CVGPAPIER
CROWN VAN GELDER

Press release

An analyst meeting will be held on 29 July 2011 at 10.00 a.m. The analyst presentation and audio webcast will be made available on www.cvg.nl

Velsen, 29 July 2011 (before market opening)

- **NET LOSS FOR FIRST SIX MONTHS OF 2011 EUR 1.2 MILLION (FIRST HALF 2010: NET PROFIT OF EUR 0.5 MILLION)**
- **RECOVERY OF RESULTS COMPARED TO 2nd HALF 2010, SUPPORTED BY IMPROVED PRODUCT MIX AND COST REDUCTIONS**
- **NEW BUSINESS DEVELOPMENT PROGRAMME IS ON TRACK; FURTHER GROWTH OPPORTUNITIES ARE BEING INVESTIGATED**
- **FULL-YEAR 2011 OUTLOOK YET UNCERTAIN**

KEY FIGURES

(in mln EUR)	**30 June 2011**	**30 June 2010**
Total revenue	83.1	77.3
Operating result	(1.9)	0.1
Net result	(1.2)	0.5
Net result, attributable to equity holders of the parent	(1.3)	0.4
Capital expenditure	1.8	2.5
Sales (ton)	102,900	103,900
Production (ton)	102,800	101,600
Number of employees (on average)	293	315
Per depository receipt of share *(in EUR)*		
Operating cash flow	(0.86)	0.33
Net result (attributable to equity holders of the parent)	(0.29)	0.10
Closing price	5.30	6.72
Equity	15.36	20.37
Number of depository receipts	4,356,005	4,356,005

Miklas Dronkers, CEO, commented: “Despite product mix improvements and cost reductions, the first half of 2011 was loss making. This can be attributed to the challenging market conditions and high pulp costs, and both are also expected to have an impact in the second half of 2011. The speeding up of our New Business Development (NBD) programme should address these challenges. NBD sales developed positively in the first half of 2011. Major efforts in marketing and technology have contributed to a number of new NBD developments, which should give support to the acceleration of our NBD programme. In addition, investigations have been directed at opportunities for cooperation with other market players. The order intake developed satisfactorily in the first half of 2011, and we expect that this will have a positive impact on sales volumes in the second half of 2011.”

Operating review

Results
Crown Van Gelder's (CVG) net result for the first six months of 2011 was a loss of EUR 1.2 million vs. a profit of EUR 0.5 million in the first six months of 2010. The results are in line with earlier communicated expectations. Results dropped due to the strong increase in pulp prices with selling price increases not fully covering higher input costs. Compared to the net loss of EUR 2.1 million in the second half of 2010, results improved due to better demand for paper in Europe, especially for products under the New Business Development (NBD) programme and the successful execution of a cost reduction programme.
In the first half of 2011 revenue amounted to EUR 83.1 million (H1 2010: EUR 77.3 million). The sales volume decreased by around 1% to a level of 102,900 ton and the production volume rose by 1% to 102,800 ton.

Market developments
In the first half of 2011, the order volume in the European market for woodfree uncoated paper showed a decrease of 9% compared to the same period last year, which period was exceptionally strong due to a build-up of inventories by paper consumers in anticipation of the then announced selling price increases. Nevertheless, CVG's order book has been filled satisfactorily during the first half of 2011, with only a limited amount of sales going into export markets outside Europe. In the last quarter of 2010 a larger volume went into these export markets, at low selling prices and margins.
In addition, product sales under the New Business Development (NBD) programme developed positively. Total NBD sales volume in the first half of 2011 amounted to 28,200 ton, up 30% compared to the second half of 2010.
A lower export volume outside Europe and a higher NBD sales volume have contributed to a better product mix in the first half of 2011, especially compared to the second half of 2010. Selling prices increased on average by 9% in the first half of 2011, compared to the same period last year.

Raw materials prices, energy and other costs
Pulp is the most important raw material for CVG's papers and also the largest input cost in the papermaking process. The pulp market remained tight during the first half of 2011. In USD terms, pulp prices hovered near record levels. The NBSK benchmark (long fibre) pulp price rose from USD 950 per ton in January 2011 to around USD 1,020 per ton in June 2011. In EUR terms, prices were more or less stable at EUR 700 per ton. The price of short fibre pulp, which is of greater importance to CVG than NBSK pulp, showed roughly the same trend.
To protect itself against unfavourable pulp price developments, CVG has financially hedged a part of the pulp intake for 2011 at an earlier stage. In the first half of 2011, these pulp hedges delivered a positive result of EUR 0.6 million.
Compared to the first half of 2010, the average pulp price in EUR for CVG in the first half of 2011 was more than 20% higher. The adverse impact on operating costs of higher pulp prices in the first half of 2011 was around EUR 7 million compared to the first half of 2010. Energy prices for 2011 have been fixed at a slightly higher level than in 2010, resulting in a cost increase of EUR 0.7 million.
As from mid 2010, in order to counteract margin pressure, a cost reduction programme has been put in place, reducing the number of staff by 10% and lowering other operating costs. The programme aims at a total cost reduction of EUR 4 million. Currently, on an annual basis, cost savings have been reached of EUR 3.2 million.

Capital expenditure
In the first half of 2011 capital expenditure amounted to EUR 1.8 million. For the full year 2011, capital expenditure will be around EUR 6 million, roughly in line with the level of depreciation. This amount includes the second part of the renovation of the rewinding section to better meet changing customer demands and safety regulations and to improve operating efficiency. Other investments are necessary replacement investments in machinery and equipment. All investments can be financed through operating cash flow and available credit lines.

Pensions
In the first half of 2011, IFRS pension costs increased by EUR 0.4 million compared to the same period last year and the pension liability on the balance sheet rose by nearly EUR 6 million compared to the end of 2010, to around EUR 10 million. In IFRS pension accounting, longer life expectancy has been taken into account, in accordance with the latest mortality tables. Agreement has been reached between the employers federation, trade unions and governments to make adjustments in the existing pension plans, to counterbalance the impact of longer life expectancy. In the coming period, CVG will make new pension arrangements with trade unions that are expected to result in more stable IFRS pension costs and a strong reduction or elimination of the pension liability on the balance sheet.

Outlook 2011

CVG's order book improved during the first half of 2011. In line with this improvement, production and sales volumes in the second half of 2011 are expected to be higher than in the first half of 2011, bringing the 2011 volumes to at least 210,000 ton. However, uncertainties regarding the economic outlook and the stability of the European financial and monetary system remain. These factors have a major impact on general market confidence, making it also difficult to predict the full strength of paper demand for the next period.

With pulp prices still near record levels and adverse selling margins, CVG has aimed at further selling price increases in the first half of 2011. In a sales market that is characterised by oversupply, not all efforts have succeeded. However, the need for higher selling prices to compensate for higher input costs remains strong.

The further introduction of new and improved products under the New Business Development (NBD) programme is on track and the company aims to reach the Mission 2012 target of 80,000 ton in 2012. At the publication of the 2010 annual results, on 11 February 2011, the company announced that current market conditions and the development of results necessitated a review of CVG's strategy. The core of the current strategy is the development of both new and improved products under the company's NBD programme. In May 2011 CVG concluded, that in order to speed up the process of returning to satisfactory levels of profitability, next to the company's own efforts to expand CVG's current NBD portfolio, additional alternatives need to be considered to strengthen the long term market position of CVG. In the last couple of months, further investigations have been directed at opportunities for cooperation with other market players in Europe. The company expects to give an update on these explorations later this year.

During the coming months, pulp prices are expected to come down a bit, on the back of higher pulp producer inventories and lower pulp consumer demand due to summer holiday shutdowns. Chinese pulp imports showed continued strength during the first months of 2011, but lower demand is currently putting pressure on pulp prices in China. This price decline could also have some repercussions on pulp prices elsewhere.

The company's financial structure is adequate to meet investment plans and working capital requirements. CVG is taking the appropriate steps to weather through the challenging economic environment. For a full description of all relevant risks, reference is made to the risk management paragraph in the 2010 Annual Report.

The development of results in the second half of 2011 is subject to a further increase in sales, especially of our NBD products, the general economic outlook, paper demand, pulp and selling price developments and the development of exchange rates. All these factors are yet hard to predict. Therefore, CVG is not in the position to provide an outlook for the full year 2011.

Crown Van Gelder will publish a trading update on 10 November 2011 (before market opening) and will publish the 2011 annual results on 10 February 2012 (before market opening).

For more information, please contact:
Henk van der Zwaag, CFO, tel. + 31 (0)251 262200.

Internet site: www.cvg.nl

Profile:
Crown Van Gelder N.V. is a paper specialist, based in Velsen (the Netherlands) and employs around 290 people. The company develops, produces and sells high quality specialty products in the woodfree uncoated and single-coated paper sector. 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 for self-adhesive materials and direct thermal coating, metallizing or PE extrusion. Crown Van Gelder N.V. is listed at the Official Market of NYSE Euronext Amsterdam.

Appendices:
- Interim consolidated income statement
- Interim consolidated statement of comprehensive income
- Interim consolidated statement of financial position
- Interim consolidated cash flow statement
- Interim consolidated statement of changes in equity
- Accounting policies
- Explanatory notes to the accounts
- Director statement of responsibilities
- Review report

INTERIM CONSOLIDATED INCOME STATEMENT 1 JANUARY TO 30 JUNE (x EUR 1,000)				
		2011		**2010**
Total revenue		**83,115**		**77,332**
Costs related to revenue	(3,427)		(3,879)	
Raw materials, consumables and energy	(60,239)		(52,302)	
Change in inventories of finished goods	(535)		747	
Employee benefits costs	(10,918)		(10,976)	
Depreciation and amortisation	(3,097)		(4,038)	
Other expenses	(6,750)		(6,751)	
Total operating expenses		(84,966)		(77,199)
Operating result		**(1,851)**		**133**
Finance income	1		2	
Finance costs	(203)		(151)	
Net finance income		(202)		(149)
Share of after tax result of associate		173		287
Result before tax		**(1,880)**		**271**
Tax income		654		209
Result for the period from continuing operations		**(1,226)**		**480**
Result for the period attributable to:				
Equity holders of the parent		(1,272)		432
Non-controlling interests		46		48
NET RESULT FROM CONTINUING OPERATIONS		**(1,226)**		**480**
Basic earnings per depository receipt of share		(0.29)		0.10
Diluted earnings per depository receipt of share		(0.29)		0.10

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (x EUR 1,000) 1 JANUARY TO 30 JUNE				
		2011		**2010**
Result for the period from continuing operations		**(1,226)**		**480**
Net gains on cash flow hedges	163		-	
Income tax effect	(41)		-	
	122		-	
Actuarial gains / (losses)	(5,345)		3,306	
Income tax effect	1,336		(844)	
	(4,009)		2,462	
Other comprehensive income for the year, net of tax		(3,887)		2,462
Total comprehensive income for the period, net of tax		**(5,113)**		**2,942**
Total comprehensive income for the year attributable to:				
Equity holders of the parent		(5,159)		2,894
Non-controlling interests		46		48
Total comprehensive income for the period, net of tax		**(5,113)**		**2,942**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (x EUR 1,000) (before profit appropriation)				
		30 June 2011		**31 December 2010**
ASSETS				
Non-current assets				
Property, plant and equipment	39,094		40,158	
Intangible assets	1,473		1,685	
Investment in associate	1,515		1,342	
Other assets	2,329		2,383	
Deferred tax asset	11,879		10,134	
		56,290		55,702
Current assets				
Inventories	32,527		31,779	
Trade and other receivables	22,911		17,119	
Cash and cash equivalents	556		330	
		55,994		49,228
Total assets		**112,284**		**104,930**
EQUITY AND LIABILITIES				
Shareholders' equity		66,858		72,017
Non-controlling interests		52		83
Total equity		**66,910**		**72,100**
Non-current liabilities				
Employee benefit liability	10,113		4,238	
Deferred tax accruals	3,536		3,748	
Other liabilities	636		636	
		14,285		8,622
Current liabilities				
Interest-bearing liabilities	16,669		10,962	
Trade creditors	10,049		7,913	
Other tax payable	278		249	
Other short-term liabilities	4,093		5,084	
		31,089		24,208
Total liabilities		**45,374**		**32,830**
Total equity and liabilities		**112,284**		**104,930**

INTERIM CONSOLIDATED CASH FLOW STATEMENT 1 JANUARY TO 30 JUNE (x EUR 1,000)				
		2011		**2010**
Cash flow from Operating activities				
Operating result		(1,851)		133
Adjustments for:				
Depreciation and amortisation	3,099		4,038	
Pensions	530		13	
		3,629		4,050
Movements in working capital:				
Trade and other receivables	(5,792)		(1,851)	
Inventories	(748)		(1,039)	
Trade creditors	2,136		1,679	
Other items	(940)		(1,406)	
		(5,344)		(2,617)
		(3,566)		**1,566**
Interest paid	(161)		(135)	
Interest received	1		2	
Income taxes paid	(6)		-	
		(166)		(133)
		(3,732)		**1,433**
Cash flow from Investing activities				
Investments in property, plant and equipment	(1,811)		(2,483)	
Investments in intangible assets	(10)		(61)	
Dividends received	72		442	
		(1,749)		**(2,102)**
Cash flow from Financing activities				
Dividends paid	-		(2,178)	
Interest-bearing liabilities	5,707		2,046	
		5,707		**(132)**
Increase / (decrease) in cash and cash equivalents		**226**		**(801)**
Cash and cash equivalents at 1 January		**330**		**1,142**
Cash and cash equivalents at 30 June		**556**		**341**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (x EUR 1,000)							
	Sub-scribed and paid up capital	Retained earnings	Other reserves	Result for the period	Total	Non-controlling interests	Total equity
At 1 January 2010	**8,712**	**82,416**	**(7,683)**	**4,520**	**87,965**	**52**	**88,017**
Movements in 1st half 2010							
Result for the period	-	-	-	432	432	48	480
Other comprehensive income / (loss)	-	-	2,462	-	2,462	-	-
Total comprehensive income	-	-	2,462	432	2,894	48	2,942
Paid dividends	-	-	-	(2,178)	(2,178)	-	(2,178)
Result appropriation	-	2,342	-	(2,342)	-	-	-
Dividends non-controlling interests	-	-	-	-	-	(42)	(42)
Other movements	-	-	-	-	-	(3)	(3)
At 30 June 2010	**8,712**	**84,758**	**(5,221)**	**432**	**88,681**	**55**	**88,736**
At 1 January 2011	**8,712**	**84,792**	**(8,578)**	**(12,909)**	**72,017**	**83**	**72,100**
Movements in 1st half 2011							
Result for the period	-	-	-	(1,272)	(1,272)	46	(1,226)
Other comprehensive income / (loss)	-	-	(3,887)	-	(3,887)	-	(3,887)
Total comprehensive income	-	-	(3,887)	(1,272)	(5,159)	46	(5,113)
Paid dividends	-	-	-	-	-	-	-
Result appropriation	-	(12,909)	-	12,909	-	-	-
Dividends non-controlling interests	-	-	-	-	-	(72)	(72)
Other movements	-	-	-	-	-	(5)	(5)
At 30 June 2011	**8,712**	**71,883**	**(12,465)**	**(1,272)**	**66,858**	**52**	**66,910**

Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Crown Van Gelder's 2010 annual financial statements. The adoption of the new standards and interpretations as of 1 January 2011 did not have any impact.

These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial reporting".

The consolidated interim financial statements of Crown Van Gelder N.V. have been prepared on a historical cost basis. The consolidated financial statements are presented in euros (EUR) and all values are rounded to the nearest thousand except when otherwise indicated.

For the calculation of the pension asset and the pension expense, the results are obtained by extrapolation (on a so-called roll forward basis) of the latest actuarial valuation (year end 2010).

Explanatory notes to the accounts

Geographical distribution of total revenue (as a percentage of the total)

	1st half year 2011	1st half year 2010
Benelux (The Netherlands, Belgium, Luxemburg)	30	30
Germany	27	25
United Kingdom	9	9
France	15	17
Italy	7	8
Other Europe	6	7
Outside Europe	6	4
Total	**100**	**100**

Components of other comprehensive income

Movements of other comprehensive income before tax

	1st half year 2011	1st half year 2010
Cash flow hedges:		
Gains (losses) arising during the year	761	-
Reclassification adjustments for (gains) / losses included in the income statement	(598)	-
Total effect on other comprehensive income resulting from cash flow hedges (before tax)	**163**	**-**
Pension scheme:		
Gains (losses) arising during the year	(5,345)	3,306
Reclassification adjustments for gains / (losses) included in the income statement	-	-
Total effect on other comprehensive income resulting from pension scheme (before tax)	**(5,345)**	**3,306**

Tax effect of components of other comprehensive income		
	1st half year 2011	**1st half year 2010**
Cash flow hedges:		
Gains (losses) arising during the year	(190)	-
Reclassification adjustments for gains / (losses) included in the income statement	149	-
Total tax effect on other comprehensive income resulting from cash flow hedges	**(41)**	**-**
Pension scheme:		
Gains (losses) arising during the year	1,336	(844)
Reclassification adjustments for gains / (losses) included in the income statement	-	-
Total tax effect on other comprehensive income resulting from pension scheme	**1,336**	**(844)**

Property, plant and equipment

During the period ended 30 June 2011 Crown Van Gelder N.V. acquired assets with a cost of EUR 1,811,000 (2010: EUR 2,543,000). There were no disposals during this period.

Employee benefits costs

In the first half of 2011, employee benefits costs included a net pension expense of EUR 1,130,000 (2010: net pension expense EUR 732,500).

Commitments and contingencies

At 30 June 2011, Crown Van Gelder had commitments amounting to EUR 1.1 million relating to various investment projects (2010: EUR 3.4 million).

Tax

Tax income in the income statement is positively influenced by the release of EIA (Energy Investment Allowance) amounting to EUR 0.2 million (H1 2010: EUR 0.2 million).

Pensions

The funded status as at 31 December 2010, as included in the notes to the consolidated balance sheet in 2010 financial statements, was based on a best estimate. In the meantime the actual position as at 31 December 2010 has been determined, resulting in a decrease of EUR 5.3 million in the funded status. As a consequence, the pension liability increased to EUR 10.1 million in the balance sheet as at 30 June 2011.

Credit facilities

As from 1 March 2011, a new credit facility is in place. As from this date, the total amount of credit facilities is EUR 37 million. A part of these facilities are secured by inventories and accounts receivables. The interest concerning the facilities consists of a basic interest rate (EURIBOR), plus a mark-up of between 1.75% and 3.40%.

Related party transactions

There have been no significant related party transactions or changes in related party transactions described in the latest annual report that could have a material effect on the financial position or performance of the company in the first six months of the financial year.

Valuation of assets

In 2010, Crown Van Gelder recognised an impairment of EUR 15.0 million. Such adjustment is measured by the amount that the carrying value of such assets exceeds their fair value. For Crown Van Gelder this impairment represents the write-down of certain property, plant and equipment. As a consequence, future depreciation of such property, plant and equipment will be substantially lower. At the end of each reporting period, Crown Van Gelder assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exits or may have decreased. If, and only if, there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, will an impairment loss be adjusted. Crown Van Gelder has reviewed these estimates and found them not to have significantly altered.

Director statement of responsibilities

In compliance with the statutory requirements, the director confirms that:

1. The 2011 half-year financial statements give a true and fair view of the assets, liabilities, financial position and results of Crown Van Gelder N.V. and the entities included in the consolidation.
2. The 2011 half year management board report gives a true and fair review of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and the most important related party transactions.

Velsen, 28 July 2011

M. Dronkers, Chief Executive Officer

Review report

To: the Supervisory Board of Crown Van Gelder N.V.

Introduction
We have reviewed the accompanying consolidated interim financial information of Crown Van Gelder N.V., Velsen, which comprises the statement of financial position as at 30 June 2011, the income statement, the statements of comprehensive income, changes in equity, and cash flows for the period of 6 months ended 30 June 2011, and the notes.
Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope
We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

The Hague, 28 July 2011

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