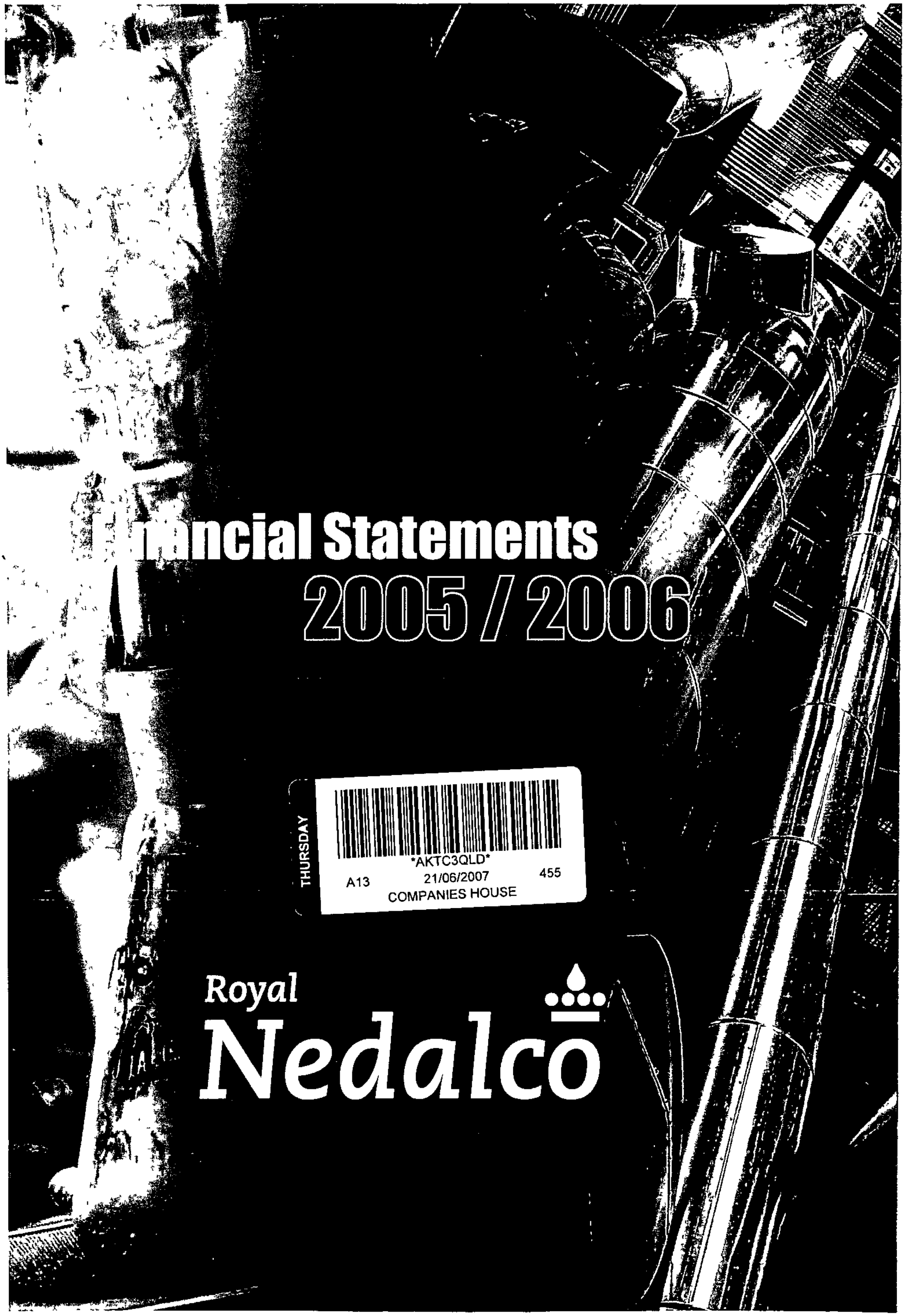

Financial Statements
2005 / 2006

Royal
Nedalco

FC26661

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Management Report

Koninklijke Nedalco B V is a subsidiary of Koninklijke Cooperatie COSUN U A , holding 100 % of the shares in Nedalco as from December 22, 2004 The main activity of the company and its subsidiaries exists in production and sale of alcohol out of agricultural feedstocks and coproducts, including related trading activities

The accounts for 2005/06 were prepared by the Board of Directors and audited by PricewaterhouseCoopers Accountants N V who gave their unqualified report thereon We propose to the General Meeting of Shareholders to approve these accounts The proposed appropriation of the profit has already been dealt with in the accounts

For the year under review the gross turnover was € 104,7 mln, resulting in a net profit of € 3,7 mln, which is substantially higher compared with the years before The main drivers behind this development have been the positive price developments in the European alcohol market and the effects of the step by step implementation of our strategic program, which includes substantial reduction of costs

For financing the current operations and the new investments, the company has access to Cosun intergroup financing arrangements This covers most of the capital needs, only a small part of the funding is still related to arrangement with a couple of commercial banks

We started the construction of a new alcoholplant in Manchester UK Similar to the Sas van Gent factory, this plant is built near to the local Cargill starch plant, which will deliver the raw materials for our alcohol production The new plant is scheduled for start up mid 2007 The amount of investment is approximately € 40 mln

As far as biofuels is concerned, the Dutch government has decided to implement mandatory biofuels blending rules in the Netherlands as from Jan 1st 2007 Nedalco has continued the preparation of its bioethanol programs and investments for the near future Decisions to enter into large scale bioethanol production will be taken in the first half of 2007 As a part of our bioethanol strategy, we have started up mid 2006 a new alcohol drying unit in the Bergen op Zoom plant In the near future, we will expand our research and development activities in the area of processing and fermentation of 2nd generation feedstocks for alcohol production

The personnel staff will not change substantially in the near future, apart from increases resulting from investments in new plants within the scope of our strategy

During the year under review we have made substantial progress in implementation of operation excellence in all our plants and offices End 2006 we passed successfully the TPM Excellence Award audit by the Japanese Institute for Plant Maintenance

Royal Nedalco

Management report

Our strategy for the next years focuses on further development of our position in biofuels and to maintain the successful positions we have in the traditional alcohol market for many years A steady growth in turnover and net profit is expected

From our responsibility for risk management, we have identified the general risks inherent to our industry - amongst them the excise and environmental risks - and the particular risks related to the business activities within our group We believe we have implemented the policies, organisation and procedures to manage and control these risks to the best of our knowledge and abilities and in good cooperation with our staff, local management, external auditors and other stakeholders

On behalf of the Board of Directors
Bergen op Zoom, 27 February 2007
G G Bemer, managing director

Contents

Financial Statements

Other information

Royal Nedalco

Consolidated balance sheet as of september 30, 2006

*(after profit appropriation) (amounts * 1,000)*

ASSETS

Note		September 30, 2006		September 30, 2005	
	FIXED ASSETS				
4 5	Intangible fixed assets		193		193
4 6	Tangible fixed assets				
	Land and buildings	7 465		5 090	
	Plant and machinery	56 155		25 528	
	Furniture, fixtures and fittings	3 056		2 453	
	Other fixed assets	7		7	
	Projects under construction	18 300		30 984	
	Not related to the production proces	246		488	
			85 229		64 550
4 7	Financial fixed assets				
	Deferred tax assets		482		3 363
4 8	Long term debtors		46		114
	CURRENT ASSETS				
4 9	Stock				
	Raw materials and consumables	2 734		4 257	
	Finished products	4 134		1 810	
			6 868		6 067
4 10	Debtors				
	Debtors	15 686		13 082	
	Due from shareholders	5		0	
	Other debtors, prepayments and accrued income	3 184		5 126	
			18 875		18 208
4 11	Cash at bank and in hand		3 376		4 759
	TOTAL		115 069		97 254

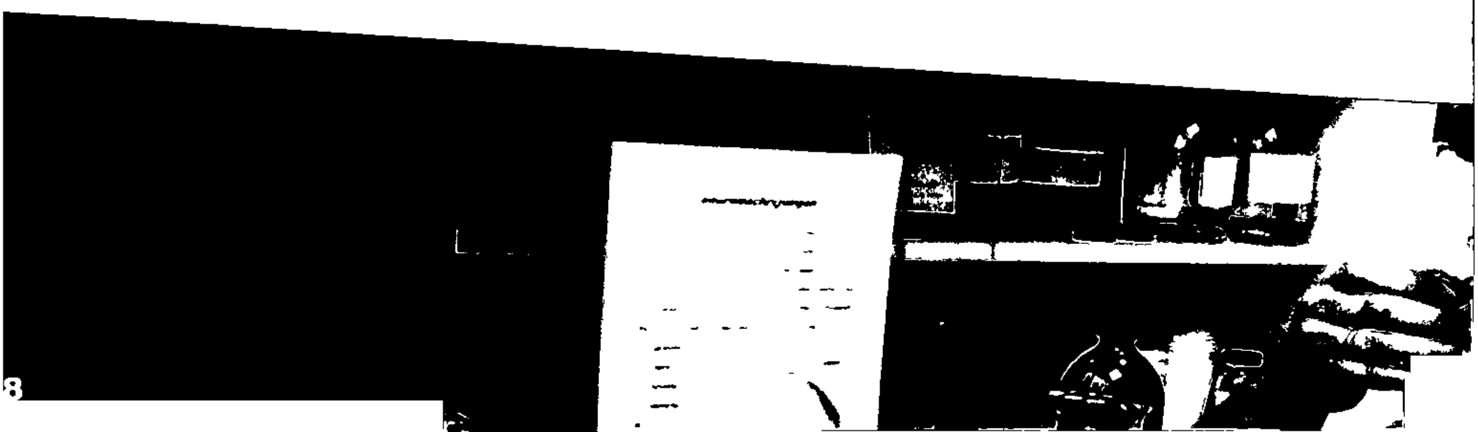
Consolidated balance sheet as of september 30, 2006

SHAREHOLDERS' EQUITY AND LIABILITIES	September 30, 2006		September 30, 2005	
4 12 GROUP EQUITY		31 474		27 781
4 13 PROVISIONS				
Deferred tax liability	2 528		3 132	
Other	4 019		5 546	
		6 547		8 678
4 14 LONG TERM LIABILITIES				
Loans shareholder	43 000		5 000	
Other loan	414		0	
Bank loan	5 196		26 831	
		48 610		31 831
4 15 CURRENT LIABILITIES				
Bank overdraft	6 545		8 853	
Trade creditors	14 427		12 450	
Due to shareholders	1 304		2 722	
Other liabilities, accruals and deferred income	6 162		4 939	
		28 438		28 964
TOTAL		115 069		97 254

2. Consolidated profit and loss account for the year 2005/2006

*(amounts * € 1,000)*

Note		2005/2006		2004/2005	
4 16	Gross turnover	104 668		80 542	
	Direct selling expenses	10 152		8 312	
	Net turnover		94 516		72 230
	Change in stock of finished goods		1 796		-1 616
	Other operating income		1 604		1 203
	Total operating income		97 916		71 817
	Operating expenses				
4 17	Costs of raw materials and consumables	58 096		44 826	
4 18	Staff costs	8 014		9 456	
4 20	Depreciation and other decrease in value of tangible fixed assets	2 948		1 247	
4 20	Other operating costs	21 815		16 221	
	Total operating expenses		90 873		71 750
	Operating result		7 043		67
4 21	Interest		-1 810		-388
	Group result before taxation		5 233		-321
4 22	Taxes		1 540		-2 047
	Group result after taxation		3 693		1 726



3. Consolidated cash flow statement

*(amounts * € mln)*

	2005/2006		2004/2005	
Cash flow from operating activities				
Operating result		7,0		0,1
Adjustments for				
- depreciation	2,6		1,2	
- long term debtors	0,1		0,1	
- deferred tax assets	2,9		-2,2	
- provisions	-2,1		0,4	
		3,5		-0,5
		10,5		-0,4
Movement in working capital				
- debtors	-0,7		-3,5	
- stock	-0,8		-0,1	
- trade creditors and such	1,8		6,2	
		0,3		2,5
Cash flow from commercial operations		10,8		2,1
Interest	-1,8		-0,4	
Corporate income tax	-1,5		2,1	
		-3,4		1,7
Cash flow from operating activities		7,5		3,8
Cash flow from investing activities				
Desinvestments in tangible fixed assets	1,2			
Investments in tangible fixed assets	-24,5		-26,7	
Cash flow from investing activities		-23,3		-26,7
Cash flow from financing activities				
Decrease other reserve	0,0		-1,0	
Loans	16,8		14,2	
Bank overdraft	-2,3		8,9	
Cash flow from financing activities		14,5		22,1
Net cash flow		-1,4		-0,8

The cash flow statement has been prapared applying the indirect method The net cash flow in the cash flow statement conprises the balance sheet items cash at bank and in hand

Royal Nedalco

4. Notes to the consolidated accounts

4 1 General
The principles of consolidation, valuation and determination of result remained unchanged compared with the previous year with the exception of the change in accounting policies set out in section 4 3 The amounts included in the notes are denominated in thousands of Euro's, unless otherwise indicated The activities of the companies are producing alcohol for consumer, technical and medical consumer purposes

4 2 Consolidation
The consolidated 2005/2006 financial statements comprise the financial data of Koninklijke Nedalco B V in Bergen op Zoom and those of the following group companies

- Nedalco International B V (Bergen op Zoom) (100%)
- Belgalco N V (Gent, Belgium) (100%)
- L Bruggemann Beteiligungs GmbH (Heilbronn, Germany) (50%)
- Bruggemann Alcohol GmbH & Co KG (Heilbronn, Germany) (50%)

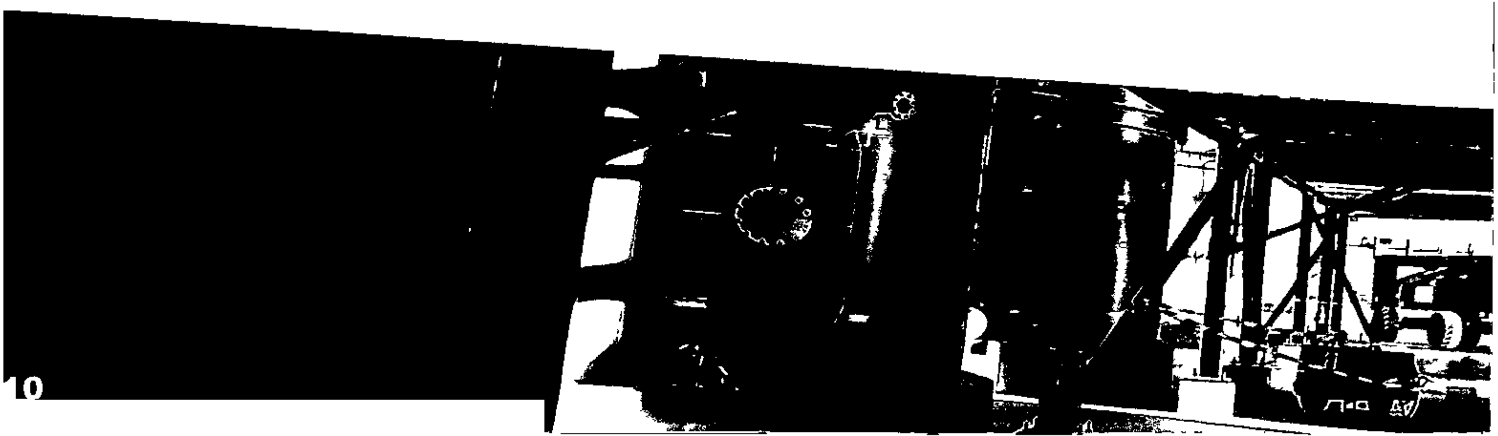
For the preparation of Koninklijke Nedalco B V's financial statements, the exemption offered by article 402, Book 2 Title 9 of the Dutch Civil Code has been applied to the profit and loss account Participating interests in joint ventures are consolidated proportionately An entity qualifies as a joint venture if its participants jointly exercise control under a collaborative agreement
Intercompany transactions, profits and balances among group companies are eliminated
All group companies are considered to be related parties The parent company Royal Cosun also qualifies as a related party

4 3 Principles of valuation and determination of result
The consolidated annual accounts were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board

The principles of valuation have been set out below in the notes to the individual balance sheet headings Valuation occurs at face value, unless otherwise indicated

Result represents the difference between the realized value of the goods delivered/services rendered and the costs and other charges for the year, valued at purchase price Profits from transactions are recognized in the year in which they are realized, losses are taken as soon as they are foreseeable

Corporate income tax receivable or payable is computed on the result for financial statement purposes, taking into account permanent differences between profit calculations for financial state-



ment purposes and those for tax purposes These differences are included in tax on the result from ordinary activities

The company has implemented a change in its accounting policies following the changes in financial reporting requirements with effect from 1 October 2004 This change in accounting policies relates to the disclosure of Employee benefits obligations The comparative figures have been restated accordingly

With effect from 2004/2005 the Group has accounted for its pension and jubilee schemes in line with the provisions of Dutch Accounting Standards Board Guideline 271 For defined benefit schemes this means recognition in the balance sheet of the discounted value of the pension benefits under the defined benefit scheme net of the fair value of plan assets and taking account of past service costs attributable to future financial years

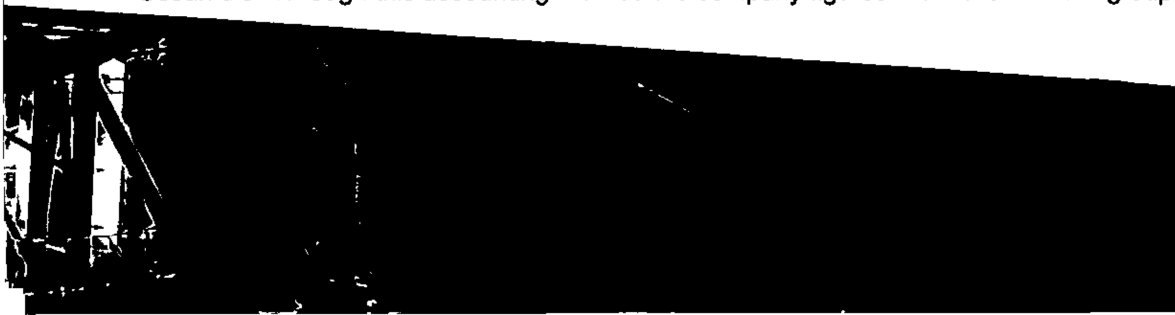
Insofar as the resulting benefit obligation exceeds the obligation based on the accounting policy applied until previous years, the excess has been charged to equity, taking account of relevant tax effects

Up to 2003/2004 pension contributions payable for all pension schemes were recognised as charges in the profit and loss account, taking account of unrecognised prior-service costs The jubilee payments were als recognized in the year of payment

The change in accounting policies was directly recognised in equity as at 1 October 2004 The effects of the change in accounting policies on equity have been broken down in the following equity reconciliation statement as at 30 September 2004 and 1 October 2004

	Shareholders' equity
Balance on 30 September 2004	27 161
Employee benefits obligations	
Change in accounting policies	(1 574)
Tax effect	468
Balance on 1 October 2004	26 055

The effect on net profit for 2004/2005 is positive € 91 000 The profit for 2004/2005 has therefore increased from € 1.635 000 to € 1 726 000
Since the financial year is changed as of 1 October 2006 the calculation of the employee benefits obligations is derived from the group calculation of the shareholder being Koninklijke Coöperatie Cosun u a Through this accounting method the company figures reconcile with the group figures



4.4 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing on balance sheet date Transactions in foreign currencies during the reporting period have been processed in the financial statements at the rate prevailing at the moment of the transaction

4 5 Intangible fixed assets

Costs of intangible fixed assets, including patents and licences, are valued at acquisition cost and amortised on a straight-line basis over the remaining economic life, with a maximum of 5 years Depreciation commences at the start of commercial production

Book value as October 1, 2005	193
Additions	0
Book value as September 30, 2006	193

4.6 Tangible fixed assets

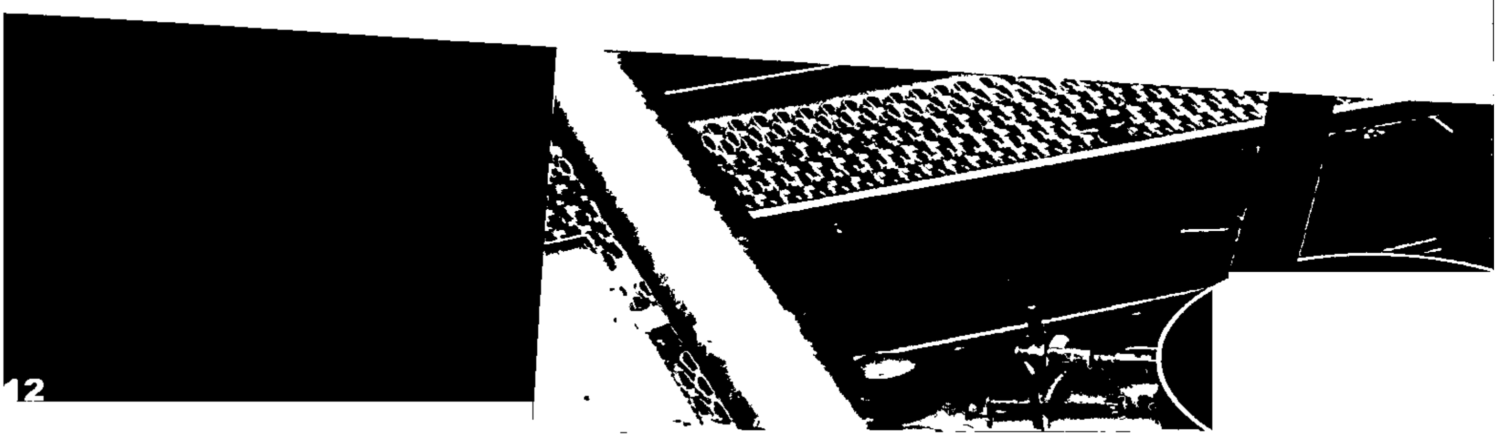
Tangible fixed assets are valued as follows

- the tangible fixed assets purchased before September 30, 1988 are carried at the current value as of September 30, 1988 less depreciation Depreciation takes place on the basis of the remaining useful life,
- the tangible fixed assets purchased after September 30, 1988 are carried at historical cost less depreciation

Land is not depreciated

On June 9, 2004 Nedalco entered into an agreement with the municipality of Bergen op Zoom to sell its company grounds, including the buildings and machinery, for a total amount of € 60 mln Nedalco is obliged to deliver the company grounds before January 1, 2012

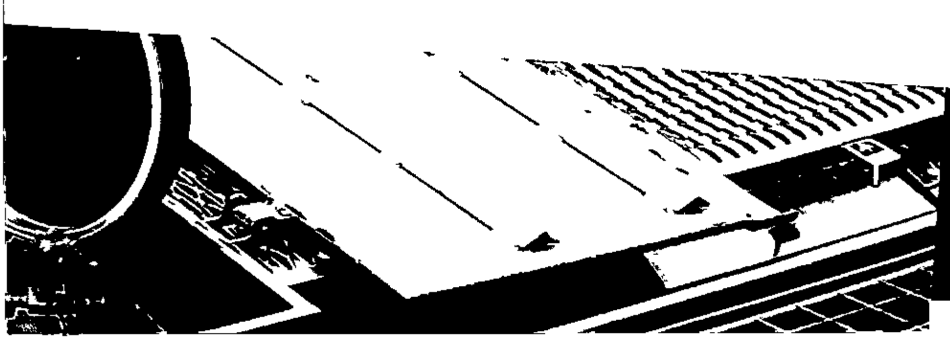
As a result of this agreement the remaining useful life has changed, as well as the residual value of all the tangible fixed assets regarding the company grounds at Bergen op Zoom Because the residual value is significantly higher than the current book value the depreciation is recalculated resulting in a depreciation as from June 9, 2004 being nil

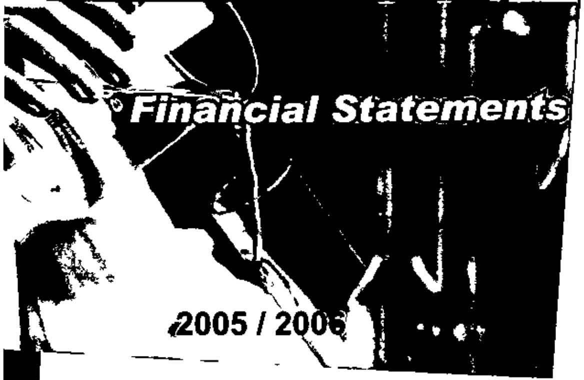


On September 15, 2006 Nedalco entered into a preliminary agreement to sell its company grounds in Italy, including the buildings and machinery The company grounds will be delivered before September 15, 2008
As a result of this agreement the remaining useful life has changed, as well as the residual value of all the tangible fixed assets regarding the company grounds in Italy Because the residual value is significantly higher than the current book value the depreciation is recalculated resulting in a depreciation as from September 15, 2006 being nil

Plant and machinery includes € 3 mln in respect of a provision relating to the dismantling of the company grounds at Bergen op Zoom Projects under construction includes the investment expenses for the new factory in Manchester (UK) up to an amount of € 17,3 mln
During the financial year an amount of € 140 000 was capitalised in respect of interest during construction of tangible fixed assets As at the balance sheet date, interest totalling at € 1 016 000 has been capitalised
Tangible fixed assets acquired under financial leases have a book value of € 1,2 mln

As additional security for all amounts payable in respect of excise duties, import duties and VAT, the right of first mortgage on the property in Bergen op Zoom has been granted to the State of the Netherlands up to an amount of € 9,1 mln





A number of lots owned by the company have been leased out, partly for free, to the Municipality of Bergen op Zoom until December 31, 2050 inclusive The company holds the building right on the Theodorushaven landing in Bergen op Zoom

The changes in tangible fixed assets can be summarized as follows

	land and buildings	plant and machinery	furniture, fixtures and fittings	other fixed assets	project under constr	not related to production proces	total
Book value on October 1,2005	5 090	25 528	2 453	7	30 984	488	64 550
Changes							
Additions	0	6 174	0	0	18 300	0	24 474
Reclassifications	2 893	27 338	753		-30 984		0
Depreciation	-148	-2 319	-129	0		0	-2 596
Desinvestments	-370	-566	-21	0	0	-242	-1 199
Balance	2 375	30 627	603	0	-12 684	-242	20 679
Book value on September 30, 2006	7 465	56 155	3 056	7	18 300	246	85 229
Cumulative depreciation and other decrease in value	4 170	31 822	5 207	116	0	0	41 315
Depreciation rates	0-3,3	5-10	10-33,3	20-33,3			

4.7 Financial fixed assets

Deferred tax assets

The receivable for deferred taxes assets relates to carry forward of loss compensation and the differences present on balance sheet date between the valuation of assets for financial statement purposes and that for tax purposes and is computed on the basis of the rate prevailing

Book value as October 1, 2005	3 363
Withdrawals	-2 881
Book value as September 30, 2006	482

4 8 Long term debtors

This item includes a receivable on employees for prepaid pension premiums with a duration up to maximum 1 year

4.9 Stock

Stock is valued at full cost or purchases prices Market value is used where this is lower Co-products are valued at market value

4.10 Debtors

Trade debtors are valued at face value less a provision for possible non-collect ability

Other debtors includes corporate income taxes up to € 1 058 000

4.11 Cash at bank and in hand

Cash includes a blocked bank deposit up to € 3 182 000 related to a financial lease arrangement

4.12 Group equity

For notes to group equity, reference is made to the notes to the shareholder's equity as included in the corporate balance sheet as of September 30, 2006

4.13 Provisions

Deferred tax liability

The provision for deferred taxes relates to the differences present on balance sheet date between the valuation of liabilities for financial statement purposes and that for tax purposes (exclusive of the land on which the buildings have been erected) and is computed on the basis of the rate prevailing

Book value as October 1, 2005	3 132
Withdrawal	-604
Book value as September 30, 2006	2 528

Other

The other provisions include provisions for restructuring costs, for the costs of retirement of employees and dismantling of the company grounds at Bergen op Zoom

	2005/2006	2004/2005
Restructuring costs	698	1 102
Dismantling site Bergen op Zoom	3 000	3 000
Employee benefits obligations	321	1 444
	4 019	5 546

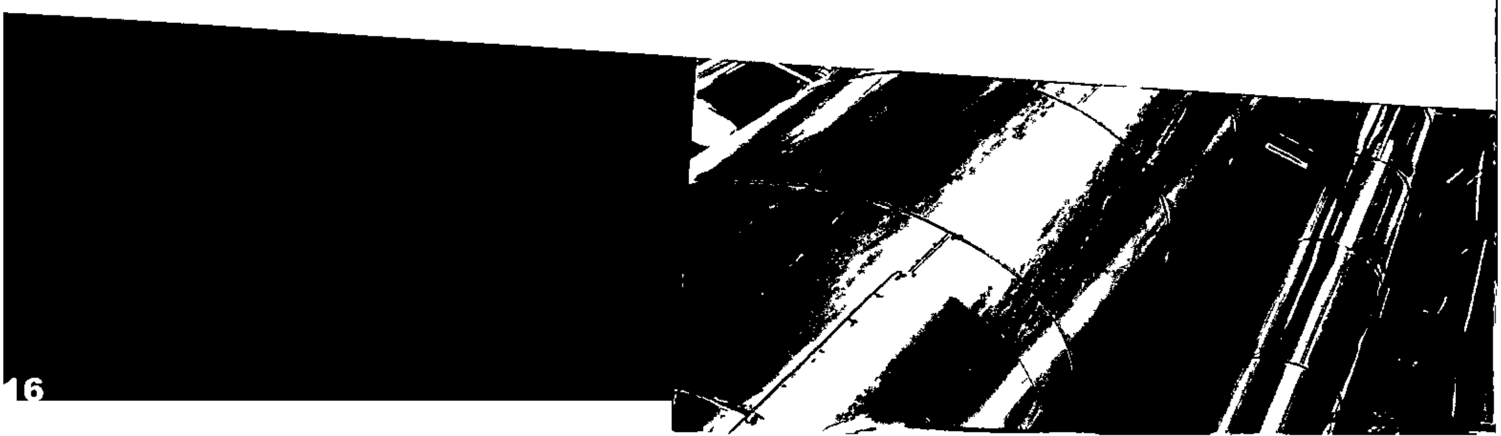
Restructuring costs

There have been withdrawals only and no dotations

Employee benefits obligations

The company has a defined benefit scheme These provide defined pension benefits to staff upon reaching retirement age, the amount of which depends on age, salary and years of service The pension provision carried on the balance sheet is the present value of pension benefit obligations under the defined benefit scheme net of the fair value of plan assets, against which unrecognised actuarial gains or losses and unrecognised past service costs are set off The required pension provision is measured annually by independent actuaries using the actuarial method known as the 'Projected Unit Credit' method The jubilee scheme is calculated accordingly

Actuarial gains and losses arising from changes in actuarial assumptions exceeding 10% of the higher of pension benefit obligations and the fair value of plan assets at the opening of the financial year are credited or charged to the profit and loss account over the expected average future years of service of the employees concerned



Movements in the employee benefits obligations for defined benefit schemes are as follows

	2005/2006	2004/2005
At 1 October	1 444	1 574
Attributed pension and jubilee costs	48	1 066
Pension and jubilee contributions paid	-1 171	-1 196
At 30 September	321	1 444

The preliminary group calculation relating to the employee benefits obligations as at 31 December 2006 can be analysed as follows

	31 Dec 2006
Present value of employee benefits obligations funded by plan assets	-32 462
Fair value of plan assets	30 405
Present value of employee benefits obligations not funded by plan assets	-2 057
Unrecognised actuarial gains (losses)	1 353
Past service costs attributable to future years	460
Net employee benefits obligations	244

The main actuarial assumptions are as follows	2005/2006
	%
Discount rate	4,00
Expected return on plan assets	4,75
Expected salary increases	2,00
Expected indexation of pensions	1,00

4 14 Long term liabilities

This item includes

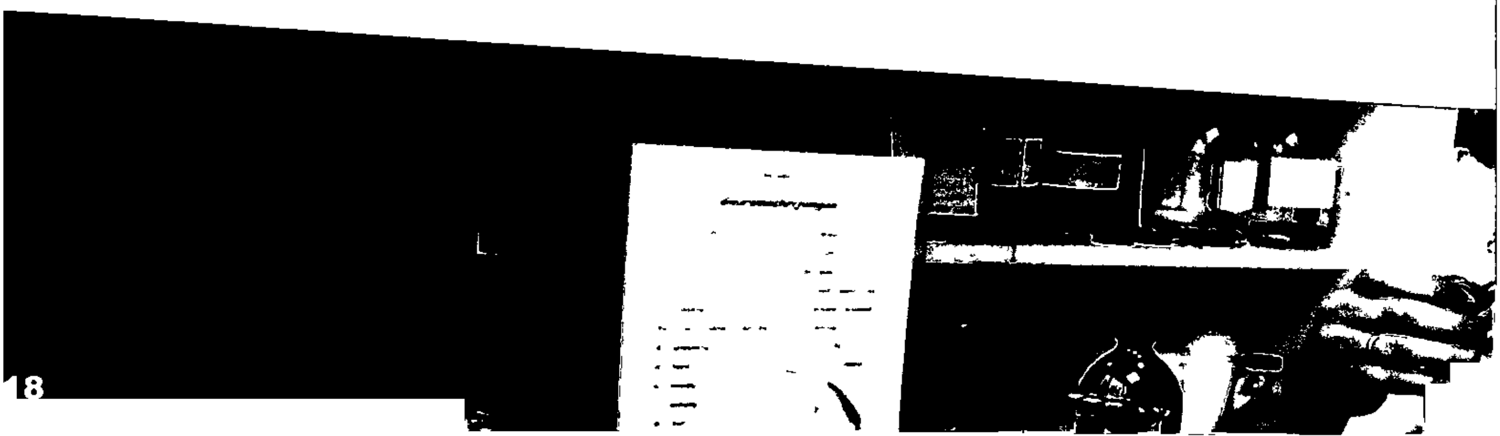
	Sept 30, 2006	Sept 30, 2005
Loans shareholder	43 000	5 000
Other loan	414	0
Bank loan	5 196	26 381
	48 610	31 381

The shareholder-loan, € 5 mln, is agreed for a resulting period of 4 years Repayment will take place in a bullet mode at 24 Sep, 2010 The loan is subordinated to the bank loans The interest is IRS related and is fixed on 7,15% during the duration

The other shareholder-loan,€ 38 mln, is agreed for a not further detailed period This agreement is to avoid unnecessary financing cost for the group Repayments will take place based on free available cash flow in the coming years The intrest rates are Euribor / IRS related plus 1,1% As per 30 September 2006 an amount up to € 38 mln has a duration of more than 1 year

The other loan is a financial lease Repayment will take place in a annuity mode on a quarterly basis The interest is agreed on 4 875% for 25 years As per 30 September 2006 an amount up to € 404 700 has a duration above 1 year, an amount of € 362 600 has a duration above 5 years

The long term banking loan is related to a sale and lease back construction on the Italian assets of former Distillerie Orbat SpA, actually hold by the Italian branch of Koninklijke Nedalco B V For this loan, a bank guarantee up to € 4 mln is applicable As per 30 Sep, 2006 an amount up to € 4 322 982 has a duration above 1 year



4.15 Current liabilities

Other liabilities, accruals and deferred income

This item includes amongst others

	Sept 30, 2006	Sept 30, 2005
VAT payable	526	204
Excise duty payable	46	44
Taxes and social charges	210	382
Corporate income tax payable	256	42

Currency risk

The Group is mainly active in the European Union The Group's currency risk mainly relates to positions and future transactions in US dollars and British pounds Based on a risk analysis, the Group's Boards of Directors determined that part of the currency risks be hedged To this end, use is made of forward exchange contracts within the Cosun Group Liabilities denominated in US dollars are hedged

Interest rate risk

The Group is exposed to interest rate risk on interest-bearing receivables and interest-bearing long-term and current liabilities (including loans to credit institutions)

The Group is exposed to the consequences of variable interest rates on receivables and liabilities In relation to fixed interest receivables and liabilities, it is exposed to market values

The Group has not entered into any derivative contracts to hedge the interest risks

Credit risk

The Group does not have any significant concentrations of commercial credit risk

The Group uses a selection of banks in order to be in a position to use more than one facility Where necessary, guarantees and collateral is granted to banks in order to secure facilities

4.16 Gross turnover

Gross turnover was realized in the following geographic areas

	2005/2006	2004/2005
The Netherlands	35 249	29 484
EU countries	68 879	49 904
Non-EU countries	539	1 154
	104 668	80 542

4 17 Costs of raw materials and consumables

Raw material costs are generated up to 64 % from transactions at market prices with related parties (Koninklijke Coöperatie Cosun u a)

4.18 Employees

In 2005/2006 the group employed 107 persons on average (2004/2005 111), 97 persons were employed in the Netherlands and 10 in other EU countries
The amounts paid out are as follows

	2005/2006	2004/2005
Salaries and wages	5 783	6 218
Social charges	641	601
Pension charges	40	1 083
	6 464	7 902

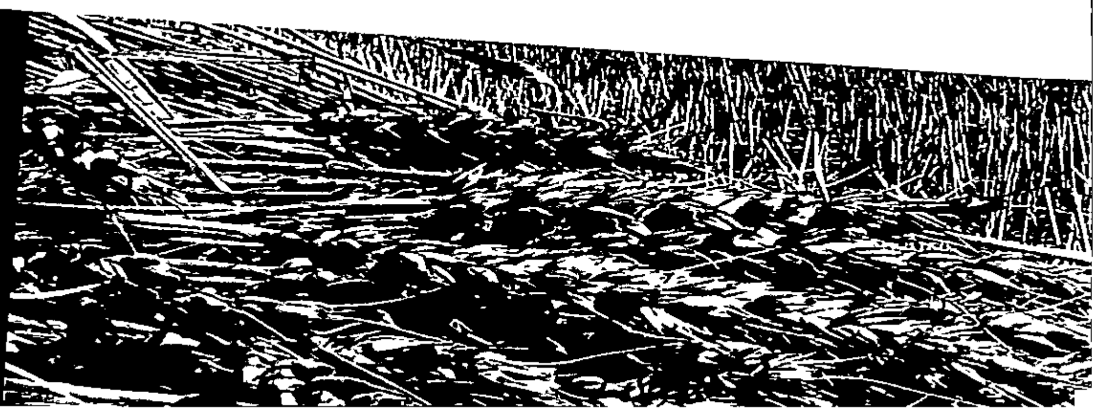
The pension charges include a one-off benefit up to € 1 123 000 regarding the alterations of the pension scheme as of 31 December 2005

4.19 Directors

The remuneration of the director is withheld making use of the stipulation in article 383 1, Title 9, Book 2 of the Dutch Civil Code

4 20 Depreciation & other operating costs

Depreciation includes an accelerated amount up to € 352 000 related to the selling of the Delfzijl factory in 2006 In other operating costs are included one-off items up to a total amount of positive € 124 000



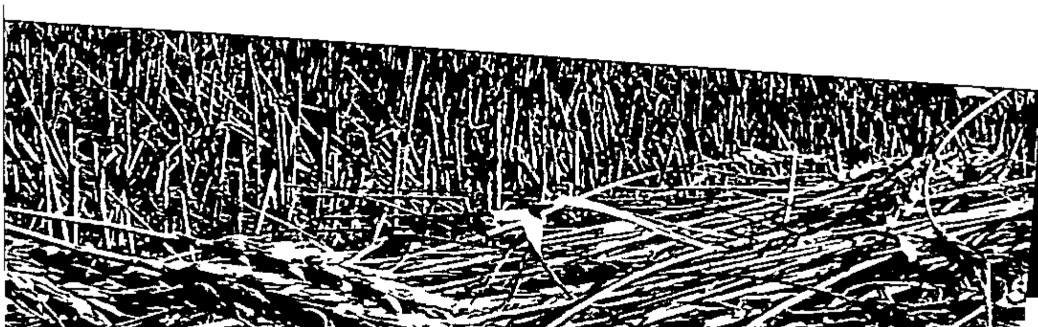
4.21 Interest
Interest includes the balance between interest income, interest costs and the amount of interest capitalised on investments

	2005/2006	2004/2005
Interest income	165	92
Interest cost	-973	-928
Capitalised interest	140	806
Interest intercompany	-1 142	-358
	-1 810	-388

4 22 Taxes result from ordinary activities
The tax charge for the financial year 2005/2006 (29,4%) is affected by taking into account the loss related to the liquidation of Distillerie Orbat SpA, the Dutch tax facilities related to some types of investments and the decrease of the nominal tax rate
The nominal tax rate for 2005/2006 is 30,1%

4.23 Contingencies and commitments not included in the balance sheet
The total amount of guarantees Koninklijke Nedalco B V has given vis à vis third parties is € 7,3 mln as of September 30, 2006, of which € 4,0 mln is related to a financial lease agreement The outstanding liabilities from operational lease contracts as of September 30, 2006 amount to € 100 000
With the partner in a joint venture, agreements are made regarding the right to buy the partner's participation in the joint venture and/or the obligation to take over the partner's participation

Koninklijke Nedalco B V has entered into investment commitments up to € 23 mln



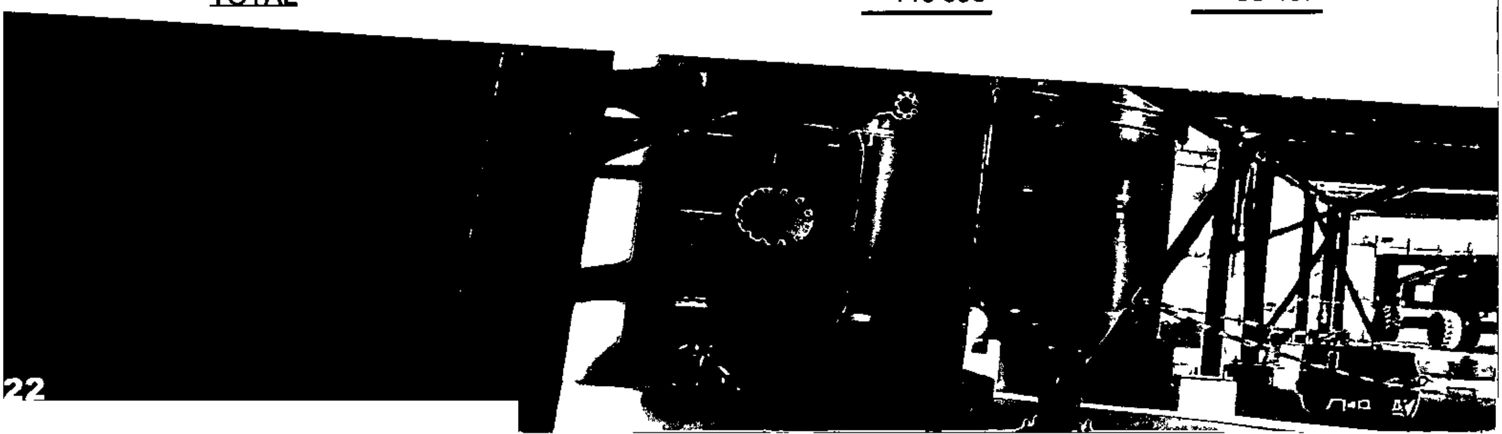
Royal Nedalco

5 Corporate balance sheet as of september 30, 2006

*(after profit appropriation) (amounts * € 1,000)*

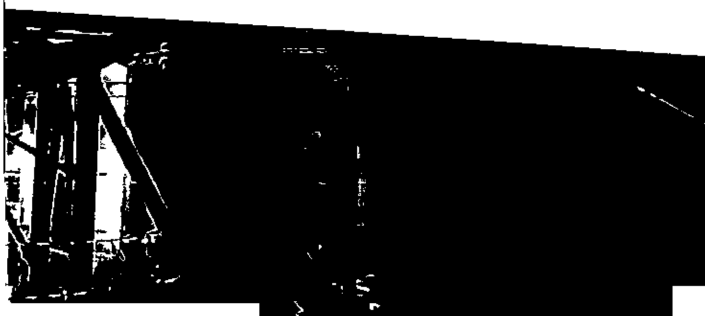
ASSETS

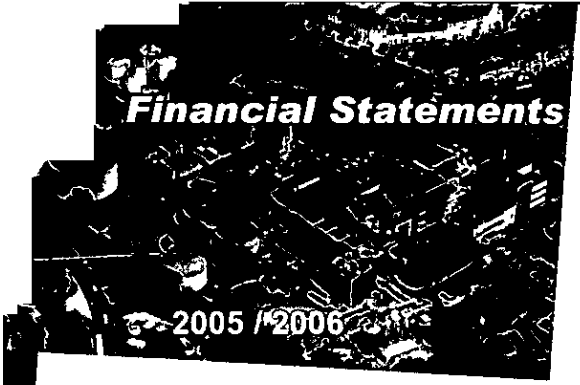
		September 30, 2006		September 30, 2005	
	FIXED ASSETS				
	Intangible fixed assets		193		193
7 2	Tangible fixed assets				
	Land and buildings	7 397		6 668	
	Plant and machinery	55 980		25 277	
	Furniture, fixtures and fittings	3 019		2 416	
	Other fixed assets	7		6	
	Projects under construction	18 287		30 984	
			84 690		65 351
7 3	Financial fixed assets				
	Group companies	4 443		2 194	
	Due from participations	1 918		1 918	
	Deferred tax assets	482		3 363	
	Other financial debtors	46		114	
			6 889		7 589
	CURRENT ASSETS				
	Stock				
	Raw materials and consumables	1 828		3 556	
	Finished products	3 167		1 227	
			4 995		4 783
	Debtors				
	Trade debtors	10 837		9 063	
	Due from group companies	1 945		2 526	
	Due from shareholder	5			
	Other debtors, prepayments and accrued income	2 739		4 492	
			15 526		16 081
	Cash at bank and in hand		3 102		4 410
	TOTAL		115 396		98 407



Corporate balance sheet as of september 30, 2006

		September 30, 2006		September 30, 2005	
	SHAREHOLDERS' EQUITY AND LIABILITIES				
74	SHAREHOLDERS' EQUITY				
	Paid-up and called-up capital	4 538		4 538	
	Legal reserve	193		193	
	Share premium reserve	9 959		9 959	
	Other reservers	16 784		13 091	
			31 474		27 781
	PROVISIONS				
	Deferred tax liability	2 528		3 132	
	Other	4 019		5 546	
			6 547		8 678
75	LONG TERM LIABILITIES				
	Loans shareholder	43 000		5 000	
	Other loan	414		0	
	Bank loan	5 196		26 831	
			48 610		31 831
76	CURRENT LIABILITIES				
	Bank overdraft	6 388		8 850	
	Trade creditors	13 458		11 677	
	Due to shareholders	1 304		2 722	
	Due to group companies	2 777		2 639	
	Other liabilities, accruals and deferred income	4 838		4 229	
			28 765		30 117
	TOTAL		115 396		98 407

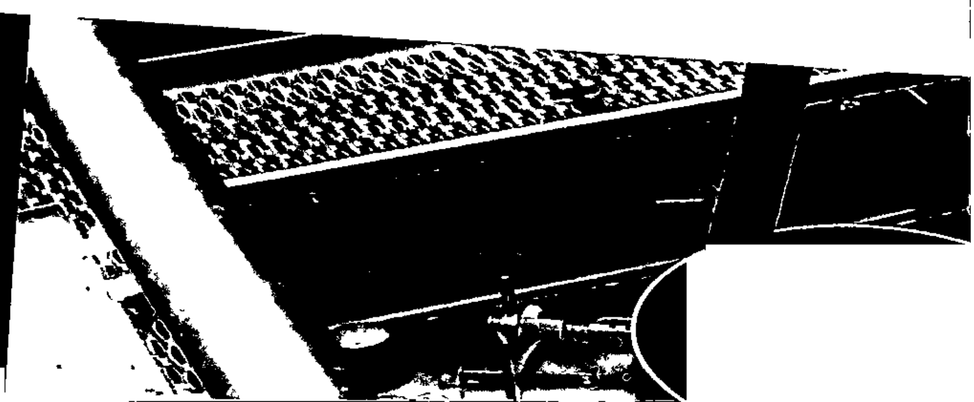




6 Corporate profit and loss account for the year 2005/2006

*(amounts * € 1,000)*

	2005 / 2006	2004 / 2005
Income from group companies	602	124
Other income and expense after taxes	3 091	1 602
Net result	3 693	1 726



7 Notes to the corporate accounts

7 1 General

The financial statements of Koninklijke Nedalco B V have been included in the consolidated financial statements The consolidated group companies are valued at net asset value
Valuation of the other assets and liabilities occur according to the principles of valuation set out in the notes to the consolidated accounts The same applies to the method for the determination of result Consequently, the shareholders' equity and the net result of Koninklijke Nedalco B V are the same as those according to the consolidated financial statements, reference is made to the notes thereto

The amounts mentioned in the notes are denominated in thousands of Euro's, unless otherwise indicated

The company has implemented a change in its accounting policies following the changes in financial reporting requirements with effect from 1 January 2005 This change in accounting policies relates to the disclosure of Employee benefits & obligations The effects are set out in section 4 3 of the notes to the consolidated accounts

7 2 Tangible fixed assets

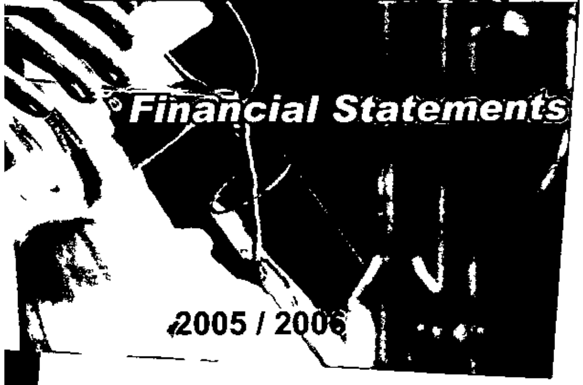
Tangible fixed assets are valued as follows

- the tangible fixed assets purchased before September 30, 1988 are carried at the current value as of September 30, 1988 less depreciation Depreciation takes place on the basis of the remaining useful life,
- the tangible fixed assets purchased after September 30, 1988 are carried at historical cost less depreciation

Land is not depreciated

On June 9, 2004 Nedalco entered into an agreement with the municipality of Bergen op Zoom to sell its company grounds, including the buildings and machinery, for a total amount of € 60 mln Nedalco is obliged to deliver the company grounds before January 1, 2012

As a result of this agreement the remaining useful life has changed, as well as the residual value of all the tangible fixed assets regarding the company grounds at Bergen op Zoom Because the residual value is significantly higher than the current book value the depreciation is recalculated resulting in depreciation as from June 9, 2004 being nil



On September 15, 2006 Nedalco entered into a preliminary agreement to sell its company grounds in Italy, including the buildings and machinery The company grounds will be delivered before September 15, 2008

As a result of this agreement the remaining useful life has changed, as well as the residual value of all the tangible fixed assets regarding the company grounds in Italy Because the residual value is significantly higher than the current book value the depreciation is recalculated resulting in depreciation as from September 15, 2006 being nil

Plant and machinery includes € 3 mln in respect of a provision relating to the dismantling of the company grounds at Bergen op Zoom Projects under construction includes the investment expenses for the new factory in Manchester (UK) up to an amount of € 17,3 mln

During the financial year an amount of € 140 000 was capitalised in respect of interest during construction of tangible fixed assets As at the balance sheet date, interest totalling at € 1 016 000 has been capitalised

As additional security for all amounts payable in respect of excise duties, import duties and VAT the right of first mortgage on the property in Bergen op Zoom has been granted to the State of the Netherlands up to an amount of € 9,1 mln
A number of lots owned by the company have been leased out, partly for free, to the municipality of Bergen op Zoom until December 31, 2050 inclusive The company holds the building right on the Theodorushaven landing in Bergen op Zoom

The changes in tangible fixed assets can be summarized as follows

	land and buildings	plant and machinery	furniture, fixtures and fittings	other fixed assets	project under constr	total
Book value on October 1,2005	6 668	25.277	2 416	7	30 984	65 352
Changes						
Additions	0	6 153	0	0	18 287	24 440
Reclassification	2 892	27 339	753		-30 984	0
Depreciation	-145	-2 257	-129	0	0	-2 531
Desinvestments	-370	-532	-21	0	0	-923
Capital gain	-1 648	0	0	0	0	-1 648
Balance	729	30 703	603	0	-12 697	19 338
Book value on September 30, 2006	7 397	55 980	3 019	7	18 287	84 690
Cumulative depreciation and other decrease in value	4 074	31 640	5 179	101	0	40 994
Depreciation rates	0-3,3	5-10	10-33,3	20-33,3		

Royal Nedalco

7.3 Financial fixed assets

Participations
The financial fixed assets are carried at net asset value as per the balance sheets of the group companies at year end The group companies are

- Nedalco International B V , Bergen op Zoom (100%) with the participations in
- Belgalco (Gent, Belgium) (100%),
- L Brüggemann Beteiligungs GmbH, Heilbronn, Germany (50%),
- Bruggemann Alcohol GmbH & Co KG, Heilbronn, Germany (50%),

The changes in the financial fixed assets can be summarized as follows

Group companies

Book value as October 1, 2005	2 194
Result participations	602
Other	1 647
Book value as September 30, 2006	4 443

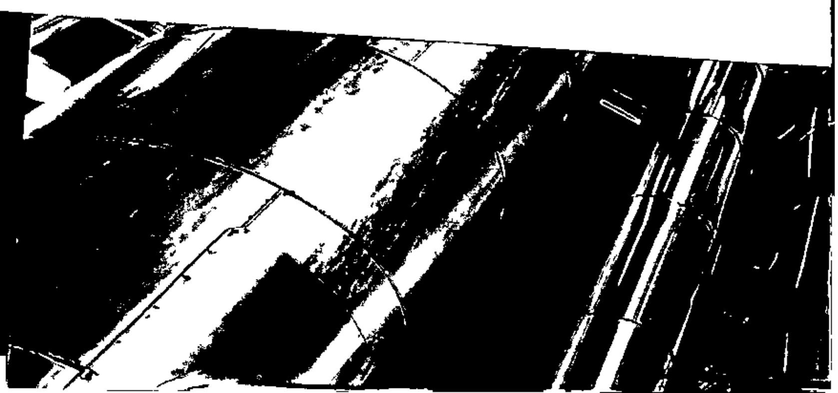
Due to the liquidation of Distillerie Orbat SpA the capital gain on an intercompany transaction of tangible fixed assets is reversed The effect (€ 1 647 000) is stated as other

Due from participations
No changes took place during the financial year

Deferred tax assets
The receivable for deferred taxes assets relates to carry-forward loss compensation and the differences present on balance sheet date between the valuation of assets for financial statement purposes and that for tax purposes and is computed on the basis of the rate prevailing

Deferred tax assets

Book value as October 1, 2005	3 363
Wihdrawal	2 881-
Book value as September 30, 2006	482



7.4 Shareholders' equity

Paid-up and called-up capital
No changes took place during the financial year

Nominal share capital	22 500
Not subscribed share capital	17 962-
Authorized share capital	4 538

The authorized share capital of the company as of 30 September 2006 amounts to EUR 4 537 800 and consists of 10 084 ordinary shares of EUR 450,- each

Legal reserve
The legal reserve is maintained in respect of the capitalized costs of intangible fixed assets amounting to € 193,000

Balance on October 1, 2005	193
Addition	0
Balance on September 30, 2006	193

Share premium reserve

Balance on October 1, 2005	9 959
Addition	0
Balance on September 30, 2006	9 959

Other reserves

Balance on October 1, 2005	13 091
Result bookyear 05/06	3 693
Balance on September 30, 2006	16 784

7.5 Long term liabilities

	Sept 30, 2006	Sept 30, 2005
Loans shareholder	43 000	5 000
Other loan	414	
Bank loan	5 196	26 831
	48 610	31 831

The shareholder-loan, € 5 mln, is agreed for a resulting period of 4 years Repayment will take place in a bullet mode at 24 Sep, 2010 The loan is subordinated to the bank loans The interest is IRS related and is fixed on 7,15% during the duration

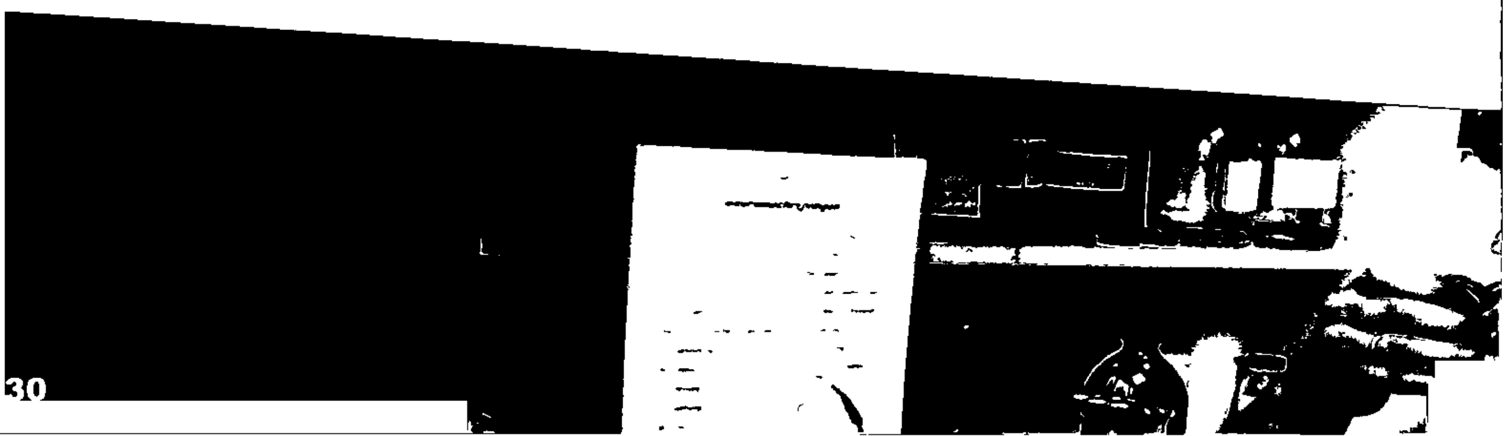
The other shareholder-loan, € 38 mln, is agreed for a not further detailed period This agreement is to avoid unnecessary financing cost for the group Repayments will take place based on free available cash flow in the coming years The interest rates are Euribor / IRS related plus 1,1% As per 30 September 2006 an amount up to € 38 mln has duration of more than 1 year

The other loan is a financial lease Repayment will take place in a annuity mode on a quarterly basis The interest is agreed on 4 875% for 25 years As per 30 September 2006 an amount up to € 404 700 has a duration above 1 year, an amount of € 362 600 has a duration above 5 years

The long term banking loan is related to a sale and lease back construction on the Italian assets of former Distillerie Orbat SpA, actually hold by the Italian branch of Koninklijke Nedalco B V For this loan, a bank guarantee up to € 4 mln is applicable As per 30 Sep, 2006 an amount up to € 4 322 982 has a duration above 1 year

7.6 Current liabilities
Other liabilities, accruals and deferred income
This item includes amongst others

	Sept 30, 2006	Sept 30, 2005
Taxes and social charges	198	239
Excise duty payable	14	8
	212	247



7.7 Commitments not included in the balance sheet

Contingent liabilities

The total amount of guarantees Koninklijke Nedalco B V has given vis à vis third parties is € 6,9 mln as of September 30, 2006, of which € 4,0 mln is related to a financial lease agreement The outstanding liabilities from operational lease contracts as of September 30, 2006 amount to € 100 000

With the partner in a joint venture, agreements are made regarding the right to buy the partner's participation in the joint venture and/or the obligation to take over the partner's participation

Koninklijke Nedalco B V has entered into investment commitments up to € 23 mln

The company has declared that it assumes joint and several liability for any debts from the legal acts of the in the consolidation included subsidiary Nedalco International B V, as meant in article 403, book 2, title 9 of the Dutch Civil Code

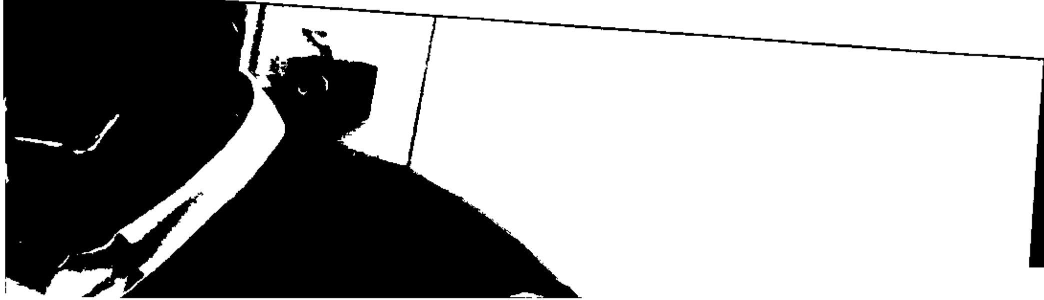
7 8 Income from group companies after taxation

	Sept 30, 2006	Sept 30, 2005
Group companies	602	124

Bergen op Zoom, February 27, 2007

Director

Dr Ir G G Bemer



Royal Nedalco

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To the General Meeting of Shareholders
of Koninklijke Nedalco B V

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements for the period from 1 October 2005 to 30 September 2006 of Koninklijke Nedalco B V , Bergen op Zoom as set out on pages 6 to 31 which comprise the consolidated and company balance sheet as at 30 September 2006, the consolidated and company profit and loss account for the period from 1 October 2005 to 30 September 2006 and the notes.

The directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the management report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code This responsibility includes. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances

Auditor's responsibility

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

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

116 152/423/HDC/TP

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 Koninklijke Nedalco B V as at 30 September 2006, and of its result for the period from 1 October 2005 to 30 September 2006 in accordance with Part 9 of Book 2 of the Netherlands Civil Code

Report on other legal and regulatory requirements

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

Breda, 27 February 2007

PricewaterhouseCoopers Accountants N V

A J M Vercammen RA

Profit appropriation according to the articles of association

Article 17 on profit and loss
According to article 17 the profit of the year is at the disposal of the general meeting of shareholders

Proposed profit appropriation
It will be proposed to the general meeting of shareholders to add the result for the financial year 2005/2006 amounting to € 3 693 000 to the other reserves

In anticipation of the adoption of this resolution, this proposal has already been incorporated in the balance sheet

Guarantee
On 13 November 2006 the company entered as guarantor into a € 150 mln senior standby revolving credit facility agreement made between the shareholder Koninklijke Cooperatie Cosun u a and several banks

Post balance sheet events
The company decided to change the financial year from 1 October – 30 September into 1 January – 31 December The company has opted for a shortened financial year for the period 1 October 2006 till 31 December 2006 This decision was confirmed by notarial deed dated 28 December 2006, before approval of the financial statements 2005/2006 by the Board of Directors