CVGPAPIER
CROWN VAN GELDER

Press release

A combined analyst and press meeting will be held on 27 July 2012 at 10.00 a.m.
The presentation and audio webcast will be made available on www.cvg.nl

Velsen, 27 July 2012 (before market opening)

- **NET PROFIT OF EUR 1.8 MILLION FOR FIRST SIX MONTHS OF 2012 (FIRST HALF 2011: NET LOSS OF EUR 1.2 MILLION)**
- **CLEAR RECOVERY OF RESULTS SUPPORTED BY MARKET RECOVERY, STRONG SALES GROWTH IN NEWLY DEVELOPED PRODUCTS AND LOWER PULP COSTS**
- **SECOND HALF RESULTS TO BE IMPACTED BY INCREASE IN PULP PRICES, SCHEDULED POWER PLANT OVERHAUL AND UNCERTAIN ECONOMIC OUTLOOK**
- **CVG EXPECTS 2012 FULL YEAR TO BE PROFITABLE**

KEY FIGURES

(in mln EUR)	**30 June 2012**	**30 June 2011**
Total revenue	83.0	83.1
Operating result	1.9	(1.9)
Net result	1.8	(1.2)
Net result, attributable to equity holders of the parent	1.7	(1.3)
Capital expenditure	1.0	1.8
Sales (ton)	107,100	102,900
Production (ton)	106,900	102,800
Number of employees (on average)	280	293
Per depository receipt of share *(in EUR)*		
Operating cash flow	0.16	(0.86)
Net result (attributable to equity holders of the parent)	0.40	(0.29)
Closing price	4.98	5.30
Equity	17.02	15.36
Number of depository receipts	4,356,005	4,356,005

Miklas Dronkers, CEO, commented: *"Our focus on new products in combination with recovery in market demand and a decrease in pulp prices enabled us to report a strong improvement in results and profitability in the first half of 2012. Volume in new products grew more than 40% compared to the second half of 2011. Top achiever in the NBD program is our Crown Digital range, showing good growth figures. CVG offers the broadest product range for high-speed inkjet printers in the market, including a promising product for full-colour printing on demand of books and magazines. We are pleased with the 4% increase in production volume as a result of a focus on efficiency in the production process. In the second half of 2012 our focus will remain unchanged on new products, markets and the further improvement of production efficiency, the foundation of our Vision 2016 which we will present in February 2013."*

Operating review

Results
Crown Van Gelder's (CVG) net profit for the first six months of 2012 amounted to EUR 1.8 million vs. a loss of EUR 1.2 million in the first six months of 2011. The clear improvement in results is in line with earlier communicated expectations. The return to profitable operations in the first half of 2012 was supported by improved market conditions, strong order intake, a better product mix and lower pulp costs. In the first half of 2012, revenue amounted to EUR 83 million, unchanged compared to the first half of 2011. Sales and production volumes increased by 4% to around 107,000 ton.

Market developments
In the first half of 2012, CVG benefited from a recovery in the European paper market. Although the order volume in the European market for woodfree uncoated paper on reels showed a decrease of 9% compared to the same period last year, market sentiment improved substantially from the lacklustre conditions in the second half of 2011, when CVG's production capacity could not be fully utilised due to low order intake. CVG's production capacity was fully utilised during the first half of 2012, driven by a strong order book.

As announced at the presentation of the annual results last February, the company strongly focuses on the further commercialisation of the newly developed (NBD) products. The commercialisation programme is well on track. The total NBD sales volume in the first half of 2012 amounted to 34,300 ton, up more than 20% compared to the first half of 2011, and up more than 40% compared to the second half of 2011. NBD sales have now increased to approximately one-third of our sales volume, in line with the target for this year. The sales of specialty paper for high-speed colour inkjet printers showed outstanding growth, which boosted CVG's leading position in this market.

Selling prices showed an average decrease of more than 4% in the first half of 2012, compared to the same period last year. This could be attributed to the unrelenting tough competition in our markets, where lower pulp prices quickly translate into lower selling prices.

Raw materials prices, energy and other costs
Pulp is the most important raw material for CVG's papers and also the largest input cost in the papermaking process. Compared to the first half of 2011, the average pulp price in EUR for CVG in the first half of 2012 was around 15% lower. After pulp prices increased to record levels in the first half of 2011, with the NBSK benchmark reaching USD 1,020 per ton in June 2011, the pulp market gradually returned to a more balanced supply and demand situation. The NBSK pulp price came down to around USD 830 per ton, early 2012. Energy costs for the first half of 2012 remained practically stable as energy prices were fixed at the same level as in 2011.
Employee benefit costs decreased by EUR 0.5 million due to a lower staff level and lower pension costs. Other operating costs increased by EUR 0.7 million due to higher maintenance and consulting expenses.

Capital expenditure
In the first half of 2012 capital expenditure amounted to EUR 1.0 million. For the full year 2012, capital expenditure is expected to be around EUR 8 million, as announced at the publication of the full year results, which includes the periodic overhaul of the power plant and additional investments in the paper machines to exploit opportunities in new products and new markets. Capital expenditure and working capital requirements can be financed through operating cash flow and available credit lines.

Strategic review

Since September 2011, with support of a corporate finance adviser, a large number of market players has been approached to explore opportunities for cooperation. So far, this has not materialised in tangible outcomes. As announced earlier, good contacts with several parties have been established and the company will give an update on the developments as soon as serious opportunities for cooperation materialise. CVG is currently working on a further outline of its mission and goals for the period up to and including 2016. ‘Mission 2016’ will be published at the 2012 annual results announcement in February 2013.

Outlook 2012

Sales and production levels in the second half are forecasted to be in line with the first half of 2012, bringing 2012 full year volumes to around 215,000 ton. As long as there is no clear solution to the European monetary and budgetary problems, uncertainties regarding the economic outlook and the stability of the European financial and monetary system remain. During the last two years, these uncertainties from time to time had a major impact on general market confidence, and made it also difficult to predict market conditions for the next period. It is therefore expected that the volatility on CVG’s relevant markets will remain high.

During the first half of 2012 pulp demand increased again on the back of a better market outlook and stock replenishment at consumers, after a reduction in stocks in the preceding period. This has resulted in a sharp increase in pulp prices, especially of short fibre pulp which is the most relevant for CVG’s products. The strengthening of the USD compared to the EUR during the last couple of months, leads to an extra cost push for CVG in EUR terms. Pulp prices are expected to remain at this high level in the coming months, putting a downward pressure on selling margins. CVG aims to compensate margin pressure by continued strong market presence in new products and selling price increases.

A major (quadrennial) overhaul of CVG’s power plant is scheduled for November, which will take extra paper machine downtime. Although this will be timed to coincide with the execution of other investment and maintenance activities of the paper machines, the overhaul and reduced production capacity will have some negative impact on operations and results in the second half of 2012.

The company’s financial structure is adequate to meet investment programmes and working capital requirements. CVG is taking the appropriate steps to further consolidate its position in a challenging business environment. For a full description of all relevant risks, reference is made to the risk management paragraph in the 2011 Annual Report, which the company considers to be fully applicable for this interim report.

During the Annual General Meeting of shareholders on 16 May 2012, a suggestion was made to the Board, to consider paying an interim dividend based on the first half year results. Although CVG has no tradition in paying an interim dividend, the Management and Supervisory Board have discussed this suggestion. However, based on the uncertain economic outlook for the second half of 2012, the Management and Supervisory Board have decided not to pay an interim dividend.

Based on the current market outlook, increased pulp price levels and taking the scheduled power plant overhaul into account, the company expects that although results in the second half of 2012 will be lower than in the first half of 2012, the full year 2012 (excluding non-recurring items) will be profitable.

Crown Van Gelder will publish a trading update on 8 November 2012 (before market opening) and will publish the 2012 annual results on 8 February 2013 (before market opening).

For more information, please contact:
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Internet site: www.cvg.nl

Profile:
Based in Velsen, the Netherlands, Crown Van Gelder N.V. is a specialist paper manufacturer with around 280 staff. The company develops, produces and sells high-quality speciality products in the woodfree uncoated and single-coated paper sectors. The product portfolio includes customised solutions for self-adhesive labels and base paper grades that are coated, metallised or provided with a (polyethylene) PE coating, and paper products suited as packaging materials for use in combination with foodstuffs, and a series of speciality paper products designed to print forms, direct mail, envelopes, books, and manuals. Crown Van Gelder N.V. is listed on NYSE Euronext Amsterdam.

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

INTERIM CONSOLIDATED INCOME STATEMENT
1 JANUARY TO 30 JUNE (x EUR 1,000)

		2012		2011
Total revenue		**83,014**		**83,115**
Costs related to revenue	(4,134)		(3,427)	
Raw materials, consumables and energy	(56,436)		(60,239)	
Change in inventories of finished goods	241		(535)	
Employee benefits costs	(10,385)		(10,918)	
Depreciation and amortisation	(2,955)		(3,097)	
Other expenses	(7,437)		(6,750)	
Total operating expenses		(81,106)		(84,966)
Operating result		**1,908**		**(1,851)**
Finance income	12		1	
Finance costs	(89)		(203)	
Net finance income		(77)		(202)
Share of after tax result of associate		188		173
Result before tax		**2,019**		**(1,880)**
Tax income		(249)		654
Result for the period from continuing operations		**1,770**		**(1,226)**
Result for the period attributable to:				
Equity holders of the parent		1,738		(1,272)
Non-controlling interests		32		46
NET RESULT FROM CONTINUING OPERATIONS		**1,770**		**(1,226)**
Basic earnings per depository receipt of share		0.40		(0.29)
Diluted earnings per depository receipt of share		0.40		(0.29)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (x EUR 1,000) 1 JANUARY TO 30 JUNE				
		2012		**2011**
Result for the period from continuing operations		**1,770**		**(1,226)**
Net gains on cash flow hedges	(116)		163	
Income tax effect	29		(41)	
	(87)		122	
Actuarial gains / (losses) in respect of the pension scheme	-		(5,345)	
Income tax effect	-		1,336	
	-		(4,009)	
Other comprehensive income for the Period, net of tax		(87)		(3,887)
Total comprehensive income for the period, net of tax		**1,683**		**(5,113)**
Total comprehensive income for the period attributable to:				
Equity holders of the parent		1,651		(5,159)
Non-controlling interests		32		46
Total comprehensive income for the period, net of tax		**1,683**		**(5,113)**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (x EUR 1,000) (before profit appropriation)				
		30 June 2012		31 December 2011
ASSETS				
Non-current assets				
Property, plant and equipment	36,376		38,114	
Intangible assets	1,036		1,262	
Investment in associate	1,163		1,375	
Other assets	2,220		2,274	
Deferred tax assets	9,740		10,172	
		50,535		53,197
Current assets				
Inventories	30,959		29,006	
Trade and other receivables	17,620		19,241	
Cash and cash equivalents	239		431	
		48,818		48,678
Total assets		**99,353**		**101,875**
EQUITY AND LIABILITIES				
Shareholders' equity		74,059		72,408
Non-controlling interests		85		53
Total equity		**74,144**		**72,461**
Non-current liabilities				
Deferred tax accruals	3,113		3,324	
		3,113		3,324
Current liabilities				
Interest-bearing liabilities	9,672		9,961	
Trade creditors	7,816		10,185	
Other tax payable	88		105	
Other short-term liabilities	4,520		5,839	
		22,096		26,090
Total liabilities		**25,209**		**29,414**
Total equity and liabilities		**99,353**		**101,875**

INTERIM CONSOLIDATED CASH FLOW STATEMENT 1 JANUARY TO 30 JUNE (x EUR 1,000)				
		2012		**2011**
Cash flow from Operating activities				
Operating result		1,908		(1,851)
Adjustments for:				
Depreciation and amortisation	2,955		3,099	
Pensions	-		530	
		2,955		3,629
Movements in working capital:				
Trade and other receivables	1,621		(5,792)	
Inventories	(1,953)		(748)	
Trade creditors	(2,369)		2,136	
Other items	(1,341)		(940)	
		(4,042)		(5,344)
		821		(3,566)
Interest paid	(145)		(161)	
Interest received	12		1	
Income taxes paid	-		(6)	
		(133)		(166)
		688		**(3,732)**
Cash flow from Investing activities				
Investments in property, plant and equipment	(991)		(1,811)	
Investments in intangible assets	-		(10)	
Dividends received	400		72	
		(591)		**(1,749)**
Cash flow from Financing activities				
Interest-bearing liabilities	(289)		5,707	
		(289)		**5,707**
Increase / (decrease) in cash and cash equivalents		**(192)**		**226**
Cash and cash equivalents at 1 January		**431**		**330**
Cash and cash equivalents at 30 June		**239**		**556**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (x EUR 1,000)	Sub-scribed and paid up capital	Retained earnings	Other reserves	Result for the period	Total	Non-controlling interests	Total equity
At 1 January 2011	**8,712**	**84,792**	**(8,578)**	**(12,909)**	**72,017**	**83**	**72,100**
Movements in 1st half 2011							
Result for the period	-	-	-	(1,272)	(1,272)	46	(1,226)
Other comprehensive income / (loss)	-	-	(3,887)	-	(3,887)	-	(3,887)
Total comprehensive income	-	-	(3,887)	(1,272)	(5,159)	46	(5,113)
Paid dividends	-	-	-	-	-	-	-
Result appropriation	-	(12,909)	-	12,909	-	-	-
Dividends non-controlling interests	-	-	-	-	-	(72)	(72)
Other movements	-	-	-	-	-	(5)	(5)
At 30 June 2011	**8,712**	**71,883**	**(12,465)**	**(1,272)**	**66,858**	**52**	**66,910**
At 1 January 2012	**8,712**	**59,226**	**198**	**4,272**	**72,408**	**53**	**72,461**
Movements in 1st half 2012							
Result for the period	-	-	-	1,738	1,738	32	1,770
Other comprehensive income / (loss)	-	-	(87)	-	(87)	-	(87)
Total comprehensive income	-	-	(87)	1,738	1,651	32	1,683
Paid dividends	-	-	-	-	-	-	-
Result appropriation	-	4,272	-	(4,272)	-	-	-
At 30 June 2012	**8,712**	**63,498**	**111**	**1,738**	**74,059**	**85**	**74,144**

General information

This consolidated interim financial information was approved for issue on 26 July 2012. These condensed interim financial statements have been reviewed, not audited.

Basis of preparation of interim report

The accounting policies, methods of computation and presentation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Crown Van Gelder's 2011 annual financial statements. The adoption of the new standards and interpretations as of 1 January 2012 did not have any impact.

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

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

Explanatory notes to the accounts

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

	1st half year 2012	**1st half year 2011**
Benelux (The Netherlands, Belgium, Luxemburg)	28	30
Germany	21	27
United Kingdom	10	9
France	16	15
Italy	8	7
Other Europe	9	6
Outside Europe	8	6
Total	**100**	**100**

Components of other comprehensive income

Movements of other comprehensive income before tax (x EUR 1,000)		
	1st half year 2012	**1st half year 2011**
Cash flow hedges:		
Gains (losses) arising during the period	(78)	761
Reclassification adjustments for (gains) / losses included in the income statement	(38)	(598)
Total effect on other comprehensive income resulting from cash flow hedges (before tax)	**(116)**	**163**
Pension scheme:		
Gains (losses) arising during the period	-	(5,345)
Reclassification adjustments for gains / (losses) included in the income statement	-	-
Total effect on other comprehensive income resulting from pension scheme (before tax)	**-**	**(5,345)**

Tax effect of components of other comprehensive income (x EUR 1,000)		
	1st half year 2012	**1st half year 2011**
Cash flow hedges:		
Gains (losses) arising during the period	20	(190)
Reclassification adjustments for gains / (losses) included in the income statement	9	149
Total tax effect on other comprehensive income resulting from cash flow hedges	**29**	**(41)**
Pension scheme:		
Gains (losses) arising during the period	-	1,336
Reclassification adjustments for gains / (losses) included in the income statement	-	-
Total tax effect on other comprehensive income resulting from pension scheme	**-**	**1,336**

Property, plant and equipment

During the period ended 30 June 2012 Crown Van Gelder N.V. acquired assets with a cost of EUR 991,000 (HY1 2011: EUR 1,811,000). There were no disposals during this period.

Employee benefits costs

In the first half of 2012, employee benefits costs included a net pension expense of EUR 940,000 (HY1 2011: net pension expense EUR 1,130,000).
In December 2011, CVG made new pension arrangements with trade unions for the period 2012 - 2016. As from 1 January 2012, a new pension arrangement is in place that can be characterised as a CDC (Collective Defined Contribution). The new arrangements resulted in a pension settlement in the 2011 financial statements, eliminating the pension liability from the balance sheet as per 31 December 2011.

Commitments and contingencies

At 30 June 2012, Crown Van Gelder had commitments amounting to EUR 2.7 million relating to various investment projects (HY1 2011: EUR 1.1 million).

Tax

Tax income in the income statement is positively influenced by the release of EIA (Energy Investment Allowance) amounting to EUR 0.2 million (HY1 2011: EUR 0.2 million).

Credit facilities

The total amount of credit facilities is EUR 35 million. A part of these facilities are secured by inventories and accounts receivables. The interest concerning the facilities consists of a basic interest rate (EURIBOR), plus a mark-up of 1.75%.

Related party transactions

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

Director statement of responsibilities

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

1. The 2012 half-year financial statements give a true and fair view of the assets, liabilities, financial position and results of Crown Van Gelder N.V. and the entities included in the consolidation.
2. The 2012 half year management board report gives a true and fair review of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and the most important related party transactions.

Velsen, 27 July 2012

M. Dronkers, Chief Executive Officer

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2012 of Crown Van Gelder N.V., Velsen, which comprises the condensed statement of financial position as at 30 June 2012, the condensed income statement, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows and the selected explanatory notes for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 26 July 2012

PricewaterhouseCoopers Accountants N.V.
Original signed by drs. R. Dekkers RA