



ANNUAL REPORT 2006



CROWN VAN GELDER N.V.



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Crown Van Gelder in anticipation of a new spring.

COMPANY PROFILE
VISION AND KEY FIGURES

COMPANY PROFILE

Crown Van Gelder N.V. 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 products include base paper for self-adhesive materials, paper for digital colour printing, base paper for direct thermal printing, board for tickets, paper suitable for optical character reading (OCR), rotary offset paper and continuous stationery for laser and inkjet printers.

Crown Van Gelder N.V. is listed at the Official Market of the Euronext Amsterdam Stock Market N.V. and has been a part of the NextPrime segment since 25 February 2003 (ISIN number: NL0000345452). The Chamber of Commerce registration number of the company is 34059938.

VISION

- Crown Van Gelder wishes to be known in the market as a reliable supplier of quality products in the segment of woodfree uncoated and single-coated paper.
- Crown Van Gelder aims to provide value to its customers and shareholders.
- Crown Van Gelder strives to be an attractive company to its employees.

We uphold the following principles:

- continuity of the paper mill in Velsen;
- continuous improvements in quality and efficiency;
- good governance for all stakeholders within the framework of prevailing law and covenants;
- attractive working conditions;
- sustainable operations.

KEY FIGURES

EUR x 1,000	2006	IFRS		Dutch GAAP		
		2005 ²	2004	2004	2003	2002
Revenue	150,793	142,158	139,316	139,117	139,554	150,633
Operating profit	2,381	12,407	12,052	11,149	11,385	14,094
Net profit ¹	2,241	9,016	8,325	7,627	7,850	9,775
Depreciation	9,659	9,239	7,904	8,013	7,974	9,065
Capital expenditure	4,058	21,653	23,080	23,080	9,096	8,935
Sales (ton)	208,800	200,400	190,400	190,400	181,300	185,000
Production (ton)	212,500	197,000	184,000	184,000	188,300	184,000
Workforce (average)	286	296	303	303	311	310
Number of depository receipts of shares (at year-end)	4,356,005	4,356,005	4,356,005	4,356,005	4,356,005	4,356,000

¹ Net profit as presented in this summary and the Report of the Supervisory Board and Report of the Management Board is the net profit attributable to equity holders of the parent, as disclosed in the consolidated profit and loss account.

² The 2005 financial statements are revised due to a change in pension accounting principles.

The Management Board and the Supervisory Board



Berry Bemelmans

Klaas Schaafsma

Mees Hartvelt, CEO

Huub Meertens, Chairman

Huub Toebes

R E P O R T O F
T H E S U P E R V I S O R Y B O A R D

INTRODUCTION AND PROFIT DISTRIBUTION

We are pleased to present Crown Van Gelder N.V.'s financial statements 2006, and recommend that the shareholders adopt the accounts at the Annual General Meeting of Shareholders (AGM). The financial statements have been prepared by the Management Board, audited by Ernst & Young Accountants, and discussed by the Supervisory Board. The auditor's report can be found on page 62-63.

The Supervisory Board has discussed the financial statements with the Management Board. The Management Board proposes to pay a cash dividend of EUR 0.51 per depository receipt out of the net profit of EUR 2.2 million reported in the accounts and, in accordance with Article 31.2 of the Articles of Association, a cash dividend of EUR 0.49 per depository receipt out of the distributable reserves, giving a total pay-out of EUR 1.00 per depository receipt over the 2006 financial year. We recommend the unqualified adoption of the 2006 financial statements and dividend pay-out by the shareholders, in accordance with the Management Board's proposal. We also propose that the shareholders discharge the Management Board and the Supervisory Board of responsibility in respect of their management and supervision in 2006.

COMPOSITION AND OPERATING PROCEDURE OF 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 rules 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. 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 Annual General Meeting of Shareholders held on 4 May 2006, Berry Bemelmans was appointed to the Supervisory Board. At the same meeting, the shareholders bade farewell to Peter Huisman. The Supervisory Board expresses sincere thanks to Peter Huisman for his valuable contribution to the company during his three terms of office. Peter Huisman was Chairman of the Supervisory Board for seven years.

During the year under review, the Supervisory Board met seven times with the Management Board and twice 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.

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, start-up process of paper machines 1 and 2 and the combined heat and power (CHP) plant following the radical upgrading operation at the end of 2005, the outcome of the Management Board's review of the structure and operation of the internal risk management and control systems, remuneration of the Management Board, corporate image, corporate governance, sustainability and investor relations.

Without the Management Board attending, the Supervisory Board discussed its own performance and that of the Management Board, including the achievement of agreed performance indicators. Issues raised during those discussions included the Supervisory Board's desired profile, desired composition and powers.

In 2003 the Supervisory Board set up an Audit Committee, which in 2006 consisted of supervisory directors Meertens, Huisman and Bemelmans (Chairman), who were elected because of their financial expertise. The Audit Committee met twice in 2006 to discuss the 2005 year results and 2006 half-year results, and the interpretation of IFRS standards, particularly those regarding the financial reporting of 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 have been 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), are entrusted to the Supervisory Board as a whole.

The supervisory directors are paid a fixed fee for their activities, independent of the company's performance. The fee is determined by the AGM and does not include shares or options.

CORPORATE GOVERNANCE

At the AGM in May 2006, the issue of corporate governance was raised with the shareholders. No fresh proposals were put to the shareholders concerning the Code. The Management Board provided an explanation of the company's reserve and dividend policies. In September 2006, the Board of Stichting Administratiekantoor Crown Van Gelder (Trust Office) held a meeting with the holders of depository receipts. The minutes of the AGM and the meeting with holders of depository receipts are posted on the company's website.

In accordance with a resolution adopted by the AGM, the company's Articles of Association were amended and readopted on 13 July 2005. The Articles of Association are posted on the company's website.

At meetings held with the auditors, the Supervisory Board discussed the company's results and related matters, risk statement, and annual management letter.

REMUNERATION OF MANAGEMENT BOARD

The proposed Management Board remuneration policy was adopted by the shareholders at the AGM in 2005, and has been posted on the company's website.

As an incentive, the remuneration of the Management Board includes a variable item which is conditional on the achievement of objectives set by the Supervisory Board. They include targets for return on equity, production output, customer satisfaction, new product launches, and safety.

REPORT OF
THE SUPERVISORY BOARD

INTERNAL CORPORATE AFFAIRS

Consultations were held between the Supervisory Board and Management Board to discuss the development of the company's operating profit, necessary cost-savings, and level of investment against the background of difficult market conditions. The Supervisory Board finds that the company has provided a satisfactory response to these conditions and the strong competition in the paper industry. The development of new products with high added value will continue to be a key policy challenge. The announced closure of European paper mills is set to contribute towards improving the balance between supply and demand, allowing the company to implement the necessary price increases.

COMPANY POLICY

The Supervisory Board supports the company's strategic policy and objectives for the years up to and until 2010, as presented in Mission 2010. The Supervisory Board believes the policies pursued and the policy plans will set the company on the right track. In addition to commercial, technical and logistical issues, the policy plans also deal with social and organisational matters, health and safety, IT, product development, and investment.

FINAL NOTE

Profits in 2006 were disappointing, despite improvement measures taken by the Management Board. The Supervisory Board is confident that the measures taken by the Management Board will help the company overcome the cyclical difficulties in the paper industry. Expectations are that the announced plant closures throughout the industry will eventually have a positive impact on market conditions and could become visible as early as 2007.

Thanks to substantial investments in equipment and staff expertise, the company is well-positioned to benefit from future demand for high-quality paper grades once market conditions have normalised.

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

Velsen, The Netherlands, 15 March 2007

The Supervisory Board:
Berry Bemelmans
Huub Meertens, Chairman
Klaas Schaafsma
Huub Toebes



The measurement of reel hardness ensures better runnability at our customers.

SUMMARY**Results**

Crown Van Gelder ended 2006 with a net profit of EUR 2.2 million. This was down 75% on 2005 (EUR 9.0 million). Operating profit fell from EUR 12.4 million in 2005 to EUR 2.4 million in 2006. The net cash flow from operating activities decreased from EUR 20.7 million to EUR 5.6 million. Sales improved by 4% from 200,400 ton in 2005 to 208,800 ton in 2006. Despite the scheduled start-up curve following the upgrading of paper machine 2 (PM 2) and paper machine 1 (PM 1) in late 2005, production increased by 8% to 212,500 ton (2005: 197,000 ton).

Cost of raw materials

On average, the NBSK benchmark pulp price increased by 11% on 2005. The average pulp price paid by Crown Van Gelder in 2006 was also up 11% on 2005.

Energy costs

Energy is a major cost item for a non-integrated paper company like Crown Van Gelder. Energy costs, including revenues from the sale of the 2005 and 2006 surpluses in CO₂ emission allowances, nearly doubled in 2006, resulting in a cost increase of EUR 5.3 million. The strong costs increase was mainly driven by the increased contractual price of natural gas. In addition, due to start-up problems with the combined heat and power plant (CHP), the company had to purchase extra electricity and received less MEP subsidy. The Dutch government also substantially tightened the rules governing the payment of MEP subsidies in 2005. Crown Van Gelder saw its subsidy reduced by EUR 0.4 million. The sale of the company's surplus of CO₂ emission allowances (100,000 ton) generated EUR 2.4 million (EUR 0.2 million in 2005).

Strategy

The company will continue to focus on strengthening its position on the specialty paper market. Due to investments made from 2002 until 2006, total production capacity has increased to approximately 217,000 ton.

In 2005 we outlined a strategy for the years up to and including 2010, and in 2006 communicated the mission document to our stakeholders. Mission 2010 identifies the company's key goals to achieve profitable growth. Unlike in previous years, economic conditions on the paper and pulp markets and the industry's overall performance record are such that there has been a rekindled interest in mergers and acquisitions. One of the reasons is that leading paper companies are conducting strategic reviews and selling what they consider to be unprofitable mills, provoked by the explosive costs increase of energy and pulp.

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 to accommodate their specific requirements.

Outlook

Crown Van Gelder is a solid company whose excellent competitive position proved its worth in a difficult cyclical phase, and has been strengthened further by the recent upgrade of our two paper

machines. We expect to be able to make full use of the production capacity available. Capacity will be higher in 2007 than in 2006, approaching 217,000 ton. Fierce competition on the European sales markets and existing overcapacity are likely to continue to affect our net profit in 2007. As a net result of the substantial closures announced for 2007 and possible start-up of a large paper machine in Portugal in 2009, we expect the gap between supply and demand in this industry to narrow and, accordingly, to be able to charge on the substantial increases in energy and pulp prices to our customers by way of higher selling prices.

In 2007 we expect to finalise plans to make the company less dependent on natural gas and achieve energy cost-savings.

OPERATING REVIEW

Results

Revenue rose from EUR 142 million in 2005 to EUR 151 million in 2006. Sales increased to 208,800 ton in 2006, up 4% on 2005 (200,400 ton). Output stood at 212,500 ton, up 8% on 2005 (197,000 ton). Output increased according to plan, with PM 1 in particular generating well above expectations after being upgraded in 2005. Total production capacity was adversely affected by downtimes in 2006, due to start-up problems inherent in radical upgrading operations of this kind. Operating profit was EUR 2.4 million in 2006, down 81% on the restated net profit for 2005 (EUR 12.4 million).

By the end of 2005, stocks of finished product had fallen to a mere 14,800 ton, due to the fact that sales continued while production stood still because of the upgrading activities. At year-end 2006, stocks of finished product were restored to a normal level of 18,400 ton. Stock replenishments during 2006 have had an impact on the increase in the company's working capital. The company supplied 75.5 GWh of electricity to Nuon, generating EUR 4.2 million in revenues (2005: 73.4 GWh and EUR 2.5 million). In 2006 we received EUR 1.0 million in energy subsidies (2005: EUR 1.4 million).

On 1 January 2006 the pension fund was transferred to a pension insurance company. Other solutions are difficult to implement because of the new pension legislation. In 2006 frequent consultations took place with the pension insurer, employee organisations and Works Council to explore ways of converting the existing pension scheme into a pension contract with the pension insurance company, and discuss new pension regulations for Crown Van Gelder employees. Negotiations are expected to be concluded during 2007.

In the absence of new contracts, the existing ones continued to be the basis for the pension charges recognised under IFRS.

With effect from the 2006 financial year, using the new options available under IFRS, the company will apply the SoRIE approach to its pension accounting. Under this approach, actuarial gains and losses are recognised immediately in equity instead of being taken to the profit and loss account, which will render the operating profit less volatile.

This system change has also had an impact on the profit and loss account and balance sheet published for 2005. The impact of implementing the SoRIE method affected the 2005 net result EUR 0.9 million positively and equity at 31 December 2005 EUR 0.7 negatively.

REPORT OF
THE MANAGEMENT BOARD

At 31 December 2006, the company's market value was lower than its net asset value. In line with IAS 36.12d, an annual impairment test was carried out. Given the outcome of the test, there was no need for an impairment write-down.

Market developments

In Europe, order books improved further on 2005 for both woodfree uncoated (WFU), in which Crown Van Gelder operates, and woodfree coated papers (WFC), showing an increase of 4% (2005: +1%) and 3% (2005: +3%), respectively.

The traditional recovery of the markets in the fourth quarter was adversely affected by expectations of price increases among customers, particularly because of rising stocks, thus offsetting the positive effects of the improved summer season.

Sales increased by 8,400 ton (+4.2%) on 2005, despite the trickle-down effects of the radical upgrading operation implemented at the end of 2005. Average paper machine utilisation in the WFU sector increased from 89% in 2005 to 95% in 2006. In the related WFC sector, utilisation improved from 88% to well above 90%. Both utilisation rates showed strong improvement in the fourth quarter in particular.

Although during the year, various attempts were made to increase paper prices, the company only successfully managed to implement minor price increases on the reel market in the first and fourth quarters due to strong competition. Driven by slightly higher exports to non-European countries, at typically lower prices, the increase in company's average selling price was limited to 1% on 2005. This marks the end of years of falling prices. Exports outside Europe accounted for 15% of sales (2005: 14%).

Pulp prices

In 2006 the benchmark NBSK pulp price increased by USD 130 to USD 730 per ton, the largest increases taking place in the second and third quarters. In that period, supply was squeezed due to capacity closures in Canada, while demand remained flat. Expressed in euros, the increase was limited to EUR 50, bringing the price to EUR 550 per ton, peaking at EUR 570 in the fourth quarter, due to the rally of the dollar.

On the back of long-fibre pulp, short-fibre pulp also increased from USD 600 to USD 670 per ton. This more moderate increase had to do with the fact that, unlike long-fibre pulp, short-fibre pulp became more widely available due to added production capacity in the southern hemisphere. Here too, prices were supported particularly by demand from the Far East. Expressed in euros, the short-fibre pulp price rose moderately by EUR 20 to EUR 510, also peaking at EUR 525 at the beginning of the fourth quarter due to the rise of the dollar.

Earnings per share and profit appropriation

In 2005 net earnings per depository receipt were EUR 0.51 (revised 2005: EUR 2.07). A proposal has been put to the shareholders to pay a dividend of EUR 1.00 per depository receipt for 2006 (2005: EUR 1.00). The dividend pay-out is substantially above 100% (2005: 48%). The company's policy is to pay an average annual cash dividend of between 50% and 60% of its net profit, while aiming to prevent major fluctuations in dividend payments. Given its satisfactory solvency and the prospects of an improvement in results through a gradually narrowing gap between supply and demand, the company has decided to propose that the shareholders finance the additional dividends out of retained earnings.

CAPITAL EXPENDITURE

In 2006 capital expenditure totalled EUR 4.1 million (2005: EUR 21.6 million), a substantial portion of which still related to upgrading costs incurred in 2005 under the Investment Multi-year Plan II (IMP II). A substantial portion of the costs incurred in rolling out IMP II qualified for the Energy Investment Allowance (EIA). The assessment was carried out by SenterNovem and we were granted an additional tax relief of EUR 1.7 million in 2006. This amount was applied against the corporation tax payable and will be included in profit over the average useful lives of the assets involved.

The investments made in 2006 were financed out of cash and existing lines of credit supplied by financial institutions. At year-end 2006, EUR 16.2 million worth of loans was outstanding, and the company's solvency remained strong at 75% of its balance-sheet total (2005: 78%).

SUSTAINABILITY REPORT

As in previous years, Crown Van Gelder has issued a corporate sustainability report, in accordance with guidelines developed by the Global Reporting Initiative (GRI).

We believe the sustainability report will make a major contribution to enhancing Crown Van Gelder's profile as a transparent and progressive company. The 2005 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 67 out of 100 points, improving on its score in the previous year. GRI has recently published new assessment criteria (G3), which we will study in 2007 and implement in 2007 and 2008.

We have set ourselves ten environmental, economic and social objectives. In the 2006 report, we explain to what extent we have been able to deliver these targets and achieve progress on other plans of action. The Sustainability Report particularly focuses on the company's environmental policies and relevant environmental issues and indicators.

RESEARCH AND 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. To speed up the successful introduction of new products, we sought advice and put in place a new method to better streamline our development operations and identify potentially fatal flaws that might thwart the successful launch of products at an earlier stage. In 2006 16,400 ton of new products were manufactured, in line with our objectives set out in Mission 2010.

Individual projects and machine trials are scheduled into the regular production programme of both machines. We are taking part in several projects relevant to the Dutch paper industry as a whole (e.g. energy saving, reduction in CO₂ emission levels). Because these projects are largely funded and sponsored by the Dutch government and third parties, we incur only limited net costs. Using a newly developed method, we explore, assess and develop new product/market combinations with a view to manufacturing paper grades that provide high added value.

REPORT OF
THE MANAGEMENT BOARD

WORKFORCE AND EMPLOYEE BENEFITS

General

The workforce at year-end fell from 291 in 2005 to 278 in 2006. Looking ahead, we do not expect any major changes in the workforce to occur in 2007. Absenteeism declined from 4.5% in 2005 to 3.8% in 2006.

Employee benefits costs

On 1 January 2005, a new collective agreement came into force. Valid for a term of 30 months, it provided for an initial pay increase of 1.25% on 1 January 2006, followed by a further increase of 0.75% on 1 January 2007, as well as a performance-related bonus on achieving targets in terms of manufacturing new products, the cost of complaints, and safety. A performance-related bonus of 0.8% (2005: 1.2%) was paid in 2007 for 2006. The collective agreement also provided for the introduction of a new pension scheme as of 1 January 2006.

The collective agreement expires on 1 July 2007, so new negotiations will be starting again in the second quarter. Key issues will include setting up a new pension scheme in the shape of a pension insurance contract, and the introduction of new pension regulations.

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 (www.cvg.nl/corporate-governance).

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 policy, which was amended in the wake of the publication of Mission 2010.

In September 2006, the Board of the company's trust office (Stichting Administratiekantoor Crown Van Gelder) convened a meeting of holders of depository receipts for shares. The report of the meeting is posted on the company's website.

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

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 bi-annual meetings with analysts, who issue reports on the issues discussed. Crown Van Gelder representatives also annually attend meetings held by Euronext. 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 an abridged version in Dutch. The annual reports will be available on our website from 26 March 2007.

RISK MANAGEMENT AND CONTROL SYSTEMS

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 obtain reasonable assurance regarding the effectiveness of the controls over the financial and operational risks involved in achieving our business goals.

The Management Board, under the supervision of the Supervisory 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.

Activities in 2006

In 2006 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 have been documented and are analysed and tested during internal and external audits (including certification audits) and reviews. The audit and review findings are also documented and discussed with the Management Board on a regular basis.

In 2006 we embedded the analyses and tests in our business processes in our internal audits to enhance the company's risk management framework.

After auditing the financial statements, our external auditors discuss their findings regarding the financial reporting risks 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 controls in 2006. 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

REPORT OF
THE MANAGEMENT BOARD

do not contain any material inaccuracies, and that the systems functioned well in 2006. Looking ahead to 2007, the Management Board does not expect any significant changes.

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 nature of our business and the volume and positioning of our business activities on the paper market. This is a global market with strong regional players. Transport costs are high and present an obstacle to our geographical sales opportunities. Digitalisation has become a major market trend affecting the paper industry. Management is aware of these market developments and trends and our position within the industry. The company responds actively to the risks and opportunities as they arise, and consider this response to be part of our normal business operations. The Management Board remains committed to developing attractive product offerings and the company has successfully launched new products during the year.

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

Operational risks

The prices of raw materials – pulp and energy prices, in particular – are major cost items. Our key non-integrated competitors are largely faced with the very same challenges. The Management Board actively strives to improve purchasing terms and achieve cost-savings on the use of raw materials.

Disasters such as 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. We have taken out insurance to cover these risks. Our precautionary measures and inspections meet the requirements of insurers and are in line with industry standards. To limit the impact of a disaster, we will be preparing a contingency recovery plan in 2007 to complement our business emergency plan. We are aware of other potential disaster risks, such as terrorism and pandemics. Although we consider these to be low-level risks, we maintain contacts with government agencies and other organisations and will be taking steps where necessary.

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 lead to claims or reputational damage. To become less vulnerable to these risks, we have put in place strict quality assurance procedures in line with ISO 9001, and continuously measure the quality of our products and processes both during and after production.

Key to Crown Van Gelder's future success will be our ability to recruit and retain specialised technical staff and talented managers. We realise that in a squeezed labour market we will increasingly have to position the company as an attractive employer. Enhancing the average educational level of our staff, especially those in operational management, will be one of our main objectives for the coming years.

It is our policy to ensure the health and safety of our staff as well as any third parties directly or indirectly engaged in our business activities. We are also committed to supporting sustainable business operations and controlling their direct and indirect impact on the environment. Our management systems conform to OHSAS 18001 and ISO 14001 standards, and we regularly conduct internal audits, risk surveys and risk assessments. Where necessary, we will take appropriate measures to ensure the health and safety of our staff and third parties, and mitigate the environmental impact of our operations.

Details of specific measures taken to minimise health, safety and environmental risks are given in the Sustainability Report.

Financial risks

Crown Van Gelder is exposed to a variety of financial risks. The company has transactional currency exposures in USD and GBP and partially hedges the purchasing and selling commitments to keep currency risks to a minimum. The company is also exposed to energy price fluctuations. In 2006, the company took a first step towards locking gas prices by means of swaps. As far as credit risk is concerned, the company trades only with recognised and creditworthy third parties. Customers and prospects are subject to regular credit verification procedures. All outstanding balances are monitored based on internal procedures.

For various types of risks, including for example those in the area of customer credit, interruption of production, liability, directors' liability and transport, the company has taken out insurance policies with insurers that have a good reputation and also have a good rating.

Compliance risks

As we face rapidly changing laws on financial reporting, safety and the environment, we increasingly run the risk of failing to comply with laws and regulations. Those departments responsible 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. In it, the company looks at recent market developments believed to be relevant to the future of the industry in general and the company in particular. The aim of the plan is to chart a course for the next few years by defining ten objectives. The plan is flexible enough to allow us to respond quickly to changing market conditions, as we have done in the past.

REPORT OF
THE MANAGEMENT BOARD

MARKET DEVELOPMENTS

Overall financial performance within our industry has been adversely affected by a number of key developments.

Firstly, we have seen major differences arise between regional sales forecasts, with a shift taking place towards Asia, South America and Eastern Europe, where growth is substantial. In Western Europe and the United States, on the other hand, a stable growth of just a few per cent is forecasted. In some segments of the paper market, regional sales have in fact been in decline for a number of years, such as in the newspaper paper and continuous stationery sectors, due to the strong rise of e-commerce. These combined developments have led in Europe and North America to major restructuring costs and job losses, on the one hand, and explosive capacity growth in Asia and South America, on the other.

Secondly, we have seen this impact being reinforced by the doubling of energy costs. At the same time, awareness grows that fossil fuels are becoming rare commodities which are, moreover, highly sensitive to geopolitical developments. Also, in the background, a debate is going on about replacing fossil fuels with biofuels. In Europe, the Confederation of European Paper Industries (CEPI) is strongly advocating against using wood directly as a biofuel under the motto 'Just burning wood for energy is a waste'. It wants wood to be used first to produce paper and cardboard and then, after typically being recycled six times, to be used as a biofuel.

A third explanation of the disappointing results lies in the strong increase in prices of raw materials for paper. The global availability of pulp does not keep pace with the growth in use. Again, the most important reason for this is the growth in paper production and consumption in Asia, where new wood plantations are not being developed quickly enough. In addition, pulp has become less available due to the closure of major facilities in the United States and Canada prompted by unfavourable cost structures due to low energy efficiency and high environmental expenses and the rapid appreciation of the Canadian dollar, which have rendered pulp exports less profitable.

All of these market developments have fuelled fierce competition in Western Europe, where companies are locked in a battle to secure sufficient production tonnage, and have led to caution to adjust selling prices too readily to cost developments. This in turn has eroded margins on the graphic paper market, particularly those of non-integrated producers.

The qualitative and quantitative expansion of our range of specialty papers will continue to be the cornerstone of the company's policy in future years. Over the years, we have found that the prices of specialty grades are less likely to display fierce fluctuations than those of bulk papers, and generate better profit margins as well.

For the years till 2010, we expect sales to grow to 230,000 ton. The increase in output and sales volumes and returns on investments have caused the company's results to decline less substantially than those reported by many of its competitors.

Accordingly, the company finds itself in an excellent position to benefit from improved market conditions, once supply and demand are better balanced due to the planned capacity closures.

PROSPECTS FOR 2007

The company's production capacity has increased substantially through well-planned investments and is moving in the desired direction. Our range of products and effective geographical distribution of sales across our markets have allowed us to use the capacity of the two paper machines to the full. We expect to be able to continue to do so in 2007.

Our traditional markets are positive in early 2007, and the announced closures have begun to make the market more susceptible to price rises. Ongoing overcapacity has, however, made it difficult to incorporate energy and other input cost increases into selling prices in a timely fashion. This will again have an impact on margins, especially in the first six months of 2007.

Looking ahead, we believe the demand for pulp will flatten out after the first quarter of 2007, in line with global economic expectations. Anti-dumping measures in the United States may cause the demand for pulp to level off even further, as capacity is prevented from being used to the full. NBSK price levels are not likely to fall appreciably in 2007 due to problems with the availability of wood in some regions. At the same time, the increase in short-fibre capacity will exert continued downward pressure on short-fibre prices over the next eighteen months. The US dollar exchange to the Euro might have a considerable impact on the prices of raw materials in 2007.

In 2007 we are planning to invest around EUR 5 million, part of which will go towards implementing a Manufacturing Execution System (MES), as part of a comprehensive computerisation programme designed to increase efficiency and flexibility in production scheduling. We will also launch a number of smaller projects to improve the quality of our paper grades.

The increase in production capacity to around 217,000 ton in 2007 will have a positive impact on our results for 2007, but will not be sufficient to offset the strong rise in energy costs. Price rises will be necessary to bring our results at the desired level. To what extent this can be done will depend on, among other things, the rate at which production facilities in the industry are effectively closed down.

Against this background, it is difficult to provide an accurate profit forecast for 2007.

Velsen, 15 March 2007

Mees Hartvelt
Chief Executive Officer

FINANCIAL STATEMENTS 2006

CONSOLIDATED BALANCE SHEET

(Before profit appropriation)

EUR x 1,000	Note	31 December 2006	31 December 2005
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	90,603	96,577
Intangible assets	(2)	450	78
Investment in associate	(3)	1,183	1,187
Pension asset	(4)	7,377	4,800
Other assets	(5)	<u>2,820</u>	<u>2,929</u>
		102,433	105,571
Current assets			
Inventories	(6)	26,638	25,895
Trade and other receivables	(7)	22,855	17,037
Tax receivable	(23)	1,049	1,539
Cash and cash equivalents	(8)	<u>1,644</u>	<u>1,120</u>
		52,186	45,591
Total assets		154,619	151,162
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)	103,928	99,268
Other reserves	(11)	908	319
Profit for the year	(10)	<u>2,241</u>	<u>9,016</u>
		115,789	117,315
Minority interests	(10)	<u>118</u>	<u>117</u>
Total equity		115,907	117,432
Non-current liabilities			
Deferred tax liabilities	(12)	<u>6,671</u>	<u>5,246</u>
		6,671	5,246
Current liabilities			
Interest-bearing liabilities	(13)	16,249	13,461
Trade creditors	(14)	9,133	9,468
Taxation and social security contributions		164	110
Other short-term liabilities	(15)	<u>6,495</u>	<u>5,445</u>
		32,041	28,484
Total liabilities		38,712	33,730
Total equity and liabilities		154,619	151,162

CONSOLIDATED PROFIT AND LOSS ACCOUNT

<i>EUR x 1,000</i>	<i>Note</i>	<i>2006</i>	<i>2005</i>
Revenue	(16)	150,793	142,158
Other income	(17)	<u>2,353</u>	<u>201</u>
		153,146	142,359
Costs related to revenue		(7,226)	(7,272)
Raw materials, consumables and energy	(18)	(106,432)	(84,051)
Change in inventories of finished goods	(19)	2,549	(1,181)
Employee benefits costs	(20)	(18,063)	(15,173)
Depreciation and amortisation	(21)	(9,659)	(9,239)
Other expenses	(22)	<u>(11,934)</u>	<u>(13,036)</u>
Total operating expenses		<u>(150,765)</u>	<u>(129,952)</u>
Operating profit		2,381	12,407
Finance income		70	34
Finance costs		<u>(671)</u>	<u>(198)</u>
Net finance income		(601)	(164)
Share of after tax profit of associate		<u>346</u>	<u>378</u>
Profit before tax		2,126	12,621
Tax income / (expense)	(23)	<u>156</u>	<u>(3,564)</u>
Profit for the year from continuing operations		2,282	9,057
Profit for the year attributable to:			
Equity holders of the parent (net profit)		2,241	9,016
Minority interests		<u>41</u>	<u>41</u>
Profit for the year from continuing operations		2,282	9,057
Basic earnings per depository receipt of share	(24)	0.51	2.07
Diluted earnings per depository receipt of share	(24)	0.51	2.07

CONSOLIDATED STATEMENT OF
RECOGNISED INCOME AND EXPENSE

<i>EUR x 1,000</i>	2006	2005
Profit for the year from continuing operations (original)		8,156
Adjustment due to change in pension accounting policy		<u>901</u>
Profit for the year from continuing operations	2,282	9,057
Net unrealised gains / (losses) on cash flow hedges	(1,181)	-
Actuarial gains / (losses) in respect of pension scheme	8,143	1,189
Asset ceiling adjustments in respect of pension scheme	<u>(6,373)</u>	<u>(870)</u>
Net income recognised directly in equity	<u>589</u>	<u>319</u>
Total recognised income and expense for the year	2,871	9,376
Profit for the year attributable to:		
Equity holders of the parent	<u>2,830</u>	<u>9,335</u>
Minority interests	41	41
Total recognised income and expense for the year	2,871	9,376

CONSOLIDATED CASH FLOW STATEMENT

<i>EUR x 1,000</i>	2006	2005
Operating activities		
Operating profit	2,381	12,407
<i>Adjustments for:</i>		
Depreciation and amortisation	9,475	9,439
Movements in pension asset	<u>(64)</u>	<u>(4,465)</u>
	9,411	4,974
<i>Movements in working capital:</i>		
Trade and other receivables	(5,818)	2,996
Inventories	(743)	(998)
Trade creditors	(335)	2,287
Other items	<u>(532)</u>	<u>717</u>
	<u>(7,428)</u>	<u>5,002</u>
	4,364	22,383
Interest paid	(571)	(173)
Interest received	70	34
Income taxes received / (paid)	<u>1,753</u>	<u>(1,515)</u>
	1,252	(1,654)
Net cash flow from operating activities	5,616	20,729
Investing activities		
Investments in property, plant and equipment	(3,633)	(21,631)
Investments in intangible assets	(425)	(22)
Dividends received	350	266
Disposals of tangible fixed assets	<u>184</u>	<u>-</u>
Net cash flow (used in) / from investing activities	(3,524)	(21,387)
Financing activities		
Dividends paid	(4,356)	(4,356)
Interest-bearing liabilities	<u>2,788</u>	<u>5,232</u>
Net cash flow (used in) / from financing activities	(1,568)	876
Increase in cash and cash equivalents	524	218
Cash and cash equivalents at 1 January	1,120	902
Cash and cash equivalents at 31 December	1,644	1,120

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>EUR x 1,000</i>	<i>Subscribed and paid-up capital</i>	<i>Retained earnings</i>	<i>Other reserves (note 11)</i>	<i>Profit for the year</i>	<i>Total</i>	<i>Minority interests</i>	<i>Total equity</i>
Balance sheet							
at 1 January 2005	8,712	97,255	-	8,325	114,292	147	114,439
Change in accounting policies	-	(1,956)	-	-	(1,956)	-	(1,956)
Revised Balance sheet							
at 1 January 2005	8,712	95,299	-	8,325	112,336	147	112,483
Movements in 2005							
Profit appropriation	-	3,969	-	(3,969)	-	-	-
Paid dividends	-	-	-	(4,356)	(4,356)	-	(4,356)
Total income and expense recognised directly in equity	-	-	319	-	319	-	319
Other movements	-	-	-	-	-	(71)	(71)
Profit for the year	-	-	-	9,016	9,016	41	9,057
Balance sheet							
at 31 December 2005	8,712	99,268	319	9,016	117,315	117	117,432
Movements in 2006							
Profit appropriation	-	3,759	-	(3,759)	-	-	-
SoRIE adjustment in profit	-	901	-	(901)	-	-	-
Paid dividends	-	-	-	(4,356)	(4,356)	-	(4,356)
Total income and expense recognised directly in equity	-	-	589	-	589	-	589
Other movements	-	-	-	-	-	(40)	(40)
Profit for the year	-	-	-	2,241	2,241	41	2,282
Balance sheet							
at 31 December 2006	8,712	103,928	908	2,241	115,789	118	115,907

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 products include base paper for self-adhesive materials, paper for digital colour printing, base paper for direct thermal printing, board for tickets, paper suitable for optical character reading (OCR), rotary offset paper and continuous stationery for laser and inkjet printers. Crown Van Gelder N.V. is listed at the Official Market of the Euronext Amsterdam Stock Market N.V. and has been a part of the NextPrime segment since 25 February 2003 (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. The consolidated financial statements are presented in euros (EUR) and all values are rounded to the nearest thousand except when otherwise indicated.

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.

During the financial year the dormant subsidiary Crown Van Gelder Assurantiën B.V. has been voluntarily liquidated. The liquidation of the company has no impact on the financial statements.

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%
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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

CHANGE IN ACCOUNTING POLICIES

During the financial year 2006 Crown Van Gelder N.V. has changed its accounting policy regarding the pension scheme. Crown Van Gelder has chosen to apply the option to recognise actuarial gains and losses and asset ceiling adjustments into shareholders' equity directly (SoRIE method). The SoRIE method is considered to be the preferred method of pension accounting, provides more transparency and reduces volatility in net result. Until now, the company used the 'corridor approach' in pension accounting. According to IAS 8 the change in accounting policies is applied retrospectively. The 2005 financial statements have been revised for the above mentioned change in accounting policies to provide comparable information.

Other changes in accounting policies were not made during the financial year 2006.

EFFECTS OF THE CHANGE IN PENSION ACCOUNTING PRINCIPLES

As mentioned above Crown Van Gelder changed the pension accounting policy. Due to this change, the 2005 balance sheet and the financial results as reported in the annual report 2005 have been revised.

The main changes in the consolidated balance sheet, the consolidated profit and loss account and the consolidated cash flow statement are set out in the table below.

Effect of change on the balance sheet (before profit appropriation)

<i>EUR x 1,000</i>	<i>31 December 2006</i>	<i>31 December 2005 revised</i>	<i>Change</i>	<i>31 December 2005 original</i>
<i>Assets</i>				
Pension asset	7,377	4,800	(1,047)	5,847
<i>Equity and liabilities</i>				
Retained earnings	103,928	99,268	(1,957)	101,224
Other reserves	908	319	319	-
Profit for the year	2,241	9,016	901	8,115
Deferred tax liabilities	6,671	5,246	(310)	5,556

NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS

Effect of change on the consolidated profit and loss account

<i>EUR x 1,000</i>	2006	2005 <i>revised</i>	<i>Change</i>	2005 <i>original</i>
Employee benefits costs	(18,063)	(15,173)	1,344	(16,517)
Tax expense	156	(3,564)	(443)	(3,121)
Profit for the year from continuing operations	2,282	9,057	901	8,156
Profit for the year attributable to equity holders of the parent	2,241	9,016	901	8,115
Basic earnings per depository receipt of share	0.51	2.07	0.21	1.86
Diluted earnings per depository receipt of share	0.51	2.07	0.21	1.86

Effect of change on the consolidated cash flow statement

<i>EUR x 1,000</i>	2006	2005 <i>revised</i>	<i>Change</i>	2005 <i>original</i>
Operating profit	2,381	12,407	1,344	11,063
Movements in pension asset	(64)	(4,465)	(1,344)	(3,120)

RECLASSIFICATION DIFFERENCES

Besides the adjustments due to changes in the accounting policy of the pension scheme there were some reclassification differences made in the consolidated cash flow statement. These changes relate to the 'dividends received' from the participating interest. This line item has been moved from 'net cash flow from operating activities' to 'net cash flow from investing activities'. In addition, the 'gain on asset sale' in 2005 has been moved from 'net cash flow from investing activities' to 'net cash flow from operating activities'. The combined impact of these changes is set out in the table below.

Effect of reclassification differences on the consolidated cash flow statement

<i>EUR x 1,000</i>	2006	2005 <i>revised</i>	<i>Change</i>	2005 <i>original</i>
Net cash flow from operating activities	5,616	20,729	(66)	20,795
Net cash flow (used in) / from investing activities	(3,524)	(21,387)	66	(21,453)

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	18 – 40 years
• Plant and machinery	5 – 30 years
• Other tangible fixed assets	3 – 5 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 assets

Whenever there is an indication that assets may be impaired, but at least once a year, 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.

NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS

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 will also be 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.

Trade and other receivables

Trade receivables are stated at realisable value. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and amounts held at free disposal at bank accounts.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

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 liabilities

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

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 industrial and graphical 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.

FINANCIAL INSTRUMENTS

The group 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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 remeasurement of the hedging instrument is recognised directly in equity. The cumulative gain or loss recognised in equity is transferred to the income statement at the time when the hedged transaction affects net profit or loss and is included in the same line item as the hedged transaction.

When a hedging instrument expires, is sold, or is no longer effective, any cumulative gain or loss existing in equity at that time, remains in equity and is recognised when the 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.

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 2006, the IASB issued the following standards and interpretations:

- IAS 19-amendments: Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures
Crown Van Gelder has adopted the amendments of IAS 19. Crown Van Gelder has chosen to apply the option to recognise actuarial gains and losses and asset ceiling adjustments into shareholders' equity directly (SoRIE method).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- IFRIC 10 Interim Financial Reporting and Impairment

IFRIC 10 is applicable for annual periods beginning on or after 1 November 2006. Earlier application is encouraged. IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. Crown Van Gelder has chosen not to adopt this standard early; however the adoption of this interpretation is not expected to have an impact on Crown Van Gelder's financial statements.

- IFRS 7 Financial Instruments: Disclosures

IFRS 7 introduces new disclosures relating to financial instruments. The standard does not have any impact on the classification and valuation of Crown Van Gelder's financial statements. IFRS 7 is applicable for annual periods beginning on or after 1 January 2007. Earlier application is encouraged. The company is currently investigating the impact of adopting this standard and will apply the standard as from the financial statements 2007.

- 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 studied 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-amendments: Capital Disclosures

This amendment requires to make new disclosures to enable users to evaluate the objectives, policies and processes for managing capital. IAS 1 is applicable for annual periods beginning on or after 1 January 2007. Earlier application is encouraged. The company is currently investigating the impact of adopting this standard and will apply the standard as from the financial statements 2007.

The following standards and interpretations which were issued are not applicable for Crown Van Gelder:

- IFRIC 6 Liabilities arising from Participation in a Specific Market-Waste Electrical and Electronic Equipment
- IFRIC 6 Exploration for and Evaluating of Mineral Resources
- IAS 21-amendments: The effect of Changes in Foreign Exchange Rates
- IAS 39-amendments: Financial Guarantee Contracts
- IAS 39-amendments: Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- IAS 39-amendments: The Fair Value Option
- IFRIC 4 Determining whether an Arrangement contains a Lease
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivates
- IFRIC 11 IFRS 2: Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements

NOTES TO THE
CONSOLIDATED BALANCE SHEET

PROPERTY, PLANT AND EQUIPMENT (1)

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

<i>EUR x 1,000</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Other tangible fixed assets</i>	<i>Tangible fixed assets under construction</i>	<i>Total</i>
Costs					
At 1 January 2005	18,786	164,717	2,007	3,725	189,235
Additions	1,316	12,092	132	8,091	21,631
Disposals	<u>(202)</u>	<u>(11,993)</u>	<u>(544)</u>	-	<u>(12,739)</u>
Balance sheet at 31 December 2005	19,900	164,816	1,595	11,816	198,127
Depreciation					
At 1 January 2005	9,027	94,413	1,478	-	104,918
Disposals	(202)	(11,993)	(544)	-	(12,739)
Depreciation for the year	<u>956</u>	<u>8,287</u>	<u>128</u>	-	<u>9,371</u>
Balance sheet at 31 December 2005	9,781	90,707	1,062	-	101,550
Book value					
At 1 January 2005	9,759	70,304	529	3,725	84,317
At 31 December 2005	10,119	74,109	533	11,816	96,577
Costs					
At 1 January 2006	19,900	164,816	1,595	11,816	198,127
Additions	80	14,237	83	(10,767)	3,633
Disposals	<u>-</u>	<u>(857)</u>	<u>(6)</u>	-	<u>(863)</u>
Balance sheet at 31 December 2006	19,980	178,196	1,672	1,049	200,897
Depreciation					
At 1 January 2006	9,781	90,707	1,062	-	101,550
Disposals	-	(673)	(5)	-	(678)
Depreciation for the year	<u>970</u>	<u>8,313</u>	<u>139</u>	-	<u>9,422</u>
Balance sheet at 31 December 2006	10,751	98,347	1,196	-	110,294
Book value					
At 1 January 2006	10,119	74,109	533	11,816	96,577
At 31 December 2006	9,229	79,849	476	1,049	90,603

NOTES TO THE
CONSOLIDATED BALANCE SHEET

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 of this review was an extra adjustment of (0,2) million (2005: 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:

<i>EUR x 1,000</i>	<i>Software</i>	<i>Software under construction</i>	<i>Total</i>
Costs			
At 1 January 2005	805	-	805
Additions (acquired)	22	-	22
Disposals	<u>(34)</u>	<u>-</u>	<u>(34)</u>
Balance sheet at 31 December 2005	793	-	793
Amortisation			
At 1 January 2005	680	-	680
Disposals	(34)	-	(34)
Amortisation for the year	<u>68</u>	<u>-</u>	<u>68</u>
Balance sheet at 31 December 2005	714	-	714
Book value			
At 1 January 2005	125	-	125
At 31 December 2005	78	-	78
Costs			
At 1 January 2006	793	-	793
Additions (acquired)	<u>2</u>	<u>422</u>	<u>425</u>
Balance sheet at 31 December 2006	795	422	1,217
Amortisation			
At 1 January 2006	714	-	714
Amortisation for the year	<u>53</u>	<u>-</u>	<u>53</u>
Balance sheet at 31 December 2006	767	-	767
Book value			
At 1 January 2006	78	-	78
At 31 December 2006	28	422	450

NOTES TO THE
CONSOLIDATED BALANCE SHEET

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 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:

<i>EUR x 1,000</i>	2006	2005
Balance sheet at 1 January	1,187	1,075
Share of profit	346	378
Dividends received	<u>(350)</u>	<u>(266)</u>
Balance sheet at 31 December	1,183	1,187

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:

<i>EUR x 1,000</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Revenue</i>	<i>Profit/(loss)</i>	<i>% Interest held</i>
2005					
International Forwarding Office B.V.	4,501	2,055	2,151	756	50
2006					
International Forwarding Office B.V.	4,563	2,218	2,059	692	50

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.

NOTES TO THE
CONSOLIDATED BALANCE SHEET

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:

<i>EUR x 1,000</i>	2006	2005
Defined benefit obligation (DBO) at 31 December	(93,986)	(103,037)
Plan assets at 31 December	<u>111,688</u>	<u>109,109</u>
Funded status	17,702	6,072
Amounts not recognised as an asset, because of limit 19.58(b) 1)	<u>(10,325)</u>	<u>(1,272)</u>
Net pension asset at 31 December	7,377	4,800

1) According to paragraph 58, 58A and 58B (asset ceiling) Crown Van Gelder has a defined benefit asset of EUR 17,702 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 to the plan of EUR 7,377.

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

<i>EUR x 1,000</i>	2006	2005
Defined benefit obligation (DBO) at opening balance	103,037	100,542
Service cost (including employee contributions)	3,423	2,665
Interest cost	4,259	4,525
Actuarial gains / (losses)	(11,572)	6,165
Past service costs	-	1,426
Curtailments	-	(5,649)
Settlements	-	(1,578)
Benefits paid	<u>(5,161)</u>	<u>(5,059)</u>
Defined benefit obligation (DBO) at 31 December	93,986	103,037

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

<i>EUR x 1,000</i>	2006	2005
Plan assets at opening balance	109,109	100,414
Expected return on plan assets	6,435	6,298
Actuarial gains / (losses)	(6)	7,900
Contributions	1,311	1,399
Settlements	-	(1,843)
Benefits paid	<u>(5,161)</u>	<u>(5,059)</u>
Plan assets at 31 December	111,688	109,109

NOTES TO THE
CONSOLIDATED BALANCE SHEET

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

<i>EUR x 1,000</i>	2006	2005
Net pension asset at 1 January	4,800	2,727
Contributions paid	1,000	1,000
Net pension benefit / (expense) recognised in the profit and loss account	(936)	3,464
Recognition in SoRIE	<u>2,513</u>	<u>(2,391)</u>
Balance sheet at 31 December	7,377	4,800

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

<i>EUR x 1,000</i>	2006	2005
Current service costs	3,112	2,267
Interest on obligation	4,259	4,525
Expected return on plan assets 2)	(6,435)	(6,298)
Past service costs	-	1,426
Curtailment	-	(5,649)
Settlements	<u>-</u>	<u>265</u>
Total net pension expense (benefit)	936	(3,464)

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 fiscal year 2006 is equal to EUR 6,429 (2005: EUR 14,198).

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

<i>EUR x 1,000</i>	2006	2005
At 1 January	1,735	-
Actuarial gains / (losses) recognised in the 'Consolidated Statement of Recognised Income and Expense'	8,143	1,189
Recognised in deferred tax liabilities	<u>3,423</u>	<u>546</u>
	<u>11,566</u>	<u>1,735</u>
At 31 December	13,301	1,735

NOTES TO THE
CONSOLIDATED BALANCE SHEET

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

<i>Asset Category</i>	<i>2006</i>	<i>2005</i>
Equities	36.1%	34.3%
Bonds	7.9%	55.5%
Real Estate	56.0%	10.2%

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

<i>In %</i>	<i>Used in 2006</i>	<i>Used in 2005</i>
Discount rate	4.73	4.10
Expected return on plan assets	5.34	6.40
General salary increase	2.20	2.19
Pension increase	2.04	2.02

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

<i>EUR x 1,000</i>	<i>2006</i>	<i>2005</i>
The present value of the defined benefit obligation	(93,986)	(103,037)
The fair value of plan assets	<u>111,688</u>	<u>109,109</u>
Funded status	17,702	6,072
Experience gains / (losses) on plan liabilities		
Amount	2,415	(6,165)
Actuarial return less expected return on plan assets		
Amount	(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 2007 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.

NOTES TO THE
CONSOLIDATED BALANCE SHEET

Movements in the other assets can be detailed as follows:

<i>EUR x 1,000</i>	2006	2005
Balance sheet at 1 January	2,929	3,038
Allocated to the profit and loss account	<u>(109)</u>	<u>(109)</u>
Balance sheet at 31 December	2,820	2,929

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

INVENTORIES (6)

Inventories can be detailed as follows:

<i>EUR x 1,000</i>	2006	2005
Raw materials	9,641	11,534
Other materials	6,404	6,293
Finished goods	<u>10,593</u>	<u>8,068</u>
Balance sheet at 31 December	26,638	25,895

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:

<i>EUR x 1,000</i>	2006	2005
Trade receivables	21,216	15,802
Other receivables	1,386	1,190
Accrued income and prepayments	<u>253</u>	<u>45</u>
Balance sheet at 31 December	22,855	17,037

All non-current receivables are due within 12 months from the balance sheet date. 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.

NOTES TO THE
CONSOLIDATED BALANCE SHEET

CASH AND CASH EQUIVALENTS (8)

Cash and cash equivalents can be detailed as follows:

<i>EUR x 1,000</i>	<i>2006</i>	<i>2005</i>
Cash at bank and in hand	<u>1,644</u>	<u>1,120</u>
Balance sheet at 31 December	1,644	1,120

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:

<i>Number of shares (thousands)</i>	<i>2006</i>	<i>2005</i>
Ordinary shares of EUR 10 each	1,500	1,500
Preference shares of EUR 10 each	<u>1,500</u>	<u>1,500</u>
Number of shares at 31 December	3,000	3,000

Issued and fully paid-up capital

	<i>Thousands</i>	<i>EUR x 1,000</i>
Ordinary shares	871.2	8,712
Preference shares	<u>-</u>	<u>-</u>
Balance sheet at 31 December	871.2	8,712

NOTES TO THE
CONSOLIDATED BALANCE SHEET

EQUITY (10)

<i>EUR x 1,000</i>	<i>Subscribed and paid-up capital</i>	<i>Retained earnings</i>	<i>Other reserves (note 11)</i>	<i>Profit for the year</i>	<i>Total</i>	<i>Minority interests</i>	<i>Total equity</i>
Balance sheet							
at 1 January 2005	8,712	97,255	-	8,325	114,292	147	114,439
Change in accounting policies	-	(1,956)	-	-	(1,956)	-	(1,956)
Revised Balance sheet							
at 1 January 2005	8,712	95,299	-	8,325	112,336	147	112,483
Movements in 2005							
Profit appropriation	-	3,969	-	(3,969)	-	-	-
Paid dividends	-	-	-	(4,356)	(4,356)	-	(4,356)
Total income and expense recognised directly in equity	-	-	319	-	319	-	319
Other movements	-	-	-	-	-	(71)	(71)
Profit for the year	-	-	-	9,016	9,016	41	9,057
Balance sheet							
at 31 December 2005	8,712	99,268	319	9,016	117,315	117	117,432
Movements in 2006							
Profit appropriation	-	3,759	-	(3,759)	-	-	-
SoRIE adjustment in profit	-	901	-	(901)	-	-	-
Paid dividends	-	-	-	(4,356)	(4,356)	-	(4,356)
Total income and expense recognised directly in equity	-	-	589	-	589	-	589
Other movements	-	-	-	-	-	(40)	(40)
Profit for the year	-	-	-	2,241	2,241	41	2,282
Balance sheet							
at 31 December 2006	8,712	103,928	908	2,241	115,789	118	115,907

NOTES TO THE
CONSOLIDATED BALANCE SHEET

OTHER RESERVES (11)

<i>EUR x 1,000</i>	<i>Asset ceiling pension accounting</i>	<i>Actuarial gains and losses</i>	<i>Cash flow hedge reserve</i>	<i>Total</i>
Balance sheet at 1 January 2005	-	-	-	-
Movements in 2005				
Recognition in SoRIE	<u>(870)</u>	<u>1,189</u>	<u>-</u>	<u>319</u>
Balance sheet at 31 December 2005	(870)	1,189	-	319
Movements in 2006				
Recognition in SoRIE	(6,373)	8,143	-	1,770
Net unrealised gains / (losses) on cash flow hedges	<u>-</u>	<u>-</u>	<u>(1,181)</u>	<u>(1,181)</u>
Balance sheet at 31 December 2006	(7,243)	9,332	(1,181)	908

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.

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 LIABILITIES (12)

The deferred tax relates to the following:

<i>EUR x 1,000</i>	2006	2005
Deferred tax liabilities		
Inventories	61	32
Pension	2,256	1,575
EIA tax allowance	5,286	3,946
Trade receivables	<u>131</u>	<u>203</u>
	7,734	5,756
Deferred tax assets		
Property, plant and equipment	(371)	(407)
Cash flow hedging	<u>(404)</u>	<u>-</u>
	<u>(775)</u>	<u>(407)</u>
	6,959	5,349
Movement due to changes in the future statutory rates	<u>(288)</u>	<u>(103)</u>
Balance sheet at 31 December	6,671	5,246

Deferred tax liabilities have been valued at expected future tax rates (25.5% for 2007) and are estimated to be mostly long-term. The deferred tax asset regarding cash flow hedging of EUR 0.4 million and a deferred tax liability amounting to EUR 0.4 million regarding the EIA tax allowance can be classified as short-term deferred tax.

The deferred tax liabilities at 31 December 2006 include an amount of EUR 5.3 million for the (EIA) tax allowance. The EIA tax allowance is classified as a tax incentive 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:

<i>EUR x 1,000</i>	2006	2005
Movements charged or credited directly to shareholders' equity		
Cash flow hedging	(404)	-
Pension accounting	<u>744</u>	<u>(753)</u>
Total	(340)	(753)

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

<i>EUR x 1,000</i>	2006	2005
Movements charged or credited to the profit and loss account		
EIA tax allowance	402	234
Change in future statutory tax rates	<u>288</u>	<u>103</u>
Total	690	337

INTEREST-BEARING LIABILITIES (13)

The company has credit facilities at its disposal up to EUR 41 million. A part of these credit facilities can be 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 0.85% and 1.25%.

At the end of 2006 an amount of EUR 16.2 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:

<i>EUR x 1,000</i>	2006	2005
Revenue of paper sales	146,538	139,630
Supply of energy	<u>4,255</u>	<u>2,528</u>
Total	150,793	142,158

The geographical distribution of paper sales and revenue in 2006 and 2005 was as follows:

<i>In %</i>	<i>Sales of paper</i>		<i>Total revenue</i>	
	2006	2005	2006	2005
Netherlands	10	12	13	14
Germany	22	23	21	22
United Kingdom	13	17	13	17
Belgium / Luxembourg	15	15	16	16
France	19	15	20	17
Other European countries	6	4	6	5
Other countries	<u>15</u>	<u>14</u>	<u>11</u>	<u>9</u>
Total	100	100	100	100

OTHER INCOME (17)

Other income can be detailed as follows:

<i>EUR x 1,000</i>	2006	2005
Income from EU CO ₂ allowances	<u>2,353</u>	<u>201</u>
Total	2,353	201

Crown Van Gelder participates in the EU Emissions Trading Scheme (EU-ETS). For the period 2005 until 2007, Crown Van Gelder has been allocated 204,514 CO₂ emission allowances on an annual basis. Crown Van Gelder has sold 100,000 CO₂ emission allowances in the financial year 2006, generating the above mentioned income. In 2005 10,000 CO₂ emission allowances were sold. At 31 December 2006, the company had approximately 160,000 of CO₂ emission allowances in stock. Of this amount, around 140,000 of CO₂ emission allowances have to be turned in, for the company's CO₂ emission in 2006.

NOTES TO THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT

COSTS OF RAW MATERIALS, CONSUMABLES AND ENERGY (18)

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

<i>EUR x 1,000</i>	2006	2005
Raw materials and consumables	85,870	72,934
Water	539	439
Packaging	2,134	2,008
Energy	<u>17,889</u>	<u>8,670</u>
Total	106,432	84,051

CHANGE IN INVENTORIES OF FINISHED GOODS (19)

The movement in inventories of finished goods can be detailed as follows (EUR x 1,000):

Finished goods as per 31 December 2005	8,068
Finished goods as per 31 December 2006	<u>10,593</u>
Change in inventories of finished goods	2,525
Other movements	<u>24</u>
Total	2,549

EMPLOYEE BENEFITS COSTS (20)

The employee benefits costs can be detailed as follows:

<i>EUR x 1,000</i>	2006	2005
Wages and salaries	13,973	14,756
Social security contributions	1,206	1,569
Other staff costs	1,948	2,312
Net pension expense / (benefit)	<u>936</u>	<u>(3,464)</u>
Total	18,063	15,173

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

The average number of employees in 2006 was 286 (2005: 296).

NOTES TO THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT

DEPRECIATION AND AMORTISATION (21)

The depreciation and amortisation can be detailed as follows:

<i>EUR x 1,000</i>	2006	2005
Depreciation property, plant and equipment	9,422	9,371
Amortisation intangible assets	53	68
Loss on disposal property, plant and equipment	184	-
Gain on asset sale	-	(200)
Total	9,659	9,239

OTHER EXPENSES (22)

Other expenses can be detailed as follows:

<i>EUR x 1,000</i>	2006	2005
Maintenance costs	5,220	5,978
Leasing	390	393
Other operating expenses	6,324	6,665
Total	11,934	13,036

INCOME TAX (23)

The income tax can be detailed as follows:

<i>EUR x 1,000</i>	2006	2005
Current tax expense		
Current year tax expense	525	3,856
Movements due to timing differences	9	-
Prior year adjustments	-	45
	534	3,901
Movements in deferred tax		
Movements due to timing differences	(402)	(234)
Changes in income tax rate	(288)	(103)
	(690)	(337)
Total	(156)	3,564

NOTES TO THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT

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

<i>In % and EUR x 1,000</i>	2006	2005
Profit on ordinary activities before taxation	2,126	11,277
Movement due to change in accounting policy for pension accounting (SoRIE adjustment)	-	1,344
	<u>2,126</u>	<u>12,621</u>
Less share of profit of associate	(346)	(378)
Accounting profit before tax	1,780	12,243
	<i>In %</i>	<i>In %</i>
Statutory tax rate	29.5	31.5
Application of tax allowances	(22.1)	(1.9)
Decrease of future statutory tax rates	(16.2)	(0.8)
Prior year adjustments	-	0.3
Total effective tax rate	(8.8)	29.1
	(156)	3,564

The current tax receivable of EUR 1,049 (2005: EUR 1,539) represents the income tax receivable due to preliminary tax assessments that were based on a higher profit before taxation and the impact of (EIA) tax allowances.

EARNINGS PER DEPOSITORY RECEIPT OF SHARE (24)

Basic earnings per depository receipt of share are calculated by dividing the profit 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:

	2006	2005
Profit for the year attributable to equity holders of the parent (EUR x 1,000)	2,241	9,016
Weighted average number of depository receipts of shares (thousands)	4,356	4,356
Basic earnings per depository receipt of share (EUR)	0.51	2.07
Diluted earnings per depository receipt of share (EUR)	0.51	2.07

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

NOTES TO THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT

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:

<i>EUR x 1,000</i>	2006	2005
Within one year	359	324
Between one and five years	934	686
Longer than five years	112	55
Total	1,405	1,065

Capital expenditure commitments

At 31 December 2006, Crown Van Gelder had commitments amounting to EUR 0.5 million principally relating to the investment in a Manufacturing Execution System (MES).

Guarantees

The total of bank guarantees issued were EUR 0.1 million at the balance sheet date (2005: 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.

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.

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 2006:

<i>EUR x 1,000</i>	<i>International Forwarding Office B.V.</i>
Outstanding balances as per 31 December 2006 (current liability)	320
Commission fees during the financial year 2006	195

NOTES TO THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT

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.

<i>EUR x 1,000</i>	2006	2005
Mees Hartvelt, Managing Director		
Fixed remuneration	193	181
Variable remuneration	44	64
Pension costs	<u>22</u>	<u>27</u>
Total	259	272

A variable reward system is in force for the Management Board, in which the variable remuneration is limited to 45% of the fixed yearly income. This variable income depends on the company's performance with respect to shareholders' equity and the extent to which certain specific objectives have been realised, and is determined at the discretion of the Supervisory Board. The Supervisory Board has reviewed the performance of the Management Board on specific targets. The non-financial objectives have all been met.

Pension costs for members of the Management Board are based on their respective pensionable salary.

No stock options have been offered to or are owned by the Management Board. There are no loans outstanding to the Managing Director and no guarantees were given on behalf of the Managing Director.

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

<i>EUR x 1,000</i>	2006	2005
Huib Meertens, Chairman	17	14
Berry Bemelmans	14	-
Klaas Schaafsma	14	14
Huib Toebes	14	14
Peter Huisman	<u>-</u>	<u>17</u>
Total	59	59

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 were given on behalf of members of the Supervisory Board.

NOTES TO THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT

FINANCIAL RISK MANAGEMENT (27)

Objectives and policies

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.

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 US dollars are used in order to hedge short-term currency risks. The fair value of forward exchange contracts is their quoted market price at balance sheet date. The gain or loss on the remeasurement at fair value is recognised in the profit and loss account immediately.

Energy price risk

In 2006, Crown Van Gelder has entered into commodity swap contracts to hedge price fluctuations to which it is exposed in its short-term purchase of gas. The company has hedged a major part of the expected gas supplies for 2007 and these commodity swap contracts qualify for hedge accounting. The value relating to the effective portion of the derivatives at 31 December 2006 is recognised in equity under 'Other reserves – cash flow hedge reserve'.

Interest rate risks

At 31 December 2006, the company had no interest rate swaps.

Fair value

During the financial year 2006 the company has entered into commodity swaps.

<i>EUR x 1,000</i>	<i>Carrying amount 31 December 2006</i>	<i>Fair Value 31 December 2006</i>
Commodity swaps	(1,585)	(1,585)

There is no difference between the carrying amounts and the fair value of Crown Van Gelder's other financial instruments such as trade and other receivables, cash and cash equivalents, interest-bearing liabilities and trade creditors. We refer to note 7, 8, 13 and 14 for their carrying amounts.

NOTES TO THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT

Hedging activities

Cash flow hedges

At 31 December 2005, the company held the following currency option contracts and forward exchange contracts:

<i>Option contracts</i>	<i>Exchange Rate</i>	<i>Expiration Date</i>
Call		
Amount USD 750,000	EUR / USD 1.17	3 January 2006
Amount USD 750,000	EUR / USD 1.17	10 January 2006
Put		
Amount EUR 628,667	EUR / USD 1.193	3 January 2006
Amount EUR 628,141	EUR / USD 1.194	10 January 2006
<i>Forward exchange contracts</i>	<i>Exchange Rate</i>	<i>Expiration Date</i>
Buy		
USD 500,000	EUR / USD 1.2035	12 January 2006
USD 500,000	EUR / USD 1.2052	9 February 2006

At 31 December 2006, the company held the following currency option contracts, forward exchange contracts and commodity swap contracts:

<i>Option contracts</i>	<i>Exchange Rate</i>	<i>Expiration Date</i>
Call		
Amount USD 1,000,000	EUR / USD 1.295	8 January 2007
Amount USD 1,000,000	EUR / USD 1.305	6 February 2007
Put		
Amount EUR 758,150	EUR / USD 1.319	8 January 2007
Amount EUR 747,384	EUR / USD 1.338	6 February 2007
<i>Forward exchange contracts</i>	<i>Exchange Rate</i>	<i>Expiration Date</i>
Buy		
USD 1,000,000	EUR / USD 1.3100	10 January 2007
USD 1,820,300	GBP / USD 1.9705	10 January 2007
<i>Commodity swap contracts</i>	<i>Period(s)</i>	<i>Expiration Date</i>
20 million m ³ natural gas	Year 2007	31 December 2007
13 million m ³ natural gas	Q1 2007	31 March 2007
13 million m ³ natural gas	Q2 2007	30 June 2007

COMPANY BALANCE SHEET

(Before profit appropriation)

EUR x 1,000	Note	31 December 2006	31 December 2005
ASSETS			
Fixed assets			
Intangible fixed assets	(I)	450	78
Tangible fixed assets	(II)	79,199	88,916
Financial fixed assets	(III)	<u>11,619</u>	<u>9,192</u>
		91,268	98,186
Current assets			
Inventories	(IV)	26,638	25,895
Accounts receivable	(V)	32,861	24,519
Cash and cash equivalents	(VI)	<u>1,354</u>	<u>780</u>
		60,853	51,194
Total assets		152,121	149,380
EQUITY AND LIABILITIES			
Shareholders' equity			
Subscribed and paid-up capital	(VII)	8,712	8,712
Legal reserve	(VIII)	1,097	1,100
Retained earnings	(VIII)	102,831	98,168
Other reserve	(VIII)	908	319
Profit for the year	(VIII)	<u>2,241</u>	<u>9,016</u>
Total equity		115,789	117,315
Provisions			
Provision for deferred tax liabilities	(IX)	<u>6,671</u>	<u>5,246</u>
		6,671	5,246
Short term liabilities			
Interest-bearing liabilities		16,249	13,461
Trade creditors	(X)	6,787	7,835
Taxation and social security contributions		144	90
Other short-term liabilities		<u>6,481</u>	<u>5,433</u>
		29,661	26,819
Total shareholders' equity and liabilities		152,121	149,380

COMPANY PROFIT AND LOSS ACCOUNT

<i>EUR x 1,000</i>	2006	2005
Result from subsidiaries and associates	366	413
Other result	<u>1,875</u>	<u>8,603</u>
Net result	2,241	9,016

ACCOUNTING PRINCIPLES FOR THE COMPANY FINANCIAL STATEMENTS

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 financial statements. Differences between the accounting principles for the consolidated financial statements and the company financial statements are separately disclosed in this paragraph.

VALUATION

Intangible fixed assets

Reference is made to the valuation principles concerning the intangible fixed assets as mentioned in the notes to the consolidated balance sheet.

Tangible fixed assets

Reference is made to the valuation principles concerning property, plant and equipment as mentioned in the notes to the consolidated balance sheet.

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.

Concerning the pension asset and the other assets we refer to valuation principles concerning these items as mentioned in the notes to the consolidated balance sheet.

Inventories

Reference is made to the valuation principles concerning the inventories as mentioned in the notes to the consolidated balance sheet.

Accounts receivable

Reference is made to the valuation principles concerning the trade and other receivables as mentioned in the notes to the consolidated balance sheet.

Cash and cash equivalents

Reference is made to the valuation principles concerning the cash and cash equivalents as mentioned in the notes to the consolidated balance sheet.

Provisions

Reference is made to the valuation principles concerning the provisions as mentioned in the notes to the consolidated balance sheet.

Short-term liabilities

Reference is made to the valuation principles concerning the current liabilities as mentioned in the notes to the consolidated balance sheet.

Other result

Reference is made to the valuation principles concerning the revenues and expenses as mentioned in the notes to the consolidated balance sheet.

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:

<i>EUR x 1,000</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Other tangible fixed assets</i>	<i>Tangible fixed assets under construction</i>	<i>Total</i>
Costs					
At 1 January 2005	18,786	145,034	1,979	3,725	169,524
Additions	1,316	4,559	120	8,091	14,086
Disposals	(202)	(4,260)	(544)	-	(5,006)
Balance sheet at 31 December 2005	19,900	145,333	1,555	11,816	178,604
Depreciation					
At 1 January 2005	9,027	74,996	1,474	-	85,497
Disposals	(202)	(4,260)	(544)	-	(5,006)
Depreciation for the year	956	8,118	123	-	9,197
Balance sheet at 31 December 2005	9,781	78,854	1,053	-	89,688
Book value					
At 1 January 2005	9,759	70,038	505	3,725	84,027
At 31 December 2005	10,119	66,479	502	11,816	88,916
Costs					
At 1 January 2006	19,900	145,333	1,555	11,816	178,604
Additions	80	9,737	76	(10,767)	(874)
Disposals at cost	-	(712)	(6)	-	(718)
Balance sheet at 31 December 2006	19,980	154,358	1,625	1,049	177,012
Depreciation					
At 1 January 2006	9,781	78,854	1,053	-	89,688
Disposals	-	(532)	(6)	-	(538)
Depreciation for the year	970	7,566	127	-	8,663
Balance sheet at 31 December 2006	10,751	85,888	1,174	-	97,813
Book value					
At 1 January 2006	10,119	66,479	502	11,816	88,916
At 31 December 2006	9,229	68,470	451	1,049	79,199

NOTES TO THE COMPANY BALANCE SHEET

FINANCIAL FIXED ASSETS (III)

Financial fixed assets can be detailed as follows:

<i>EUR x 1,000</i>		2006	2005
Subsidiaries	(A)	239	276
Investment in associate	(B)	1,183	1,187
Pension asset	(C)	7,377	4,800
Other assets	(D)	<u>2,820</u>	<u>2,929</u>
Balance sheet at 31 December		11,619	9,192

(A) Subsidiaries

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

Balance sheet at 31 December 2005	276
Net result subsidiaries	1
Dividends received	<u>(38)</u>
Balance sheet at 31 December 2006	239

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.

INVENTORIES (IV)

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

ACCOUNTS RECEIVABLE (V)

Trade and other receivables can be detailed as follows:

<i>EUR x 1,000</i>	2006	2005
Trade receivables	21,188	15,773
Group companies	10,339	6,301
Tax receivable	1,050	1,539
Other receivables	<u>284</u>	<u>906</u>
Balance sheet at 31 December	32,861	24,519

NOTES TO THE COMPANY BALANCE SHEET

CASH AND CASH EQUIVALENTS (VI)

Cash and cash equivalents can be detailed as follows:

<i>EUR x 1,000</i>	2006	2005
Cash at bank and in hand	<u>1,354</u>	<u>780</u>
Balance sheet at 31 December	1,354	780

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)

<i>EUR x 1,000</i>	<i>Subscribed and paid-up capital</i>	<i>Legal reserves</i>	<i>Retained earnings</i>	<i>Other reserves (note 11)</i>	<i>Profit for the year</i>	<i>Total equity</i>
Balance sheet at 1 January 2005	8,712	896	96,359	-	8,325	114,292
Change in accounting policies	-	-	(1,956)	-	-	(1,956)
Revised Balance sheet at 1 January 2005	8,712	896	94,403	-	8,325	112,336
Movements in 2005						
Profit appropriation	-	-	3,969	-	(3,969)	-
Paid dividends	-	-	-	-	(4,356)	(4,356)
Total income and expense recognised directly in equity	-	-	-	319	-	319
Other movements	-	204	(204)	-	-	-
Profit for the year	-	-	-	-	<u>9,016</u>	<u>9,016</u>
Balance sheet at 31 December 2005	8,712	1,100	98,168	319	9,016	117,315
Movements in 2006						
Profit appropriation	-	-	3,759	-	(3,759)	-
SoRIE adjustment in profit	-	-	901	-	(901)	-
Paid dividends	-	-	-	-	(4,356)	(4,356)
Total income and expense recognised directly in equity	-	-	-	589	-	589
Other movements	-	(3)	3	-	-	-
Profit for the year	-	-	-	-	<u>2,241</u>	<u>2,241</u>
Balance sheet at 31 December 2006	8,712	1,097	102,831	908	2,241	115,789

NOTES TO THE COMPANY BALANCE SHEET

Nature and purpose of the reserves

Legal reserve

The 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.

Other reserve

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

PROVISION FOR DEFERRED 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:

<i>EUR x 1,000</i>	2006	2005
Trade creditors	<u>6,787</u>	<u>7,835</u>
Balance sheet at 31 December	6,787	7,835

DIRECTORS' REMUNERATION

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

AUTHORISATION OF FINANCIAL STATEMENTS

The 2006 Financial statements of Crown Van Gelder N.V. have been signed by all members of the Management Board and Supervisory Board. The Financial statements are to be adopted by the General Meeting of Shareholders of Crown Van Gelder.

Management Board

Mees Hartvelt, CEO

Supervisory Board

Huub Meertens, Chairman
Berry Bemelmans
Klaas Schaafsma
Huub Toebes

Velsen, 15 March 2007

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 2006 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 December 31, 2006, the profit and loss account, statement of changes in equity, 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 December 31, 2006, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Management Board 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 judgement, 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.

OTHER INFORMATION

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 December 31, 2006, 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 December 31, 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

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

Haarlem, 15 March 2007

for Ernst & Young Accountants
was signed by E.J. Pieters

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.

Profit Appropriation 2006

The Management Board proposes to pay a cash dividend of EUR 0.51 per depository receipt of share from the net profit attributable to equity holders of the parent for the financial year 2006 and a cash dividend of EUR 0.49 per depository receipt of share out of the distributable reserves, giving a total pay-out of EUR 1.00 per depository receipt of share.

CORPORATE GOVERNANCE

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 internet site) 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 *inter alia* the Supervisory Board, the General Meeting of Shareholders and the company's Works Council are laid down in the Management Board Regulations.

The 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 add 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. As soon as it becomes both financially and technically feasible, electronic voting will also be made possible. 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 shares are managed and administered by the Stichting Administratiekantoor Crown Van Gelder (the Trust Office). The Trust Office issues depository receipts for those shares to individuals and institutions and these depository receipts are the Crown Van Gelder securities traded on Euronext. The aim of the trust is to exercise all rights associated with the shares in such a way that the interests of the company itself and all its stakeholders are promoted. Its primary tasks are to ensure continuity in voting behaviour and to foster the long-term interests of Crown Van Gelder. The Trust Office complies with all requirements of the Corporate Governance Code in respect of depository receipts. 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 way 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

Stated in the 2005 Annual Report, and discussed in the AGM held on 4 May 2006, were the principles and best practice provisions on which the Management Board and the Supervisory Board of Crown Van Gelder had a deviating view.

During the financial year 2006, 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

CORPORATE GOVERNANCE

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.

- 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.
- Best practice provision III.6.7 requires that a member of the Supervisory Board who, in case of absence of the Managing Directors, is temporarily charged with the management of the company, resigns as member of the Supervisory Board. According to article 19 of the Articles of Association of Crown Van Gelder, such member 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 and the industry in which it is active, the company deems the risks of non-compliance with this best practice provision limited. Also, the company deems this provision a breach of privacy. Application of this provision shall make it more difficult to enlist capable members of the Supervisory Board.
- 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 and technological developments in this respect. However, the developments during the financial year 2006 were not such that a final decision on this subject could be taken. Presentations shall in any event be published on the website of the company.
- 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

One of the best practice provisions 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 instrument might be made use of. Following the final cancellation of the function of the depository receipts as a protective instrument, 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. The 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 the statutory objects of this Stichting, to protect the company against influences which might have an adverse effect on the interests of the company and its related business.

DIRECTORS OF THE SUPERVISORY BOARD
AND THE MANAGEMENT BOARD

THE SUPERVISORY BOARD

Huub Meertens (1938)

Appointed in 2000, current term until 2008

Nationality: Dutch

Post: Former member of the Management Board of Océ N.V.

Supervisory posts: Member of the Supervisory Board of Monidee Finance B.V.

Other posts: Member of the Audit Committee of Crown Van Gelder N.V.
Chairman of the Management Board of Stichting tot het houden
van Preferente en Prioriteits aandelen B Wereldhave

Stockholding

Crown Van Gelder: none

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

Other posts: Chairman of the Audit Committee of Crown Van Gelder 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

Huub Toebes (1938)

Appointed in 2000, current term until 2007

Nationality: Dutch

Post: Former Managing Director of Gus Holland Holding B.V.

Other posts: none

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 Supervisory Board Information Centre Paper and Board

Stockholding

Crown Van Gelder: 470 depository receipts of share

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

REPORT

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 and one telephone meeting of the Board of the Trust Office were held. Issues that amongst others have been discussed are the Annual Report 2005, the agenda for the Annual General Meeting of Shareholders (AGM) held in May 2006 and the semi-annual figures 2006.

The Trust Office was present at the AGM on 4 May 2006. The Trust Office had granted voting proxies to and/or received voting instructions from 33 holders of depository receipts of shares, representing 27.5% 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 72.2% of the total number of votes that could be cast at the meeting. The Trust Office exercised these voting rights (either by actual voting, either by supporting acceptance of proposals by acclamation) in favour of all proposals submitted to the AGM.

On 27 September 2006 the Trust Office held a meeting of holders of depository receipts of shares to introduce two new members of the Board, Mr H.C. Koetzier and Mr C.S.M. Molenaar and to explain the way in which the Trust Office exercised its voting rights at the AGM of 4 May 2006. The meeting was attended by three holders of depository receipts of shares. For further information on this meeting we refer to the minutes of this meeting on the website of CVG (www.cvg.nl).

The composition of the Board is as follows:

- Reinier Fuchs (former Secretary of Management Board and Supervisory Board of AMRO Bank and Executive Secretary of Euronext Amsterdam, primary market and listing), 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 2006 amounted to EUR 17,665.

At 31 December 2006, 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, 15 March 2007

Reinier Fuchs, Chairman
Jan van Hall

Henk Koetzier, Secretary
Kees Molenaar

For information:

Stichting Administratiekantoor Crown Van Gelder

P.O. Box 30

1950 AA Velsen

The Netherlands

A D D I T I O N A L I N F O R M A T I O N F O R S H A R E H O L D E R S

DIVIDEND POLICY

The following policy is applied:

- pay-out ratio of 50% - 60% of net profit;
- pay-out of dividend in cash;
- avoidance of major dividend fluctuations.

DISTRIBUTION OF DEPOSITORY RECEIPTS OF SHARE

Information from banks and financial institutions in 2003 indicates that approximately 33% of the total number of depository receipts of share are held by private investors and approximately 38% by institutional investors (e.g. insurance companies and pension funds). The remaining 29% is held mainly by investment companies.

Foreign investors hold approximately 15% of the depository receipts of share, mainly in the United States and the European Union.

KEY FIGURES

	IFRS			Dutch GAAP		
	2006	2005 ³	2004	2004	2003	2002
<i>Per depository receipt of share of EUR 2 nominal value</i>						
Operating cash flow	1.29	4.76	3.48	3.48	2.85	4.07
Net profit	0.51	2.07	1.91	1.75	1.80	2.24
Dividend ¹	1.00	1.00	1.00	1.00	1.00	1.25
Equity ²	26.61	26.96	26.27	25.93	25.19	24.92
Closing price at year-end	16.83	17.70	15.99	15.99	13.35	12.80
Pay-out ratio in %	196	48	52	57	56	56
Price/earnings ratio at year-end	33	8.6	8.4	9.1	7.4	5.7
Price/equity ratio in %	63	66	61	62	53	51

¹ Dividend 2006 is proposal to shareholders

² Equity before appropriation of profit

³ Some figures are revised 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 15 March 2007 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 2006 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.

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 articles 2 and 3 of the Disclosure of Holdings in Listed Companies Act:

Delta Deelnemingen Fonds N.V.	11.48%
Arriva plc	9.43%
Navitas B.V.	6.66%
Stichting Shell Pensioenfond	2.53%

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 and grant share option rights for a period expiring on the 4th day of May 2008. The authorisation includes the issuance of ordinary shares up to 20% of the ordinary shares issued and outstanding on 4 May 2006 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 4th day of November 2007. 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 6a or 6e of the Act on the supervision of securities transactions (*Wet toezicht effectenverkeer*).

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 6a or 6e of the Act on the supervision of securities transactions (*Wet toezicht effectenverkeer*).

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 2007

- | | |
|-------------------|--|
| • 9 February 2007 | Press release annual results 2006 |
| • 26 April 2007 | Annual General Meeting of Shareholders |
| • 30 April 2007 | Ex-dividend listing |
| • 3 May 2007 | Record date |
| • 4 May 2007 | Dividend payment date |
| • 26 July 2007 | Press release half-year results 2007 |

CALENDAR 2008

- | | |
|-------------------|--|
| • 8 February 2008 | Press release annual results 2007 |
| • 24 April 2008 | Annual General Meeting of Shareholders |
| • 28 April 2008 | Ex-dividend listing |
| • 30 April 2008 | Record date |
| • 2 May 2008 | Dividend payment date |
| • 24 July 2008 | Press release half-year results 2008 |

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