HAL Trust

Annual Report 2007

The history of HAL dates back to April 18, 1873, when the Nederlandsch-Amerikaansche Stoomvaart-Maatschappij (N.A.S.M.) was founded in Rotterdam, the Netherlands.
The Company continued its activities under various names and is now operating as HAL Holding N.V., a Netherlands Antilles company. All the shares of HAL Holding N.V. are held by HAL Trust and form the Trust's entire assets. HAL Trust was created on October 19, 1977, by a Trust Deed which was last amended on May 28, 2001. The shares of the Trust are admitted to the official listing of Euronext Amsterdam N.V.

HAL Holding N.V.'s annual report is included herein. A translation of this report is published in the Dutch language. Only the report in the English language is submitted to the General Meeting of Shareholders for approval.

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Corporate Administration

HAL Holding N.V.

Board of Supervisory Directors:
S.E. Eisma, *Chairman*
T. Hagen
P.J. Kalff
A.H. Land
M.P.M. de Raad

Executive Board:
M. van der Vorm, *Chairman*
M.F. Groot

Chief Financial Officer:
A.A. van 't Hof

Highlights
and financial calendar

In euros	**2007**	2006
Income (in millions)		
Net sales	**3,186.9**	2,778.6
Earnings from marketable securities and deposits	**29.7**	67.8
Capital gains on sale of assets	**19.8**	3.2
Earnings from associates	**426.5**	250.3
Earnings from other financial assets	**47.8**	2.2
Earnings from real estate activities	**9.7**	23.5
Net income	**735.7**	496.8
Balance sheet		
Total assets (in millions)	**4,403.4**	3,795.5
Shareholders' Equity (in millions)	**2,691.5**	2,201.7
Shareholders' Equity as percentage of total assets	**61.1**	58.0
Number of Shares (in thousands)	**63,508*****	63,488
Average number of Shares outstanding (in thousands)	**63,499**	63,658
Per Share		
Net income	**11.59**	7.80
Shareholders' Equity	**42.38**	34.68
Net asset value at market value of quoted associates	**68.56** **	56.56 **
Closing price Shares	**82.45**	67.85
Cash dividend declared	**3.25** *	3.15
Exchange rates - December 31		
U.S. dollar per Euro	**1.46**	1.32

Financial calendar

Shareholders' meeting HAL Trust	May 22, 2008
Ex-dividend date	May 26, 2008
Dividend payment date	June 2, 2008
Publication half year results	August 29, 2008

* Proposed
** Based on the market value of the quoted associates and the liquid portfolio and on the book value of the non-quoted investments
*** Net of treasury shares

Report of the Trust Committee

HAL Trust

HAL Trust was formed in 1977.
The Trust holds all the outstanding shares of HAL Holding N.V.

For further details of the organization see page 61.

In accordance with the instructions issued on May 23, 2007, the Trustee paid a dividend of € 3.15 per share on June 1, 2007.

On December 31, 2007 and 2006, 63,686,850 shares were outstanding.

On December 31, 2007, HAL Holding N.V. owned 179,108 shares HAL Trust.

The Trust Committee
HAL Trust Committee Ltd.

Hamilton, Bermuda, March 26, 2008

Report of the Board of Supervisory Directors HAL Holding N.V.

The Board of Supervisory Directors supervises the Executive Board and provides advice to the general meeting of shareholders. In discharging its role, the Board of Supervisory Directors is guided by the interest of HAL Holding N.V. and its business. The composition of the Board was unchanged in 2007 and consisted of five members. Their names, nationality and other relevant information is mentioned on page 65 of this report. The general meeting of shareholders reappointed Mr. A.H. Land, who had resigned in accordance with the rotation schedule, member of the Board on May 31, 2007.

The Board exercised its supervisory task by having in-depth discussions with the Executive Board during five meetings which were attended by all supervisory board members. Based on written and verbal information provided by the Executive Board, the status of the Company was discussed and evaluated. More specifically, the following subjects, among others, were addressed during these meetings: the strategy, the development of the results, the remuneration policy, potential investments and divestitures, regulations with respect to the holding of and transactions in shares HAL Trust and affiliated issuing institutions, the risks associated with the Company and the design and implementation of the systems of internal control. In this respect, the Board was provided with the results of the risk management review in relation to the financial reporting of the Company, which was conducted during 2007. The results of this review were discussed with the Executive Board. For further information relating to this subject, we refer to the relevant paragraph in the report of the Executive Board on page 15.

The Board had discussions with PricewaterhouseCoopers during three meetings. Subjects for discussion were the report on the first half year of 2007, the systems of administrative and internal controls, impairment testing and the financial statements. The Board of Supervisory Directors also met in the absence of the Executive Board to discuss, among other matters, the functioning and composition of the Board. All members of the Board of Supervisory Directors were present during the Shareholders' meeting HAL Trust on May 23, 2007 in Rotterdam.

The Board did not form any committees. Between the meetings of the Board of Supervisory Directors the Chairman of the Board maintained more intensive contacts with the Chairman of the Executive Board. Individual members of the Board provided their views with respect to specific matters relevant to the Company.

The financial statements for 2007 were prepared by the Executive Board and discussed by the Board in the presence of the external auditor. After the review of the unqualified opinion provided by PricewaterhouseCoopers Netherlands Antilles, Accountants, as well as the findings of the external auditor as summarized in a report to the Board of Supervisory Directors and the Executive Board, the financial statements were signed by all members of the Board of Supervisory Directors. The Board approved the reserves included in the financial statements.

The Board recommends that the Shareholders of HAL Trust instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on May 30, 2008, for the approval of the financial statements for 2007 as per the documents submitted and the proposed distribution of profits incorporated therein.

It is noted that the Dutch Corporate Governance Code as published by the Corporate Governance Committee chaired by Mr. M. Tabaksblat is not applicable to HAL Holding N.V. in view of the fact that HAL Holding N.V. is not a Dutch company. Pages 62 through 64 of this report provide a description of HAL Holding N.V.'s Corporate Governance structure which includes elements of the recommendations of the Committee.

In accordance with the rotation schedule, Mr. M.P.M. de Raad will resign this year. He is available for a new term. We propose the Shareholders to instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on May 30, 2008, for re-election of Mr. M.P.M. de Raad.

On behalf of the Board of Supervisory Directors,

S.E. Eisma, *Chairman*

March 26, 2008

Report of the Executive Board HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2007 amounted to € 735.7 million (€ 11.59 per share) compared to € 496.8 million (€ 7.80 per share) for 2006.

In 2007 the Company's net asset value increased by € 962 million. After deducting the dividend over 2006 (€ 200.4 million) and taking the sale of treasury shares (€ 1.6 million) into account, the net asset value increased from € 3,591 million (€ 56.56 per share) on December 31, 2006, to € 4,354 million (€ 68.56 per share) on December 31, 2007. The main reason for the change was the increase in value of the quoted associates. The net asset value is based on the market value of the quoted associates and the liquid portfolio and on the book value of the unquoted investments.

At the end of December 2007 estimated value of the unquoted investments, based on the principles and assumptions set out on pages 50 and 51 of this report, exceeded book value by € 1,287 million (€ 20.26 per share) compared to € 888 million (€ 13.99 per share) on December 31, 2006. In addition, at the end of 2007, the estimated market value of the real estate portfolio exceeded book value by € 85 million (€ 1.34 per share) compared to € 56 million (€ 0.88 per share) at the end of 2006 (adjusted for a 2007 divestiture).

It will be proposed to distribute a cash dividend of € 3.25 per share for 2007 (2006: € 3.15). This distribution is in accordance with the dividend policy and represents 4% of the average share price of HAL Trust during December 2007.

Prospects

During the period from December 31, 2007 to March 21, 2008 the value of the quoted associates and the liquid portfolio decreased by € 270 million (€ 4.25 per share).
In view of the fact that a significant part of the Company's net income is determined by the results of the quoted associates, developments in the financial markets, and the timing of potential investments and divestitures, we do not express an expectation as to net income for 2008.

Strategy

The Company's strategy is focused on acquiring significant shareholdings in companies, with the long-term objective of increasing shareholders' value. When selecting investment candidates the Company emphasizes, in addition to investment and return criteria, the potential of playing an active role as a shareholder and/or board member. The Company does not confine itself to particular industries. Given the emphasis on the longer term, the Company does not have a pre-determined investment horizon.

HAL also invests in real estate. The real estate investment activities are concentrated in the greater Seattle metropolitan area with an emphasis on the development and rental of multi-family properties and office buildings.

Risks

There are a number of risks associated with the investment strategy and with its implementation. Financial risks are described in the financial statements on pages 31 through 33. Besides risks which are specific to individual investee companies, important risk factors are summarized below.

Market value risk
At the end of 2007 the Company had, as part of the liquid portfolio, investments in equities amounting to € 85 million. In addition, based on market values, € 2.3 billion was invested in quoted associates. The value of these investments can be subject to significant fluctuations as a result of the volatility of the stock markets.

Interest rate risk
At the end of 2007 HAL had, as part of the liquid portfolio, investments in fixed income instruments of € 613 million. Fixed income investments are subject to interest rate risk. In view of the very short duration (less than one year) of this portfolio, the interest rate risk is limited. In addition, interest rate exposure exists with respect to the Company's debt position. Of the € 812 million bank debt outstanding at the end of 2007, € 540 million was at fixed interest rates for an average period of 4.2 years.

Currency risk
HAL's major currency risks are related to changes in value of the U.S. dollar and the British Pound.
At the end of 2007 the net assets denominated in U.S. dollars amounted to $ 212 million (€ 145 million). The currency exposure with respect to these investments was almost fully hedged by forward exchange contracts. The use of forward currency exchange contracts has an impact on the size of the liquid portfolio when exchange rates change.
Net assets denominated in British Pounds amounted to £ 120 million (€ 163 million) as of December 31, 2007. This risk was hedged during the first quarter of 2008 by forward exchange contracts.
Currency risk also exists with respect to other currencies such as the Brazilian Real, the Turkish Lira, the Chinese Renminbi, the Swiss Franc and the Russian Rouble. At the end of 2007 the book value of the net assets denominated in these currencies amounted to € 138 million. These risks are unhedged.
Barring unforeseen circumstances, we intend to continue this hedging policy.

Concentration risk
At the end of 2007 HAL had, based on book values, € 1,283 million invested in a portfolio of non-quoted long term investments. An estimate of value of this portfolio, based on the principles and assumptions set out on pages 50 and 51 of this annual report, amounted to approximately € 2,570 million. The optical retail activities make up 72% of this amount. Accordingly, there is concentration risk with respect to the optical retail industry.
The above estimates of value can fluctuate significantly from year to year. In addition, values as realized upon sale may be materially different from these estimates.

At the end of 2007 HAL had invested, based on market values, € 2.3 billion in a portfolio of quoted associates. This portfolio consisted of Koninklijke Vopak N.V. (€ 1,160 million, 2006: € 1,067 million), and Koninklijke Boskalis Westminster N.V. (€ 1,135 million, 2006: € 681 million). Accordingly, HAL is exposed to concentration risk, also with respect to this portfolio.

At the end of 2007 HAL had invested, based on book values, € 66 million in real estate assets. As these assets are exclusively located in and around Seattle, unfavorable economic developments in this geographical area can have a negative impact on the value of these properties. Moreover, the value of these properties can be affected by interest rate changes.

Other
In addition to the above risk factors, it should be noted that the profitability and the net asset value of the Company is susceptible to a downturn in the economy. Demand for the products and services of the subsidiaries and their profitability may decline as a direct result of an economic recession, inflation, changes in the prices of raw materials, consumer confidence, interest rates or governmental (including fiscal) policies as well as geopolitical developments. We also refer to the paragraph administrative organization, risk management systems and financial reporting on page 15 of this report.

New investments

During the past year the optical retail activities were further expanded through acquisitions of two optical retail chains in Brazil with combined annual sales of approximately € 35 million and an optical retail chain in Turkey with annual sales of approximately € 6 million.
In addition, in April 2007, GrandVision acquired a 30% stake in the Swiss optical retailer Visilab by contributing its six Swiss GrandOptical stores and making a cash payment. The combined annual sales of Visilab and GrandOptical Switzerland amount to approximately € 90 million.
In November a 33% interest in the Rumanian optical retail chain Sover Optica was acquired. The company operates sixteen stores and has annual sales of approximately € 2 million.
In March 2008, Pearle Europe (97% HAL) entered into an agreement with Reliance Retail, a subsidiary of Reliance Industries Limited, to establish a joint venture for the Indian optical market. The agreement is subject to the required approvals of the Foreign Investments Promotion Board in India. In the next phase parties will work out the operational aspects of the cooperation. The transaction is expected to be completed in a few months.

HAL currently has approximately 3,200 optical retail stores (including franchise stores) in 31 countries with total pro forma system wide annual sales (defined as sales including sales of franchise stores) of approximately € 2.4 billion. The 2007 optical retail sales, as included in the 2007 financial statements, amounted to € 1,842 million (2006: € 1,676 million) and the operating income (for the purpose of this report defined as earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets) amounted to € 269 million (2006: € 219 million). The same store sales of the owned stores increased by 4.4% in 2007 (2006: 3.8%).

The hearing aid retail activities were expanded last year through the acquisition of 71 stores in Germany, Denmark, France, the Netherlands, Italy and Belgium. The aggregate annual sales of these stores are approximately € 22 million.

In June, HAL and Egeria B.V. each acquired a 50% interest in the insurance company Nationale Borg. The company specializes in providing guarantee insurance and has a leading position in the transport, construction and logistic industries in the Netherlands and Flanders. The company reported 2007 gross written premiums of € 63 million. HAL's current interest in this company is 42.5% as HAL and Egeria B.V. each sold a 7.5% interest to management in July 2007.

In July, HAL acquired a 69% interest in Delta Wines B.V. The company imports and distributes wine in the Netherlands. It reported 2007 sales of approximately € 86 million.

In December, a 100% interest in Livit B.V. was acquired. The company assembles and sells orthopedic devices and has 40 specialized care centres and over 200 fitting locations in hospitals and rehabilitation centres located throughout the Netherlands. The company reported 2007 sales of approximately € 43 million.

In December, Intersafe Trust B.V., a 91% subsidiary, acquired Abrium S.A., a French distributor of personal protective equipment. Abrium reported 2007 sales of approximately € 60 million.

In February 2008 an agreement was reached to acquire a 100% interest in Applicazioni Rivestimenti Plastici Affini A.R.P.A. S.p.A. ("Arpa"). Arpa is a manufacturer of High-Pressure Laminate (HPL) products, primarily for interior applications. The company is based in Bra (Italy) and has approximately 430 employees. Arpa reported 2007 sales of approximately € 80 million. HAL subsidiary Trespa International B.V. ("Trespa") also manufactures High-Pressure Laminate (HPL) products, primarily for exterior applications. It is not the intention to merge Arpa and Trespa. The interest in Arpa will therefore be held by Broadview Holding B.V., the newly incorporated operational holding company (97% HAL) which already owns 100% of the share capital of Trespa. The acquisition is subject to further due diligence and regulatory approvals. It is expected that the transaction will be completed during the second quarter of 2008.

Divestitures

In January 2007, the 19% interest in Kempen & Co. N.V. was sold. The transaction resulted in a capital gain of € 47 million net of tax.

In August, Navis Capital Partners, a private equity partnership in which HAL has invested, sold one of its portfolio investments. This transaction resulted in a capital gain for HAL of € 25 million net of tax.

In October, the Company sold its remaining 26.6% interest in Univar N.V. The sale resulted in a capital gain of € 221 million (net of tax and taking into account currency translation results).

Consolidated subsidiaries

Pearle Europe B.V. (97.3%) operates optical retail chains in eighteen, primarily European, countries. At the end of 2007 the chains had a total of 2,198 stores (of which 631 operated under franchise agreements). The total annual systemwide sales of these stores amounted to approximately € 1.3 billion. The company employs approximately 8,600 people and its head office is located at Amsterdam Airport. Sales for 2007 increased by € 154 million to € 1,038 million and same store sales increased by 4.4% (2006: 4.6%). In addition, sales increased as a result of store openings, the acquisition in 2006 of the Italian, Portuguese and Czech subsidiaries of GrandVision, the Norvegian Optikk Norge A/S chain and the German Krane-Optic chain. Operating income of Pearle Europe amounted to € 190 million (2006: € 138 million).

GrandVision S.A. (100%) operates optical retail chains in France, the United Kingdom and thirteen other countries. At the end of 2007 the company had 770 stores of which 319 were operated under a franchise agreement. The total annual systemwide sales amounted to approximately € 930 million. GrandVision is based in Paris and employs approximately 6,800 people. In 2007, 105 independent opticians who previously operated under the Visual brand, entered into a new franchise contract. As part of this new contract the stores now operate under the GrandOptical brand. Primarily as a result of this conversion, the number of stores operating under the GrandOptical brand increased from 84 at the end of 2006 to 194 at the end of 2007. In December 2007 the activities of Visual S.A., a company providing wholesale and marketing services to opticians who are still operating under the Visual brand, were sold. In October, the lens factory of GrandVision was sold to Carl Zeiss Vision.
Despite an increase in same store sales of 4.4% (2006: 2.9%), 2007 net sales of € 787 million remained on the same level as the year before (€ 785 million). This was the result of the sale in 2006 of the Italian, Portuguese and Czech subsidiaries to Pearle Europe, the transfer of the six Swiss GrandOptical stores to Visilab in 2007 and lower (wholesale) sales to independent opticians. The 2007 operating income amounted to € 80 million and remained on the same level as the year before.

PontMeyer N.V. (57%) located in Zaandam, the Netherlands, is one of the leading suppliers of timber products and building materials in the Netherlands. The number of outlets decreased from 68 to 52, primarily as a result of the sale of the rental activities. The company has approximately 1,100 employees. Sales for 2007 increased by € 42 million to € 444 million as a result of both higher volumes and higher timber prices. The operating income amounted to € 19 million (2006: € 14 million).

Koninklijke Ahrend N.V. (80%) is based in Amsterdam and has approximately 1,450 employees. The company produces and sells office furniture. The 2007 sales increased by € 45 million to € 270 million. Sales increased in almost all countries where Ahrend has activities. Operating income amounted to € 19 million (2006: € 12 million).

Trespa International B.V. (97%) is located in Weert (the Netherlands) and has approximately 700 employees. Trespa produces and sells High-Pressure Laminate (HPL) compact panels for various applications such as façades and laboratory and office furniture. Sales for 2007 increased by € 22 million to € 211 million. This increase is the result of higher prices, higher volumes and an improved product mix. Operating income amounted to € 36 million (2006: € 25 million).

Mercurius Groep B.V. (100%) is a publisher and communication specialist based in Wormerveer (the Netherlands) and employs approximately 750 people. The company has operations in the Netherlands, the United Kingdom, France, Spain, Belgium, Poland and Germany. The company produces and distributes plant labels, announcement cards, calendars, annual reports, financial prospectuses and special interest books. The company also provides communication advice and electronic media and virtual data room services. Sales for 2007 increased by € 22 million to € 137 million. Operating income also increased.

AudioNova International B.V. (previously named Hearing Comfort Europe B.V., 95%), is a Rotterdam (the Netherlands) based retail company that sells hearing aids via its European subsidiaries. At the end of 2007 the company employed approximately 1,000 people. The activities were significantly expanded during the past year through the acquisition of 71 stores in Germany, Denmark, France, the Netherlands, Italy and Belgium. The aggregate sales of these stores on an annual basis is approximately € 22 million. In addition, 22 new stores were opened during 2007. The company currently operates 364 stores in six European countries. Sales for 2007 increased by € 56 million to € 129 million. This increase was primarily due to the above acquisitions, store openings and the acquisition of stores in 2006. Same store sales for 2007 increased by 13%

(2006: 4.6%). This increase was mainly a result of the performance of the stores in the Netherlands. Operating income remained on the same level as last year as the 2006 and 2007 acquisitions did not yet contribute to the result. HAL's interest increased by 4% in 2007 following the purchase of shares from management.

Intersafe Trust B.V., (91%) is located in Dordrecht (the Netherlands) and employs approximately 450 people. Intersafe is a distributor of personal protection equipment such as safety clothing for factory employees. Sales for 2007 increased by € 11 million to € 77 million. Operating income also increased. In December Intersafe acquired Abrium S.A., a French distributor of personal protective equipment. Abrium reported 2007 sales of approximately € 60 million.

Anthony Veder Group N.V. (64.2%) is a Rotterdam based shipping company which, at the end of 2007, operated seventeen gas tankers and had two vessels under construction. The company employs approximately 350 people. Net sales for 2007 increased by $ 7 million (€ 5 million) to $ 55 million (€ 38 million). Operating income increased by $ 3 million (€ 2 million) to $ 20 million (€ 14 million) as a result of higher freight rates and changes in the composition of the fleet. In addition, the company realized a capital gain of $ 9 million (€ 6 million) on the sale of two gastankers.

Shanghai RedStar Optical Co. Ltd (78%) operates a chain of optical retail stores in Shanghai (China). The company operated 90 stores at the end of 2007 of which 52 under franchise contracts. RedStar employs approximately 300 people. Sales for 2007 decreased by RMB 25 million (€ 3 million) to RMB 96 million (€ 10 million). This decrease was mainly the result of the closure of loss making stores and lower wholesale sales. Operating income for 2007 was break-even.

Flight Simulation Company B.V. (70%) is based at Amsterdam Airport and provides training for pilots using full-flight simulators. The company was founded in 2006 and has approximately twenty employees. The number of simulators increased from three to nine in 2007. Net sales for 2007 amounted to approximately € 6 million. Operating income for 2007 was negative.

Publicly traded associates

In addition to the consolidated subsidiaries described above, HAL has minority interests in the following public companies which are listed on the Euronext Amsterdam Stock Exchange:

Koninklijke Vopak N.V. (47.74%) is the world's largest independent tank terminal operator specializing in the storage and handling of liquid and gaseous chemical and oil products. Vopak also provides logistic services. The company operates a network of 74 tank terminals with a combined storage capacity of 21.8 million cbm in 30 countries and had 3,564 employees at the end of 2007. The market value of Vopak at the end of 2007 amounted to approximately € 2.4 billion. On December 31, 2007, HAL owned 47.74% of the common shares and 13% of the preferred shares. Sales for 2007 increased by 10% to € 853 million. Net income for holders of ordinary shares increased by 40% to € 181.1 million.

For additional information on Vopak please refer to the company's annual report and its website www.vopak.com.

Koninklijke Boskalis Westminster N.V. (31.75%) is an international group with a leading position in the world market for dredging services. The core activities of Boskalis are the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. Boskalis has a fleet of over 300 units and operates in over 50 countries across five continents and has approximately 8,500 employees (including its share in partnerships). On December 31, 2007 the market value of Boskalis was approximately € 3.6 billion. Revenues for 2007 increased by 38% to € 1,869 million. Net income for 2007 amounted to € 204.4 million (2006: € 116.6 million). The order book of the company at the end of 2007 amounted to € 3,562 million compared with € 2,543 million at the end of 2006.

For additional information on Boskalis please refer to the company's annual report and its website www.boskalis.com.

Other minority interests

At the end of 2007 HAL had minority interests in the following non-quoted companies:

AMB i.t. Holding B.V. (30%), located in Haarlem (the Netherlands) has been the world's market leader for identification and timing systems for more than twenty years, especially for motor sports. The company has approximately 60 employees. Sales for 2007 increased by € 1 million to € 14 million. Operating income also increased.

FD Mediagroep B.V. (48.6%) is located in Amsterdam and publishes the only Dutch financial newspaper "Het Financieele Dagblad". FD Mediagroep also operates the radio station "BNR Nieuwsradio" and internet sites such as fd.nl and Z24.nl. The company employs approximately 250 people. Sales for 2007 increased by € 5 million to € 59 million due to higher subscription revenue and higher advertisement sales. Operating income of the company also increased. HAL's interest increased by approximately 9% in September when shares were acquired from personnel.

InVesting B.V. (16%) is a Hilversum (the Netherlands) based operational holding company and focuses on debt collection activities and the purchase of bad debt portfolio's. In 2006 the company acquired 60% of the debt collection company Vesting Finance B.V. Accordingly, HAL has an indirect 10% interest in Vesting Finance. Sales of Vesting Finance over 2007 increased by € 6 million to € 20 million. Operating income of Vesting Finance also increased. In November 2007 InVesting acquired the debt collection company Fiditon from ING Group. Annual sales of Fiditon are approximately € 10 million.

Lensmaster (32.2%) is a Moscow based optical retail company. The company operated 57 stores at the end of 2007 (2006: 40), primarily in the Moscow and St. Petersburg area and employs approximately 800 people. Sales for 2007 increased to $ 51 million (€ 35 million) from $ 31 million (€ 24 million) in 2006. Operating income also increased. HAL's interest will be increased to 100% over the period 2008-2011. The price will be based on the results of these years.

Private equity partnerships
By the end of 2007, HAL had invested in five private equity partnerships. The total book value of the investments amounted to € 28 million. This portfolio primarily consists of four partnerships managed by Navis Capital Partners Ltd. ("Navis"). The assets managed by Navis are primarily invested in a number of companies located in South-East Asia, India and Australia. In 2007 HAL realized a capital gain of € 25 million on the sale of one of these companies by Navis.

Real Estate

At year end 2007, the Company's investment in real estate consisted of three office properties with a total of 763,000 square feet of rentable space and two development parcels totaling 89,000 square feet. All of these assets are located in the Seattle area. At the end of 2007, 94% of the rentable office space was leased, compared to 91% at the end of 2006. The average rent per square foot increased by 5.2%.

In January 2007, an office building was sold for $ 29 million (€ 22 million) resulting in a capital gain (after tax) of $ 3 million (€ 2 million).

In June, a 74,500 square foot development site was purchased for $ 7 million (€ 5 million). The company is currently applying for entitlements to develop 300 residential units on this site.

At the close of 2007, the estimated market value of the real estate portfolio, exceeded book value by € 85 million compared to € 56 million at the end of 2006 (adjusted for the 2007 divestiture of an office building).

Liquid Portfolio

The corporate liquid portfolio increased in 2007 by € 341 million to € 679 million. The portfolio increased as a result of the divestitures referred to above, the sale of real estate and dividends received. In addition, as a result of the decrease in value of the U.S. dollar, funds were received following the extension of the forward exchange contracts. The increase in the liquid portfolio was partially offset by the payment of the dividend over 2006 and the payments for the acquisitions made.

On December 31, 2007, the liquid portfolio consisted for 88% (2006: 84%) of fixed income instruments amounting to € 594 million (2006: € 284 million), and for 12% (2006: 16%) of equities for an amount of € 85 million (2006: € 54 million). The fixed income portfolio provided a return of 4.2% (2006: 3.7%). The duration of this portfolio at the end of 2007 was less than one month.
The equity portfolio provided a return of 3.8% (2006: 21.9%).

Results

Net income for 2007 was € 735.7 million (€ 11.59 per share) compared with € 496.8 million (€ 7.80 per share) for 2006.

The increase in *net sales* by € 408 million to € 3,187 million was primarily due to the increase in optical retail sales by € 166 million to € 1,842 million. Net sales also increased due to higher sales of AudioNova International (€ 56 million), Koninklijke Ahrend (€ 45 million), PontMeyer (€ 42 million) and Trespa International (€ 22 million). The acquisition of Delta Wines had a positive effect on sales of € 39 million.

Earnings from marketable securities and deposits decreased by € 38 million to € 30 million. This decrease is primarily the result of lower realized capital gains on equities.

Capital gains on the sale of assets amounted to € 20 million (2006: € 3 million). This item includes the capital gain on the sale of two vessels by Anthony Veder as well as capital gains on the sale of real estate by operating companies.

Earnings from associates increased by € 177 million to € 427 million. This increase is primarily the result of an increase in capital gains of € 139 million and higher earnings from Boskalis and Vopak.

Earnings from real estate activities decreased by € 14 million to € 10 million primarily as a result of lower capital gains on the sale of real estate.

Interest expense decreased by € 14 million to € 36 million as a result of lower average outstanding bank debt and lower interest rates.

Administrative organization, risk management systems and financial reporting

The administrative procedures, the risk management and internal control systems with respect to the Company's strategy, its implementation, financial reporting and compliance are designed to provide a reasonable degree of assurance that the significant risk factors are identified, their development is monitored and where appropriate, action is taken on a timely basis. (See also the paragraph risks on page 9 and 10.) The Board of Supervisory Directors is regularly informed about these matters.

The investments of HAL differ in industry, size, culture, geographical diversity and stage of development. HAL has therefore chosen not to institute a centralized management approach. Each investment has its own financial structure and is responsible for managing its own risks. The investments generally have a Supervisory Board of which the majority of the members are not affiliated with HAL. This corporate governance structure allows the operating companies to fully concentrate on developments which are relevant to them and to assess which risks to accept and which risks to avoid. Accordingly, in addition to risks associated with HAL's investment strategy and its implementation as described above, there are specific risk factors associated with each individual investee company. It is the responsibility of each investee company to manage these specific risks. HAL has a management reporting system to monitor its performance as well as that of its non-quoted investee companies on a monthly basis. This system comprises a set of tools including portfolio analysis, budgeting and the reporting of actual results as well as projected results, balance sheet and cash flow information and operational performance indices.

HAL's objective is, within the context of the inherent limitations of an investment company and the decentralized management approach described above, that its internal and external financial reporting is complete, accurate, valid and timely. Financial reporting risk can be defined as any event that impedes HAL to achieve its financial reporting objectives. Although HAL is aware that no risk management and internal control system can provide absolute assurance to the achievement of its objectives and to prevent errors, losses, fraud or the violation of laws and regulations, the Company aims for further improvement of its risk management and internal control systems. In this context, the risk management and internal control systems with respect to financial reporting were reviewed during 2007. These systems have also been tested in order to conclude on their operating effectiveness during the year. The review concentrated on the most significant financial processes (internal and external reporting, information technology, treasury and taxation). The risk management review did not cover the key financial processes of HAL's investee companies for the reasons described above. Several improvement opportunities that have arisen from this review were implemented during 2007. This review as well as plans for further optimization and improvement were discussed with the Board of Supervisory Directors. Accordingly, based on the above and taking into account the inherent limitations referred to above, we are of the opinion that the risk management and internal control systems with respect to financial reporting provide reasonable assurance that the financial reporting does not contain material inaccuracies and that these systems operated properly during 2007.

Executive Board HAL Holding N.V.

March 26, 2008

Financial Statements
HAL Trust

Consolidated Balance Sheet

as at December 31

In millions of euros, before proposed distribution of income	*Notes*	**2007**	2006
Assets			
Non-current assets:			
Property, plant and equipment	1	**501.4**	456.4
Investment properties	2	**65.8**	70.8
Intangible assets	3	**1,344.2**	1,192.2
Investments in associates	4	**737.3**	743.6
Other financial assets	5	**0.3**	0.8
Deferred tax assets	15	**32.2**	46.3
Other non-current assets	6	**81.9**	68.7
Total non-current assets		**2,763.1**	2,578.8
Current assets:			
Marketable securities and deposits	7	**698.0**	356.1
Receivables	8	**305.0**	241.5
Inventories	9	**322.0**	285.3
Assets held for sale	10	**-**	24.3
Other financial assets	5	**-**	66.1
Other current assets	11	**131.5**	110.5
Cash and cash equivalents		**183.8**	132.9
Total current assets		**1,640.3**	1,216.7
Total assets		**4,403.4**	3,795.5
Equity			
Share capital		**1.3**	1.3
Other reserves		**63.5**	110.6
Retained earnings		**2,626.7**	2,089.8
Capital and reserves attributable to equity holders		**2,691.5**	2,201.7
Minority interests		**86.4**	51.5
Total equity		**2,777.9**	2,253.2
Non-current liabilities:			
Provisions	12/13	**88.3**	72.9
Long-term debt	14	**453.4**	424.9
Deferred tax liabilities	15	**78.8**	98.6
Total non-current liabilities		**620.5**	596.4
Current liabilities:			
Short-term debt	16	**358.7**	384.9
Income tax payable		**23.1**	36.2
Accounts payable		**265.2**	236.3
Accrued expenses		**358.0**	288.5
Total current liabilities		**1,005.0**	945.9
Total equity and liabilities		**4,403.4**	3,795.5

Consolidated Statement of Income

For the year ended December 31

In millions of euros	*Notes*	**2007**	2006
Net sales		**3,186.9**	2,778.6
Earnings from marketable securities and deposits	17	**29.7**	67.8
Capital gains on sale of assets	21	**19.8**	3.2
Earnings from associates	18	**426.5**	250.3
Earnings from other financial assets	19	**47.8**	2.2
Earnings from real estate activities	20	**9.7**	23.5
Total income		**3,720.4**	3,125.6
Raw materials, consumables used and changes in inventories		**1,180.6**	1,050.7
Employee expenses	22	**866.3**	761.4
Depreciation property, plant, equipment and investment properties	1/2	**103.2**	104.2
Amortization intangibles	3	**22.4**	20.1
Other operating expenses	23	**699.3**	596.1
Total expenses		**2,871.8**	2,532.5
Operating result		**848.6**	593.1
Interest expense		**(35.8)**	(50.4)
Profit before taxes		**812.8**	542.7
Income taxes	24	**(57.2)**	(32.6)
Profit for the year		**755.6**	510.1
Attributable to:			
Equity holders		**735.7**	496.8
Minority interest		**19.9**	13.3
		755.6	510.1
Average number of outstanding Shares *(in thousands)*		**63,499**	63,658
Earnings per Share for profit attributable to the equity holders during the year *(in euros per share)*			
- basic and diluted		**11.59**	7.80
Dividends per Share *(in euro)*		**3.25** *	3.15

* Proposed

Consolidated Statement of Changes in Equity

In millions of euros	Attributable to equity holders of the Company				
	Share capital	Retained earnings	Other Reserves	Minority Interest	**Total Equity**
Balance on January 1, 2006	1.3	1,796.0	104.4	(9.9)	**1,891.8**
Movement cum. valuation reserve					
- marketable securities	-	-	(34.0)	-	**(34.0)**
- other financial assets and associates	-	-	55.8	-	**55.8**
- interest rate derivatives	-	-	8.3	-	**8.3**
Translation of foreign subsidiaries and financial fixed assets	-	-	(64.6)	(0.8)	**(65.4)**
Realized currency translation of foreign subsidiaries	-	-	10.0	-	**10.0**
Effect of hedging instruments	-	-	30.7	-	**30.7**
Net profit 2006	-	496.8	-	13.3	**510.1**
Total recognized for the year	-	496.8	6.2	12.5	**515.5**
Conversion (*)	-	-	-	41.0	**41.0**
Acquisitions and disposals	-	-	-	7.9	**7.9**
Treasury shares	-	(11.6)	-	-	**(11.6)**
Dividend paid	-	(191.4)	-	-	**(191.4)**
Balance on December 31, 2006	1.3	2,089.8	110.6	51.5	**2,253.2**
Balance on January 1, 2007	1.3	2,089.8	110.6	51.5	**2,253.2**
Movement cum. valuation reserve:					
- marketable securities	-	-	(7.5)	-	**(7.5)**
- other financial assets and associates	-	-	(55.2)	-	**(55.2)**
- interest rate derivatives	-	-	2.9	-	**2.9**
Translation of foreign subsidiaries and financial fixed assets	-	-	(20.4)	(1.1)	**(21.5)**
Realized currency translation of foreign subsidiaries	-	-	9.1	-	**9.1**
Revaluation of assets from associates	-	-	6.1	-	**6.1**
Effect of hedging instruments	-	-	17.9	-	**17.9**
Net profit 2007	-	735.7	-	19.9	**755.6**
Total recognized for the year	-	735.7	(47.1)	18.8	**707.4**
Acquisitions and disposals	-	-	-	16.1	**16.1**
Treasury shares	-	1.6	-	-	**1.6**
Dividend paid	-	(200.4)	-	-	**(200.4)**
Balance on December 31, 2007	1.3	2,626.7	63.5	86.4	**2,777.9**

(*) Conversion relates to the conversion from shareholders' debts to shareholders' equity of subsidiaries.

As of December 31, 2007, the Company had issued 63,686,850 shares with a par value of € 0.02 per share. During 2006, 198,886 HAL Trust shares were acquired for € 11.6 million. In 2007, 19,778 shares were sold for € 1.6 million. All issued shares are fully paid.

The "other reserves" relate to unrealized appreciations and diminutions of other financial assets, certain associates, marketable securities, interest rate swaps, currency differences from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such instruments.

There are no restrictions on the distribution of the retained earnings and other reserves to shareholders.

Other reserves

In millions of euros	Cumulative valuation reserve	Cash flow hedge reserve	Cumulative currency translation reserve	**Total other reserves**
Balance on January 1, 2006	42.9	(1.1)	62.6	**104.4**
Movement cum. valuation reserve:				
- marketable securities	(34.0)	-	-	**(34.0)**
- other financial assets and associates	55.8	-	-	**55.8**
- interest rate derivatives	-	8.3	-	**8.3**
Translation of foreign subsidiaries and financial fixed assets	-	-	(64.6)	**(64.6)**
Realized currency translation of foreign subsidiaries	-	-	10.0	**10.0**
Effect of hedging instruments	-	-	30.7	**30.7**
Balance on December 31, 2006	64.7	7.2	38.7	**110.6**
Balance on January 1, 2007	64.7	7.2	38.7	**110.6**
Movement cum. valuation reserve:				
- marketable securities	(7.5)	-	-	**(7.5)**
- other financial assets and associates	(55.2)	-	-	**(55.2)**
- interest rate derivatives	-	2.9	-	**2.9**
Translation of foreign subsidiaries and financial fixed assets	-	-	(20.4)	**(20.4)**
Realized currency translation of foreign subsidiaries	-	-	9.1	**9.1**
Revaluation of assets from associates	6.1	-	-	**6.1**
Effect of hedging instruments	-	-	17.9	**17.9**
Balance on December 31, 2007	8.1	10.1	45.3	**63.5**

Consolidated Statement of Cash Flows

In millions of euros	*Notes*	**2007**	2006
Cash flows from operating activities:			
Profit before taxes		**812.8**	542.7
Depreciation	1/2	**103.2**	104.2
Amortization	3	**22.4**	20.1
Profit on sale of property, plant and equipment and investment properties	20/21	**(23.6)**	(18.7)
Profit on sale of financial assets	18/19	**(294.3)**	(109.5)
Profit on sale of marketable securities	17	**(8.3)**	(54.3)
Share in result associates	4/18	**(179.5)**	(142.2)
Interest expense		**35.8**	50.4
		468.5	392.7
Dividend from associates	4	**51.0**	35.5
Changes in working capital	25	**11.0**	(27.1)
Other movements in provisions and deferred taxes		**11.6**	(0.2)
Cash generated from operations		**542.1**	400.9
Interest paid		**(44.0)**	(54.4)
Income taxes paid		**(80.9)**	(60.2)
Net cash from operating activities		**417.2**	286.3
Cash flows from investing activities:			
Acquisition of associates and subsidiaries, net of cash acquired		**(229.4)**	(142.1)
Acquisition of other intangibles		**(28.3)**	(13.5)
Purchase of property, plant and equipment and Investment Properties	1/2	**(174.6)**	(130.3)
Divestment of associates		**467.3**	274.2
Divestment of other financial assets		**67.0**	6.8
Proceeds from sale of property, plant and equipment and Investment Properties		**36.8**	110.0
Proceeds from sale of assets held for sale		**40.6**	-
Change in marketable securities and deposits, net		**(349.5)**	(4.0)
Change in other non-current assets		**16.7**	(5.5)
Change in minority interests		**13.1**	6.5
Effect of hedging instruments		**14.9**	29.5
Net cash from (used in) investing activities		**(125.4)**	131.6
Cash flows from financing activities:			
Change in short-term debt		**(54.7)**	60.2
Change in long-term debt		**14.1**	(270.6)
Sale (purchase) of shares HAL Trust		**1.6**	(11.6)
Dividends paid		**(200.4)**	(191.4)
Net cash (used in) financing activities		**(239.4)**	(413.4)
Increase in cash and cash equivalents		**52.4**	4.5
Cash and cash equivalents at beginning of year		**132.9**	129.9
Effects of exchange rate changes on opening balance		**(1.5)**	(1.5)
Cash and cash equivalents retranslated at beginning of year		**131.4**	128.4
Net increase in cash and cash equivalents		**52.4**	4.5
Cash and cash equivalents at end of year		**183.8**	132.9

Accounting Policies

The consolidated financial statements presented are those of HAL Trust ("the Trust"), a Bermuda trust formed in 1977. The Trust is listed at the Euronext Amsterdam Stock Exchange.

For the years presented, the Trust's only asset was all outstanding shares of HAL Holding N.V. ("the Company"), a Netherlands Antilles corporation. The financial statements of the Company are part of the consolidated financial statements.

The principal accounting policies adopted by the Company in the preparation of its consolidated financial statements, which are unchanged compared to last year, are set out below:

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of marketable securities and deposits, certain associates and other financial assets and the fair value recognition of derivatives financial instruments. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results ultimately may differ from those estimates. Accordingly, it is reasonably possible that outcomes within the next financial year that are different from assumptions could have an impact on the carrying amount of the asset or liability affected.This applies more specifically to pensions, purchase price allocations, deferred taxation, and goodwill impairment. The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Certain new standards, amendments and interpretations to existing standards have been published which will become effective in future years : IAS 1 and 23, IFRS 8 and IFRIC 11 - 14. Management considered the amendments effective in future years and concluded that, if implemented, they would currently not have a significant impact on these financial statements.

Consolidation

Subsidiaries, which are those companies in which the Company, directly or indirectly, has an interest of more than 50% of the (potential) voting rights and/or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated as from the date the effective control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of the acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets is recorded as goodwill.

Intercompany transactions, balances and unrealized results on transactions between group companies have been eliminated. Where necessary, the financial statements of subsidiaries have been changed to ensure consistency with the policies adopted by the Company. Minority interests are disclosed separately.

The Company's interest in jointly controlled entities are accounted for by proportionate consolidation.

A list of the Company's principal subsidiaries is set out on page 49.

Foreign currencies

(a) Functional and presentation currency: items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency "). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

(b) Transactions and balances: foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in shareholders' equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities classified as other financial assets or marketable securities, are included in the cumulative valuation reserve in shareholders' equity.

(c) Company's subsidiaries: the results and financial position of all the Company's subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
   (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
   (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and
   (iii) all resulting exchange differences are recognized as a separate component of shareholders' equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Financial assets

The Company classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at initial recognition.

Loans and receivables:
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
(a) those that the Company intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
(b) those that the Company upon initial recognition designates as available for sale; or
(c) those for which the holder may not recover substantially all of its initial investment and which shall be classified as available for sale.

Available for sale financial assets:
These are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables.

Fair value of financial assets and liabilities approximates their carrying amount, unless otherwise disclosed.
Reference is made to pages 50 and 51 which

provides information relating to estimated value of the investment portfolio.

Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

(a) its value changes in response to the change in other variables such as a specified interest rate or a foreign exchange rate;
(b) it requires no initial net investment or an initial net investment that is smaller than the value of the underlying notional amount; and
(c) it is settled at a future date.

Derivatives are initially recognized at fair value (external valuation performed by financial institutions or other valuation techniques) on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either: (1) hedges of highly probable forecast transactions (cash flow hedges); or (2) hedges of net investment in foreign operations (net investment hedge).
At the inception of the transaction the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

(a) Cash flow hedge: the highly effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in shareholders' equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in shareholders' equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. However, when the projected transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a liability, the gains and losses previously deferred in shareholder's equity are transferred from shareholders' equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in shareholders' equity at that time remains in shareholders' equity and is recognized when the projected transaction is ultimately recognized in the income statement. When a projected transaction is no longer expected to occur, the cumulative gain or loss that was reported in shareholders' equity is immediately transferred to the income statement.

(b) Net investment hedge: hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in shareholders' equity; the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gains and losses accumulated in shareholders' equity are included in the income statement when the foreign operation is (completely or partially) disposed of.

(c) Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement.

The fair value of various derivative instruments used for hedging purposes are disclosed in the notes of these financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Property, plant and equipment and investment properties

Land and buildings comprise mainly factories, warehouses, retail and wholesale outlets, office and apartment buildings. All property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.
Market valuations are performed internally for the Company's real estate operation and are subject as well to a valuation every three years by independent external valuation experts.

Depreciation is calculated using the straight line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

Buildings	20-50 years
Vessels	25 years
Equipment	2-12 years

Useful lives and residual values are reviewed and, if required, changed annually.

Land is not depreciated as it is deemed to have an indefinite life.

Whenever the carrying amount of an asset is greater than its estimated recoverable amount, it is subject to an impairment charge immediately so that the value of the asset does not exceed its recoverable amount.

Gains and losses on disposal of property, plant and equipment and investment properties are determined by reference to their carrying amount and are taken into account in determining net income.

Intangible assets

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets and liabilities of the acquired investment in an associate or consolidated subsidiary at the date of obtaining control.

Goodwill is subject to an annual impairment test. It is carried at cost less accumulated impairment losses and accumulated amortization. If an impairment is recognized, it is not reversed in subsequent periods.
Goodwill is allocated to groups of cash-generating units (CGU's) for the purpose of impairment testing.

Negative goodwill (badwill) arisen as a result of fair-valuing non-monetary assets is included in the income statement.

Rights of use and key money
Right of use is considered an identified intangible asset when it is separable and arises from a contractual and legal right. This intangible asset is assumed to have an indefinite life as right of use can be renewed and resold. Therefore it is subject to an annual impairment test. Rights of use and key money in other situations are considered prepaid rent and recognized over the period of rental as operational leases.

Trademarks
The valuation of trademarks acquired in a business combination is based on the relief from royalty approach and is being amortized over its useful life on a straight line basis with no residual value.

Franchise contracts
The valuation of franchise contracts acquired in a business combination is based on the present value of estimated discounted future cash flows and is being amortized on a straight line basis over its useful life.

Computer software
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortized over their estimated useful lives (3 to 5 years).
Costs associated with developing and maintaining computer software are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products

controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding 3 years).

Waived rentals
Waived rental payments are capitalized on the basis of a discounted present value cash flow analysis and amortized over the related contract period on a straight line basis with no residual value.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost.
For quoted associates, the Company has made use of publicly available information.

The Company's investment in associates includes goodwill (net of any accumulated impairment loss and accumulated amortization) identified on acquisition.
The Company's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Significant unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Significant unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When an associate is disposed of, the gain/loss on disposal also includes any unrealized foreign exchange difference deferred in shareholders' equity (translation reserve) which becomes realized.

When a cash dividend is received from an associate, the carrying value of the investment is decreased by the same amount.

A list of the Company's principal associates is set out on page 49.

Other financial assets and marketable securities

Other financial assets are non-derivatives. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. They include equity interests up to 20% and equity interests in excess of 20% over which the Company has no significant influence.

Purchases and sales of investments are recognized on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs. They are derecognized when the rights to receive cash flows from them have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.
Other financial assets and marketable securities are subsequently carried at fair value.
Quoted interests are accounted for at market

value based upon stock exchange quoted selling prices at the close of business on the balance sheet date. Unrealized appreciation and diminution in value are recorded in Other reserves in Shareholders' equity.
Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from shareholders' equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment losses, if any, are charged to the income statement. On disposal of an investment, the difference between the net disposal proceeds and its cost (less any impairment losses) is charged or credited to net income.

Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Additions to and releases from the provision are recognized in the income statement.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method or the weighted average cost method.
The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, but excludes interest expense. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. A provision is established when the net realizable value of any inventory is lower than the value calculated above.

Assets held for sale

Assets are classified as held for sale if they are to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.
Financial assets held for sale are classified separately in current assets.

Other current assets

Other current assets include prepayments relating to the following year, and income relating to the current year which will not be received until after the balance sheet date. These receivables are expected to be collected within twelve months from the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances which are available on demand. In the balance sheet, bank overdrafts are included in short-term debt. Short-term time deposits are classified as marketable securities and deposits.

Minority interests in consolidated subsidiaries

Third Party interests in consolidated subsidiaries are recorded at their share in the net asset value of the respective subsidiary, calculated in accordance with the accounting policies as specified in these financial statements. They are determined based on the fair values upon acquisition of the acquirees.

Provisions

Provisions are recognized if the Company and its subsidiaries have a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Pension obligations

The Company and its subsidiaries operate a number of defined benefit and defined contribution plans, the assets of which are generally held in separately administered funds. The pension plans are generally funded by payments from employers and employees. For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans every year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government and corporate securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses are spread forward over the average remaining service lives of employees, only to the extent that their net cumulative amount exceeds 10% of the greater of the present value of the obligation or of the fair value of the plan assets.
The Company's and its subsidiaries' contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate.

Long-term and short-term debt

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.
Short-term debt is due within a maximum period of one year, unless the Company has an unconditional right to defer settlement until at least twelve months after balance sheet date. Interest expense related to this debt is reported as Interest expense in the income statement.

Revenue

Sales are recognized at fair value upon delivery of products or performance of services, net of sales taxes and discounts, in the accounting period in which they occurred. If sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.
Intercompany sales are eliminated.

(a) Sales of goods – wholesale: sales of goods are recognized when a Company’s entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.
(b) Sales of goods – retail: sales of goods are

recognized when a Company's entity delivers a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction.

(c) Sales of services: sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(d) Earnings from marketable securities and deposits: this includes realized capital gains (losses), interest, dividends and management fees. Realized capital gains (losses) are calculated on an average cost basis.

Interest is recorded using the effective interest rate method and on an accrual basis. Dividends are recorded when the right to receive payment is established.

Earnings from real estate activities

Earnings from real estate activities include rental income less related operating costs (excluding depreciation). The earnings also include realized results on the sale of real estate assets. Rental income is recorded on a straight line basis over the lease term.

Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term debt. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases are charged to income on a straight line basis over the lease term.

Research and development

Research and development costs are charged to income in the year in which they are incurred. Costs incurred on development projects (i.e. internally developed software) are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility, and costs can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs with a finite useful life that have been capitalized are amortized from the commencement of the commercial production of the product on a straight line basis over the period of its expected benefit, not exceeding five years.

Related-party transactions

The related-party transactions concern the compensation of the members of the Executive Board and Board of Supervisory Directors.

Segmentation

Segmental information is based on two segment formats: the primary format reflects the Company's operations, whereas the secondary format is related to the geographical areas in which the Company operates.
The primary segment format is divided into three segments: investments, real estate and liquid portfolio. The investment segment includes consolidated subsidiaries, associates and other financial assets. The secondary segment format is divided into three geographical areas: Europe, U.S.A. and other countries.

Financial Risk Management

Principles of Financial Risk management:

The Company is exposed to credit risk, liquidity risk and market risk. Market risk is primarily related to movements in exchange rates, interest rates and the market value of investments in equity securities. Financial risk management activities are carried out both on a central level as well as on the level of individual subsidiaries. For managing these risks, the Company uses both derivative and non-derivative financial instruments. Derivatives are exclusively concluded for economic hedging of open positions and not for trading or other speculative purposes. Credit risk in these derivative transactions is limited by only concluding contracts with financial institutions of good standing.

Credit risk

The Company is exposed to credit risk from its operational and investing activities. Credit risk from operational activities arises from the possibility that customers may not be able to settle their obligations as agreed, which can affect both outstanding receivables and committed transactions. This risk is monitored and managed on the level of each subsidiary and provisions for impairment are recorded when necessary. The Company is not exposed to any significant concentration of credit risk in its sales or receivables.

The Company’s maximum exposure to credit risk is represented by the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated to financial instruments. The approach to manage liquidity is to ensure, as far as possible, that there will always be sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

To further manage the liquidity needs, credit facilities have been concluded with different financial institutions. As per December 31, 2007 the Company had committed credit facilities of € 1,306 million (2006: € 1,188 million), on which € 556 million (2006: € 646 million) were drawn.

The Company’s contractually agreed (undiscounted) repayments of financial liabilities are shown in the table below.

In millions of euros

At Dec. 31, 2007	2008	2009	2010-2012	>2012
Long-term debt	-	24.4	332.6	96.4
Short-term debt	358.7	-	-	-
Interest on long-term debt	21.6	19.5	34.8	2.1
Finance leases	1.4	1.3	1.4	0.5
Accounts payable	265.2	-	-	-
	646.9	45.2	368.8	99.0

In millions of euros

At Dec. 31, 2006	2007	2008	2009-2011	>2011
Long-term debt	-	106.7	196.9	121.3
Short-term debt	384.9	-	-	-
Interest on long-term debt	21.2	19.4	47.0	5.7
Interest Finance leases	1.6	1.5	2.5	0.8
Accounts payable	236.3	-	-	-
	644.0	127.6	246.4	127.8

The contractually agreed (undiscounted) cash flows for derivatives that settle on a gross basis are shown in the below table.

In millions of euros

At Dec. 31, 2007	2008	2009	2010-2012	>2012
Forward Foreign Exchange contracts				
Outflow	149.3	-	-	-
Inflow	150.0	-	-	-

In millions of euros

At Dec. 31, 2006	2007	2008	2009-2011	>2011
Forward Foreign Exchange contracts				
Outflow	332.6	-	-	-
Inflow	334.0	-	-	-

Market risk

Currency risk
The Company's major currency risks are related to changes in value of the U.S. dollar and the British Pound. At the end of 2007, the net assets denominated in U.S. dollars amounted to $ 212 million (€ 145 million) (2006: $ 650 million (€ 493 million)) . The currency exposure with respect to these investments was almost fully hedged by forward exchange contracts. Net assets denominated in British Pound amounted to GBP 120 million (€ 163 million) as of December 31, 2007 (2006: GBP 112 million (€ 166 million)). This risk was hedged during the first quarter of 2008 by forward exchange contracts. Currency risk also exists with respect to other currencies such as the Brazilian Real, the Turkish Lira, the Chinese Renminbi, the Swiss Franc and the Russian Rouble. At the end of 2007 the book value of the net assets denominated in these currencies amounted to € 138 million (2006: € 73 million). This currency risk is unhedged.

Transaction risk results from the delay between concluding transactions in a foreign currency and settling these transactions. In this respect, the Company is mainly exposed to the British Pound and the U.S. dollar.
The Company hedges its translation and transaction exposure by using foreign currency forward contracts, generally with a maturity of less than one year, and loans in foreign currency. Throughout the year and at year-end, the Company was almost completely hedged against changes in the U.S. dollar. At December 31, 2007, if the Euro had weakened by 10% against the U.S. dollar and the British Pound, with all other variables held constant, the impact on post-tax profit would have been immaterial and the shareholders' equity would have increased by €16 million.

Interest rate risk
The Company is exposed to interest rate risk mainly in the Euro zone and in the United States of America. As part of interest rate management, increases in floating interest rates are hedged by the use of interest rate swaps. These swaps are all included in hedge accounting relationships. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates, where the Company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amount. These swaps are part of a cash flow hedge relationship. As per year end interest rates were fixed for approximately 67% (2006: 67%) of the borrowings.

At December 31, 2007, if interest rate had increased by 100 basis point with all other variables held constant, the impact on the income statement would have been immaterial as higher interest expense on floating rate debt would have been partially offset by higher net interest income on the interest rate swaps. The cash flow hedge reserve in shareholders' equity would not have increased materially as a result of an increase in the fair value of the swaps contracts used as cash flow hedges to fix the floating rate debts.

The Company has, as part of the liquid portfolio, investments in fixed income instruments of € 613 million (2006: € 302 million). Fixed income investments are subject to fair value interest rate risk. We believe that this risk is limited as the Company's fixed income portfolio has a short duration (less than one year) and therefore the impact of changes in the fair value of the liquid portfolio would be immaterial. This risk is therefore not hedged. If interest rates had increased by 100 basis points, the impact of this on profit and loss would be immaterial.

Price risk
At the end of 2007 the Company had, as part of the liquid portfolio, investments in equities amounting to € 85 million (2006: € 54 million) based on quoted market prices at the balance sheet date. These investments are classified as available for sale. If at December 31, 2007, equity markets fell 10% overall, the portfolio value could decrease by 10%, which would result in a negative impact of € 9 million (2006: € 5 million) in other reserves in shareholders' equity.

Notes to the Consolidated Financial Statements

(All amounts in millions of euros, unless otherwise stated)

1. Property, plant and equipment

Movements for 2006 and 2007 are as follows:

	Land & Buildings	Vessels	Equip-ment	**Total**
Cost value	237.6	90.4	894.0	**1,222.0**
Accumulated depreciation	(96.6)	(17.2)	(656.8)	**(770.6)**
Book value on Dec. 31, 2005	141.0	73.2	237.2	**451.4**
Investments	20.0	21.9	76.7	**118.6**
Consolidations	8.6	-	7.2	**15.8**
Reclassification	9.6	(3.1)	(11.1)	**(4.6)**
Disposal	(13.2)	(0.7)	(5.2)	**(19.1)**
Depreciation	(22.2)	(3.4)	(72.5)	**(98.1)**
Exchange differences	0.2	(8.2)	0.4	**(7.6)**
Book value on Dec. 31, 2006	144.0	79.7	232.7	**456.4**
Cost value	296.3	94.3	923.0	**1,313.6**
Accumulated depreciation	(152.3)	(14.6)	(690.3)	**(857.2)**
Book value on Dec. 31, 2006	144.0	79.7	232.7	**456.4**
Investments	36.9	42.4	89.1	**168.4**
Consolidations	6.8	-	11.9	**18.7**
Disposal	(5.5)	(13.8)	(13.5)	**(32.8)**
Depreciation	(21.7)	(5.0)	(72.1)	**(98.8)**
Exchange differences	(1.0)	(7.4)	(2.1)	**(10.5)**
Book value on Dec. 31, 2007	159.5	95.9	246.0	**501.4**
Cost value	320.0	109.6	924.4	**1,354.0**
Accumulated depreciation	(160.5)	(13.7)	(678.4)	**(852.6)**
Book value on Dec. 31, 2007	159.5	95.9	246.0	**501.4**

2. Investment properties

Investment properties are part of the Company's real estate activities.

Movements for 2006 and 2007 are as follows:

	Land & Buildings	Equip-ment	**Total**
Cost value	191.3	2.3	**193.6**
Accumulated depreciation	(24.1)	(1.2)	**(25.3)**
Book value on Dec. 31, 2005	167.2	1.1	**168.3**
Investments	8.1	3.6	**11.7**
Disposal	(72.0)	(0.2)	**(72.2)**
Depreciation	(5.6)	(0.5)	**(6.1)**
Reclassification	(16.8)	(0.1)	**(16.9)**
Exchange differences	(13.6)	(0.4)	**(14.0)**
Book value on Dec. 31, 2006	67.3	3.5	**70.8**
Cost value	87.6	4.4	**92.0**
Accumulated depreciation	(20.3)	(0.9)	**(21.2)**
Book value on Dec. 31, 2006	67.3	3.5	**70.8**
Investments	5.9	0.3	**6.2**
Depreciation	(4.1)	(0.3)	**(4.4)**
Exchange differences	(6.5)	(0.3)	**(6.8)**
Book value on Dec. 31, 2007	62.6	3.2	**65.8**
Cost value	85.3	3.2	**88.5**
Accumulated depreciation	(22.7)	-	**(22.7)**
Book value on Dec. 31, 2007	62.6	3.2	**65.8**

An external valuation of the investment properties was performed in November and December 2007. The estimated value according to this valuation was approximately € 151 million (2006: € 126 million). This valuation was based on the “Sales Comparison” and “Income Capitalization” approach. The Sales Comparison approach uses transactions in similar properties as a reference. The Income Capitalization approach uses a discounted cash flow model.

3. Intangible assets

Intangible assets consist of :

	2007	2006
Goodwill	**990.3**	848.2
Other Intangibles	**353.9**	344.0
	1,344.2	1,192.2

Movements for goodwill are as follows :

	2007	2006
Balance on January 1	**848.2**	743.3
Acquisitions	**154.6**	105.5
Disposals	**(2.6)**	-
Exchange and other adjustments	**(9.9)**	(0.6)
Balance on December 31	**990.3**	848.2
Cost value	**1,404.8**	1,258.9
Amortization and impairment	**(414.5)**	(410.7)
Book value on December 31	**990.3**	848.2

Investments in associates includes goodwill for an amount of € 32.6 million as follows :

Cost value	227.8
Amortization	(195.2)
	32.6

The acquired goodwill during 2007 can be specified as follows:

Purchase price, net of cash acquired	161.6
Net asset value acquired	(7.0)
Total goodwill acquired	154.6

Major acquisitions

During 2007, the Company acquired three optical retail companies located in Brazil and Turkey, as well as additional stores across Europe.

Details are as follows :

Cash paid	53.9
Cash to be paid in 2008	2.6
Net asset value acquired	(7.0)
Goodwill	49.5

Details of the net asset value acquired :

Property, plant and equipment	4.1
Long-term assets	21.6
Inventories	3.1
Accounts receivable & others	3.7
Accounts payable and short-term liabilities	(17.2)
Long-term liabilities	(8.3)
Net asset value acquired	7.0

The Company also acquired various hearing aid retail companies, mostly in Western Europe.

Details are as follows :

Cash paid	28.8
Cash to be paid in 2008	1.0
Net asset value acquired	(8.6)
Goodwill	21.2

Details of the net asset value acquired :

Property, plant and equipment	1.8
Long-term assets	8.4
Inventories	2.2
Accounts receivable & others	2.1
Accounts payable and short-term liabilities	(2.2)
Long-term liabilities	(3.7)
Net asset value acquired	8.6

In 2007 the Company also acquired a company active in the Dutch market of assembling and selling orthopedic devices and a Dutch wine importer and distributor. The combined details are as follows:

Cash paid	63.2
Cash to be paid in 2008	3.7
Net asset value acquired	3.5
Goodwill	70.4

Details of the net asset value acquired :

Property, plant and equipment	7.6
Long-term assets	5.0
Inventories	12.0
Accounts receivable & others	6.2
Accounts payable and short-term liabilities	(23.8)
Long-term liabilities	(10.5)
Net asset value acquired	(3.5)

The initial accounting for these acquisitions is provisional.
No significant changes were made to the initial provisional accounting from prior year acquisitions.

Impairment test

Goodwill has been tested for impairment losses at a level that reflects the way the Company manages its operations and with which the goodwill would naturally be associated.
The recoverable amount of a group of CGU's is determined based on value-in-use calculations. These calculations use cash flow projections based on a business plan covering a five-year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of nil. Key assumptions used for value-in-use calculations concern gross margin (24% - 81%) and the after tax discount rate (8.6% -12.3%). The result of this process was the determination that the carrying value of one CGU was impaired and, as a result, an impairment charge of € 3.7 million was recorded on goodwill, and none on intangible assets with indefinite useful lives.

Movements for other intangibles are as follows :

	Rights of use and Key money	Trade-marks	Franchise contracts & Other	**Total**
Book value on Jan. 1, 2006	150.2	145.2	40.9	**336.3**
Reclassification	(3.6)	3.6	-	**-**
Investments	5.2	0.3	8.0	**13.5**
Consolidation	-	-	14.3	**14.3**
Amortization	(2.4)	(9.9)	(7.8)	**(20.1)**
Book value on Dec. 31, 2006	149.4	139.2	55.4	**344.0**
At Dec. 31, 2006				
Cost value	172.4	160.0	96.6	**429.0**
Accumulated amortization	(23.0)	(20.8)	(41.2)	**(85.0)**
Book value on Dec. 31, 2006	149.4	139.2	55.4	**344.0**
Investments	17.8	2.5	8.0	**28.3**
Consolidation	1.4	0.8	-	**2.2**
Amortization	(1.5)	(7.5)	(9.7)	**(18.7)**
Exchange adjustments	(0.1)	(1.4)	(0.4)	**(1.9)**
Book value on Dec. 31, 2007	167.0	133.6	53.3	**353.9**
At Dec. 31, 2007				
Cost value	191.5	161.9	104.2	**457.6**
Accumulated amortization	(24.5)	(28.3)	(50.9)	**(103.7)**
Book value on Dec. 31, 2007	167.0	133.6	53.3	**353.9**

Trademarks are valued using a 3% royalty rate and are amortized over 25 years on a straight line basis with no residual value.
Franchise contracts are discounted at 12.5% and amortized over 15 years on a straight line basis with no residual value.
Waived rental payments (free rent) are capitalized on the basis of a present value cash flow analysis discounted at 15%. They are amortized over 20 years, which represents the average lease term, on a straight line basis with no residual value.

4. Investments in associates

The composition of the investments in associates is as follows:

	2007	2006
Publicly traded	**632.2**	696.8
Other	**105.1**	46.8
	737.3	743.6

Movements are as follows:

	2007	2006
Book value on Jan. 1	**743.6**	820.0
Investments	**67.7**	9.7
Disposals	**(217.7)**	(166.9)
Share in results	**179.5**	142.2
Dividends	**(51.0)**	(35.5)
Revaluation of assets	**6.1**	-
Movement valuation difference	**(7.9)**	8.5
Exchange adjustments and effect of financial instruments	**17.0**	(34.4)
Book value on Dec. 31	**737.3**	743.6

The purchase of a 42.5% interest in the specialty insurance company Nationale Borg and the acquisition of a 30% interest in the Swiss optical retailer Visilab are included in the line "Investments" above.

In October 2007, the Company's remaining 26.6% interest in Univar N.V. was sold for € 426 million resulting in a capital gain of € 221 million (net of tax and taking into account currency translation results).

The difference between the market value of the Company's share in its publicly traded associates and the book value including goodwill is as follows :

	2007	2006
Market value	**2,295.1**	2,085.7
Book value	**(632.2)**	(696.8)
	1,662.9	1,388.9

Share in results is after tax and minority interest of associates.

At December 31, 2007, a total goodwill of € 32.6 million (2006 : € 9.1 million) was included in the amount above. In 2007 goodwill of € 23.5 relating to acquired associates was added.

The Company's financial summary of its main associates is as follows :

	Vopak	Univar	Boskalis	Total
2006				
Assets	1,820.6	2,155.4	1,583.9	**5,559.9**
Liabilities	1,085.4	1,493.9	959.3	**3,538.6**
Revenues	778.1	5,267.7	1,353.6	**7,399.4**
Profit/(losses)	129.4	106.8	116.6	**352.8**
% interest held	47.74%	26.60%	31.75%	
2007				
Assets	2,133.1	-	2,200.1	**4,333.2**
Liabilities	1,253.2	-	1,423.3	**2,676.5**
Revenues	853.0	-	1,868.5	**2,721.5**
Profit/(losses)	181.1	-	204.4	**385.5**
% interest held	47.74%	-	31.75%	

All of the above associates are incorporated in the Netherlands.
A list of the Company's principal associates is included on page 49.

Investments in associates and other financial assets include interests in five private partnerships for a total amount of € 28 million (2006: € 28 million).

5. Other financial assets

Movements are as follows:

	2007	2006
Book value on Jan. 1	**66.9**	24.7
Disposals	**(19.2)**	(4.6)
Exchange differences	**(0.1)**	(0.5)
Movement valuation differences	**(47.3)**	47.3
Book value on Dec. 31	**0.3**	66.9
Non-current	**0.3**	0.8
Current	**-**	66.1
	0.3	66.9

Current other financial assets relate to the investment in Kempen & Co. N.V. sold in January 2007, which resulted in a capital gain of € 47.3 million net of tax. An amount of € 47.3 was transferred from other reserves to the statement of income.

6. Other non-current assets

	2007	2006
Loans to associates	**4.4**	9.0
Other loans	**40.4**	28.3
Long-term deposits	**15.5**	15.3
Long-term receivables	**4.9**	1.6
Other	**16.7**	14.5
	81.9	68.7

The loans to associates consist of six loans that bear interest ranging from 6.0% to 10.0% with a remaining duration from three to eight years.

7. Marketable securities and deposits

The specification is as follows:

	2007	2006
Time deposits and other receivables	**612.7**	300.0
Other fixed income securities	**0.7**	1.9
Equity securities	**84.6**	54.2
	698.0	356.1

The analysis by segment as described on page 31 of the "*Time deposits and other receivables*" is as follows:

	2007	2006
Investments	**19.2**	18.3
Liquid portfolio	**593.5**	281.7
	612.7	300.0

The summary by currency of the "*Time deposits and other receivables*" is as follows:

	2007	2006
U.S. dollars	**20.0**	44.5
Euros	**591.2**	255.1
Other currencies	**1.5**	0.4
	612.7	300.0

On December 31, 2007, the average current yield of the time deposits and bonds denominated in U.S. dollars was 4.6% (2006: 5.1%) and those denominated in euros 4.1% (2006: 3.6%). All deposits are highly liquid.

The geographical allocation of the "*Equity securities*" is as follows:

	2007	2006
	%	%
North-America	**46**	57
Europe	**15**	21
Other	**39**	22
	100	100

Realized gains (losses), interest, dividends and management fees are included in the line "*Earnings from marketable securities and deposits*" in the income statement.

8. Receivables

	2007	2006
Trade receivables	**323.9**	257.7
Allowance for doubtful receivables	**(18.9)**	(16.2)
	305.0	241.5

The ageing of these receivables is as follows:

	2007	2006
Up to 3 months	**288.3**	230.7
Between 3 and 6 months	**17.0**	11.8
Between 6 and 9 months	**6.0**	3.9
Over 9 months	**12.6**	11.3
	323.9	257.7

With respect to the trade receivables that are neither impaired nor past due, there are no indications, as of the reporting date, that the debtors will not meet their payment obligations

The ageing analysis of the trade receivables that are past due but not impaired is as follows:

Past due	**2007**	2006
Up to 3 months	**67.9**	60.1
Between 3 and 6 months	**7.6**	6.2
Between 6 and 9 months	**2.2**	2.1
Over 9 months	**3.4**	3.2
	81.1	71.6

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	2007	2006
Euro	**260.7**	204.9
US dollar	**7.7**	9.1
British pound	**18.1**	21.3
Other	**37.4**	22.4
	323.9	257.7

Movements of the provision for impairment of trade receivables are as follows:

	2007	2006
Book value on Jan. 1	**(16.2)**	(15.4)
Additions	**(6.4)**	(2.2)
Current year write-off	**2.7**	1.0
Releases	**1.0**	0.4
Book value on Dec. 31	**(18.9)**	(16.2)

9. Inventories

The composition of the inventories is as follows:

	2007	2006
Raw materials	**25.1**	28.5
Work in process	**19.6**	15.6
Finished goods	**307.7**	266.6
Provision	**(30.4)**	(25.4)
	322.0	285.3

The cost of inventory recognized as expense amounts to € 1,178.0 million. The total write-down of inventories recognized as expense amounts to € 2.6 million.

10. Assets held for sale

Movements are as follows:

	2007	2006
Book value on Jan. 1	**24.3**	-
Reclassification	**-**	24.3
Disposals	**(24.3)**	-
Book value on Dec. 31	**-**	24.3

Assets classified as held for sale include the following:

	2007	2006
Investment Properties	**-**	16.9
Property, Plant and Equipment	**-**	7.4
Book value on Dec. 31	**-**	24.3

Investment Properties refer to the Valley Office Park building, which was sold in January 2007 for $ 29 million (€ 22 million) and resulted in a capital gain of $ 3 million (€ 2 million) net of tax.
Property, Plant and Equipment were miscellaneous properties sold.

For segmentation purposes, Investment Properties relate to "Real Estate" in North America, all others belong to the segment "Investments" in Europe.

11. Other current assets

The composition of the other current assets is as follows:

	2007	2006
Prepaid vendors	**15.9**	17.6
Other receivables	**88.5**	70.0
VAT	**16.7**	13.2
Forward contracts	**0.7**	1.4
Receivables from franchisees	**9.2**	7.5
Income tax receivable	**0.5**	0.8
	131.5	110.5

Other receivables include prepaid rent, key money and all other current assets not included in the other categories above.

12. Provisions

Movements for 2007 are as follows:

	Pensions and early retirement (see note 13)	Other	**Total**
Balance on January 1	41.1	31.8	**72.9**
Provisions made in the year	25.1	21.7	**46.8**
Amounts used	(21.4)	(8.9)	**(30.3)**
Exchange differences	-	(1.1)	**(1.1)**
Balance on December 31	44.8	43.5	**88.3**

Other provisions refers to warranties, fiscal and regulatory risks, onerous contracts and other risks. The current portion of the “other” provision amounts to € 27.9 million and the non-current to € 15.6 million. The pensions provision is of a long-term nature.

13. Pension obligations

The Company and its subsidiaries have established a number of pension and early retirement schemes. The schemes are either funded or unfunded. The assets of the funded plans are held independently of the Company's and its subsidiaries' assets in separately administered funds. These schemes are valued by independent actuaries every year using the “projected unit credit”-method.

The latest actuarial valuation was carried out as of December 31, 2007.

The amounts recognized in the balance sheet are as follows:

	2007	2006
Present value of funded obligations	**270.4**	303.1
Fair value of plan assets	**264.4**	275.2
	6.0	27.9
Unrecognized actuarial results	**17.7**	(12.2)
Present value of unfunded obligations	**21.1**	25.4
Net liability in the balance sheet	**44.8**	41.1

The liability is net of defined benefit assets of € 30 million (2006: € 30 million). If IFRIC 14 had been applied in 2007, the net effect on the Company’s consolidated equity would have been immaterial.

The amounts recognized in the income statement are as follows:

	2007	2006
Current service cost	**10.4**	11.6
Interest cost	**15.0**	14.6
Expected return on plan assets	**(14.4)**	(13.9)
Actuarial losses	**(0.9)**	1.9
Plan amendments	**3.3**	0.3
Other costs	**11.7**	9.0
Total, included in Employee costs	**25.1**	23.5

Other costs relate mainly to defined contribution and industry-wide pension plans.

The actual return on plan assets was € 8.1 million (2006 : € 12.9 million).

Movements in the liability recognized in the balance sheet are as follows:

	2007	2006
Balance on January 1	**41.1**	35.4
Consolidations	**-**	1.0
Total expense	**25.1**	23.5
Contributions paid	**(21.4)**	(18.9)
Exchange effect	**-**	0.1
Balance on December 31	**44.8**	41.1

The principal actuarial assumptions used were:

	2007	2006
Discount rates	**5.30-6.00%**	4.60%
Expected returns on plan assets	**4.90-6.75%**	4.30-6.80%
Future salary increases	**2.00-3.50%**	3.00%

Mortality tables used were the latest available.

14. Long-term debt

	2007	2006
Mortgage loans	**147.2**	118.7
Other loans	**306.2**	306.2
	453.4	424.9

The summary per currency is as follows:

	2007	2006
U.S. dollars	**62.2**	81.6
Euros	**386.9**	338.2
Other	**4.3**	5.1
	453.4	424.9

The maturity of the long-term debt is as follows:

	2007	2006
Between 1 and 2 years	**24.4**	106.7
Between 2 and 5 years	**332.6**	197.0
Over 5 years	**96.4**	121.2
	453.4	424.9

Mortgages are secured by pledges on vessels, real estate and receivables with a corresponding book value of € 263 million. The other loans are secured to an amount of € 13 million by pledges on machinery and equipment, receivables, inventories and other current assets.
These are nonpossessory pledges, where in case of default under the mortgage loan agreements, the lender would have the right to resell the vessels or real estate and receive the cash flows from the receivables.

Interest rates on the long-term loans vary from 3.30% to 12.50% (2006: 3.16% to 12.50%). The average rate on long-term debt, including their short-term portion, was 4.41% (2006: 5.34%).

After taking into account the interest rate swaps, the interest rate exposure of the long-term debt of the Company and its subsidiaries was as follows:

	2007	2006
Loans at fixed rates	**308.6**	305.9
Loans at floating rates	**144.8**	119.0
	453.4	424.9

15. Deferred taxes

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax entity) during the period is as follows:

Deferred tax liabilities:

	Property, plant and equipment	Inven-tories	Intangi-bles & Other	**Total**
As at Jan. 1, 2006	(5.8)	(10.2)	(99.1)	**(115.1)**
Credited/(charged) to net income	0.9	(1.7)	5.1	**4.3**
Charged to Equity	-	-	(1.1)	**(1.1)**
Other movements	-	-	8.3	**8.3**
As at Dec. 31, 2006	(4.9)	(11.9)	(86.8)	**(103.6)**
Credited/(charged) to net income	0.3	(0.5)	(8.4)	**(8.6)**
Charged to Equity	-	-	(0.8)	**(0.8)**
Other movements	-	-	5.7	**5.7**
As at Dec. 31, 2007	(4.6)	(12.4)	(90.3)	**(107.3)**

The current portion of the deferred tax liabilities amounts to € 4.3 million and the non-current to € 103.0 million.

Deferred tax assets:

	Derivatives	Goodwill	Other	**Total**
As at Jan.1, 2006	1.5	4.6	41.3	**47.4**
Consolidation	-	-	1.2	**1.2**
Credited/(charged) to net income	-	-	17.6	**17.6**
Charged to equity	(1.5)	-	(1.1)	**(2.6)**
Other movements	-	-	(12.3)	**(12.3)**
As at Dec. 31, 2006	-	4.6	46.7	**51.3**
Consolidation	-	-	0.3	**0.3**
Credited/(charged) to net income	-	0.5	14.0	**14.5**
Charged to equity	-	-	-	**-**
Other movements	-	-	(5.4)	**(5.4)**
As at Dec. 31, 2007	-	5.1	55.6	**60.7**

The current portion of the deferred tax assets amounts to € 11.0 million and the non-current to € 49.7 million.

Deferred tax assets with respect to unused tax losses are included in other deferred tax assets. Unused tax losses which were not valued for the purpose of calculating deferred tax assets amounted to € 236.1 million (2006: € 205.4 million).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax entity.

The following amounts, determined after appropriate offset, are shown in the balance sheet:

	2007	2006
Deferred tax assets	**32.2**	46.3
Deferred tax liabilities	**(78.8)**	(98.6)
	(46.6)	(52.3)

Deferred income taxes are shown under note 24 as follows:

	2007	2006
Deferred tax liabilities debited / credited to net income	**(8.6)**	4.3
Deferred tax assets credited to net income	**14.5**	17.6
	5.9	21.9

16. Short-term debt

	2007	2006
Bank overdraft	**64.2**	39.7
Bank loans	**258.4**	289.9
Current portion long-term debt	**36.1**	55.3
	358.7	384.9

Loans are secured to an amount of € 134 million by pledges on machinery and equipment, receivables, inventories and other current assets. These are nonpossessory pledges, where in case the Company defaulted under the loan agreements, the lender would have the right to resell the machinery and equipment or inventories and receive the cash flows from the receivables.

17. Earnings from marketable securities and deposits

	2007	2006
Capital gains	**8.3**	54.3
Interest income	**22.1**	14.4
Dividends	**0.6**	0.5
Management fees	**(1.3)**	(1.4)
	29.7	67.8

18. Earnings from associates

	2007	2006
Share in result	**179.5**	142.2
Capital gains	**246.5**	107.3
Interest from loans	**0.5**	0.8
	426.5	250.3

In October, the Company's remaining 26.6% interest in Univar N.V. was sold for € 426 million resulting in a capital gain of € 221 million (net of tax and taking into account currency translation results). This capital gain included a foreign exchange loss of € 9.1 million as disclosed in the Statement of Changes in Equity.

In August 2007, Navis Capital Partners sold one of its portfolio investments. This transaction resulted in a capital gain of € 25 million net of tax.

19. Earnings from other financial assets

Earnings from other financial assets consist mostly of capital gains due to the sale of the interest in Kempen & Co. N.V. of € 47.3 million.

20. Earnings from real estate activities

	2007	2006
Capital gains	**3.8**	9.4
Rental income	**10.7**	13.7
Condominium sales	**-**	6.0
Operating expenses	**(4.8)**	(5.6)
	9.7	23.5

21. Capital gains on sale of assets

Capital gains on sale of assets (€ 19.8 million) consists of the sale of vessels, real estate and other assets. The amount involved is pre-tax and pre-minority interests.

22. Employee expenses

	2007	2006
Wages and salaries	**634.8**	568.9
Social security costs	**129.2**	114.4
Pension costs	**25.1**	23.5
Other	**77.2**	54.6
	866.3	761.4

The average number of persons employed by the Company and its subsidiaries during 2007 was 20,279 (2006: 18,914) on a full time equivalent basis.

23. Other operating expenses

Other operating expenses during 2007 include operating lease expenses for a total amount of € 208.2 million (2006: € 181.0 million).

Research and development costs expensed amounted to € 5.7 million (2006: € 5.0 million).

The total amount of exchange differences recognized in the income statement (except financial instruments at fair value) amounted to € 3.2 million loss (2006: € 1.6 million gain), excluding the Univar impact disclosed in note 18.

24. Income taxes

Income taxes are calculated based on the tax rates in the countries where the Company and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward.

	2007	2006
Current income taxes	**63.1**	54.5
Deferred income taxes	**(5.9)**	(21.9)
	57.2	32.6

Income taxes differ from the theoretical amount that would arise using the domestic tax rates applicable to profits of taxable entities in the countries concerned, as follows:

	2007	2006
Tax at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	**219.5**	162.8
Recognition of unused tax losses and temporary differences	**(8.6)**	(27.3)
Tax-effect on non-deductible expenses and on income not subject to tax	**(158.9)**	(96.1)
Effect of change in tax rate	**3.3**	(5.9)
Other	**1.9**	(0.9)
	57.2	32.6

The weighted average applicable tax rate was 27% (2006: 30%). The decrease is mostly due to lower corporate income tax rates in Europe.

25. Changes in working capital

Changes in working capital in the consolidated statement of cash flows disregard exchange differences and the effect of acquisitions.

	2007	2006
Accounts receivable	**(37.1)**	(29.2)
Inventories	**(11.0)**	(16.3)
Other current assets	**(16.9)**	(6.3)
Accounts payable	**(3.8)**	(24.6)
Accrued expenses	**70.9**	32.0
Taxes payable	**8.9**	17.3
	11.0	(27.1)

Segmentation

The composition of the revenues by segment is as follows:

	2007	2006
Investments	**3,687.5**	3,040.0
Real estate	**9.7**	23.5
Liquid portfolio	**23.2**	62.1
	3,720.4	3,125.6

The composition of net income by segment is as follows:

	2007	2006
Investments	**709.8**	426.8
Real estate	**2.9**	8.2
Liquid portfolio	**23.0**	61.8
	735.7	496.8

The segment "*Investments*" includes the entire amount of intangibles amortization of € 22.4 million (2006: € 20.1 million).

The composition of the depreciation by segment is as follows:

	2007	2006
Investments	**98.8**	98.1
Real estate	**4.4**	6.1
	103.2	104.2

The composition of assets by segment is as follows:

	2007	2006
Investments	**3,655.8**	3,368.1
Real estate	**68.8**	89.6
Liquid portfolio	**678.8**	337.8
	4,403.4	3,795.5

The composition of liabilities by segment is as follows:

	2007	2006
Investments	**1,599.1**	1,502.9
Real estate	**25.9**	38.2
Liquid portfolio	**0.5**	1.2
	1,625.5	1,542.3

The composition of capital expenditures by segment is as follows:

	2007	2006
Investments	**168.4**	118.6
Real estate	**6.2**	11.7
	174.6	130.3

The composition of net sales of the consolidated subsidiaries by geographical area is as follows:

	2007	2006
Europe	**3,125.4**	2,719.5
North-America	**24.4**	21.1
Other countries	**37.1**	38.0
	3,186.9	2,778.6

The composition of assets by geographical area is as follows:

	2007	2006
Europe	**4,115.9**	3,362.1
North-America	**131.8**	350.6
Other countries	**155.7**	82.8
	4,403.4	3,795.5

The composition of tangible capital expenditures by geographical area is as follows:

	2007	2006
Europe	**168.4**	118.6
North-America	**6.2**	11.7
	174.6	130.3

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Dec. 31, 2007	Loans and receivables	Available for sale	Derivatives	Total
Assets per balance sheet				
Other financial assets	-	0.3	-	**0.3**
Other non-current assets	61.7	-	-	**61.7**
Marketable securities and deposits	-	698.0	-	**698.0**
Other current assets	86.0	-	12.9	**98.9**
Receivables	305.0	-	-	**305.0**
Cash	183.8	-	-	**183.8**
Total	636.5	698.3	12.9	**1,347.7**

Dec. 31, 2007	Liabilities	Derivatives	Total
Liabilities per balance sheet			
Long-term debt	453.4	-	**453.4**
Short-term debt	358.7	-	**358.7**
Finance leases	4.6	-	**4.6**
Accounts payable	265.2	-	**265.2**
Total	1,081.9	-	**1,081.9**

Dec. 31, 2006	Loans and receivables	Available for sale	Derivatives	Total
Assets per balance sheet				
Other financial assets	-	66.9	-	**66.9**
Other non-current assets	50.8	-	-	**50.8**
Marketable securities and deposits	-	356.1	-	**356.1**
Other current assets	69.4	-	10.3	**79.7**
Receivables	241.5	-	-	**241.5**
Cash	132.9	-	-	**132.9**
Total	494.6	423.0	10.3	**927.9**

Dec. 31, 2006	Liabilities	Derivatives	Total
Liabilities per balance sheet			
Long-term debt	424.9	-	424.9
Short-term debt	384.9	-	384.9
Finance leases	6.4	-	6.4
Accounts payable	236.3	-	236.3
Total	1,052.5	-	**1,052.5**

Derivative financial instruments

On December 31, 2007 the Company owned open forward exchange contracts to sell U.S. dollars with a fair value of approximately € 0.7 million (2006: € 1.4 million), a nominal amount of € 150 million (2006: € 334 million) and maturing within the next twelve months. These contracts are included in net investment hedge relationships and are intended to protect the Company against currency risk on its investments in foreign entities and anticipated future cash flows in foreign currencies. In accordance with the accounting policies in respect of derivative financial instruments, the fair value on the forward exchange contracts is recognized as a part of the cumulative currency translation reserve within shareholders' equity.

In 2007 interest on loans to an amount of € 460 million (2006: € 487 million) are fixed by means of interest rate swaps. These instruments are included in a cash flow hedge relationship and are intended to protect the Company from rising interest payments on its floating rate borrowings. Fair values on these instruments amounted to € 12.2 million on December 31, 2007 (2006: € 8.9 million). This amount is included under other current assets in the balance sheet. On December 31, 2007, the fixed interest rates of the swaps vary from 3.05% to 6.38% (2006: 3.05% to 6.38%). The Company is mainly exposed to changes in Euribor and Libor. The fair value of these interest rate swaps is recognized as part of the cash flow hedge reserve within shareholders' equity and will be released continuously to the income statement until the repayment of the debts.

As all hedge accounting relationships are highly effective, ineffectiveness was immaterial. For amounts recognized in shareholders' equity and removed from shareholders' equity, we refer to the schedule of movements in other reserves on page 20.

Fair value of financial assets and financial liabilities

The below table summarizes the fair value of financial assets and financial liabilities in comparison to their carrying amounts.

	Fair value 2007	Carrying amount 2007	Fair value 2006	Carrying amount 2006
Financial Assets				
Other financial assets	0.3	0.3	66.9	66.9
Other non-current assets	61.7	61.7	50.8	50.8
Marketable securities and deposits	698.0	698.0	356.1	356.1
Other current assets	98.9	98.9	79.7	79.7
Receivables	305.0	305.0	241.5	241.5
Cash	183.8	183.8	132.9	132.9
Total	**1,347.7**	**1,347.7**	**927.9**	**927.9**

	Fair value 2007	Carrying amount 2007	Fair value 2006	Carrying amount 2006
Financial Liabilities				
Long-term debt	453.8	453.4	424.8	424.9
Short-term debt	358.7	358.7	384.9	384.9
Finance leases	4.2	4.6	5.8	6.4
Accounts payable	265.2	265.2	236.3	236.3
Total	**1,081.9**	**1,081.9**	**1,051.8**	**1,052.5**

The fair value of the financial assets and liabilities has been determined using market prices. When these are not available, discounted cash flow techniques have been used to value these instruments. The discounted cash flow techniques use market interest and exchange rates as input.

The fair value of finance leases has been determined by reference to current market rates for comparable leasing agreements.

Capital Commitments

The Company manages its capital to safeguard its ability to continue as a going concern and to provide an adequate return on its invested capital. The Company chooses to finance its operations in such a way that is preserves financial flexibility.

The capital structure per 31 December is summarized in the table below.

	2007	2006
Equity	**2,691.5**	2,201.7
Long-term debt	**453.4**	424.9
Short-term debt	**358.7**	384.9
Less: Cash and cash equivalents	**(183.8)**	(132.9)
Total capital employed	**3,319.8**	2,878.6

Related-party transactions

Short-term and post-employment benefits for the Executive Board amounted to € 2.6 million (2006: € 1,9 million) and € 0.4 million (2006: € 0.4 million) respectively.
The Supervisory Board approved in 2006 a one time allotment of 50,000 shares HAL Trust to Mr M.F. Groot, member of the Executive Board, under the condition precedent that he is still employed with the Company on April 1, 2011. The shares then granted will be restricted for a five years period. In this respect € 0.6 million (2006: € 0.3 million) was charged to the income statement.

The fixed remuneration for the Board of Supervisory Directors of HAL Holding N.V. paid during 2007 in accordance with Art. 23 (5) of the Articles of Incorporation of HAL Holding N.V. was € 0.1 million (2006: € 0.1 million) in total.

The compensation payable to the Board of Supervisory Directors pursuant to Article 30 (1) of the Articles of Incorporation of HAL Holding N.V. is € 0.9 million (2006: € 0.6 million) which was limited to € 0.4 million (2006: € 0.4 million) by the Supervisory Board. Accordingly, the total 2007 compensation for the Supervisory Board amounted to € 0.5 million (2006: € 0.5 million).

Off-Balance Sheet Commitments

Capital Commitments

On December 31, 2007 the Company and its subsidiaries had capital commitments in respect of buildings under construction of approximately € 11.9 million (2006: € 8.4 million).

Leases of assets under which all the risks and benefits of ownership are not retained by the lessor but are transferred to the lessee are classified as finance leases. They are capitalized as assets with the corresponding debts as liabilities.

Movements are as follows:

	2007	2006
Cost at beginning of the year	**51.2**	62.8
Acquisition	**0.3**	1.7
Disposal	**(20.1)**	(13.3)
Subtotal	**31.4**	51.2
Accumulated depreciation at beginning of the year	**(44.5)**	(52.0)
Acquisition	**-**	(0.2)
Disposal	**19.4**	10.5
Depreciation	**(1.5)**	(2.8)
Subtotal	**(26.6)**	(44.5)
Book value at Dec. 31	**4.8**	6.7

Minimum lease payments of the finance lease liabilities :

	2007	2006
No later than 1 year	**1.4**	1.6
Later than 1 year and no later than two years	**1.3**	1.5
Later than 2 years and no later than 5 years	**1.4**	2.5
Later than 5 years	**0.5**	0.8
Subtotal	**4.6**	6.4
Future finance charges	**(0.4)**	(0.6)
Present value of liability	**4.2**	5.8

The present value of the finance lease liabilities is as follows :

No later than 1 year	**1.3**	1.5
Later than 1 year and no later than 2 years	**1.3**	1.4
Later than 2 years and no later than 5 years	**1.1**	2.2
Later than 5 years	**0.5**	0.7
Total	**4.2**	5.8

Financial commitments

Leases of assets under which a significant risk and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

The future minimum lease payments under non cancellable operating leases and other commitments are as follows:

	2007	2006
No later than 1 year	**198.5**	186.7
Later than 1 year and no later than 5 years	**567.7**	523.4
Later than 5 years	**171.2**	162.7
	937.4	872.8

The Company and its subsidiaries entered into various commitments to acquire minority and majority interests. On December 31, 2007 the total estimated amount of these commitments was € 90 million (2006: € 91 million).

Subsequent events

An agreement has been reached in February 2008 to acquire a 100% interest in Applicazioni Rivestmenti Plastici Affini A.R.P.A. S.p.A. (“Arpa”). Arpa is a manufacturer of High-Pressure Laminate products, primarily for interior applications and is based in Italy, has approximately 430 employees and reported sales of € 80 million in 2007.

In March 2008, an agreement was reached with Reliance Industries Limited to establish a joint venture for the Indian optical market. The transaction is subject to regulatory approvals.

List of Principal Investments

as at December 31, 2007

(Interest = 100 %,
unless otherwise stated)

Consolidated:

HAL Holding N.V., Curaçao
HAL International N.V., Curaçao
HAL International Investments N.V., Curaçao
HAL Investments N.V., Curaçao
HAL Real Estate Investments Inc., Seattle
HAL Investments B.V., Rotterdam
HAL Optik A.S., Istanbul
Superlente Comérco de Lentes e Óculos Ltda. (Fábrica de Oculos), Salvador
Fotoptica Ltda., São Paulo
GrandVision S.A., Paris
Mercurius Groep B.V., Wormerveer
Orthopedie Investments Europe B.V., Haarlem
Pearle Europe B.V., Schiphol (97.3%)
Broadview Holding B.V., 's-Hertogenbosch (97.0%)
Audionova International B.V., Rotterdam (95.0%)
Intersafe Trust B.V., Dordrecht (91.0%)
Koninklijke Ahrend N.V., Amsterdam (80.0%)
Shanghai Red Star Optical Co. Ltd., Shanghai (78.0%)
Flight Simulation Company B.V., Schiphol (70.0%)
Delta Wines B.V., Waddinxveen (69.0%)
Anthony Veder Group N.V., Curaçao (64.2 %)
PontMeyer N.V., Zaandam (57.0%)

Associates:

Publicly traded

	Interest	**Exchange**
Koninklijke Vopak N.V. (ordinary shares)	47.74%	Amsterdam
Koninklijke Boskalis Westminster N.V.	31.75%	Amsterdam

Other

FD Mediagroep B.V.	48.60%
N.V. Nationale Borg-Maatschappij	42.50%
Sover Optica Shops S.r.l.	33.33%
Lensmaster	32.19%
AMB i.t. Holding B.V.	30.00%
Visilab S.A.	30.00%
Navis Capital Partners Ltd.	25.00%
InVesting B.V.	16.00%

Information relating to estimated value of the investment portfolio of HAL Holding N.V.

as at December 31, 2007

General

This enclosure provides additional information about the investment portfolio of HAL Holding N.V. ("HAL"). This information relates to the consolidated subsidiaries, the investments in associates and the other investments.

For the purpose of this enclosure, book value includes goodwill and loans to the investments. Amounts denominated in foreign currencies have been translated at year-end exchange rates.

We emphasize that, especially with respect to non-quoted investments, the estimated value is based upon a number of assumptions. Values as realized upon sale of an investment can be materially different from these estimates.

Portfolio valuation methodology

The valuation of HAL's portfolio for this disclosure is arrived at using a systematic process. The aim is to value the portfolio as a whole on a prudent and consistent basis.

Quoted investments

Quoted investments are valued at the closing price at the balance sheet date. In certain circumstances, for example in case of trading restrictions, an appropriate discount may be applied.

Unquoted common equity investments

Unquoted investments are valued subject to overriding requirements of prudence, according to one of the following bases:

- Cost (less any provision required);
- Recent transactions in the investee company;
- Earnings multiple;
- Other.

Cost

New investments are generally valued at cost during the first 12 months or, if later, until the availability of the first set of audited financial statements post completion of the investment. However, provisions against cost will be made if the performance of the investment is significantly below the expectations on which the investment was based.

After this initial period, investments can also remain valued at cost in the following situations:

- If an investment is loss-making and therefore the use of an earnings multiple does not seem appropriate, an investment is valued at cost less a provision in case of a possible diminution of value.
- If comparable quoted companies are not primarily valued on an earnings basis, an investment is valued at cost including any adjustments deemed appropriate.

Recent transactions in the investee company

In case of a recent significant and at arm's length share transaction in an investee company the share price involved in this transaction is used to value the investment.

Earnings multiple

In all other circumstances investments are valued on an earnings basis using the following method:

The EBITA (Earnings Before Interest, Tax and Amortization) of the current year is used, adjusted for non-recurring items when appropriate. The estimated value of the common equity of the investee company is determined by multiplying the (adjusted) EBITA with a multiple and subtracting the net debt and preferred shares of the investee company. The following factors may, among other things, be considered when selecting multiples:

- the multiple paid at the time of the investment;
- the multiples HAL generally would be prepared to pay for comparable investments;
- multiples of a meaningful sample of comparable quoted companies.

When referring to multiples of comparable companies a discount of at least 25% is taken into account for limited marketability unless there is a strong possibility of a short-term realization.

Unquoted other investments

Unquoted preferred shares and loans to investee companies are generally valued at cost unless the investee company has failed or is expected to fail its payment obligations within the next 12 months. In these circumstances, these assets are valued at the lower of cost and net realizable value.

Valuation investments

	Book value	Estimated value	Cost price
Quoted investments	632.2	2,295.1	313.7
Unquoted investments	1,282.8	2,569.5	849.0
	1,915.0	4,864.6	1,162.7

Unquoted investments:

Value based on a multiple of EBITA	1,122.4	2,374.5	678.6
Valued at cost less provisions	134.9	131.4	136.3
Valued at other methods	25.5	63.6	34.1
	1,282.8	2,569.5	849.0

Cost price represents the original purchase price, less dividends, interest received and return of capital. The EBITA multiples applied vary from 7 to 8. With respect to the optical retail activities, a multiple of 8 was applied to an EBITA amount of € 269 million. Recent acquisitions were valued at cost. Realized multiples may be materially different.

Quoted investments

	Interest in common shares	Price per share in €	Market value in € x 1,000
Koninklijke Vopak N.V.			
- ordinary shares	47.74%	38.80	1,156.7
- preferred shares			3.7*
Koninklijke Boskalis Westminster N.V.	31.75%	41.66	1,134.7
Total market value quoted investments			2,295.1

* Non-quoted at cost

No discount was applied to the above market prices.

Balance Sheet
HAL Trust

as at December 31

In millions of euros	**2007**	2006
Assets		
63,686,850 shares in HAL Holding N.V., at historical cost	**69.3**	69.3
Trust Property	**69.3**	69.3

Statement of Income
HAL Trust

In millions of euros	**2007**	2006
Dividend received from HAL Holding N.V.	**200.6**	191.1
Net Income	**200.6**	191.1

Notes to the Statutory Financial Statements *(in millions of euros)*

The shares in HAL Holding N.V. are accounted for at historical cost in accordance with IAS27.37.

Trust Property
The movement for 2007 for the Trust Property is as follows :

Balance on January 1, 2007	**69.3**
Dividend received from HAL Holding N.V.	**200.6**
Distributed to Unit Holders	**(200.6)**
Balance on December 31, 2007	**69.3**

Cash flow statement

In millions of euros	**2007**	2006
Dividend received from HAL Holding N.V.	**200.6**	191.1
Distributed to Unit Holders	**(200.6)**	(191.1)
Net change	-	-

Distribution of Dividends

It is proposed to the Meeting of HAL Trust to instruct the Trustee to vote, at the General Meeting of Shareholders of HAL Holding N.V., in favor of the proposals to approve the Financial Statements for 2007 and to pay a cash dividend of € 3.25 per Share outstanding. If it is decided to give this instruction, the Trustee will receive a cash dividend of € 206,982,263.

It is proposed to instruct the Trustee to distribute the amount of € 206,982,263 in accordance with Article VIII, Section 8.1 of the Trust Deed. Upon approval of the resolution, Shareholders will receive a cash dividend at € 3.25 per Share.

Holders of conventional Share certificates will be paid upon surrender of dividend coupon number 30 of the Shares. Holders of CF Shares (Centrum voor Fondsenadministratie) will be paid via affiliated banks and security brokers.
To registered holders of Shares, for which no Share certificates are issued, payment of the dividend due is made directly, in accordance with the conditions agreed upon with the individual holders.

The text of Article VIII, Section 8.1 of the Trust Deed reads:

"If so directed by an Ordinary Resolution, the Trustee shall distribute to the Trust Shareholders, out of the Trust Property, such amounts in cash as the Ordinary Resolution will specify, in proportion to the number of Units represented by the Shares held by such Shareholders, provided that (i) the amount of the distribution(s) shall not exceed the aggregate amount of the parts of the profits of the Trust of previous Financial Years which have been retained as Trust Property pursuant to Section 7.1."

Auditors’ Report

To the Trustee of HAL Trust, Bermuda

We have audited the consolidated and statutory financial statements of HAL Trust, Bermuda, as included on pages 17 through 52. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2007, statement of income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The statutory financial statements comprise the balance sheet as at December 31, 2007, the statement of income for the year then ended and the notes.

Management’s responsibility
The Executive Board of HAL Holding N.V. is responsible for the preparation and fair presentation of the financial statements. Management has elected to prepare the financial statements in accordance with International Financial Reporting Standards. Management’s responsibility includes: designing, implementing and maintaining a system of internal control relevant to the preparation and fair presentation of the financial statements that are free of material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors’ responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers systems of 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 systems of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of HAL Trust, Bermuda as at December 31, 2007, and of its result for the year then ended in accordance with International Financial Reporting Standards.

Curaçao
Netherlands Antilles, March 26, 2008

PricewaterhouseCoopers Netherlands Antilles

Gerald Stacie RA

Five-year Summary
Consolidated Balance Sheet

In millions of euros	**2007**	2006	2005	2004	2003
Assets					
Non-current assets:					
Property, plant and equipment	**501.4**	456.4	451.5	458.7	338.2
Investment properties	**65.8**	70.8	168.3	179.5	189.3
Intangible assets	**1,344.2**	1,192.2	1,079.6	820.9	420.0
Investments in associates	**737.3**	743.6	820.0	695.1	658.2
Other financial assets	**0.3**	0.8	24.7	25.1	234.5
Deferred tax assets	**32.2**	46.3	21.1	29.6	26.4
Other non-current assets	**81.9**	68.7	66.0	78.8	82.9
Total non-current assets	**2,763.1**	2,578.8	2,631.2	2,287.7	1,949.5
Current assets:					
Marketable securities and deposits	**698.0**	356.1	346.2	577.3	643.8
Receivables	**305.0**	241.5	207.0	248.3	201.4
Inventories	**322.0**	285.3	259.7	265.3	198.4
Assets held for sale	**-**	24.3	-	-	-
Other financial assets	**-**	66.1	-	-	-
Other current assets	**131.5**	110.5	100.9	104.0	94.5
Cash and cash equivalents	**183.8**	132.9	130.0	115.7	38.6
Total current assets	**1,640.3**	1,216.7	1,043.8	1,310.6	1,176.7
Total assets	**4,403.4**	3,795.5	3,675.0	3,598.3	3,126.2
Liabilities and Shareholders' Equity					
Shareholders' equity	**2,691.5**	2,201.7	1,901.7	1,695.1	1,732.8
Minority interests in consolidated subsidiaries	**86.4**	51.5	(9.9)	74.9	(8.7)
Non-current liabilities:					
Provisions	**88.3**	72.9	48.7	41.5	43.5
Long-term debt	**453.4**	424.9	751.1	953.4	662.2
Deferred tax liabilities	**78.8**	98.6	88.8	87.7	28.8
Total non-current liabilities	**620.5**	596.4	888.6	1,082.6	734.5
Current liabilities:					
Short-term debt	**358.7**	384.9	327.1	239.9	287.7
Income tax payable	**23.1**	36.2	44.3	29.9	43.0
Accounts payable	**265.2**	236.3	254.3	230.5	155.1
Accrued expenses	**358.0**	288.5	268.9	245.4	181.8
Total current liabilities	**1,005.0**	945.9	894.6	745.7	667.6
Total equity and liabilities	**4,403.4**	3,795.5	3,675.0	3,598.3	3,126.2
Shareholders' Equity per Share (*in euros*)	**42.38**	34.68	29.86	26.62	27.21

Five-year Summary
Consolidated Statement of Income

In millions of euros	**2007**	2006	2005	2004	2003
Net sales	**3,186.9**	2,778.6	2,652.7	2,403.3	1,756.3
Earnings from marketable securities and deposits	**29.7**	67.8	15.0	27.3	41.7
Capital gains on sale of assets	**19.8**	3.2	84.0	-	-
Earnings from associates	**426.5**	250.3	115.2	82.4	78.5
Earnings from other financial assets	**47.8**	2.2	4.6	73.2	2.6
Earnings from real estate activities	**9.7**	23.5	66.1	13.7	25.8
Total income	**3,720.4**	3,125.6	2,937.6	2,599.9	1,904.9
Raw materials, consumables used and changes in inventories	**1,180.6**	1,050.7	1,031.9	976.6	807.2
Employee expenses	**866.3**	761.4	736.7	668.0	444.9
Depreciation property, plant and equipment	**103.2**	104.2	106.3	99.3	67.9
Amortization goodwill	**3.7**	-	-	169.2	147.1
Amortization other intangibles	**18.7**	20.1	16.4	9.9	6.5
Other expenses	**699.3**	596.1	581.2	500.8	317.6
Total expenses	**2,871.8**	2,532.5	2,472.5	2,423.8	1,791.2
Operating result	**848.6**	593.1	465.1	176.1	113.7
Interest expense	**(35.8)**	(50.4)	(69.0)	(65.4)	(54.3)
Profit before taxes	**812.8**	542.7	396.1	110.7	59.4
Income taxes	**(57.2)**	(32.6)	(64.5)	(35.3)	(4.2)
Net income before minority interests in results of consolidated subsidiaries	**755.6**	510.1	331.6	75.4	55.2
Minority interests in results of consolidated subsidiaries	**(19.9)**	(13.3)	(20.0)	4.2	4.4
Net income	**735.7**	496.8	311.6	79.6	59.6
Net income per Share (*in euros*)	**11.59**	7.80	4.89	1.25	0.94
Dividends per Share (*in euros*)	**3.25***	3.15	3.00	1.80	1.45

* Proposed

Balance Sheet
HAL Holding N.V.

as at December 31

In millions of euros, before proposed distribution of income	**2007**	2006
Assets		
Fixed assets:		
Financial fixed assets	**2,125.0**	1,979.1
Current assets:		
Deposits	**569.2**	225.0
	2,694.2	2,204.1
Liabilities and Shareholders' Equity		
Shareholders' Equity	**2,691.5**	2,201.7
Current liabilities:		
Short-term debt	**-**	1.0
Accrued expenses	**2.7**	1.4
Total current liabilities	**2.7**	2.4
	2,694.2	2,204.1

Statement of Income
HAL Holding N.V.

In millions of euros	**2007**	2006
Income from financial fixed assets	**726.5**	486.1
Other income	**9.8**	13.1
Total income	**736.3**	499.2
Interest expense	**(0.6)**	(2.4)
Net income	**735.7**	496.8

Notes to the Statutory Financial Statements HAL Holding N.V. *(in millions of euros)*

For details concerning the accounting principles in respect of the balance sheet and statement of income, reference is made to the consolidated financial statements of HAL Trust except for financial fixed assets (excluding loans) which are carried at net equity value.

Financial fixed assets

Movements for 2007 are as follows:

Balance on January 1, 2007	1,979.1
Income	726.5
Increase (decrease) in loans, net	(515.6)
Exchange adjustment, valuation differences and equity adjustments	(65.0)
Balance on December 31, 2007	2,125.0

Shareholders' Equity

The movement for 2007 of Shareholders' equity is included on pages 20 and 21 .

On December 31, 2007 and 2006, 63,686,850 Shares were outstanding, with a nominal value of € 0.02 each, and all were held by HAL Trust.
The Company may purchase HAL Trust Shares, when deemed appropriate, up to a maximum of 10% per year of the number of Shares outstanding at the beginning of the year. In 2006, 198,886 shares were purchased by the Company for € 11.6 million and in 2007, 19,778 shares were sold for € 1.6 million. These shares are to hedge the obligation to allot - under certain conditions - 50,000 shares HAL Trust to a member of the Executive Board and may also be used in the context of a share participation plan for management (not being members of the Executive Board).

Supervisory Directors

The fixed remuneration for the Supervisory Directors of HAL Holding N.V. paid during 2007 in accordance with Art. 23 (5) of the Articles of Incorporation was € 0.1 million in total.
The compensation payable to the Board of Supervisory Directors pursuant to Article 30 (1) of the Articles of Incorporation is € 0.9 million. The Supervisory Board has limited this amount to € 0.4 million. Accordingly, the total 2007 compensation for the Supervisory Board amounted to € 0.5 million (2006: € 0.5 million).

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2007 is as follows:

According to the Statutory Statement of Income, the net income is:	€	735.7
In accordance with Article 30 (1) each Supervisory Director will receive 0.025% of total profits determined by the Annual Meeting, reduced or increased by the extraordinary gains and extraordinary liabilities which have been reported in the profit and loss statement. The Supervisory Board has limited this amount to € 0.4 million.	€	(0.4)
Available for distribution to Shareholders	€	735.3

Proposed distribution:

In accordance with Article 31(1), € 0.03 for each of the 63,686,850 Shares :	€	1.9
Available to the General Meeting of Shareholders in accordance with Article 31 (2):	€	733.4
Retained	€	(528.3)
Available for distribution	€	207.0
After approval of the dividend proposal of € 3.25 per Share by the General Meeting of Shareholders of HAL Holding N.V., the dividend shall be distributed to HAL Trust for 63,686,850 shares at € 3.25 per Share:	€	207.0

Article 30 (1) and (2) of the Articles of Incorporation read as follows:

1. From the profits, reduced or increased by the extraordinary gains or extraordinary liabilities, respectively, all as appearing from the annual statement of account approved by the general meeting of shareholders, each supervisory director shall receive every year an amount equal to one/fortieth percent (0.025%). The amount to be paid to each supervisory director shall be rounded off downwards to a full number of Euros. If a supervisory director should not be in office a full year, he shall receive a proportionate share of the amount. The general meeting of shareholders may modify the aforesaid percentage of one/fortieth percent (0.025%)

2. With the approval of the Board of Supervisory Directors, the Managing Board shall fix each year the amounts that shall be reserved of the profits remaining after the application of the first paragraph of this article.

HAL Trust
Organization

A Trust, which is quite common in Anglo-American law, is a property managed in accordance with a trust deed by a Trustee on behalf of the beneficial owners.

The Trust has the following three components:

The Meeting of Shareholders of HAL Trust

Except for the powers of the Trust Committee described below, control of the Trust rests with the Meeting of Trust Shareholders.

The Meeting of Trust Shareholders approves the annual accounts and decides on the distribution of profits.

Execution of the decisions of the Meeting of Trust Shareholders is the task of the Trustee. The Trustee therefore votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the outcome of the vote taken at the Meeting of Shareholders of HAL Trust.

The Annual Meeting of Trust Shareholders takes place in Rotterdam. The members of the Board of Supervisory Directors and the Executive Board of HAL Holding N.V. shall be present at the meeting in order to explain policies pursued.

The Trustee

The function of Trustee is exercised by HAL Trustee Limited, Hamilton, Bermuda.

The Board consists of Messrs. J.L.F. van Moorsel, *Chairman*, A.R. Anderson, J.C.R. Collis, H.van Everdingen and A.H. Land, *members*, C. MacIntyre, *alternate member*.

The Trustee is the legal owner of the assets of the Trust, which consist of shares in HAL Holding N.V., Netherlands Antilles.

The powers of the Trustee are limited to execution of the decisions of the Meeting of Trust Shareholders of HAL Trust and of the Trust Committee.

The Trustee votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the instructions of the Meeting of Shareholders of HAL Trust.

The Trust Committee

The Trust Committee is HAL Trust Committee Limited, Hamilton, Bermuda.

The Board of HAL Trust Committee Limited consists of Messrs. P.J. Kalff, *Chairman*, A.R. Anderson, J.C.R. Collis, T. Hagen and M. van der Vorm, *members*, C. MacIntyre, *alternate member*.
This Board is appointed by the Stichting HAL Trust Commissie, shareholder of HAL Trust Committee Limited. The Board of the Stichting is appointed by the shareholders of HAL Trust and consists of Messrs P.J. Kalff, T. Hagen and M. van der Vorm.

The Trust Committee is empowered to regroup the assets of the enterprise if, in special circumstances such as international political complications, it considers it necessary to do so in the interest of the shareholders and/or the enterprise. This includes the power to appoint another Trustee, if necessary, and some duties of an administrative nature.

Description Corporate Governance HAL Holding N.V.

Netherlands Antilles public company

HAL Holding N.V. is a public company with its corporate seat in Curaçao. The Corporate Governance of HAL Holding N.V. is subject to the law of the Netherlands Antilles as well as the articles of association and regulations adopted in accordance with such law. HAL Holding N.V. reports its financial position in accordance with International Financial Reporting Standards.

HAL Holding N.V. is a holding company and parent company of a number of subsidiaries.

Share capital

HAL Holding N.V. has a share capital that is divided in shares with a nominal value of € 0.02 each. All shares have the same rights. Each share carries the right to exercise one vote in the General Meeting of Shareholders. All shares are in registered form.

HAL Trust

All shares in the capital of HAL Holding N.V. are held by HAL Trust on behalf of the Trust Shareholders. For each share in the capital of HAL Holding N.V. one Trust Share has been issued by HAL Trust. All Trust Shares have the same rights. Each Trust Share carries the right to exercise one vote in the meeting of Trust Shareholders. All distributions made by HAL Holding N.V. in respect of its shares are distributed by HAL Trust to the Trust Shareholders.

HAL Trust is a trust under Bermuda law and is subject to a trust deed, the text whereof has most recently been changed on May 28, 2001. The function of Trustee is exercised by HAL Trustee Ltd. In addition, the trust deed grants certain powers to HAL Trust Committee Ltd. For further information on HAL Trustee Ltd and HAL Trust Committee Ltd, see page 61. The Trust Shares are admitted to the official listing of Euronext Amsterdam N.V.

Meetings of Trust Shareholders

In accordance with the provisions of the trust deed each year a meeting of Trust Shareholders is held in Rotterdam prior to the General Meeting of Shareholders of HAL Holding N.V. The meeting of Trust Shareholders has, inter alia, the power to direct the Trustee as to the exercise by the Trustee of its voting rights in the General Meetings of Shareholders of HAL Holding N.V. This means that the Trust Shareholders have de facto control in the General Meeting of Shareholders of HAL Holding N.V.

Neither the articles of association of HAL Holding N.V. nor the trust deed contain any protective provisions which limit the control of the Trust Shareholders. All resolutions of the General Meeting of Shareholders of HAL Holding N.V. require a simple majority of the votes cast. The same holds for the decision taking process in the meeting of Trust Shareholders.

Rights of Trust Shareholders

Each Trust Shareholder has the right to attend the meetings of Trust Shareholders, either in person or by written proxy, to speak at such meetings and to exercise his voting rights. In addition, Trust Shareholders who together represent at least 10% of all outstanding Trust Shares are entitled to request the Trustee to convene a meeting of Trust Shareholders.

Powers General Meeting of Shareholders

In accordance with the articles of association of HAL Holding N.V. the General Meeting of Shareholders of HAL Holding N.V. and therefore indirectly the meeting of Trust Shareholders, has the following powers:

1. appointment and dismissal of the members of the Executive Board and the Board of Supervisory Directors;
2. approval of the financial statements;
3. granting discharge to the members of the Executive Board and the Board of Supervisory Directors;
4. amendment of the articles of association, provided such amendment is proposed by the Executive Board and has been approved by the Board of Supervisory Directors;
5. remuneration of Supervisory Directors in addition to the profit percentage set by the articles of association;
6. appointment of the external auditor;

7. decisions about the distribution of profits following payment of the profit percentages and the primary dividend on shares, each as set out in the articles of association, and after the taking of certain reserves by the Executive Board subject to the approval of the Board of Supervisory Directors;
8. all other powers which the articles of association do not grant to another corporate body.

Executive Board

The Executive Board of HAL Holding N.V. is responsible for the management of the Company, which means, among other things, that it is responsible for achieving the company's targets, strategy and policy. The Executive Board is accountable to the Board of Supervisory Directors and to the General Meeting of Shareholders. In discharging its role, the Executive Board is guided by the interests of the Company and its business, taking into consideration the relevant interests of all those involved in the Company.

The Executive Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with the Company's activities and for the financing of the Company.

The number of members of the Executive Board is determined by the Board of Supervisory Directors. At present the Executive Board consists of two members. Both members have been appointed by the General Meeting of Shareholders for an indefinite period of time. They can be dismissed by the General Meeting of Shareholders. In addition, they can be suspended by the Board of Supervisory Directors.

With the approval of the Board of Supervisory Directors, the Executive Board has adopted regulations which, inter alia, provide for additional rules in respect of the decision taking process within the Executive Board, the reporting to the Board of Supervisory Directors, the treatment of possible conflicts of interest and the fulfilment by members of the Executive Board of additional offices.

The Board of Supervisory Directors determines the remuneration of each member of the Executive Board. The remuneration consists of a fixed part and a variable part, the size whereof is determined by the Board of Supervisory Directors who also decides on additional benefits. The members of the Executive Board do not participate in any option scheme and do not receive any personal loans or guarantees from the Company.

Board of Supervisory Directors

The Board of Supervisory Directors is responsible for the supervision of the policies of the Executive Board and the general affairs of the company and its business. It also assists the Executive Board by providing advice. In discharging its role, the Board of Supervisory Directors is guided by the interests of the Company and its business, and shall take into account the relevant interests of all those involved in the Company. The Board of Supervisory Directors is responsible for the quality of its own performance.

The Board of Supervisory Directors consists of at least five members. The General Meeting of Shareholders can determine that the Board consists of more members. At present the Board has five members which have been appointed by the General Meeting of Shareholders for an indefinite period of time. Each year at least one supervisory director resigns in accordance with a retirement schedule set by the Board.
A supervisory director resigning in accordance with the retirement schedule is eligible for re-appointment.

The Board of Supervisory Directors has chosen a chairman from among its members.

All tasks and duties of the Board of Supervisory Directors are discharged of on a collegiate and full-board basis.
The Board of Supervisory Directors has adopted regulations which, inter alia, provide for rules in respect of the providing of information by the Executive Board, the matters that in any case must be addressed each year, the manner of meeting and decision taking by the Board, the treatment of potential conflicts of interest, the individual investments by supervisory directors and the criteria which may possibly jeopardize the independent exercise of the position of supervisory director.

The Board of Supervisory Directors has prepared a profile for its composition. Each member is capable of assessing the broad outline of the overall policy. Together the supervisory directors have sufficient expertise to carry out the tasks of the Board of Supervisory Directors taken as a whole.

The General Meeting of Shareholders determines the remuneration of the members of the Board of Supervisory Directors. In addition, the supervisory directors receive a profit percentage at a rate prescribed by the articles of association.

Supply of information/logistics General Meeting of Shareholders

The Executive Board and the Board of Supervisory Directors provide the General Meeting of Shareholders, and the meeting of Trust Shareholders, with all relevant information that they require for the exercise of their powers, unless this would be contrary to an overriding interest of the company.

The Executive Board and the Board of Supervisory Directors will provide all shareholders and other parties in the financial markets who find themselves in an equal position, with equal and simultaneous information about matters that may influence the price of the Trust Shares.

Any possible contacts between the Executive Board on the one hand and the press and financial analysts on the other will be carefully handled and structured, and the Company shall not engage in any acts that compromise the independence of analysts in relation to the Company and vice versa.

Financial reporting

The Executive Board is responsible for the quality and completeness of publicly disclosed financial reports. The Board of Supervisory Directors sees to it that the Executive Board fulfils this responsibility.

The annual accounts of HAL Holding N.V. are prepared in accordance with International Financial Reporting Standards. The annual accounts and the annual reports are available in English as the prevailing language, as well as in a Dutch translation. In addition, HAL Holding N.V. publishes interim reports in accordance with the provisions of the Euronext Amsterdam Listing Requirements. All financial information is also published on the web site www.halholding.com. The annual accounts are signed by the members of the Executive Board and of the Board of Supervisory Directors. The Board of Supervisory Directors discusses the prepared annual accounts with the external auditor prior to signing of the accounts by the supervisory directors.

The General Meeting of Shareholders appoints the external auditor. Following receipt by the Board of Supervisory Directors of advice from the Executive Board, the Board of Supervisory Directors prepares a nomination for the appointment of the external auditor.
HAL Holding has no internal audit function.

The remuneration for any instructions to the external auditor other than for auditing activities requires the approval of the Board of Supervisory Directors in respect of which the Board will consult with the Executive Board.

The external auditor is represented at the meetings of Trust Shareholders.

Information in respect of members of the Board of Supervisory Directors

S.E. Eisma (59) is a Dutch citizen. Mr. Eisma was appointed member/secretary of the Board of Supervisory Directors of HAL Holding N.V. in 1993. In 2006 he was appointed Chairman. His current term is from 2006-2011. Mr. Eisma is a lawyer in The Hague and associated with De Brauw Blackstone Westbroek N.V., which is one of the legal advisers of HAL Holding N.V. Mr Eisma is not involved in the provision of legal services by De Brauw Blackstone Westbroek N.V. for HAL Holding N.V. Mr. Eisma is a member of the Supervisory Boards of Rabobank Nederland and Grontmij N.V.

T. Hagen (65) is a Norwegian citizen. In 1985 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2005-2010. Mr. Hagen is Chairman of the Board of Marine Investments S.A. and Viking River Cruises S.A.

P.J. Kalff (70) is a Dutch citizen. In 2006 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2006-2009. Mr. Kalff was Chairman of the Managing Board of ABN AMRO Bank N.V. from 1994-2000. Mr. Kalff is currently Chairman of the Supervisory Board of N.V. Luchthaven Schiphol and a member of the Supervisory Board of Concertgebouw N.V. He is also a member of the Board of Directors of Aon Corporation (Chicago).

A.H. Land (68) is a Canadian citizen. In 1999 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2007-2012. Mr. Land was Chairman of the Executive Board of Hagemeyer N.V. from 1985-1999. Mr. Land is a member of the Supervisory Board of Aalberts Industries N.V.

M.P.M de Raad (62) is a Dutch citizen. In 2006 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2006-2008. Mr. De Raad was Chief Executive Officer of SHV Makro N.V. and member of the Executive Board of SHV Holdings N.V., Metro AG (Germany) and Royal Ahold N.V. Mr. De Raad is currently member of the Supervisory Boards of CSM N.V., Hagemeyer N.V., Vion N.V. and Vollenhoven Olie Groep B.V. He is also Chairman of the Supervisory Board of the Jeroen Bosch Hospital. It will be proposed to re-elect Mr. De Raad this year.

HAL Trust

established in Bermuda

Notice to Trust Shareholders

We hereby invite you to attend the meeting of Trust Shareholders of HAL Trust, which will be held on Thursday, May 22, 2008, at 11:00 a.m. in the Le Jardin room of the Hilton Hotel, Weena 10, Rotterdam.

The agenda of the meeting is as follows:

1. Opening
2. Instruction for the Trustee to vote at the General Meeting of Shareholders of HAL Holding N.V. to be held on Friday, May 30, 2008, with regard to the following items on the agenda:
   a) Report of the Executive Board of HAL Holding N.V.
   b) Report of the Board of Supervisory Directors of HAL Holding N.V.
   c) Approval of the financial statements of HAL Holding N.V.
   d) Proposal for the distribution of profits.
   e) Election of Supervisory Directors. It is proposed to re-elect Mr. M.P.M. de Raad
   f) Discharge members of the Executive Board in respect of their duties of management during the financial year 2007.
   g) Discharge members of the Board of Supervisory Directors in respect of their duties of supervision during the financial year 2007.
3. Approval of the financial statements of HAL Trust.
4. Making dividend available for distribution.
5. Report of the Trust Committee.
6. Other business.
7. Closing.

Bearer Shareholders who wish to attend the meeting must deposit their Bearer Shares, not later than May 16, 2008, at the offices in Amsterdam, Rotterdam or The Hague of ABN AMRO Bank N.V. or Fortis Bank (NL) N.V.; at the office of Conyers, Dill & Pearman, Clarendon House, Church Street, Hamilton, Bermuda or at the office of HAL Holding N.V., 4, Avenue de la Costa, MC 98000 Monaco, against receipt of a certificate of deposit, which will at the same time serve as a permit providing admission to the meeting.

Attention is drawn to the fact that Shareholders who will not be able to attend the meeting but wish to be represented at the meeting must provide a written proxy. For the sake of good order, it is pointed out that proxyholders will only be admitted to the meeting against surrender of the certificate of deposit (in case of Bearer Shares) together with a duly signed proxy statement.

This notice is enclosed with the 2007 Annual Report which is presented to you in accordance with Article 14, Section 4 of the Trust Deed.

HAL Trustee Ltd.

Hamilton, Bermuda, April 25, 2008