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CROWN VAN GELDER

ANNUAL REPORT 2008

CROWN VAN GELDER N.V.

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ANNUAL REPORT 2008

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New Business Development is an important basis for securing the enduring success of Crown Van Gelder.

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COMPANY PROFILE

Crown Van Gelder N.V. manufactures and sells high-quality specialty products in the woodfree uncoated and single-coated paper sectors. Based in Velsen, The Netherlands, the company employs around 290 staff.
The company operates two paper machines and its product portfolio consists of a range of specialty paper grades for transactional print, envelopes and other stationery, direct mail, books and manuals, packaging materials and tailor-made face and base paper customer solutions, like base papers for self-adhesive materials and direct thermal printing. Crown Van Gelder N.V. is listed on the Euronext Amsterdam stock exchange (ISIN number: NL0000345452). The company is registered with the Chamber of Commerce under number 34059938.

VISION

- Crown Van Gelder wishes to be known as a reliable supplier of quality products in the segment of woodfree uncoated and single-coated paper.
- 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 covenants;
- attractive employment terms and working conditions;
- corporate social responsibility and sustainable operations.

KEY FIGURES

EUR x 1,000	*2008*	*2007*	*2006*	*2005*[3]	*2004*
Revenue	160,780	163,218	150,793	142,158	139,316
Operating result[1]	(2,081)	2,681	2,381	12,407	12,052
Net result[2]	(14,921)	2,190	2,241	9,016	8,325
Depreciation	9,773	9,755	9,659	9,239	7,904
Capital expenditure	6,284	3,033	4,058	21,653	23,080
Sales (ton)	212,200	218,600	208,800	200,400	190,400
Production (ton)	213,300	220,500	212,500	197,000	184,000
Workforce (average)	291	284	286	296	303
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 operating result excluding impairment charge.
[2] Net result as reported here and in the Report of the Supervisory Board and Report of the Management Board is the net annual result available to Crown Van Gelder shareholders, as shown in the consolidated profit and loss account.
[3] The consolidated balance sheet and profit and loss account 2005 have been adjusted in 2006 to reflect a change in pension accounting principles.

The Management Board and the Supervisory Board

Mees Hartvelt, CEO *Klaas Schaafsma* *Emile Bakker* *Han Wagter* *Berry Bemelmans, Chairman*

REPORT OF THE SUPERVISORY BOARD

INTRODUCTION AND PROFIT DISTRIBUTION

We are pleased to present Crown Van Gelder N.V.'s financial statements for 2008, 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, audited by Ernst & Young Accountants LLP, and discussed by the Supervisory Board.

The Supervisory Board has discussed the financial statements, which report a net loss of EUR 14.9 million, with the Management Board. The Management Board proposes to pay a cash dividend of EUR 0.50 per depository receipt out of the distributable reserves, in accordance with Article 31.2 of the Articles of Association. We recommend the unqualified adoption of the 2008 financial statements and dividend pay-out to the shareholders, in accordance with the Management Board's proposal. We also request that the shareholders grant the Management Board and Supervisory Board discharge from liability for the policies and supervision pursued in 2008.

COMPOSITION AND OPERATING PROCEDURE OF THE SUPERVISORY BOARD

Details of the Supervisory Board's operating procedure and distribution of responsibilities are given in the Profile and Regulations of the Supervisory Board. 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 composition of the Supervisory Board reflects the Profile and provides 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 financial, operational and strategic level. The supervisory directors confirm that they can operate independently and be critical, both individually and in their dealings with the Management Board. The Supervisory Board has four members: Klaas Schaafsma is a former CEO of Crown Van Gelder. At the General Meeting of Shareholders, held on 24 April 2008, Emile Bakker was appointed to the Supervisory Board. At the same meeting, the shareholders bade farewell to Huub Meertens as one of the company's supervisory directors. The Supervisory Board expresses sincere thanks to Huub Meertens for his valuable contribution to the company during his eight years in office, the last two of which as Chairman of the Board. Berry Bemelmans has succeeded Huub Meertens as Supervisory Board Chairman.

During the year under review, the Supervisory Board met six 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 two meetings of the Works Council. These meetings provided an opportunity to get to know each other's viewpoints regarding internal corporate affairs, operating results, safety in the workplace, and the company's strategy.

Among the issues discussed by the Supervisory Board were the company's strategy, operational performance and results, business risks, capital expenditure, implementation of investment plans, potential effects of the credit crunch, development of new products, and the outcome of the Management Board's review of the structure and operation of the internal risk management and control systems, Management Board remuneration, corporate image, management development, corporate governance, sustainability, and investor relations.

In addition, without the Management Board attending, the Supervisory Board discussed its own performance and that of the individual members, including the frequency of attendance at Board meetings. Issues raised during those closed meetings included the Supervisory Board's desired profile, desired composition and powers. The Supervisory Board also discussed Management Board performance, including its achievement of agreed performance indicators.
In 2003 the Supervisory Board set up an Audit Committee, which in 2008 consisted of supervisory directors Wagter (Chairman), Bemelmans (until May 2008) and Bakker, who were elected because of their financial expertise. The Audit Committee met twice in 2008 to discuss the 2007 financial statements and 2008 half-year results, and the interpretation of IFRS standards, particularly those concerning the financial reporting of impairments and the pension scheme as these have a considerable impact on Crown Van Gelder's financial performance. Other topics were the company's financing, risk profile, and risk management. The reports issued by the Audit Committee were discussed at the Supervisory Board's plenary meetings.

Given the limited size of the Supervisory Board and the company's transparent organisational structure, no other committees were set up to perform any subactivities. The activities and responsibilities of subcommittees (remuneration, recruitment & selection), as defined in the Dutch Corporate Governance Code (the Code), have been entrusted to the Supervisory Board as a body.

The supervisory directors are paid a fixed fee for their activities, independent of the company's performance. The fee does not include any shares or options and is set by the AGM. If any of the supervisory directors hold any Crown Van Gelder N.V. securities, the securities interest will serve as a long-term investment.

CORPORATE GOVERNANCE

At the AGM in April 2008, the issue of corporate governance was raised with the shareholders. No fresh proposals were put to the shareholders concerning the Code. The Management Board gave an explanation of the company's reserve and dividend policies. The report on the AGM is posted on the company's website.
In 2008 the Board of Stichting Administratiekantoor Crown Van Gelder (Trust Office) decided that a meeting with the holders of depository receipts was to be convened if a number of depository receipt holders representing no less than 1% of the issued capital submitted a request to that effect. No such request was made in 2008. The background to this decision had been the very low turnout at two previous meetings.

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, the impairment of fixed assets, the risk statement, and the annual management letter.

The external auditor attended the Supervisory Board meeting at which the external auditor's report on the financial statements was discussed. The same applied to the Supervisory Board meeting convened to discuss the adoption of the financial statements. The external auditor also attended the AGM, where he, on being asked, was granted the opportunity to address the meeting.
The Management Board and Audit Committee annually report to the Supervisory Board on developments in the relationship with the external auditor, and once every four years review the external auditor's performance.

REMUNERATION OF THE MANAGEMENT BOARD

The proposed Management Board remuneration policy was adopted by the shareholders at the AGM in 2005, and is posted on the company's website.
The adjustments to the remuneration of the Management Board were prompted by a HayGroup report in which pay levels were published for peer positions.

As an incentive, the remuneration in 2008 of the Management Board includes a variable item which depends on the achievement of objectives set by the Supervisory Board. As explained in the mission statement, the contribution made to strategic and long-term targets is a key criterion. They include targets for return on equity, production volumes, new business development, and safety.

INTERNAL CORPORATE AFFAIRS

Consultations were held between the Supervisory Board and Management Board to discuss the development of the company's operating result, cost structure and level of investment against the background of what were again difficult market conditions in 2008. The Supervisory Board would note that the company has responded satisfactorily to these conditions and the ongoing strong competition in the paper industry. Developing new products with high added value will continue to be a key policy challenge. The announced restructuring of European paper mills is set to contribute to improving the balance between supply and demand. After the substantial scheduled production stoppage pending the overhaul of the combined heat and power plant, production resumed according to plan and till now there has been no major fall in demand for Crown Van Gelder products, due to the radically changed economic conditions in the Western world.

COMPANY POLICY

The Supervisory Board supports the company's strategic policy and objectives as presented in its recently published Mission 2012. The additional impairment of fixed assets also meets with the Supervisory Board's approval.
The Supervisory Board believes the policies pursued and policy plans will contribute to the company's development. In addition to commercial, technical and logistical issues, the mission statement also deals with social and organisational matters and health and safety. The Supervisory Board fully shares the view that sustainability is the key to future product development and energy supply.

FINAL NOTE

The Supervisory Board observes that the company achieved less-than-expected results in 2008, partly driven by a substantial non-recurring fixed asset impairment, details of which are given in the Report of the Management Board.

Downsizing efforts across the European paper industry were largely offset by a decline in exports, due to changes in the value of the USD, which has limited the possibility of raising selling prices further. The company is well-positioned, owns state-of-the-art production facilities, has dedicated employees, and has excellent balance sheet ratios, even when taking into account the fixed asset impairment.

The Supervisory Board expresses its appreciation for the efforts of the Management Board and staff in the current difficult market conditions.

Velsen, The Netherlands, 12 March 2009

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

The discussions with the shareholders held each year are among the company's highlights.

REPORT OF THE MANAGEMENT BOARD

SUMMARY

Results

Crown Van Gelder ended 2008 with a net loss of EUR 14.9 million, down substantially on 2007, when it achieved a net profit of EUR 2.2 million. The decline in results was for a large part due to the charge arising from a one-off impairment of fixed assets, which had a negative net effect of EUR 13.8 million. The operating result (excluding impairment charge) fell from a profit of EUR 2.7 million in 2007 to a loss of EUR 2.1 million. The positive impact of the improved product range, higher selling prices and lower energy costs was more than offset by the weakening of the GBP and the increase in the cost of raw materials and other expenses. Cash flow from operating activities improved slightly from EUR 10.3 million in 2007 to EUR 10.7 million in 2008.
Sales volume declined by 6,400 ton to 212,200 ton. Production fell by 7,200 ton to 213,300 ton in 2008. The main reasons for the approximately 3% reductions in volume included the scheduled major overhaul of the combined heat and power plant and the introduction of a new logistical computer system. Towards the end of 2008, the company also experienced some delay in shipping finished goods as a result of customers tightening control of their working capital.

Cost of raw materials

On average, the NBSK USD benchmark pulp price rose by 7% on 2007. The initial reduction in the value of the USD followed by rises in the third and fourth quarters, combined to result in a 2% price drop expressed in EUR. Developments in the price of short-fibre pulp are, however, of greater relevance to the company. Expressed in EUR, the average price of short-fibre was up 5% on 2007. The average pulp price paid by Crown Van Gelder rose by around 2% in 2008, which led to an increase in costs of EUR 1.4 million.

Energy costs

Energy is a major cost item for a non-integrated paper company like Crown Van Gelder. After strong price increases in the years 2004 to 2007 and despite higher market prices for energy during the best part of the year, energy costs stood at a considerably lower level than in 2007, thanks to the timely hedging of gas prices during a temporary dip in energy prices in the spring of 2007. The MEP subsidy scheme was scrapped with effect from 2008. In 2007 the scheme led to EUR 2 million in subsidy income. Net energy costs fell by EUR 2.8 million compared to 2007.

Strategy

The company will continue to focus on strengthening its position on the specialty paper market. Due to investments made from 2002 until 2007, total production capacity has increased to approximately 225,000 ton.

Since we outlined our strategy in our Mission 2010 document in 2006, Crown Van Gelder has successfully achieved growth in production and sales. However, we must conclude that the company's profit development has been less than expected. This has partly been due to ongoing fierce competition between major paper companies, which also reported very low returns on capital employed. Competition in Europe is fuelled by the strong position of the EUR against other currencies, which restricts exports and promotes imports, as a result of which European made products are having to find their way mainly to European buyers. Although production capacity is being reduced in Europe,

this development is partly offset by a decline in demand for certain paper grades and organic growth at the remaining paper mills, which have stepped up their efficiency efforts. On balance, total production capacity has fallen slightly, but it remains to be seen what impact the economic recession will have on total paper use in the Western world.

Taking these developments and trends into consideration, Crown Van Gelder has revised its Mission 2010 document and renamed it Mission 2012. The guiding principles have remained intact. However, more efforts will be channelled into developing new products that will be manufactured even more sustainably. We have worked with our customers to agree on the principles underlying this goal. On our part, we will remain focused on strengthening our independent market position. Many of our customers appreciate our independent stance, our focus on niche markets, and our flexibility in accommodating their specific requirements.

Outlook

Crown Van Gelder is a solid company, whose excellent competitive position has proved its worth in a difficult cyclical phase. Although capacity was slightly lower due to the overhaul of the combined heat and power plant in 2008, it is expected to improve in 2009, unless the economic recession leads to a serious decline in demand on our European sales markets.
Strong competition on the European sales markets and persisting overcapacity are likely to continue to affect our net profit in 2009. At the same time, the reduced cost of raw materials and lower depreciation charges will have a positive impact on profitability.

OPERATING REVIEW

Results

Revenue declined from EUR 163 million in 2007 to EUR 161 million in 2008. Sales were down almost 3%, from 218,600 ton in 2007 to 212,200 ton in 2008. Output was 213,300 ton in 2008, down nearly 3.3% on 2007, when the company produced 220,500 ton.
Total production capacity was adversely affected by the scheduled production stoppage due to the overhaul of the combined heat and power plant, and the introduction of a new logistics planning module. The substantial tonnage of new products manufactured in 2008, each of which involved fine-tuning our processes, also took extra capacity.
Operating loss (not including the impairment charge) came to EUR 2.1 million in 2008, down EUR 4.8 million compared to the operating profit of EUR 2.7 million achieved in 2007.

Because of the very low number of shipments in December, we ended the year with 21,000 ton of finished products in stock, slightly up on the 20,100 ton at year-end 2007. Clearly, customers kept their stock levels to a minimum at the end of December and were very slow in requesting delivery of ready stock.
Crown Van Gelder supplied 76.2 GWh of electricity to Nuon, generating EUR 4.5 million in revenues (2007: 79.6 GWh and EUR 5.3 million). In 2008 the company no longer received any MEP energy subsidies (2007: EUR 2 million).

On 1 January 2006, the pension fund was contracted out to a pension insurance company. Frequent consultations subsequently took place with the pension insurer, employee organisations and the Works Council to explore ways of converting the existing pension scheme into a new pension contract with the pension insurance company, along with new pension regulations for Crown Van Gelder employees. In 2007 an agreement was reached with the employee organisations about the financial consequences of the new pension scheme for the next five years, but the pension insurance company was unable to supply the new set of contractual conditions on time. The negotiations are expected to be finalised in 2009. Because the new contracts were still unavailable, the existing ones continued to be the basis for the pension charges recognised under IFRS. The new contracts are not, however, expected to lead to any exceptional item in the profit and loss account. Although recent developments on the financial markets may lead to higher pension charges under IFRS, they will have no impact on the employer contributions payable in 2009 by Crown Van Gelder under the pension scheme.

At 31 December 2008, 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. The outcome of the test was reason for the company to recognise an impairment loss of EUR 18.5 million (before taxation) on tangible fixed assets. The impairment loss was charged to expenses in 2008, driven mainly by return on capital employed, which in the past three years has deviated considerably from the company's ROCE target of 11%. The impairment loss has not affected the company's cash position and will lead to lower depreciation charges from 2009.

Market developments

The European markets for woodfree uncoated paper (WFU), where Crown Van Gelder operates, initially picked up in the first quarter, but eventually declined by 5% compared to 2007 (-5% in 2007; +4% in 2006). Sales volume fell by 6,400 ton (-3%) compared to 2007.

During the year, Crown Van Gelder successfully increased its selling prices by an average of more than 4%, excluding the exchange rate translation effects of the USD and GBP. As a result of the strong reduction in value of the GBP and, to a lesser extent, the USD, the net translation effect was negative.

The fall of the GBP had a negative effect of nearly EUR 3 million on the company's operating result and also adversely affected the average price increase. The depreciation also led to sales in the United Kingdom falling by around 10%. Although a part of the adverse results from GBP devaluation has been recovered by price increases in GBP terms, practice shows that price increases in GBP are lagging behind GBP devaluation and the same applies for the most recent devaluation of the GBP in Q4 2008.

Including translation effects, selling prices rose by an average of 2% in 2008. Exports outside Europe declined to 11% of total sales volume (2007:13%), a favourable development given that sales margins are traditionally lower for this segment.

Pulp prices

USD pulp prices rose until mid-2008 when exchange rates took a sharp plunge, sending USD pulp prices into strong decline until the end of the year. The benchmark NBSK pulp price increased by USD 35 to USD 905 per ton in June, after which it fell to USD 640 at year-end. The last two months of

2008, in particular, saw a sharp decline. As the exchange rate of the USD increased, there was a strong fall in demand, especially from China. At year-end 2008, the NBSK pulp price stood at EUR 460 per ton, down EUR 140 compared to year-end 2007.

The price of short-fibre pulp rose by USD 60 to USD 840 in May where it remained until August, when increased capacity and falling demand began to put pressure on the price. The price subsequently declined by USD 250 to USD 590 per ton at year-end, due to substantially higher stock levels worldwide. Compared to year-end 2007, the price fell by EUR 115 to EUR 420 per ton.

Earnings per share and profit appropriation

In 2008 net earnings per depository receipt were EUR (3.43) (2007: EUR 0.50).
A proposal has been put to the shareholders to pay a dividend of EUR 0.50 per depository receipt for 2008 (2007: EUR 1.00), bringing the dividend pay-out over the last seven years to 77% of net results. The company's policy is to pay an average annual cash dividend of 60% of its net profit, while aiming to prevent major fluctuations in dividend payments. Given the company's solvency, which has remained solid even after recognising an impairment loss, and adequate cash flow, the company has decided to propose to the shareholders that the dividends will be funded from retained earnings.

CAPITAL EXPENDITURE

In 2008 capital expenditure totalled EUR 6.3 million (2007: EUR 3.0 million), mainly consisting of replacement investments involving the heat component parts of the gas turbine, and investments related to the re-certification of steam facilities. The company also purchased and implemented new logistics software for order intake and scheduling purposes.
Investments made in 2008 were funded from cash flow and existing lines of credit supplied by financial institutions. At year-end 2008, EUR 12.6 million worth of loans was outstanding, and the company's solvency remained strong at 73% of the balance sheet total (2007: 76%).

SUSTAINABILITY REPORT

As in previous years, Crown Van Gelder has issued an English-language Sustainability Report, in accordance with guidelines developed by the Global Reporting Initiative (GRI). The report includes a cross-reference list of GRI G3 assessment criteria, which can be found on the company's website.

We have set ourselves ten environmental, economic and social targets. In the Sustainability Report 2008, we explain to what extent we have been able to deliver these targets and achieve progress on other plans of action.

We believe the Sustainability Report will make a major contribution to enhancing Crown Van Gelder's profile as a transparent and progressive company. The 2007 Sustainability Report was reviewed by PricewaterhouseCoopers Advisory at the request of the Dutch Ministry of Economic Affairs, against the Transparency Benchmark for Corporate Social Responsibility (CSR) Reporting. This benchmark was combined with the VBDO Transparency Yardstick (*VBDO Transparantiemeetlat*). Crown Van Gelder achieved 82 out of 100 points, improving considerably on its score in the previous year (71 points).

RESEARCH & DEVELOPMENT

Crown Van Gelder's technical department is responsible for research and development, focusing on products and processes. In terms of product development, the department usually 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, Crown Van Gelder put in place its New Business Development (NBD) concept, into which its development operations were fully integrated. The aim of the new concept is to better streamline our development operations and identify potential weaknesses that might thwart the successful launch of products at an earlier stage. In 2008 the company sold a total of over 35,000 ton of new products, which clearly delivered a positive contribution.

In-house projects and machine trials are scheduled into the regular production programme of both paper machines. We are also 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.

WORKFORCE AND EMPLOYEE BENEFITS

General

At year-end 2008, the company had 300 active members of staff on its payroll, compared to 287 staff at year-end 2007. In 2008 we introduced a programme aimed at strengthening the production organisation's ability to raise their competency levels. This will require an additional investment of 8 FTEs over the next two years. Absenteeism increased slightly from 4.1% in 2007 to 4.5% in 2008, partly due to prolonged periods of illness of several employees.

Employee benefit costs

On 1 July 2007, a new collective agreement became effective. It will be valid for a period of 24 months. The new agreement provided for an initial pay rise of 3.0% on 1 July 2008, in addition to a performance-related bonus if targets were met in terms of the manufacture of new products, complaint-related expenses, and safety. In 2009 a performance-related bonus of EUR 292 was paid to each member of staff for 2008. The collective agreement also provided for a new allocation of pension charges for the period 2007-2011.

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 have been achieved. The variable income is determined by the Supervisory Board. There is no option scheme in place for the Management Board. The Management Board remuneration policy was submitted to and approved by the General Meeting of Shareholders in May 2005. It is posted on the company's website at www.cvg.nl, in the Corporate Governance section.

CORPORATE GOVERNANCE

Following approval from the shareholders, the company's Articles of Association were amended and readopted on 13 July 2005. At the shareholders' meeting, corporate governance developments were discussed with the shareholders, with the Management Board providing an explanation of the company's reserve and dividend policies.

In September 2008, the Board of the company's trust office (Stichting Administratiekantoor Crown Van Gelder) decided not to call a meeting of depository receipt holders, because only a few holders had expressed an interest in such a meeting. The trust office uses a threshold of 1% of the issued capital.

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 company's website.

INVESTOR RELATIONS

At Crown Van Gelder, we set great store by 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. We hold many meetings with investors and investors' groups, who are welcome to visit our facilities. Our website frequently features reports on the latest developments as well as recent press releases.

We publish our financial statements in English and issue a concise report in Dutch. The annual reports will be available on our website from 23 March 2009.

RISK MANAGEMENT

The company's internal risk management and control systems have been tailored to the specific nature and size of our business and meet the guidelines developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO guidelines). Although a system of this kind can never provide absolute certainty, it has been designed to provide reasonable assurance regarding the effectiveness of the financial and operational risks involved in achieving our business goals.

Monitored by the Supervisory Board, the Management Board is responsible for monitoring the effectiveness of the company's internal risk management and control systems as part of its day-to-day management.

Risk profile

Doing business inherently involves taking risks, and by taking risks we strive to be a sustainable company. Risk management and internal control are both elements of the company's corporate governance. This calls for creating a proper balance between entrepreneurial attitude whilst taking controlled risks.

Activities in 2008

Managing risk is implicit part of daily management. In 2008 we conducted a reassessment of the financial, operational, strategic and compliance risks affecting all of our major business processes. Existing controls introduced to mitigate the risks identified are documented, analysed and tested during internal audits (including certification audits) and reviews. The internal and external audit and review findings (including certification audits) are documented and reported to and, if necessary, discussed with the Management Board.

In the fourth quarter of 2008 we implemented a new manufacturing execution system (MES). The MES system has close links with the financial system. The new system, and its implementation, impacts our risk management and control systems. As a result we have developed one-time and compensating controls to mitigate present risks and the risks associated with the implementation.

In auditing our financial statements, the external auditor also prepares a report on his findings in relation to the risks accounted for in our financial reporting. These findings are discussed with the Management Board, Audit Committee, and Supervisory Board.

Report on internal risk management and control systems

The company's Management Board is responsible for the design and operational effectiveness of our internal risk management and control systems. In tandem with this responsibility, the company assessed the risks involved in its primary processes and reviewed its existing and compensating controls in 2008.

As far as financial reporting risks are concerned, and in the light of the control measures available under the company's internal risk management and control systems, the Management Board believes the internal risk management and control systems provide reasonable assurance that the financial statements do not contain any material inaccuracies.

As mentioned above, a new business software system was implemented for which one-time and compensating controls where implemented. Looking ahead to 2009, the Management Board expects that these one-time and compensating controls will be fully integrated in one risk management and control system.

The internal risk management and control systems also cover other risk categories (strategic, operational, financial and compliance), details of which are given below.

Strategic risks

Strategic risks are those associated with the business environment, the nature of our business, and the volume and positioning of our business activities on the paper market.
The company may be (adversely) affected by the current economic environment. As a result of the credit market crisis (including uncertainties with respect to financial institutions and global capital markets), high volatility of commodity and energy prices, and other developments currently affecting the global economy, customers or vendors may experience serious cash flow problems and as a result these may affect the company's operating results. Considering the above we went through different scenarios to identify the potential impacts on our operations and to identify the mitigating actions and the related strategies.

The paper market is a global market with strong regional players. Transport costs are relatively high in relation to the costs of paper and limit our geographical sales opportunities. We are aware of market developments and trends and our position within the industry in our geographical region. Also digitisation remains one of the major market trends affecting the paper industry. As such we continue the NBD (New Business Development) programme in order to strengthen our position as a niche player, and to sustain and improve our position in the market.

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

One of the uncertainties our business faces is the auctioning of CO_2 emission rights, which could start in 2013. Crown Van Gelder is investigating alternatives for its future needs on power and steam to become less dependent on the existing source of energy, natural gas. Various options of renewable energy with low or no CO_2 emissions are currently being explored.

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.

Operational risks

The prices of raw materials – pulp and energy prices, in particular – remain important cost items. Our key non-integrated competitors largely face the same challenges. The Management Board actively strives to improve purchasing terms and to 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 gas and electricity prices for 2009 and 2010. We are also looking for alternatives to our current energy supply.

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. To analyse failures and problems, we use a standard method on the basis of which we have introduced a variety of measures. To mitigate the risks, we have signed service contracts with suppliers and implemented back-up and recovery procedures.

Quality complaints could potentially lead to claims or reputational damage. To become less vulnerable to these risks, we have implemented strict quality assurance procedures in line with ISO 9001, and continuously measure the quality of our products and processes both during and after production. Crown Van Gelder is a small player in the paper industry and its future success is being affected by its ability to recruit and retain experienced and specialised technical staff and talented managers in key areas. Human resource management and succession planning are focus areas of the Management Board.

It is our policy to ensure the health and safety of our staff as well as any third party directly or indirectly engaged in our business activities. We also commit ourselves to support sustainable business operations and control their direct and indirect impact on the environment. Our management systems are conform to OHSAS 18001 and ISO 14001 standards, and we regularly conduct internal audits, risk surveys and risk assessments. Details of specific measures taken to minimise health, safety and environmental risks are given in the Sustainability Report.

We have one production and office location, as such, disasters like fire and explosions could damage our production facilities and combined heat and power plant, and adversely affect the company's reputation and/or financial results. Our precautionary measures and inspections meet the requirements of insurers and are in line with industry standards. In addition, we have taken out insurance to cover the impact of these risks.

We are aware of other potential disaster risks, such as terrorism and pandemics. We consider these risks to be low-level but we maintain contacts with government agencies and other organisations and will take precautionary steps where needed.

Financial risks

Crown Van Gelder is exposed to a variety of financial risks.
Due to the current credit crisis one of the key risks in the industry is capital availability and working capital. Considering our current capital structure, the forecasted cash flow and flexibility in the investment programme, we believe to have measures in place to address this risk.

The fluctuations in the currency exchange rates create exposure for the company. The adverse changes in the relationship of the GBP versus EUR may affect the operational result of the company as a material part of the sales is generated in GBP. However, the company partly hedges the currency risk related to its USD and GBP exposure.

Since we are active in a niche market, we do rely on a few important clients which may affect our working capital. As far as this credit risk is concerned, we only 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.

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

Compliance risks

As we face rapidly changing laws on, among other things, financial reporting (IFRS), safety and the environment, we increasingly run the risk of failing to comply with laws and regulations. Those departments responsible for compliance issues have put in place policy measures and procedures to keep track of and comply with legislative and regulatory changes.

STRATEGY

In 2006 Crown Van Gelder published a policy plan entitled Mission 2010 for 2006-2010.
Halfway down this policy period, we considered it appropriate to conduct a mid-term review and test the results achieved against the targets set. We found that, in many areas, we had

outperformed our targets, some of which had already been achieved after three years. In other areas, performance was trailing the targets, including our financial targets. Because the ROCE target of 11% is one of the cornerstones of many other plans, including volume, investment and dividend pay-out targets, we revised our targets in 2008. The publication of the new and revised targets was postponed in 2008, due to the credit crisis and its effects on global economic developments.
We have made a best estimate in terms of how we believe the crisis will impact on our targets, and released Mission 2012 along with the press release concerning the publication of the company's annual results for 2008.

An additional impairment loss of EUR 18.5 million was recognised in 2008. This will lead to a long-term reduction in depreciation charges by well over EUR 2 million a year, allowing us to adhere to a ROCE target of 11%. Since the company already had a robust solvency ratio, the effect of the impairment was limited and at year-end 2008 solvency stood at 73%, well above the minimum target of 60%.
At this point, we kindly refer you to our Mission 2012 brochure, which can be found on our website.

MARKET DEVELOPMENTS

Apart from the recent developments, it is important that our strategic plans and investments should be geared to absorbing developments that will have long-term effects. Three such developments are particularly relevant to the company. They are outlined below. The actions we are taking to respond to them are also explained. They include:

1. *The rapid digitisation of society, trade and industry, as a result of which paper is becoming less important as a communication and storage medium;*
2. *The relocation of the paper industry to BRIC countries (Brazil, Russia, India and China), and the accelerated consolidation and downsizing of the paper manufacturing and processing industry in Western Europe;*
3. *The move towards renewable energy generation in Western Europe.*

1. Rapid digitisation

This trend has been visible for quite some time. Crown Van Gelder has also embraced computerisation and digitisation. Digitisation is efficient and has many advantages, but it has led to paper grades, such as newsprint and A4 paper, becoming less important worldwide. Several paper mills in Western countries have been shut down as a result, and further closures are to be expected. At Crown Van Gelder, we also produce paper grades that have felt the impact of digitisation, and have been affected by the current overcapacity and fall in demand. We are pleased to say, however, that we have a loyal customer base.
We are well aware of this development and already shifted our focus in Mission 2010, and recently in Mission 2012, to developing paper grades for growth sectors. This shift in emphasis will be given even more attention over the next few years.

2. Relocation of the paper industry

By far the most investments in our industry are made in the BRIC countries. Unlike Western countries, paper and cardboard usage in these countries is still rising considerably, although perhaps less strongly so at the moment due to global economic conditions.
As a result, we have seen many reorganisations and increased consolidation of paper companies in Western Europe. Many jobs have been and will be lost, but this cannot be avoided if supply is to be brought in line with demand.

The same trend of consolidation is seen in the paper wholesale and processing industries. On top of that, customers receive low-priced offers for graphical products from low-wage countries.

Consolidation signifies a comparative improvement in Crown Van Gelder's position. Customers do not wish to become dependent on a small number of powerful suppliers, and consequently will have less choice. We are therefore the preferred supplier of new customers as well as existing customers. At the same time, we are under strong pressure to produce paper grades which are less expensive and more sustainable, while retaining the same qualities. Our New Business Development programme allows us to respond to this change in market demand.

3. Move towards renewable energy

Reducing the use of fossil fuels to generate power and heat has become an undeniable trend in society. This is in line with the perception that greenhouse gases such as CO_2 (carbon dioxide) lead to global warming. The European Commission is looking to reduce CO_2 emissions under its mandatory '20-20-20 by 2020' programme: a 20% reduction in CO_2 emissions released by burning fossil fuels, 20% reduction through efficiency measures, and replacing 20% of fossil fuels by renewable energy resources.

As a tool to reach these goals, the idea is to auction off CO_2 emission allowances, which would create a supply and demand market. Many European industries, including the paper industry, have expressed concern about this approach. As far as industries are concerned that operate worldwide, it will only result in operations – and jobs – being relocated to countries that feel less inclined to achieve the climate objectives. It is likely, therefore, that these measures will not lead to the desired environmental effect. The time schedule and objectives for each country are expected to be detailed by the end of 2009.

Crown Van Gelder has invested in efficient energy generation for many years. We use a gas turbine fired by natural gas. High efficiency is achieved by using combined heat and power. Over the last ten years, we have achieved as much as a 20% reduction per ton of paper. We intend to actively respond to trends in society to become more sustainable, also in terms of energy. Moreover, we are fully aware that natural gas will not remain available at low cost for ever. We will therefore continue to explore the possibilities of making our energy use more sustainable.

DEVELOPMENTS IN THE PAST YEAR

As in 2007, demand for woodfree uncoated paper, the market where Crown Van Gelder operates, fell slightly in 2008. The steep increase in pulp prices weighed down on sales margins. Attempts to raise prices had only a limited effect and were hampered by the sharp fall of the GBP. It was this combination of events which caused the company to report a loss for the first six months of 2008. In the second half of the year, the order intake picked up to some extent and the effect of lower USD pulp prices began to trickle down, initially offset, however, by the rapid rise of the USD against the EUR. In the last quarter of 2008, the effects of the credit crisis and sharp economic downturn led to a reduced order book. These effects were partly offset by a substantial reduction in pulp costs expressed in EUR, as the EUR regained some of its purchasing power.
The market developments in 2008 had an impact on profits across the paper industry and directly resulted in plant closures and wholesale traders consolidating their operations. The effects hereof are expected to continue in 2009.

Thanks to the strategy pursued and recent market developments, Crown Van Gelder finds itself in an excellent position to benefit from improved market conditions, once supply and demand are better balanced.

PROSPECTS FOR 2009

The company's production capacity has increased to some 225,000 ton as a result of comprehensive, carefully planned investments. Depending on developments in paper demand and order intake, production and sales volumes could reach this level in 2009.

Conditions on the company's traditional markets were not entirely clear-cut in early 2009. Although the order book was strong at the outset of 2009, this was partly due to the production backlog which had arisen during the major overhaul of the combined heat and power plant in December 2008.

By signing energy contracts for the years up until 2011 and fixing gas and electricity prices up until 2010, we expect to be able to keep energy costs in 2009 and 2010 more or less at the level of 2008.

The global economic downturn and ensuing capacity adjustments in the paper industry will put pressure on the growth in demand for pulp. Several large pulp suppliers have announced that they will delay or cancel further investments in a bid to bring supply in line with demand in the medium term. As for the short term, more capacity will probably be taken off the market to stabilise prices, willingly or unwillingly; in countries where production costs are high, the strongly reduced prices may force suppliers to shut down machines. Suppliers in Europe and Canada, in particular, will be keeping a close eye on the development of their currencies against the USD in the coming period.
We expect the strong decline in prices of raw materials to level off early on in 2009.
On our part, we will be benefiting from the lower cost of raw materials and lower depreciation charges.

In 2009 we are planning to invest around EUR 9 million, roughly in line with the new level of depreciation following the 2008 impairment charge.
Part of this investment will go towards expanding our pigment storage, replacing a part of the rewinding section, and measures designed to make our facilities safer for employees.
We will also launch a number of smaller projects to improve the quality of our paper grades.

Depending on the ability to retain sales volumes, the company expects a recovery of operating results (excluding non-recurring items) in 2009.

Velsen, The Netherlands, 12 March 2009

Mees Hartvelt
Chief Executive Officer

FINANCIAL STATEMENTS 2008

CONSOLIDATED BALANCE SHEET

(Before profit appropriation)

EUR x 1,000	*Note*	*31 December 2008*		*31 December 2007*	
ASSETS					
Non-current assets					
Property, plant and equipment	(1)	60,405		83,239	
Intangible assets	(2)	1,897		1,055	
Investment in associate	(3)	1,331		1,162	
Pension asset	(4)	-		-	
Other assets	(5)	2,602		2,711	
Deferred tax asset	(12)	5,813		-	
			72,048		**88,167**
Current assets					
Inventories	(6)	25,639		29,032	
Trade and other receivables	(7)	19,440		23,702	
Tax receivable	(23)	663		558	
Cash and cash equivalents	(8)	1,750		1,295	
			47,492		**54,587**
Total assets			**119,540**		**142,754**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Subscribed and paid-up capital	(9,10)	8,712		8,712	
Retained earnings	(10)	99,646		101,811	
Other reserves	(11)	(5,673)		(4,386)	
Result for the year	(10)	(14,921)		2,190	
			87,764		**108,327**
Minority interests	(10)		**46**		**58**
Total equity			**87,810**		**108,385**
Non-current liabilities					
Deferred tax liabilities and accruals	(12)	4,489		4,744	
			4,489		4,744
Current liabilities					
Interest-bearing liabilities	(13)	12,593		12,608	
Trade creditors	(14)	10,080		12,470	
Taxation and social security contributions		23		20	
Other short-term liabilities	(15)	4,545		4,527	
			27,241		**29,625**
Total liabilities			**31,730**		**34,369**
Total equity and liabilities			**119,540**		**142,754**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

EUR x 1,000	*Note*		*2008*		*2007*
Revenue	(16)	160,780		163,218	
Other income	(17)	249		-	
			161,029		163,218
Costs related to revenue		(8,426)		(7,660)	
Raw materials, consumables and energy	(18)	(111,741)		(114,757)	
Change in inventories of finished goods	(19)	(158)		1,945	
Employee benefits costs	(20)	(19,376)		(17,792)	
Depreciation and amortisation	(21)	(9,773)		(9,755)	
Other expenses	(22)	(13,636)		(12,518)	
Total operating expenses			(163,110)		(160,537)
Operating result			**(2,081)**		**2,681**
Impairment on fixed assets			(18,500)		-
Operating result after impairment			**(20,581)**		**2,681**
Finance income		60		65	
Finance costs		(781)		(796)	
Net finance income	(28)		(721)		(731)
Share of after tax result of associate			569		304
Result before tax			**(20,733)**		**2,254**
Tax income / (expense)	(23)		5,851		(83)
Result for the year from continuing operations			**(14,882)**		**2,171**
Result for the year attributable to:					
Equity holders of the parent (net result)			(14,921)		2,190
Minority interests			39		(19)
Result for the year from continuing operations			**(14,882)**		**2,171**
Basic earnings (in EUR) per depository receipt of share	(24)		(3.43)		0.50
Diluted earnings (in EUR) per depository receipt of share	(24)		(3.43)		0.50

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

EUR x 1,000		*2008*		*2007*
Result for the year from continuing operations		**(14,882)**		**2,171**
Net unrealised gains / (losses) on cash flow hedges	(180)		1,181	
Actuarial gains / (losses) in respect of pension scheme	(7,963)		(343)	
Asset ceiling adjustments in respect of pension scheme	6,856		(6,132)	
Net income recognised directly in equity		(1,287)		(5,294)
Total recognised income and expense for the year		**(16,169)**		**(3,123)**
Total recognised income and expense for the year attributable to:				
Equity holders of the parent		(16,208)		(3,104)
Minority interests		39		(19)
Total recognised income and expense for the year		**(16,169)**		**(3,123)**

CONSOLIDATED CASH FLOW STATEMENT

EUR x 1,000		*2008*		*2007*
Operating activities				
Operating result		(2,081)		2,681
Adjustments for:				
Depreciation and amortisation	9,777		9,782	
Pension accounting	(1,553)		(1,314)	
		8,224		8,468
Movements in working capital:				
Trade and other receivables	4,262		(847)	
Inventories	3,393		(2,394)	
Trade creditors	(2,390)		3,337	
Other items	215		571	
		5,480		667
		11,623		11,816
Interest paid	(820)		(806)	
Interest received	60		65	
Income taxes received / (paid)	(153)		(729)	
		(913)		(1,470)
Net cash flow from operating activities		**10,710**		**10,346**
Investing activities				
Investments in property, plant and equipment	(5,433)		(2,415)	
Investments in intangible assets	(851)		(618)	
Dividends received	400		325	
Disposals of tangible fixed assets	-		10	
Net cash flow (used in) / from investing activities		**(5,884)**		**(2,698)**
Financing activities				
Dividends paid	(4,356)		(4,356)	
Interest-bearing liabilities	(15)		(3,641)	
Net cash flow (used in) / from financing activities		**(4,371)**		**(7,997)**
Increase in cash and cash equivalents		**455**		**(349)**
Cash and cash equivalents at 1 January		**1,295**		**1,644**
Cash and cash equivalents at 31 December		**1,750**		**1,295**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR x 1,000	*Subscribed and paid-up capital*	*Retained earnings*	*Other reserves (note 11)*	*Profit for the year*	*Total*	*Minority interests*	*Total equity*
Balance sheet at 1 January 2007	**8,712**	**103,928**	**908**	**2,241**	**115,789**	**118**	**115,907**
Total recognised income and expense	-	-	(5,294)	2,190	(3,104)	(19)	(3,123)
Result appropriation	-	63	-	(63)	-	-	-
Paid dividends	-	(2,178)	-	(2,178)	(4,356)	-	(4,356)
Dividends minority interests	-	(2)	-	-	(2)	(41)	(43)
Balance sheet at 31 December 2007	**8,712**	**101,811**	**(4,386)**	**2,190**	**108,327**	**58**	**108,385**
Total recognised income and expense	-	-	(1,287)	(14,921)	(16,208)	39	(16,169)
Result appropriation	-	12	-	(12)	-	-	-
Paid dividends	-	(2,178)	-	(2,178)	(4,356)	-	(4,356)
Dividends minority interests	-	1	-	-	1	(51)	(50)
Balance sheet at 31 December 2008	**8,712**	**99,646**	**(5,673)**	**(14,921)**	**87,764**	**46**	**87,810**

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 employs around 290 people. The company operates two paper machines and its product portfolio consists of a range of specialty paper grades for transactional print, envelopes and other stationery, direct mail, books and manuals, packaging materials and tailor-made face and base paper customer solutions, like base papers for self-adhesive materials and direct thermal printing. Crown Van Gelder N.V. is listed at the Official Market of the Euronext Amsterdam Stock Market 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. Minority 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 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 balance sheet and profit and loss account. 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 profit and loss account. Transactions in foreign currency are accounted for in the profit and loss account 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 derecognising of items of property, plant and equipment are included in the profit and loss account 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.

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.

Pension asset

The pension scheme qualifies as a defined benefit pension plan. IAS 19 requires recognition in the balance sheet of a defined benefit asset or liability.

Crown Van Gelder's accounting policy for recognising actuarial gains and losses is based on the SoRIE approach. Crown Van Gelder recognises actuarial gains and losses in the period in which they occur and gains and losses are recognised outside the profit and loss account. The actuarial gains and losses are presented in a statement of changes in equity titled 'Consolidated Statement of Recognised Income and Expense'. If there is a pension asset, the amount recognised should be limited, according to paragraph IAS 19.58, 58A and 58B ('asset ceiling approach'), to the present value of the economic benefit available. The consequences of the asset ceiling are recognised outside the profit and loss account (IAS 19.61) based on the SoRIE approach. The asset ceiling is also presented in a statement of changes in equity titled 'Consolidated Statement of Recognised Income and Expense'.

Crown Van Gelder's policy is to recognise gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. A settlement occurs when the company enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan. A curtailment occurs for example when the company amends the terms of a defined benefit plan such that a material element of future service by current employees will no longer qualify for benefits.

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

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 profit and loss account 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 liabilities

Deferred income tax relates primarily to 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 liabilities relate to temporary differences between the financial reporting valuation and tax valuation of the tangible fixed assets, pension assets, stocks of finished products, debtors, hedging contracts and provisions.

Current non-financial liabilities

All current liabilities are stated at cost being the fair value of the consideration received.

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, commodity and interest rate swaps to hedge its risks associated with foreign currency, energy price movements and interest rate 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 profit and loss account 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.

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 balance sheet 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 profit and loss account.

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 profit and loss account.

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 quarterly 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 equity. The cumulative gain or loss recognised in equity is transferred to the profit and loss account 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 forecast transaction is ultimately recognised in the profit and loss account. 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 profit and loss account.

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 profit and loss account.

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 profit and loss account 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 the following items:
• Property, plant and equipment;
• Intangible assets;
• Pension asset;
• 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, 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 2008, 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

• IFRIC 11 IFRS 2: Group and Treasury Share Transactions
IFRIC 11 was issued in November 2006 and becomes effective for financial years beginning on or after 1 March 2007. This standard has no impact for Crown Van Gelder.

• IFRIC 12 Service Concession Arrangements
IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. This standard has no impact for Crown Van Gelder.

• IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 14 was issued in July 2007 and becomes effective for financial years beginning on or after 1 January 2008. The standard has been endorsed by the EU for financial years beginning on or after 1 January 2009. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. Crown Van Gelder has early adopted the Interpretation which resulted in lowering the pension asset to nil.

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

- Improvements to International Financial Reporting Standards
  In May 2008, the IASB published a standard resulting in minor changes being made to 25 standards. The changes will be effective for financial years beginning on or after 1 January 2009, with earlier adoption being allowed. The Improvements have not yet been endorsed by the EU. Crown Van Gelder expects this to result in some changes in the presentation of the financial statements and additional disclosures.

- IFRS 2 Share-Based Payment (Amendments)
  The IASB issued an amendment to IFRS 2 in January 2008 that clarifies the definition of a vesting condition and prescribes the treatment for an award that is cancelled. This amendment will be effective for financial years beginning on or after 1 January 2009. This standard has no impact for Crown Van Gelder.

- IFRS 3 Business Combinations - Revised
  The IASB issued the revised Business Combinations standard in January 2008 which will be effective for financial years beginning on or after 1 July 2009. The standard introduces changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. This standard has no impact for Crown Van Gelder.

- IFRS 8 Operating Segments
  IFRS 8 is applicable for annual periods beginning on or after 1 January 2009. Earlier application is permitted. IFRS 8 replaces IAS 14. The company has reviewed the differences between IFRS 8 and IAS 14 and has concluded that the new standard has no impact on the financial statements of Crown Van Gelder.

- IAS 1 Amendment: Presentation of Financial Statements
  The IASB issued revised IAS 1 Presentation of Financial Statements in September 2007 which will be effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. Therefore, the statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces a statement of comprehensive income: presenting all items of recognised income and expense, either in one single statement, or in two linked statements. Crown Van Gelder N.V. has chosen not to adopt this standard early.

- IAS 23 Amendment: Borrowing Costs
  The revision of IAS 23 is effective for financial years beginning on or after 1 January 2009 and requires capitalisation of borrowing costs that relate to a qualifying asset. The transitional requirements of the standard require it to be adopted as a prospective change from the effective date. Crown Van Gelder has chosen not to adopt this standard early. The company has concluded that the new standard presently has no impact on the financial statements of Crown Van Gelder.

- IAS 27 Consolidated and Separate Financial Statements (revised in 2008)
  Simultaneously with the revised IFRS 3, adjustments were made to IAS 27 Consolidated and Separate Financial Statements. Among other things, the revised IAS 27 explains the method of recognising the loss of control of a consolidated entity. The new provisions are applicable as from 1 July 2009.The revised IAS 27 has not yet been endorsed by the EU. This standard is not applicable for Crown Van Gelder.

- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements, Puttable Financial Instruments and Obligations Arising on Liquidation
  In February 2008, the IASB published amendments to IAS 32 and IAS 1 concerning Puttable Financial Instruments and Obligations Arising on Liquidation. The revised IAS 32 and IAS 1 have not yet been endorsed by the EU. This standard is not applicable for Crown Van Gelder.

- IAS 39 Financial Instruments, 'Eligible hedged items'
  The changes to IAS 39 mainly relate to the establishing of unilateral risk and the designation of inflation as hedged risk. The changes explicitly stipulate that a portion of fair value changes or uncertain cash flows can be regarded as the hedged risk. The new provisions are applicable as from 1 July 2009. The revised IAS 39 has not yet been endorsed by the EU. This standard has no impact for Crown Van Gelder.

- IFRIC 13 Customer Loyalty Programmes
  IFRIC 13 was issued in June 2007 and becomes effective for financial years beginning on or after 1 July 2008. The standard has been endorsed by the EU for financial years beginning on or after 1 January 2009. This Interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. This standard has no impact for Crown Van Gelder.

- IFRIC 15 Agreements for the Construction of Real Estate
  IFRIC 15 concludes that the recording of revenue during the construction of a project (e.g. apartments) among real estate developers is permitted only if specific conditions have been met. The interpretation has not yet been endorsed by the EU.This standard is not applicable for Crown Van Gelder.

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
  The IFRIC issued IFRIC 16 in July 2008. This interpretation provides guidance on the accounting for a hedge of a net investment. This interpretation will be effective prospectively for financial years beginning on or after 1 October 2008. This standard has no impact for Crown Van Gelder.

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 2007	19,980	178,196	1,672	1,049	200,897
Additions	242	1,744	13	416	2,415
Disposals	(3)	(380)	(349)	-	(732)
Balance sheet at 31 December 2007	**20,219**	**179,560**	**1,336**	**1,465**	**202,580**
Depreciation					
At 1 January 2007	10,751	98,347	1,196	-	110,294
Disposals	(3)	(380)	(339)	-	(722)
Depreciation for the year	964	8,647	158	-	9,769
Balance sheet at 31 December 2007	**11,712**	**106,614**	**1,015**	**-**	**119,341**
Book value					
At 1 January 2007	**9,229**	**79,849**	**476**	**1,049**	**90,603**
At 31 December 2007	**8,507**	**72,946**	**321**	**1,465**	**83,239**
Costs					
At 1 January 2008	20,219	179,560	1,336	1,465	202,580
Additions	850	2,168	463	1,952	5,433
Disposals	-	(1,259)	(92)	-	(1,351)
Balance sheet at 31 December 2008	**21,069**	**180,469**	**1,707**	**3,417**	**206,662**
Depreciation					
At 1 January 2008	11,712	106,614	1,015	-	119,341
Disposals	-	(1,259)	(92)	-	(1,351)
Depreciation for the year	926	8,696	146	-	9,768
Impairment on PP&E	1,981	16,366	153	-	18,500
Balance sheet at 31 December 2008	**14,619**	**130,417**	**1,222**	**-**	**146,258**
Book value					
At 1 January 2008	**8,507**	**72,946**	**321**	**1,465**	**83,239**
At 31 December 2008	**6,450**	**50,052**	**485**	**3,417**	**60,405**

NOTES TO THE
CONSOLIDATED BALANCE SHEET

In 2008, the EUR 18.5 million impairment loss represents the write-down of certain property, plant and equipment to the recoverable amount. This has been recognised in the profit and loss account in the line 'Impairment on fixed assets'. The recoverable amount was based on value in use and the recoverable amount of the Net Assets is estimated to be EUR 84.5 million. The cash flows were discounted at a rate of 8.0% on a pre-tax basis. Previous impairment testing was performed using a pre-tax rate of 6.63%.
The impairment test is a result of an indication of impairment under IAS. The carrying amount of the Net Assets has been above its market capitalisation for a couple of years (IAS 36 p.12). The difference has increased further during 2008. The main cause of the extra write-off on fixed assets is the prolonged below-target return on capital employed, due to the prevailing market situation with overcapacity and costs increases that consequently could not sufficiently be passed on to customers. Due to this effect, the expected gross margin per ton used in the calculations is lower then used in earlier forecasts.

None of the above mentioned items of the 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 (2007: nil). The depreciation of the property, plant and equipment is included in line item 'Depreciation and amortisation' in the consolidated profit and loss account.

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 2007	795	422	1,217
Additions (acquired)	7	611	618
Disposals	(239)	-	(239)
Balance sheet at 31 December 2007	**563**	**1,033**	**1,596**
Amortisation			
At 1 January 2007	767	-	767
Amortisation for the year	13	-	13
Disposals	(239)	-	(239)
Balance sheet at 31 December 2007	**541**	**-**	**541**
Book value			
At 1 January 2007	**28**	**422**	**450**
At 31 December 2007	**22**	**1,033**	**1,055**

EUR x 1,000	*Software*	*Software under construction*	*Total*
Costs			
At 1 January 2008	563	1,033	1,596
Additions (acquired)	1,884	(1,033)	851
Disposals	-	-	-
Balance sheet at 31 December 2008	**2,447**	**-**	**2,447**
Amortisation			
At 1 January 2008	541	-	541
Amortisation for the year	9	-	9
Disposals	-	-	-
Balance sheet at 31 December 2008	**550**	**-**	**550**
Book value			
At 1 January 2008	**22**	**1,033**	**1,055**
At 31 December 2008	**1,897**	**-**	**1,897**

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 profit and loss account.
For the commitments concerning software we refer to note 25.

INVESTMENT IN ASSOCIATE (3)

Movements in the associate can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Balance sheet at 1 January	1,162	1,183
Share of result	569	304
Dividends received	(400)	(325)
Balance sheet at 31 December	**1,331**	**1,162**

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*	*Revenues*	*Profit/(loss)*	*% Interest held*
2007					
International Forwarding Office B.V.	4,377	1,993	2,394	608	50
2008					
International Forwarding Office B.V.	4,627	2,094	2,430	949	50

NOTES TO THE
CONSOLIDATED BALANCE SHEET

PENSION ASSET (4)

Crown Van Gelder's type of pension plan is an average indexed salary plan, providing a normal retirement pension as from the age of 65, based on an annual accrual rate of 1.625% of the pension base (salary less social security offset) per year of participation. As well as a partner pension for spouse or unmarried partner based on 1.25% of the above mentioned pension base less 1.625% of the social security offset per year of participation. An orphan's pension is also included in the pension plan. The orphan's pension per child is 7% of the attainable normal retirement pension. The plan also includes an early retirement pension plan based on final salary, providing a benefit as from the age of 62 to the normal retirement age of 65. The early retirement benefit equals 75% of final salary. These normal and early retirement plans will be continued for employees with an age over or equal to 56 and in service at 31 December 2005.
From 1 January 2006 onwards, 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. The new 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 fully funded on the basis of Dutch statutory and supervisory rules.

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

EUR x 1,000	*2008*	*2007*
Defined benefit obligation (DBO) at 31 December	(93,189)	(89,777)
Plan assets at 31 December	102,542	108,333
Funded status	9,353	18,556
Amounts not recognised as an asset, because of limit 19.58(b) [1]	(9,353)	(18,556)
Net pension asset at 31 December	-	-

(1) According to paragraph 58, 58A an 58B (asset ceiling) Crown Van Gelder has a defined benefit asset of EUR 9,353 but cannot, based on the current terms of the plan, recover that asset fully through refunds or reductions in future contributions. The net pension asset comprises the present value of the economic benefit available in the form of refunds or reductions in future contributions. At year-end 2008 (and 2007), this number has been determined to be nil. For further insight, reference is made to note 11.

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

EUR x 1,000	*2008*	*2007*
Defined benefit obligation (DBO) at opening balance	89,777	93,986
Service cost (including employee contributions)	1,789	1,943
Interest cost	4,560	4,411
Actuarial (gains) / losses	1,368	(5,922)
Benefits paid	(4,305)	(4,641)
Defined benefit obligation (DBO) at 31 December	**93,189**	**89,777**

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

EUR x 1,000	*2008*	*2007*
Plan assets at opening balance	108,333	111,688
Expected return on plan assets	5,928	5,858
Actuarial gains / (losses)	(9,319)*	(6,383)*
Contributions	1,905	1,811
Benefits paid	(4,305)	(4,641)
Plan assets at 31 December	**102,542**	**108,333**

* At year-end 2007 and 2008, the value of the plan asset is calculated using best estimates as actual value is not yet available.

The movements in the net pension asset can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Net pension asset at 1 January	-	7,377
Contributions paid	1,430	1,490
Net pension benefit / (expense) recognised in the profit and loss account	53	(176)
Recognition in SoRIE	(1,483)	(8,691)
Balance sheet at 31 December	-	-

The net pension expense recognised in the profit and loss account can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Current service costs	1,315	1,623
Interest on obligation	4,560	4,411
Expected return on plan assets (2)	(5,928)	(5,858)
Total net pension expense / (benefit)	**(53)**	**176**

(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 actual return on plan assets in the financial year 2008 is equal to EUR (3,392) (2007: EUR (525)).

NOTES TO THE
CONSOLIDATED BALANCE SHEET

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

EUR x 1,000		*2008*		*2007*
At 1 January		12,840		13,301
Actuarial gains / (losses) recognised in the 'Consolidated Statement of Recognised Income and Expense'	(7,963)		(343)	
Recognised in deferred tax liabilities	(2,724)		(118)	
		(10,687)		(461)
At 31 December		**2,153**		**12,840**

The percentage that each major category of plan assets constitutes of the fair value of the plan assets can be detailed as follows:

Asset Category	*2008*	*2007*
Equities	6%	13%
Bonds	78%	69%
Real Estate	16%	18%

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

In %	*Used in 2008*	*Used in 2007*
Discount rate	5.41	5.14
Expected return on plan assets	6.10	5.34
General salary increase	2.38	2.28
Pension increase	2.26	2.13

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

EUR x 1,000	*2008*	*2007*	*2006*	*2005*
The present value of the defined benefit obligation	(93,189)	(89,777)	(93,986)	(103,037)
The fair value of plan assets	102,542	108,333	111,688	109,109
Funded status	9,353	18,556	17,702	6,072
Experience gains / (losses) on plan liabilities				
Amount	3,379	3,478	2,415	(6,165)
Actuarial return less expected return on plan assets				
Amount	(9,319)	(6,383)	(6)	7,900

Due to the change in pension accounting principles as from 1 January 2005, the five year history of experience gains and losses will gradually be built up. Crown Van Gelder's best estimate of the contribution expected to be paid to the plan in the fiscal year ending as per 31 December 2009 amounts to EUR 1,500.

OTHER ASSETS (5)

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 profit and loss account during the remaining contract period using the straight-line method.

Movements in the other assets can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Balance sheet at 1 January	2,711	2,820
Allocated to the profit and loss account	(109)	(109)
Balance sheet at 31 December	**2,602**	**2,711**

The allocation is included in line item 'Other expenses' in the consolidated profit and loss account.

INVENTORIES (6)

Inventories can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Raw materials	7,207	10,158
Other materials	6,053	6,337
Finished goods	12,379	12,537
Balance sheet at 31 December	**25,639**	**29,032**

No extraordinary write-down of inventories has been made during the financial year.

TRADE AND OTHER RECEIVABLES (7)

Trade and other receivables can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Trade receivables	17,066	21,430
Other receivables	564	2,082
Accrued income and prepayments	1,810	190
Balance sheet at 31 December	**19,440**	**23,702**

NOTES TO THE CONSOLIDATED BALANCE SHEET

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 2008, trade receivables at nominal value of EUR 211 (2007: EUR 85) were impaired and fully provided for.

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

EUR x 1,000	*2008*	*2007*
Provision – past due		
At 1 January	-	74
Charge for the year	451	59
Utilised	(325)	-
Unused amounts reversed	-	(133)
Balance sheet at 31 December	**126**	**-**

EUR x 1,000	*2008*	*2007*
Provision – impaired		
At 1 January	85	85
Charge for the year	325	-
Utilised	(325)	-
Unused amounts reversed	-	-
Balance sheet at 31 December	**85**	**85**

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.

EUR x 1,000	*Nominal value*	*Provision*	*Book value*
Outstanding receivables – current	18,458	-	18,458
Outstanding receivables – past due	2,972	-	2,972
	21,430	-	21,430
Outstanding receivables – impaired	85	85	-
Balance sheet at 31 December 2007	**21,515**	**85**	**21,430**

EUR x 1,000	*Nominal value*	*Provision*	*Book value*
Outstanding receivables – current	15,966	-	15,966
Outstanding receivables – past due	1,226	126	1,100
	17,192	126	17,066
Outstanding receivables – impaired	85	85	-
Balance sheet at 31 December 2008	**17,277**	**211**	**17,066**

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*
2007	**21,430**	18,458	2,488	356	114	14	-
2008	**17,066**	15,966	851	230	6	-	13

At 31 December 2008, the company held 6 forward exchange contracts (2007: nil). Three are classied as derivatives at fair value through profit and loss (EUR 383) and three qualify as effective cash flow hedges (EUR (264)). These are recorded in 'Other receivables'. Reference is made to note 27.

CASH AND CASH EQUIVALENTS (8)

Cash and cash equivalents can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Cash at bank and in hand	1,750	1,295
Balance sheet at 31 December	**1,750**	**1,295**

Cash at bank earns interest at floating rates based on daily bank deposit and the daily interest rate. The average effective interest rate during the financial year is based on EURIBOR and EONIA less 0.375 % - 0.5%.
There were no deposits during the financial year and all cash and cash equivalents are payable on demand.

SUBSCRIBED AND PAID-UP CAPITAL (9)

The authorised capital can be detailed as follows:

Number of shares (thousands)	*2008*	*2007*
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**

NOTES TO THE
CONSOLIDATED BALANCE SHEET

Issued and fully paid-up capital

	Thousands	*EUR x 1,000*
Ordinary shares	871.2	8,712
Preference shares	-	-
Balance sheet at 31 December	**871.2**	**8,712**

EQUITY (10)

EUR x 1,000	*Subscribed and paid-up capital*	*Retained earnings*	*Other reserves (note 11)*	*Result for the year*	*Total*	*Minority interests*	*Total equity*
Balance sheet at 1 January 2007	**8,712**	**103,928**	**908**	**2,241**	**115,789**	**118**	**115,907**
Net unrealised gains / (losses) on cash flow hedges	-	-	1,181	-	1,181	-	1,181
Actuarial gains / (losses) in respect of pension scheme	-	-	(343)	-	(343)	-	(343)
Asset ceiling adjustments in respect of pension scheme	-	-	(6,132)	-	(6,132)	-	(6,132)
Result for the year	-	-	-	2,190	2,190	(19)	2,171
Total recognised income and expense	-	-	(5,294)	2,190	(3,104)	(19)	(3,123)
Result appropriation	-	63	-	(63)	-	-	-
Paid dividends	-	(2,178)	-	(2,178)	(4,356)	-	(4,356)
Dividends minority interests	-	(2)	-	-	(2)	(41)	(43)
Balance sheet at 31 December 2007	**8,712**	**101,811**	**(4,386)**	**2,190**	**108,327**	**58**	**108,385**
Net unrealised gains / (losses) on cash flow hedges	-	-	(180)	-	(180)	-	(180)
Actuarial gains / (losses) in respect of pension scheme	-	-	(7,963)	-	(7,963)	-	(7,963)
Asset ceiling adjustments in respect of pension scheme	-	-	6,856	-	6,856	-	6,856
Result for the year	-	-	-	(14,921)	(14,921)	39	(14,882)
Total recognised income and expense	-	-	(1,287)	(14,921)	(16,208)	39	(16,169)
Result appropriation	-	12	-	(12)	-	-	-
Paid dividends	-	(2,178)	-	(2,178)	(4,356)	-	(4,356)
Dividends minority interests	-	1	-	-	1	(51)	(50)
Balance sheet at 31 December 2008	**8,712**	**99,646**	**(5,673)**	**(14,921)**	**87,764**	**46**	**87,810**

OTHER RESERVES (11)

EUR x 1,000	*Asset ceiling pension accounting*	*Actuarial gains / losses*	*Cash flow hedge reserve*	*Total*
Balance sheet at 1 January 2007	**(7,243)**	**9,332**	**(1,181)**	**908**
Movements in 2007				
Recognition in SoRIE	(6,132)	(343)	-	(6,475)
Net unrealised gains / (losses) on cash flow hedges	-	-	1,181	1,181
Balance sheet at 31 December 2007	**(13,375)**	**8,989**	**-**	**(4,386)**
Movements in 2008				
Recognition in SoRIE	6,856	(7,963)	-	(1,107)
Net unrealised gains / (losses) on cash flow hedges				
Charge for the year	-	-	180	180
Allocated to the profit and loss account	-	-	(360)	(360)
Balance sheet at 31 December 2008	**(6,519)**	**1,026**	**(180)**	**(5,673)**

Nature and purpose of the reserves

Actuarial gains and losses and asset ceiling pension accounting
The reserve has been created for recognising actuarial gains and losses based on the SoRIE approach as well as the consequences of asset ceiling adjustments.
Although the value of the pension plan assets is greater than the value of the pension liabilities, paragraph 58A of IAS 19 limits Crown Van Gelder in recognising this difference, the funded status, as a net asset. Paragraph 58 A provides that a company may only recognise a net pension asset to the present value of expected economic benefits as refunds or future premium discounts. This principle is often referred to as asset ceiling. For 2006, 2007 and 2008, the method used to determine the potential asset ceiling adjustments requires the company to determine the difference between the present values (at the discount rate used in the valuations) of the expected future service cost, minus expected future employees' contributions, and the expected future employer contributions. This difference represents the present value of expected economic benefits. When the present value of expected economic benefits is lower than the funded status, the company may only recognise a net pension asset to that lower value. The adjustments resulting from asset ceiling run through SoRIE are presented under other reserves.

Cash flow hedge reserve
The cash flow hedge reserve 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.

NOTES TO THE CONSOLIDATED BALANCE SHEET

DEFERRED TAX ASSETS, LIABILITIES AND ACCRUALS (12)

The deferred tax assets relate to the following:

EUR x 1,000		*2008*		*2007*
Deferred tax assets				
Property, plant and equipment	486		-	
Pension	(59)		-	
Inventories	(313)		-	
		114		-
Losses available for offset against future taxable income	5,699		-	
		5,699		-
Balance sheet at 31 December		**5,813**		**-**

The deferred tax liabilities and accruals relates to the following:

EUR x 1,000		*2008*		*2007*
Deferred tax liabilities and accruals				
Inventories	-		56	
Pension	-		64	
EIA tax allowance	4,489		4,906	
Trade receivables	-		75	
		4,489		5,101
Deferred tax assets				
Property, plant and equipment	-		(357)	
		-		(357)
Balance sheet at 31 December		**4,489**		**4,744**

Deferred tax liabilities have been valued at expected future tax rates (25.5% for 2009) and are estimated to be mostly long-term. A deferred tax accrual amounting to EUR 0.4 million regarding the EIA tax allowance can be classified as short-term deferred tax accrual.
The deferred tax liabilities at 31 December 2008 include an amount of EUR 4.5 million for the (EIA) tax allowance. The EIA tax allowance is classified as a tax accrual which means that the allowance reduces the statutory tax rate. This amount will be released to the profit and loss account during the expected useful life of the assets involved.

Movements in deferred tax charged or credited to shareholder's equity were as follows:

EUR x 1,000	*2008*	*2007*
Movements charged or credited directly to shareholders' equity		
Cash flow hedging	62	-
Pension accounting	379	(2,217)
Total	**441**	**(2,217)**

Movements in deferred tax charged or credited to the profit and loss account were as follows:

EUR x 1,000	*2008*	*2007*
Movements charged or credited to the profit and loss account		
EIA tax Allowance	417	419
Total	**417**	**419**

INTEREST-BEARING LIABILITIES (13)

The company has credit facilities at its disposal up to EUR 34 million. A part of these credit facilities are secured by inventories and debtors. The interest concerning the facilities consists of a basic interest rate, such as EURIBOR and EONIA, plus an increase of between 0.70% and 1.25%. The credit facilities are committed until further notice.

At the end of 2008 an amount of EUR 12.6 million of these credit facilities was used.

TRADE CREDITORS (14)

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

OTHER SHORT-TERM LIABILITIES (15)

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

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

REVENUE (16)

Revenue can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Revenue of paper sales	156,235	157,962
Supply of energy	4,545	5,256
Total	**160,780**	**163,218**

The geographical distribution of paper sales and revenue in 2008 and 2007 was as follows:

In %	*Sales of paper*		*Total revenue*	
	2008	*2007*	*2008*	*2007*
Netherlands	14	12	17	15
Germany	24	23	23	22
United Kingdom	14	14	13	14
Belgium / Luxembourg	13	15	14	16
France	15	15	16	16
Other European countries	9	8	9	8
Other countries	11	13	8	9
Total	**100**	**100**	**100**	**100**

OTHER INCOME (17)

Other income can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Income from EU CO_2 allowances	249	-
Total	**249**	**-**

In 2007 Crown Van Gelder concluded a swap of EUAs (European Union Allowances) for CERs (Certified Emission Reductions), in order to take advantage of the price differential between EUAs and CERs. The delivery and settlement was executed in December 2008. The delivery obligation was 70,000 EUAs for which Crown Van Gelder received 70,000 CERs and an additional amount of EUR 0.2 million.

For the period 2008 until 2012, Crown Van Gelder has been allocated 147,933 CO_2 allowances on an annual basis. In 2008 total CO_2 emissions of Crown Van Gelder amounted to around 143,000 ton. The market value of the surplus at 31 December 2008 is around EUR 0.1 million.

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	*2008*	*2007*
Raw materials and consumables	91,640	91,516
Water	501	452
Packaging	2,385	2,361
Energy	17,215	20,428
Total	**111,741**	**114,757**

CHANGE IN INVENTORIES OF FINISHED GOODS (19)

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

EUR x 1,000	*2008*	*2007*
Finished goods at 1 January	12,537	10,593
Finished goods at 31 December	12,379	12,537
Change in inventories of finished goods	(158)	1,944
Other movements	-	1
Total	**(158)**	**1,945**

EMPLOYEE BENEFITS COSTS (20)

The employee benefits costs can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Wages and salaries	14,772	14,286
Social security contributions	1,851	1,630
Other staff costs	2,806	1,700
Net pension expense	(53)	176
Total	**19,376**	**17,792**

For a break down of the net pension expense we refer to note 4 concerning the pension asset.

The average number of employees in 2008 was 291 (2007: 284).

DEPRECIATION AND AMORTISATION (21)

The depreciation and amortisation can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Depreciation property, plant and equipment	9,768	9,769
Amortisation intangible assets	9	13
Loss on disposal property, plant and equipment	-	10
Gain on asset sale	(4)	(37)
Total	**9,773**	**9,755**

OTHER EXPENSES (22)

Other expenses can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Maintenance costs	6,032	5,815
Leasing	414	420
Other operating expenses	7,190	6,283
Total	**13,636**	**12,518**

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		*2008*		*2007*
Current tax expense				
Current year tax expense	(5,449)		493	
Movements due to limit on deductibility	15		9	
		(5,434)		502
Movements in deferred tax and accruals				
Movements due to timing differences and release of EIA tax allowance	(417)		(419)	
		(417)		(419)
Total		**(5,851)**		**83**

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

In % and EUR x 1,000		*2008*		*2007*
Result on ordinary activities before taxation		(20,733)		2,254
Less share of result of associate		(569)		(304)
Accounting result before tax		(21,302)		1,950
	In %		In %	
Statutory tax rate	25.6	(5,449)	25.3	493
Reduction by tax allowances	1.9	(402)	(21.0)	(410)
Decrease of future statutory tax rates	-	-	-	-
Total effective tax rate	**27.5**	**(5,851)**	**4.3**	**83**

The following table illustrates the composition of current tax receivable:

EUR x 1,000		*2008*		*2007*
Current tax receivable				
Income tax, due to preliminary tax assessments that were based on a higher result before taxation	429		558	
Income tax relating to preceding year	209		-	
		638		558
Movements in deferred tax and accruals				
Release to income statement of cash flow hedge	62		-	
Accounts receivable	(37)		-	
		25		-
Total		**663**		**558**

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:

	2008	*2007*
Result for the year attributable to equity holders of the parent (EUR x 1,000)	(14,921)	2,190
Weighted average number of depository receipts of shares (thousands)	4,356	4,356
Basic earnings per depository receipt of share (EUR)	(3.43)	0.50
Diluted earnings per depository receipt of share (EUR)	(3.43)	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	*2008*	*2007*
Within one year	414	420
Between one and five years	989	1,239
Longer than five years	33	124
Total	**1,436**	**1,783**

Capital expenditure commitments

At 31 December 2008, Crown Van Gelder had commitments amounting to EUR 1.4 million (2007: 0.9 million).

Guarantees

There were no bank guarantees issued at the balance sheet date (2007: EUR 0.1 million).

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 17 and 27.

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 for the financial year 2008:

EUR x 1,000	*2008*	*2007*
Outstanding balances as per year-end	234	351
Commission fees during the year	198	200

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the 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 related parties

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

EUR x 1,000	*2008*	*2007*
Mees Hartvelt, Managing Director		
Fixed remuneration	207	198
Variable remuneration	30	47
Pension costs	22	31
Total	**259**	**276**

A variable reward system is in force for the Managing Director, 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 Managing Director on specific targets. The non-financial objectives have all largely been met.
Pension costs of the Managing Director is based on its pensionable salary.
No stock options have been offered to or are owned by the Managing Director. There are no loans outstanding to the Managing Director 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	*2008*	*2007*
Berry Bemelmans, Chairman	24	19
Klaas Schaafsma	19	19
Han Wagter	19	19
Emile Bakker	19	-
Huub Meertens	-	24
Total	**81**	**81**

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.

NOTES TO THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT

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. At year-end 2007, no foreign currency contracts, commodity and interest rate swaps were outstanding. The financial derivatives, outstanding at year-end 2008, are cash flow hedges and derivatives at fair value through profit and loss.

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 option contracts and 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 paragraphe '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	*2008*	*2007*
Impact of currency changes on result before tax		
Increase / (decrease) in USD rate		
-5%	32	80
5%	(32)	(80)
Increase / (decrease) in GBP rate		
-5%	(44)	(244)
5%	44	244

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

At 31 December 2008, the company had no interest rate swaps.

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	*2008*	*2007*
Average outstanding balance	15,111	15,810
Finance costs	781	796
Average interest rate %	5.17%	5.03%
Increase / (decrease) in base points		
(50)	76	79
(25)	38	40
25	(38)	(40)
50	(76)	(79)

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*
Balance per 31 December 2008		
Financial assets		
Trade and other receivables	19,985	19,985
Derivatives at fair value through profit and loss	383	383
Cash and cash equivalents	1,750	1,750
Financial liabilities		
Bank overdrafts	12,593	12,593
Derivatives in effective hedges	265	265
Trade and other payables	14,647	14,647

EUR x 1,000	*Book value*	*Fair value*
Balance per 31 December 2007		
Financial assets		
Trade and other receivables	21,430	21,430
Cash and cash equivalents	1,295	1,295
Financial liabilities		
Bank overdrafts	12,608	12,608
Trade and other payables	16,997	16,997

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 balance sheet.

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 2007, the company held no currency option contracts, forward exchange contracts or commodity swap contracts.

At 31 December 2008, the company held 6 forward exchange contracts.

Forward exchange contracts	*Exchange Rate*	*Expiration Date*	*Fair Value EUR x 1,000*
Sell			
GBP 900,000	EUR/GBP 0.84085	8 January 2009	127
GBP 900,000	EUR/GBP 0.84050	5 February 2009	128
GBP 900,000	EUR/GBP 0.84025	8 March 2009	128
Buy			
USD 3,500,000	EUR/USD 1.30200	8 January 2009	(188)
USD 2,500,000	EUR/USD 1.34310	8 January 2009	(76)
USD 1,000,000	EUR/USD 1.39875	8 January 2009	(1)

All three GBP forward exchange contracts were initially recognised as cash flow hedges. Subsequent testing for effectiveness revealed them to be ineffective. Therefore the derivatives were classified as derivatives held for sale and the value of the contracts were transferred to the profit and loss account. The three USD forward exchange contracts qualify at year-end as effective cash flow hedges, until 2008 no profit or loss is recognised in the profit and loss account on those contracts. During 2009, the net unrealised losses on cash flow hedges (EUR 180), as recognised in equity at year-end 2008, will be recognised in the profit and loss account, in the line 'Revenue'. Reference is made to note 10.

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.

All contracts are classified as other short-term assets and liabilities.

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	*2008*	*2007*
Financial assets at fair value through profit and loss	360	-
Financial liabilities at fair value through profit and loss	-	-
	360	-

This has been recognised in the profit and loss account in the line 'Revenue'.

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 7 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*
2008				
Leasing commitments	414	989	33	1,436
Derivatives at fair value through profit and loss	265	-	-	265
Trade payables	10,080	-	-	10,080
Other short-term liabilities	2,744	-	-	2,744
Total	**13,503**	**989**	**33**	**14,525**
2007				
Leasing commitments	420	1,239	124	1,783
Trade payables	12,470	-	-	12,470
Other short-term liabilities	2,537	-	-	2,537
Total	**15,427**	**1,239**	**124**	**16,790**

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Depending on both external developments and management decisions, both the outstanding credit-facility and effective interest-rate will fluctuate over time. Consequently, assessing the amount of interest due for the coming year is ambiguous. The company's best estimate for the 2009 interest payments is the 2008 interest expense, as recorded in note 28.

NET FINANCE INCOME (28)

Finance Income

EUR x 1,000	*2008*	*2007*
Interest from outstanding cash and equivalents	16	28
Interest from non-related parties	44	37
	60	65

Finance costs

EUR x 1,000	*2008*	*2007*
Interest on interest bearing-liabilities	781	797

(Before profit appropriation)

EUR x 1,000	Note	31 December 2008		31 December 2007	
ASSETS					
Fixed assets					
Intangible fixed assets	(I)	1,897		1,055	
Tangible fixed assets	(II)	52,161		71,846	
Financial fixed assets	(III)	9,997		4,171	
			64,055		**77,072**
Current assets					
Inventories	(IV)	25,639		29,032	
Accounts receivable	(V)	26,991		33,150	
Cash and cash equivalents	(VI)	1,494		1,003	
			54,124		**63,185**
Total assets			**118,179**		**140,257**
EQUITY AND LIABILITIES					
Shareholders' equity					
Subscribed and paid-up capital	(VII)	8,712		8,712	
Legal reserve	(VIII)	1,245		1,076	
Retained earnings	(VIII)	98,401		100,735	
Other reserve	(VIII)	(5,673)		(4,386)	
Result for the year	(VIII)	(14,921)		2,190	
Total equity			**87,764**		**108,327**
Provisions					
Provision for deferred tax liabilities and accruals	(IX)	4,489		4,744	
			4,489		**4,744**
Short term liabilities					
Interest-bearing liabilities		12,593		12,608	
Trade creditors	(X)	8,774		10,063	
Other short-term liabilities		4,559		4,515	
			25,926		**27,186**
Total shareholders' equity and liabilities			**118,179**		**140,257**

COMPANY PROFIT AND LOSS ACCOUNT

EUR x 1,000	*2008*	*2007*
Result from subsidiaries and associates	569	402
Other result	(15,490)	1,788
Net result	**(14,921)**	**2,190**

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 in 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 balance sheet.

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 2007	19,980	154,358	1,625	1,049	177,012
Additions	242	870	-	416	1,528
Disposals at cost	(3)	(345)	(324)	-	(672)
Balance sheet at 31 December 2007	**20,219**	**154,883**	**1,301**	**1,465**	**177,868**
Depreciation					
At 1 January 2007	10,751	85,888	1,174	-	97,813
Disposals	(3)	(345)	(324)	-	(672)
Depreciation for the year	964	7,767	150	-	8,881
Balance sheet at 31 December 2007	**11,712**	**93,310**	**1,000**	-	**106,022**
Book value					
At 1 January 2007	**9,229**	**68,470**	**451**	**1,049**	**79,199**
At 31 December 2007	**8,507**	**61,573**	**301**	**1,465**	**71,846**
Costs					
At 1 January 2008	20,219	154,883	1,301	1,465	177,868
Additions	850	1,782	461	1,952	5,045
Disposals at cost	-	(1,115)	(92)	-	(1,207)
Balance sheet at 31 December 2008	**21,069**	**155,550**	**1,670**	**3,417**	**181,706**
Depreciation					
At 1 January 2008	11,712	93,310	1,000	-	106,022
Disposals	-	(1,115)	(92)	-	(1,207)
Depreciation for the year	926	7,854	141	-	8,921
Impairment on PP&E	1,981	13,675	153	-	15,809
Balance sheet at 31 December 2008	**14,619**	**113,724**	**1,202**	-	**129,545**
Book value					
At 1 January 2008	**8,507**	**61,573**	**301**	**1,465**	**71,846**
At 31 December 2008	**6,450**	**41,826**	**468**	**3,417**	**52,161**

FINANCIAL FIXED ASSETS (III)

Financial fixed assets can be detailed as follows:

EUR x 1,000		*2008*	*2007*
Subsidiaries	(A)	252	298
Investment in associate	(B)	1,331	1,162
Pension asset	(C)	-	-
Other assets	(D)	2,601	2,711
Deferred tax asset	(E)	5,813	-
Balance sheet at 31 December		**9,997**	**4,171**

(A) Subsidiaries

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

Balance sheet at 31 December 2007	298
Net result subsidiaries	1
Dividends received	(47)
Balance sheet at 31 December 2008	**252**

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 balance sheet.

(C) Pension asset

Reference is made to note 4 of the notes to the consolidated balance sheet.

(D) Other assets

Reference is made to note 5 of the notes to the consolidated balance sheet.

(E) Deferred tax asset

Reference is made to note 12 of the notes to the consolidated balance sheet.

INVENTORIES (IV)

Reference is made to note 6 of the notes to the consolidated balance sheet.

NOTES TO THE COMPANY BALANCE SHEET

ACCOUNTS RECEIVABLE (V)

Trade and other receivables can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Trade receivables	17,046	21,410
Group companies	7,167	10,446
Tax receivable	652	559
Other receivables	2,126	735
Balance sheet at 31 December	**26,991**	**33,150**

CASH AND CASH EQUIVALENTS (VI)

Cash and cash equivalents can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Cash at bank and in hand	1,494	1,003
Balance sheet at 31 December	**1,494**	**1,003**

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 9 of the notes to the consolidated balance sheet.

SHAREHOLDERS' EQUITY (VIII)

EUR x 1,000	*Subscribed and paid-up capital*	*Legal reserves*	*Retained earnings*	*Other reserves (note 11)*	*Result for the year*	*Total equity*
Balance sheet at 1 January 2007	**8,712**	**1,097**	**102,831**	**908**	**2,241**	**115,789**
Net unrealised gains / (losses) on cash flow hedges	-	-	-	1,181	-	1,181
Actuarial gains / (losses) in respect of pension scheme	-	-	-	(343)	-	(343)
Asset ceiling adjustments in respect of pension scheme	-	-	-	(6,132)	-	(6,132)
Result for the year	-	-	-	-	2,190	2,190
Total recognised income and expense	-	-	-	(5,294)	2,190	(3,104)
Result appropriation	-	-	63	-	(63)	-
Paid dividends	-	-	(2,178)	-	(2,178)	(4,356)
Other movement	-	(21)	19	-	-	(2)
Balance sheet at 31 December 2007	**8,712**	**1,076**	**100,735**	**(4,386)**	**2,190**	**108,327**
Net unrealised gains / (losses) on cash flow hedges	-	-	-	(180)	-	(180)
Actuarial gains / (losses) in respect of pension scheme	-	-	-	(7,963)	-	(7,963)
Asset ceiling adjustments in respect of pension scheme	-	-	-	6,856	-	6,856
Result for the year	-	-	-	-	(14,921)	(14,921)
Total recognised income and expense	-	-	-	(1,287)	(14,921)	(16,208)
Result appropriation	-	-	12	-	(12)	-
Paid dividends	-	-	(2,178)	-	(2,178)	(4,356)
Other movement	-	169	(168)	-	-	1
Balance sheet at 31 December 2008	**8,712**	**1,245**	**98,401**	**(5,673)**	**(14,921)**	**87,764**

Nature and purpose of the reserves

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

Other reserve
Reference is made to note 11 of the notes to the consolidated balance sheet.

PROVISION FOR DEFERRED ASSETS AND TAX LIABILITIES (IX)

We refer to note 12 of the notes to the consolidated balance sheet.

TRADE CREDITORS (X)

Trade creditors can be detailed as follows:

EUR x 1,000	*2008*	*2007*
Trade creditors	8,774	10,063
Balance sheet at 31 December	**8,774**	**10,063**

DIRECTORS' REMUNERATION

We refer to note 26 of the notes to the consolidated balance sheet.

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		*2008*		*2007*
Assurance services				
Audit of financial statements	94		91	
Other assurance services	42		25	
		136		116
Other assignments				
Tax assurance	18		15	
Miscellaneous services	-		20	
		18		35
Total		**154**		**151**

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 2008 of Crown Van Gelder N.V., Velsen. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the profit and loss account, statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company profit and loss account for the year then ended and the notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit.
We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Crown Van Gelder N.V. as at 31 December 2008, and of 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 Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Crown Van Gelder N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

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

The Hague, 12 March 2009

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

DIRECTORS' STATEMENT

The 2008 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 2008 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 2008 financial statements. The 2008 Annual Report describes the principal risks which Crown Van Gelder N.V. is facing.

Management Board	**Supervisory Board**
Mees Hartvelt, CEO	Berry Bemelmans, Chairman
	Emile Bakker
	Klaas Schaafsma
	Han Wagter

Velsen, 12 March 2009

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 2008

The 2008 loss will be deducted from the other reserves in shareholders' equity. The Management Board proposes to pay a cash dividend of EUR 0.50 per depository receipt of share out of the other reserves.

General
Set forth below is a concise summary of the 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 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 i*nter alia* the Supervisory Board, the General Meeting of Shareholders and the company's Works Council are laid down in the Management Board Regulations.

The company's Supervisory Board
Crown Van Gelder has a Supervisory Board consisting 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 material decisions laid down in the law 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 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. 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 the shares underlying their depository receipts. The General Meeting of Shareholders meets at least once a year. Shareholders and holders

of depository receipts are entitled to request that the Management Board or the Supervisory Board adds items to the agenda of this 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 will be a substantial effort for a company with the size of Crown Van Gelder. There are also substantial costs involved. Nevertheless, electronic voting will be taken into serious consideration from time to time. The main items 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 of those shares to individuals and institutions and these depository receipts are the Crown Van Gelder securities traded on Euronext. In exercising its voting rights, 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. Its principal goal is to prevent the chance that a minority of shareholders control the decision-making process as a result of absenteeism at a General Meeting of Shareholders. 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 requirements of the Corporate Governance Code. Most of these 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 of the shares underlying their depository receipts. The rules governing the internal organisation of the Trust Office and the rights and obligations between 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 Corporate Governance Code

Book 2 of the Dutch Civil Code in conjunction with Royal Decree nr. 747 of 23 December 2004 requires that companies like Crown Van Gelder report in their annual reports on the fashion they apply the provisions of the Dutch Corporate Governance Code (the Code), explaining why certain provisions of the Code, if any, are not applied by the company.
The Management Board and the Supervisory Board of Crown Van Gelder support and apply nearly all principles and best practice provisions of the Code. In this respect reference is made *inter alia* to the Crown Van Gelder shareholders' bulletin on corporate governance published in April 2005.

Deviations from the Code

The principles and best practice provisions on which the Management Board and the Supervisory Board of Crown Van Gelder had a deviating view, were stated in the 2005 Annual Report, and discussed in the AGM held on 4 May 2006.
During the financial year 2008, the Management Board, the Supervisory Board, but also the board of the Trust Office, have from time to time reconsidered their views as expressed in the 2005 Annual Report but did not see any developments either within the company or outside forcing them to change their views. Therefore, Crown Van Gelder wishes to express its deviating view in respect of the following best practice provisions of the Code.

- According to best practice provisions II.1.1 and II.2.7, members of the Management Board shall be appointed for a term of four years at the highest and in case of their dismissal a reimbursement shall be equal to one annual salary at the highest. Crown Van Gelder wishes to respect the existing employment agreement with its Board member. The implementation of this provision shall make it difficult for smaller listed companies to attract capable Managing Directors, by preference recruited out of the own business of the company. Also, the risk will arise that the company's management will focus especially on short-term results, endangering the strategic goals for the longer term.
- Further to best practice provisions II.3.2, II.3.3 and II.3.4 a member of the Management Board shall report any transaction that involves a conflict of interest, that is material to the company or such member of the Management Board, to the chairman of the Supervisory Board and 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 2008 no such transactions have been reported and the Management Board confirms that these best practice provisions have been 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. If necessary, the Supervisory Board shall hire 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 shall be divided between supervisory board members.
- Further to best practice provisions III.6.1, II.6.2 and II.6.3 a member of the Supervisory Board shall report any transaction that involves a conflict of interest, that is material to the company or such member of the Supervisory Board, 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 2008 no such transactions have been reported and the Management 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 that at least holds 10% of the issued share capital of the company is entered into under arm's length conditions; that decisions to enter into such transaction, which a material to the company and/or such person holding at least 10% of the issued share capital of the company need the approval of the Supervisory Board and that such transactions shall be report in the company's annual report. The Company confirms that this best practice provision has been complied with.
- Best practice provision III.6.7 requires that a member of the Supervisory Board who, in case all seats are vacant on the Management Board (*ontstentenis*) or all Management Board members are unable to perform their duties (*belet*), is temporarily charged with the management of the company, resigns as member of the Supervisory Board. Any such Supervisory Board member who shall be temporarily charged with the management, shall not participate in the deliberations of the Supervisory Board. In order to safeguard the continuity of the constitution and performance by the Supervisory Board of its duties and responsibilities, only in case it is expected that the Supervisory Board member 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 III.7.3 requires regulations forcing members of the Supervisory Board to handle their (transactions in) securities in general, other than in securities issued by Crown Van Gelder. In view of the size of the company, the company deems the risks of non-compliance with this best practice provision limited. Also, the company deems this provision a breach of privacy.
- Best practice provision IV.3.1 requires internet communication (webcasting) around the general meetings of shareholders, press conferences and analysts meetings. Introduction and maintenance of these facilities imply costs and efforts which are substantial for a company with the size of Crown Van Gelder. As stated in the 2005 Annual Report, the Management Board monitors on a continuing basis the general, technological and costs developments in this respect. In 2007 the company has started to webcast the analyst meetings, which are held twice a year. In 2008 the company has further evaluated webcasting communication and in 2009 the company will decide whether it is desirable to take a further step in this respect.
- Best practice provision V.3.1, relating to the working scheme of the internal audit department, is not applicable as Crown Van Gelder, in view of its structure and size, does not have an internal audit department.

Protective instruments

Best practice provision IV.3.9 of the Code obliges Crown Van Gelder to give in its Annual Report an overview of all existing protective instruments against an unsolicited take-over as well of the circumstances under which these instruments might be made use of. Following the cancellation of the function of the depository receipts as a protective instrument in the year 2005, Crown Van Gelder disposes of only one such protective instrument. This instrument is the call option right of Stichting Continuïteit Crown Van Gelder to take 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. According to the company's Articles of Association (article 6:3) a shareholders' meeting must be held within four weeks after the issuance of such preference shares at which the reasons for the issuance of the preference shares must be explained. According to article 6:5 of the company's Articles of Association, a shareholders' meeting must be held within two years after the first issuance of the preference shares at which meeting must be submitted the proposal to repurchase and/or cancel the preference shares. 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 protect the company against influences which might have an adverse effect on the interests of the company and its related business.

THE SUPERVISORY BOARD

Berry Bemelmans (1944)
Appointed in 2006, current term until 2010

Nationality:	Dutch
Post:	Former CEO of Heijmans N.V.
Supervisory posts:	Chairman of the Supervisory Board of Reesink N.V., Erbi B.V. and De Efteling N.V. Supervisory Director Intergas Energie N.V. Supervisory Director PontMeyer N.V. Supervisory Director REO Midden-Limburg Supervisory Director of Zeeland Aluminium Company N.V.
Other posts:	Chairman of the Audit Committee of PontMeyer N.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.
Supervisory posts:	Member of the Supervisory Board of Laura Metaal Holding B.V.
Other posts:	Member of the Audit Committee of Crown Van Gelder N.V. Member of the board of Stichting Continuïteit OctoPlus N.V.
Stockholding Crown Van Gelder:	none

Klaas Schaafsma (1942)
Appointed in 2005, current term until 2009

Nationality:	Dutch
Post:	Former CEO of Crown Van Gelder N.V.
Supervisory posts:	Member of the Supervisory Board of the Regionale Ontwikkelingsmaatschappij Noordzeekanaalgebied 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 (1950)
Appointed in 2007, current term until 2011

Nationality:	Dutch
Post:	Former CFO of Royal Wessanen N.V.
Supervisory posts:	Member of the Supervisory Board of De Rooij Logistics
Other posts:	Chairman of the Audit Committee of Crown Van Gelder N.V.
Stockholding Crown Van Gelder:	none

DIRECTORS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

THE MANAGEMENT BOARD

Mees Hartvelt (1948)
Appointed in 2004

Nationality:	Dutch
Post:	CEO of Crown Van Gelder N.V.
Other posts:	Chairman of the Royal VNP
	Member of the Board of the Dutch Employers Association
	Member of the Board Competence Centre Paper and Board
	Member of the CEPI Board
	Member of the Board Platform Hout Nederland
Stockholding Crown Van Gelder:	2,670 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.

STICHTING ADMINISTRATIEKANTOOR CROWN VAN GELDER (TRUST OFFICE)

REPORT

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 2007, the agenda for the Annual General Meeting of Shareholders (AGM), the semi-annual figures 2008 and the criteria for helding a meeting of holders of depository receipts of shares. In addition, the Board has consulted a law firm for legal advice on the role of the Trust Office.

The Trust Office was present at the AGM on 24 April 2008. The Trust Office had granted voting proxies to and/or received voting instructions from 30 holders of depository receipts of shares, representing 30.2% of the total number of votes that could be cast at this meeting. The Trust Office itself was entitled to cast votes on shares representing 69.6% of the total number of votes that could be cast at the meeting. The Trust Office exercised these voting rights by supporting acceptance of proposals by acclamation in favour of all proposals submitted to the AGM.

The composition of the Board is as follows:
- Rainer Fuchs (former Secretary of Management Board and Supervisory Board of AMRO Bank and former Executive Secretary of Euronext Amsterdam), chairman
- Henk Koetzier (attorney at law), 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, of Orange Fund, Orange Largecap Fund, Aster-X-Panorama Fund and Aster-X-Europe fund), 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 2008 amounted to EUR 17,665.

At 31 December 2008, 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.

STICHTING ADMINISTRATIEKANTOOR CROWN VAN GELDER (TRUST OFFICE)

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, 12 March 2009

Rainer Fuchs, Chairman	Henk Koetzier, Secretary
Jan van Hall	Kees Molenaar

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

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.

KEY FIGURES

Per depository receipt of share of EUR 2 nominal value	*2008*	*2007*	*2006*	*2005*[3]	*2004*
Operating cash flow	2.46	2.38	1.29	4.76	3.48
Net result	(3.43)	0.50	0.51	2.07	1.91
Dividend[1]	0.50	1.00	1.00	1.00	1.00
Equity[2]	20.16	24.88	26.61	26.96	26.27
Closing price at year-end	5.83	15.25	16.83	17.70	15.99
Pay-out ratio in %	undefined	200	196	48	52
Price/earnings ratio at year-end	undefined	31	33	8.6	8.4
Price/equity ratio in %	29	61	63	66	61

[1] Dividend 2008 is proposal to shareholders

[2] Equity before appropriation of results

[3] Some 2005 figures were revised in 2006 due to a change in pension accounting principles affecting the balance sheet and profit and loss account

ADDITIONAL INFORMATION FOR SHAREHOLDERS

INFORMATION ON THE COMPANY TO BE PROVIDED PURSUANT TO THE RESOLUTION ARTICLE 10 OF THE TAKE-OVER DIRECTIVE

This information reflects the situation as per 12 March 2009 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 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 2008 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 take 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 will limit this right to 30% pursuant to chapter 5:5 of the Act on Financial Supervision ('Wet op het financieel toezicht').

Restrictions as to the transferability of shares/depository receipts of shares

The organisational documents of the company do not provide for any restriction as to the transferability of shares or depository receipts of shares issued with the company's co-operation.

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 Act on Financial Supervision ('Wet op het financieel toezicht'):

Delta Deelnemingen Fonds N.V.	11.48%
Aviva plc	9.43%
Habri S.A.	6.76%
Navitas B.V.	6.66%

Shares with special voting/governance rights

The organisational documents of the company do not provide for any class of shares with special voting or other governance rights.

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 co-operated in the issuance by Stichting Administratiekantoor Crown Van Gelder of depository receipts (in the proportion five depository receipts for one share) of its ordinary shares. The depository receipts are listed on 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 for such voting power for the shares underlying their holdings of 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, the 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 (*structuurregime*).The Management Board has been authorised by the General Meeting of Shareholders to, subject to the approval of the Supervisory Board, issue shares. The authorisation includes the issuance of ordinary shares up to 10% of the ordinary shares issued and outstanding on 24 April 2008 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 expiring on the 24th day of October 2009. 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 stock exchange during the ten trading days preceding the day of repurchase increased by 10%, and, in case of a share, five times the last mentioned amount.

Agreements subject to a change of control following a public offer

The company is not 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 Act on Financial Supervision ('Wet op het financieel toezicht').

Agreements with board members or employees subject to a public offer

The company is not party to agreements providing for distributions 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 Act on Financial Supervision ('Wet op het financieel toezicht').

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 keep monitoring all relevant developments and if and when appropriate initiate changes on the topics dealt with in this overview.

ADDITIONAL INFORMATION FOR SHAREHOLDERS

CALENDAR 2009

• 13 February 2009	Press release annual results 2008
• 23 April 2009	Annual General Meeting of Shareholders
• 27 April 2009	Ex-dividend listing
• 29 April 2009	Record date
• 5 May 2009	Dividend payment date
• 31 July 2009	Press release half-year results 2009

CALENDAR 2010

• 12 February 2010	Press release annual results 2009
• 22 April 2010	Annual General Meeting of Shareholders
• 26 April 2010	Ex-dividend listing
• 28 April 2010	Record date
• 4 May 2010	Dividend payment date
• 30 July 2010	Press release half-year results 2010

INVESTOR RELATIONS

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