthermore, the decision to enter into such transaction which is material to the company and/or such person holding at least 10% of the issued share capital of the company requires the approval of the Supervisory Board and such transaction shall be reported in the company's annual report. The Company confirms that this best practice provision has been complied with.

- Best practice provision III.6.5 (regarding dealing with potential conflicts of interest) requires companies to draw up regulations in respect of the ownership of and the conclusion of transactions in securities by the members of the Management Board and the Supervisory Board, other than the securities issued by Crown Van Gelder. In 2009, Crown Van Gelder already had procedural rules in place in respect of the ownership of and the conclusion of transactions in securities by the members of the Management Board. As from 1 January 2011, Crown Van Gelder also has procedural rules in place in respect of the ownership of and the conclusion of transactions in securities by the members of the Supervisory Board. These rules are published on the company's website.

Protective Instruments

Best practice provision IV.3.11 of the Code obliges Crown Van Gelder to provide in its Annual Report an overview of all existing and potential protective instruments against an unsolicited takeover, as well as an overview the circumstances under which these instruments may be used. During the financial year 2011, Crown Van Gelder has only one such (potential) protective instrument in place. This instrument is the call option right of Stichting Continuïteit Crown Van Gelder to subscribe for a number of new preference shares with a total nominal amount equal to (at the highest) the total nominal amount of the issued and outstanding ordinary shares. The Management Board of the company as well as the Management Board of the Stichting Continuïteit Crown Van Gelder are of the opinion that the Stichting Continuïteit Crown Van Gelder is an independent legal entity within the meaning of article 5:71 of the Financial Supervision Act (*Wet op het financieel toezicht*). According to the company's Articles of Association (article 6 paragraph 3), within four weeks after the issuance of such preference shares a shareholders' meeting must be held, at which the reasons for the issuance of the preference shares must be explained. Pursuant to article 6 paragraph 5 of the company's Articles of Association, within two years after the first issuance of the preference shares a shareholders' meeting must be held, at which a proposal to repurchase and/or cancel the preference shares must be submitted. Stichting Continuïteit Crown Van Gelder can exercise the call option at any moment, but shall in practice restrict the exercise of this right, in conformity with its objects clause, to the protection of the company against influences which might have an adverse material effect on the interests of the company and its related business.

INTERNAL RISK MANAGEMENT AND CONTROL SYSTEM REGARDING THE PROCESS OF FINANCIAL REPORTING

Report on internal risk management and control system

The Management Board is responsible for the design and operational effectiveness of the company's internal risk management and control system and, in doing so, is supervised by the Supervisory Board. The internal risk management and control system has been tailored to reflect the nature and size of the company, and is in line with the relevant COSO Guidelines (Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000 standards (Risk Management – Principles and Guidelines). Although a system of this kind can never provide absolute certainty, it has been designed to provide reasonable assurance regarding the effectiveness of controls put in place to manage the strategic, operational, financial, compliance, and disaster risks inherent to the company's business. For a description of these risks, we refer to the risk management section in the report of the Management Board.

In 2011, in tandem with this responsibility, the company assessed the risks involved in its primary processes and reviewed its existing and additional controls.
The internal controls over financial reporting are designed to provide reasonable, but no absolute, assurance regarding the reliability of management and financial reporting in accordance with IFRS. The company's controls include procedures ensuring that:

- commitments and expenditures are appropriately authorised by the Management Board;
- records are maintained which accurately and fairly reflect transactions;
- any unauthorised acquisition, use or disposal of the company's assets that could have a material effect on the financial statements is detected on a timely basis;
- transactions are recorded as required to permit the preparation of financial statements.

During the financial year 2011, the company monitored the proper functioning of the above mentioned controls. Due to inherent limitations however, internal controls over financial reporting may not prevent or detect all misstatements. The risk management and control system in place provides reasonable assurance that the financial reporting of Crown Van Gelder does not contain any material inaccuracies. No material weaknesses were identified during the financial year 2011. Based on the above, the Management Board is of the opinion that the internal risk management and control system provides a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control system worked properly in the financial year 2011. Looking ahead to 2012, the Management Board expects no significant changes.

INFORMATION ON THE BASIS OF THE DECREE ARTICLE 10 TAKE OVER DIRECTIVE (BESLUIT ARTIKEL 10 OVERNAMERICHTLIJN)

This information reflects the situation as per 15 March 2012 to the extent known to the Management Board and the Supervisory Board. This information is qualified in its entirety to the constitutional and organisational documents of the company and Stichting Administratiekantoor Crown Van Gelder as well as to the other information provided by this Annual Report and the law.

Capital structure

The company's authorised share capital consists of 1,500,000 ordinary shares and 1,500,000 preference shares with a par value of EUR 10 each. To each ordinary share and preference share is attached the right to cast one vote. The preference shares are entitled to a preferred dividend equal to the average of the twelve months EURIBOR increased with one and a half (1.5) per cent point of the paid-up part of their par value.

At 31 December 2011 871,201 ordinary shares were issued and outstanding and no preference shares were issued and outstanding. The Stichting Continuïteit Crown Van Gelder has a call option right to subscribe for a number of preference shares with a total nominal amount equal to (at the highest) the total nominal amount of the issued ordinary shares, but may limit this amount in certain circumstances to 29.9% of the total nominal amount of the issued ordinary shares, in order to avoid the obligation to make a public takeover bid for all the shares and all depository receipts, pursuant to chapter 5:5 of the Financial Supervision Act.

Restrictions on the transferability of shares/depository receipts of shares
The organisational documents of the company do not provide for any restriction on the transferability of shares or depository receipts of shares issued with the company's cooperation.

Disclosures of qualifying holdings of shares in the company
The following shareholders have given notice of qualifying holdings of shares in the company pursuant to article 5:38 of the Financial Supervision Act:*

Jan Plas S.A.	10.81 %
Parkland N.V.	9.89 %
Navitas B.V.	6.66 %
Delta Lloyd N.V.	5.75 %

*Pursuant to information obtained from the website of the Netherlands Authority for the Financial Markets <www.afm.nl> on 15 March 2012.

Further, the Stichting Continuïteit Crown Van Gelder has notified its right to acquire preference shares pursuant to its call option right. The Stichting Administratiekantoor Crown Van Gelder has also made a notification in respect of the shares it holds.

Shares carrying special voting or governance rights
The organisational documents of the company do not provide for any class of shares to which special voting or other governance rights are attached.

Control mechanism regarding employee stock options
The company has not granted stock option rights to employees.

Restrictions on voting rights
To each share is attached the right to cast one vote. No restrictions on the exercise of voting rights exist. The company has cooperated on the issuance of depository receipts of ordinary shares (in the proportion five depository receipts for one share) by Stichting Administratiekantoor Crown Van Gelder. The depository receipts are listed on NYSE Euronext, Amsterdam. No voting rights are attached to depository receipts. However, Stichting Administratiekantoor Crown Van Gelder unconditionally grants voting power of attorney to depository receipt holders requesting the exercise of the voting power attached to the shares underlying their depository receipts.

Agreements restricting the transferability of shares and/or the exercise of voting rights
The company is not aware of any agreements restricting the transferability of (depository receipts of) shares or the exercise of voting rights attached to shares.

Appointment and dismissal of members of the Management Board and the Supervisory Board, amendment of the Articles of Association
The company is by virtue of the law subject to the Rules for Large Companies (*structuurregime*). As a consequence, members of the Management Board are appointed and dismissed by the Supervisory Board. The members of the Supervisory Board are appointed by the General Meeting of Shareholders from a nomination drawn up by the Supervisory Board. The members of the

Supervisory Board may on certain grounds mentioned in the law be dismissed by the Enterprise Chamber of the Amsterdam Court of Appeal. The General Meeting of Shareholders may resolve to revoke its trust in the Supervisory Board which, by virtue of the law, implies the dismissal of all Supervisory Board members. The General Meeting of Shareholders may resolve to amend the Articles of Association.

The rights and powers of the Management Board, especially in relation to the issuance of shares and the repurchase of shares

The Management Board has the general rights provided by the law to the management board of a public company that is subject to the Rules for Large Companies. The Management Board has been authorised by the General Meeting of Shareholders subject to the approval of the Supervisory Board, to issue shares and grant rights to acquire shares. This authorisation includes the issuance of ordinary shares (and granting rights to acquire shares) up to 10% of the ordinary shares issued and outstanding on 12 May 2011 and the issuance of all preference shares included in the company's authorised share capital.

The Management Board is entitled, subject to prior authorisation by the General Meeting of Shareholders, to effect the repurchase of own shares by the company. The General Meeting has granted such authorisation for a period of 18 months as of the date of the General Meeting of 12 May 2011. The repurchase price must be within the range of EUR 0.01 and at the highest, in case of a depository receipt of a share the average price of a depository receipt on the NYSE Euronext during the ten trading days preceding the day of repurchase increased by 10%, and, in case of a share, five times the latter amount.

Agreements subject to a change of control following a public offer

The company is not a party to material agreements which are in any way subject to or effected by a change of control over the company following a public offer as referred to in article 5:70 of the Financial Supervision Act.

Agreements with Board members or employees subject to a public offer

The company is not a party to agreements providing for payments to Management Board members and/or employees in case of termination of their employment in connection with a public offer as referred to in article 5:70 of the Financial Supervision Act.

The information provided in this overview reflects the outcome of continuing discussions on the subject matters between all stakeholders in the company. The Management Board and the Supervisory Board deem the present situation in line with both the interests of the company and the prevailing practice in the Netherlands. The Management Board and the Supervisory Board will continue monitoring all relevant developments and if and when appropriate initiate changes on the topics dealt with in this overview.

THE SUPERVISORY BOARD

Berry Bemelmans (1944)
Appointed in 2006, current term until 2014

Nationality:	Dutch
Post:	Former CEO of Heijmans N.V.
Supervisory posts:	Chairman of the Supervisory Board of Erbi B.V. and De Efteling N.V. Supervisory Director Intergas Energie N.V. Supervisory Director PontMeyer N.V.
Other posts:	Chairman of the Audit Committee of PontMeyer N.V. Chairman of Stichting Administratiekantoor Aandelenbezit VMG Holding Advisor Jos van den Bersselaar Constructie B.V.
Stockholding Crown Van Gelder:	none

Emile Bakker (1947)
Appointed in 2008, current term until 2012

Nationality:	Dutch
Post:	Investment Director Antea Participaties B.V.
Other posts:	Member of the Audit Committee of Crown Van Gelder N.V. Treasurer Vereniging Trustfonds Erasmus Universiteit Rotterdam
Stockholding Crown Van Gelder:	none

Klaas Schaafsma (1942)
Appointed in 2009, current term until 2013

Nationality:	Dutch
Post:	Former CEO of Crown Van Gelder N.V.
Other posts:	Member of the Executive Body of the Water Board Hollands Noorderkwartier
Stockholding Crown Van Gelder:	1,010 depository receipts of share

Han Wagter (1949)
Appointed in 2007, current term until 2015

Nationality:	Dutch
Post:	Former CFO of Royal Wessanen N.V.
Other posts:	Chairman of the Audit Committee of Crown Van Gelder N.V.
Stockholding Crown Van Gelder:	none

DIRECTORS OF THE MANAGEMENT BOARD

THE MANAGEMENT BOARD

Miklas Dronkers (1966)
Appointed in 2009

Nationality:	Dutch
Post:	CEO of Crown Van Gelder N.V.
Other posts:	Member of the Environmental Committee of the Royal VNP
	Member of the Environmental Committee of the CEPI
	Member of Advisory Board Harbour Festival IJmuiden
Stockholding	
Crown Van Gelder:	145 depository receipts of share

The members of the Supervisory Board and the Management Board do not hold options on shares or depository receipts of share in Crown Van Gelder N.V.

REPORT 2011

Pursuant to article 10 of the conditions for the administration of registered shares of Crown Van Gelder N.V., dated 13 July 2005, we hereby report the following:

During the year under review two regular meetings of the Board of the Trust Office were held. Issues that amongst others have been discussed are the Annual Report 2010, the agenda for the Annual General Meeting of Shareholders (AGM), the semi-annual figures 2011, the vacancy in the Board and the meeting of holders of depository receipts of shares.

The Trust Office was present at the AGM on 12 May 2011. The Trust Office had been granted voting proxies to and/or received voting instructions from 28 holders of depository receipts of shares, representing 39.0% of the total number of votes that could be cast at this meeting. The Trust Office itself was entitled to vote on shares representing 60.7% of the total number of votes that could be cast at the meeting. The Trust Office exercised these voting rights and supported acceptance of all proposals submitted to the AGM.

On 27 September 2011 the Trust Office held a meeting of holders of depository receipts of shares. The meeting was attended by ten holders of depository receipts of shares. For further information on this meeting we refer to the minutes of this meeting on the website of Crown Van Gelder (www.cvg.nl).

The composition of the Board is as follows:
- Henk Koetzier (attorney at law), acting chairman and secretary
- Jan van Hall (financial advisor), member
- Kees Molenaar (member of the Supervisory Board of all officially listed investment funds of Delta Lloyd Asset Management, Aster-X-Panorama Fund and Aster-X-Europe fund and member of the Advisory Board of all quoted investment funds of Kempen Capital Management), member
- Wim Lammerts van Bueren (emiritus professor, chairman Stichting Administratiekantoor aandelen Telegraaf Media Group N.V., chairman of a number of foundations, connected to Staal Bankiers NV and member of Stichting Preferente aandelen Batenburg Beheer NV), member

The members receive a remuneration of EUR 3,000 per annum. The chairman receives a remuneration of EUR 3,500. The cost of activities of the Trust Office in 2011 amounted to EUR 17,665. At 31 December 2011, the Trust Office held in administration ordinary shares Crown Van Gelder N.V. with a total nominal value of EUR 8,680,200 for which it had issued 4,340,100 depository receipts of shares with a nominal value of EUR 2 each.
The administrator of the Trust Office, 'Administratiekantoor van het Algemeen Administratie- en Trustkantoor B.V.' (Amsterdam, The Netherlands) performs the activities involved in the day-to-day administration of the ordinary shares.

Velsen, 15 March 2012

Henk Koetzier, acting chairman and secretary
Jan van Hall

Wim Lammerts van Bueren
Kees Molenaar

For information:
Stichting Administratiekantoor Crown Van Gelder
P.O. Box 30 1950 AA Velsen
The Netherlands

ADDITIONAL INFORMATION FOR SHAREHOLDERS

DIVIDEND POLICY

The following policy is applied:
• pay-out ratio of 60% of net profit, averaged over the paper cycle;
• pay-out of dividend in cash;
• avoidance of major dividend fluctuations.

After the completion of the strategic review, the company expects to reformulate the dividend policy.

KEY FIGURES

Per depository receipt of share of EUR 2 nominal value	*2011*	*2010*	*2009*	*2008*	*2007*
Operating cash flow	1.04	1.00	2.37	2.46	2.38
Net result	0.98	(2.96)	1.04	(3.43)	0.50
Dividend[1]	-	-	0.50	0.50	1.00
Equity[2]	16.63	16.55	20.21	20.16	24.88
Closing price at year-end	3.60	7.25	8.10	5.83	15.25
Pay-out ratio in %	-	-	48	undefined	200
Price/earnings ratio at year-end	37	undefined	7.8	undefined	31
Price/equity ratio in %	22	44	40	29	61

[1] *Dividend 2011 is proposal to shareholders.*

[2] *Equity before appropriation of results.*

CALENDAR 2012

• 10 February 2012	Press release annual results 2011
• 26 March 2012	Annual Reports and AGM Agenda available on website
• 16 May 2012	Annual General Meeting of Shareholders and trading update
• 18 May 2012	Ex-dividend listing
• 22 May 2012	Record date
• 29 May 2012	Dividend payment date
• 27 July 2012	Press release half-year results 2012
• 8 November 2012	Trading update

CALENDAR 2013

• 8 February 2013	Press release annual results 2012
• 16 May 2013	Annual General Meeting of Shareholders and trading update
• 20 May 2013	Ex-dividend listing
• 22 May 2013	Record date
• 27 May 2013	Dividend payment date
• 26 July 2013	Press release half-year results 2013
• 7 November 2013	Trading update

INVESTOR RELATIONS

For more information please contact Henk van der Zwaag (CFO):

Tel.: +31 (0)251 26 22 01
Fax.: +31 (0)251 26 23 99
E-mail: info@cvg.nl
Internet: www.cvg.nl

Editing
Barbara Luijken, Overveen
Photography
Sander van der Torren Fotografie, Haarlem
Paul Vreeker, United Photos, Haarlem
Layout
Sixtyseven, Beverwijk
Typesetting
Peter Verwey Grafische Produkties, Heemstede
Printing
Scholma Druk, Bedum

CVGPAPIER
CROWN VAN GELDER

WE BRING PAPER TO LIFE

CROWN VAN GELDER N.V.
P.O. BOX 30
1950 AA VELSEN
THE NETHERLANDS

T +31 (0)251 26 22 01
F +31 (0)251 26 23 99
E INFO@CVG.NL
W WWW.CVG.NL