HAL Trust

Annual Report 2005

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:
H. Langman, *Chairman*
S.E. Eisma, *Secretary*
Dr. J.M. Schröder
T. Hagen
A.H. Land

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

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

Highlights

In euros	**2005**	2004
Income (in millions)		
Net sales	**2,652.7**	2,403.3
Earnings from marketable securities and deposits	**15.0**	27.03
Capital gains on sale of assets	**84.0**	-
Earnings from associates	**115.2**	82.4
Earnings from other financial assets	**4.6**	73.2
Earnings from real estate activities	**66.1**	13.7
Net income	**311.6**	79.6
Net income before amortization of goodwill	**311.6**	248.8
Balance sheet		
Total assets (in millions)	**3,675.0**	3,598.3
Shareholders' Equity (in millions)	**1,901.7**	1,695.1
Shareholders' Equity as percentage of total assets	**51.7**	47.1
Number of Shares (in thousands)	**63,687**	63,687
Per Share		
Net income	**4.89**	1.25
Net income before amortization of goodwill	**4.89**	3.91
Shareholders' Equity	**29.86**	26.62
Net asset value at market value of quoted associates	**44.98** **	31.41 **
Closing price Shares	**50.00**	29.80
Cash dividend declared	**3.00** *	1.80
Exchange rates - December 31		
Euros per U.S. dollar	**0.85**	0.74

* Proposed

** Based on the market value of the quoted associates and the liquid portfolio and on the book value of the non–quoted investments

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 53.

In accordance with the instructions issued on May 26, 2005, the Trustee paid a dividend of € 1.80 per share on June 3, 2005.

On December 31, 2005 and 2004, 63,686,850 shares were outstanding.

No shares have been repurchased during 2005.

The Trust Committee
HAL Trust Committee Ltd.

Hamilton, Bermuda, March 27, 2006

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

In accordance with Article 29, Part 2, of the Articles of Incorporation of HAL Holding N.V., the Executive Board has prepared the balance sheet as of December 31, 2005, as well as the statement of income for the year ended December 31, 2005, and has submitted them, together with notes thereto, to the Board of Supervisory Directors. After the accounting firm PricewaterhouseCoopers attached their unqualified opinion to the financial statements of the Company, the statements were discussed with the external auditor, approved, and signed by all members of the Board of Supervisory Directors.

We recommend that the Shareholders of HAL Trust instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on June 1, 2006, for the approval of the annual accounts for 2005 as per the submitted statements, including the distribution of profits proposed therein.

During the year under review, our Board met five times with the Executive Board. During these meetings we discussed the Company's strategy, the general state of its affairs, the development of the results, acquisitions, the risks associated with the Company and the systems of administrative and internal controls. The Board of Supervisory Directors also met in the absence of the Executive Board to discuss, among other things, the functioning and composition of our Board. The Board also discussed the financial statements and the Company's systems of administrative and internal controls with the external auditor.

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. Page 54 of this report provides 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. S.E. Eisma will resign this year. We propose to the Shareholders that Mr. Eisma be re-elected during the next Shareholders' meeting of HAL Holding N.V.

At the end of the next shareholders meeting, Messrs. H. Langman and J.M. Schröder will retire from the Supervisory Board as they will have reached the statutory age limit. They have been members of the Board since 1974 and 1972, respectively.

The Supervisory Directors would like to express their sincere appreciation to Mr. Schröder for the important contributions he has made to the successful development of the Company during these many years. During our deliberations the Board has greatly benefited from Mr. Schröder's presence, his extensive experience and expertise.

It will be proposed to the Shareholders to elect Messrs. P.J. Kalff and M.P.M. de Raad to fill the vacancies. Mr. S.E. Eisma will, if re-appointed, succeed Mr. Langman as Chairman.

On behalf of the Board of Supervisory Directors,

H. Langman, *Chairman*

March 27, 2006

The paragraph in our Board report with respect to Mr. Schröder applies to the same extent to Mr. Langman. With his unique experience and knowledge, he has been of great benefit to our activities. The excellent way he presided over our meetings since 1984 was very inspiring for all involved. We would like to express our heartfelt gratitude to both of them for their contributions.

S.E. Eisma
T. Hagen
A.H. Land

March 27, 2006

Report of the Executive Board HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2005 amounted to € 311.6 million (€ 4.89 per share) compared with € 79.6 million (€ 1.25 per share) for 2004. It should be noted that in 2005 goodwill was not amortized. This is in accordance with the revised International Financial Reporting Standards (IFRS). Net income before amortization of goodwill for 2004 amounted to € 248.8 million (€ 3.91 per share).

The net asset value increased in 2005 by € 979 million. After the payment of € 115 million in dividend over 2004, the net asset value increased to approximately € 2,864 million on December 31, 2005 (€ 44.98 per share before dividend over 2005) as compared to € 2.000 million on December 31, 2004 (€ 31.41 per share, before dividend). The main reason for this change is 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.
The difference between estimated value and book value of the non-quoted companies on December 31, 2005, based on the principles and assumptions set out on pages 42 and 43 of this report, amounted to € 652 million (€ 10.24 per share) as compared to € 612 million (€ 9.61 per share) on December 31, 2004. The estimated values of the interests in Pearle Europe and GrandVision are, consistent with these principles and assumptions, based on the purchase transactions in respectively January and December 2005.

It will be proposed to distribute a dividend of € 3.00 per share for 2005 (2004: €1.80).

Supervisory Board

At the end of the next shareholders meeting, Messrs. H. Langman and J.M. Schröder will retire from the Supervisory Board as they will have reached the statutory age limit. They have been members of the Board since 1974 and 1972, respectively.
We would like to thank Messrs. Langman and Schröder for their valuable contributions as well as for their expertise with which they have supported the Executive Board for more than thirty years. Their knowledge and experience have been of great importance to the development of the Company.

Prospects

As of March 17, 2006 the value of the quoted associates and the liquid portfolio had increased by € 250 million (€ 3.92 per share) since the end of 2005.
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 2006.

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 primarily concentrated in the greater Seattle metropolitan area with an emphasis on the development and rental of multi-family properties and office buildings.

Risk factors

There are a number of risks associated with the investment strategy outlined above and with its implementation. Besides risks which are specific to individual investee companies, major risk factors are:

Market risk
At the end of 2005 the Company had, as part of the liquid portfolio, investments in equities amounting to € 146 million. In addition, based on market values, € 1.744 million 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 2005 HAL had, as part of the liquid portfolio, investments in fixed income instruments of € 200 million. Fixed income investments are subject to interest rate risk. We believe that for HAL this risk is limited as the Company's portfolio has a very short duration (less than one year). In addition, interest rate exposure exists with respect to the Company's debt position. Of the € 751 million long-term debt outstanding at the end of 2005, € 504 million was at fixed interest rates for an average period of 4.5 years.

Currency risk
HAL's major currency risk is related to changes in value of the U.S. dollar.
At the end of 2005 the net assets denominated in U.S. dollars amounted to approximately $ 800 million (€ 676 million). The currency exposure with respect to these investments was almost fully hedged by forward exchange contracts except for our investment in Univar N.V. HAL's interest in this company is considered a dollar investment in view of the fact that a significant portion of its activities is concentrated in North America and that the company uses the dollar as its functional currency. The currency exposure with respect to this investment is hedged for 50% of the market value of this company.
The use of forward currency exchange contracts has an impact on the size of the liquid portfolio when exchange rates change.
Barring unforeseen circumstances, we intend to continue this hedging policy.
In addition, various affiliates of HAL have their own policy to hedge currency risk.

Concentration risk
At the end of 2005 HAL had, based on book values, € 851 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 42 and 43 of this annual report, amounts to approximately € 1,503 million. The optical retail activities make up 72% of this amount. Accordingly, there is concentration risk with respect to the optical retail industry.

At the end of 2005 HAL had invested, based on market values, € 1,744 million in a portfolio of quoted associates. This portfolio consisted of Koninklijke Vopak N.V. (€ 772 million, 2004: € 463 million), Univar N.V. (€ 461 million, 2004: € 298 million) and Koninklijke Boskalis Westminster N.V.(€ 511 million, 2004: € 221 million). Accordingly, HAL is exposed to concentration risk, also with respect to this portfolio.

At the end of 2005 HAL had invested, based on book values, € 168 million in real estate assets. As these assets are primarily 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.

In addition to the above risk factors, it should be noted that the profitability of the Company's businesses is susceptible to downturns in the economy. Demand for the Company's products and services and its 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 fiscal policies.

The administrative and internal control procedures of HAL with respect to the investment strategy and its implementation are designed to identify the various risk factors outlined above, to monitor their development and, where appropriate, to take action on a timely basis. The Board of Supervisory Directors is frequently informed about these matters.

We draw the attention to the fact that the investments differ in industry, size, culture, geographical diversity and stage of development. The Company has chosen not to institute a centralized management approach. Each investment has its own financial structure and a Supervisory Board of which the majority of the members are generally not affiliated with HAL. The fact that each investment has its own 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 the risks associated with the investment strategy and its implementation, there are specific risk factors associated with each individual investee company.

Investments

During the past year the optical retail activities were further expanded.
In June, agreements were signed to acquire a 70% interest in RedStar Optical Co., a Chinese optical retail chain that operates 113 stores (of which 64 franchised) in and around Shanghai. Sales for 2005 amounted to € 11 million. The transaction closed on March 27, 2006.
In December, a 94.7% interest in F-O Optika-Fotó was acquired. F-O Optika-Fotó is an optical retail chain with 102 stores in Hungary, of which 12 stores are operated by franchisees, 16 stores in Poland and 12 stores in the Czech Republic. The company reported 2005 sales of approximately € 37 million. Prior to year end, HAL also acquired a 25% interest in the Russian optical retailer Lensmaster. The remaining 75% will be acquired over a period from 2008 to 2011. The price will be based on the results of these years. Lensmaster operates 26 stores, primarily in Moscow, and reported 2005 sales of € 13 million. During the year, HAL also increased its interests in two existing investments. On January 5, 2005 HAL acquired the 21% interest in Pearle Europe which was held by the Italian company Luxottica for € 144 million. HAL's current interest in Pearle Europe is 98.7%. In addition, early December, the interest in the French optical retail chain GrandVision S.A. was increased from 68% to 100% when the remaining shares of GrandVision owned by the founding shareholders and the management of the company were purchased for € 123 million.
On February 3, 2006, Pearle Europe B.V. entered into an agreement to acquire 100% of the shares in Optikk Norge A/S. This company provides services to more than 80 stores in Norway operating under the Interoptik brand name. The stores have annual sales of approximately € 65 million. As part of the transaction, the Interoptik stores will enter into a franchise agreement with Optikk Norge A/S. The transaction is subject to anti-trust approval and due diligence. It is expected that the acquisition will close during the second quarter of 2006.
Upon completion of the Redstar and Optikk Norge acquisitions, HAL will have approximately 2,500 optical retail stores (including franchise stores) in more than 20 countries with pro forma systemwide annual sales (defined as sales including sales of franchise stores) of approximately € 2 billion. The 2005 optical retail sales, as included in the 2005 financial statements, amounted to € 1,474 million (2004: € 1,386 million including GrandVision for 12 months) 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) to € 180 million (2004: € 165 million including GrandVision for 12 months). The same store sales of the owned stores decreased by 0.5% in 2005.

Divestitures

In August, HAL sold its 69.6% interest in Poipu Resort Partners for $ 15 million. The sale of this partnership interest resulted in a capital gain of approximately € 7 million. Early December, Koninklijke Ahrend N.V., a 77% HAL subsidiary, sold its office products division to the French company Lyreco. HAL realized a capital gain (after tax and minority interest) of € 53.5 million on this transaction.
In December, the Shorewood Apartments complex, located near Seattle, was sold.
The sale resulted in a capital gain (after tax) of € 33 million.

In February 2006, the Company's 51% interest in Europrospectus.com Ltd and the 66.5% interest in the activities of International Container Services Holding were sold. The proceeds from these transactions, which resulted in a small capital gain, was approximately € 4 million.

Consolidated subsidiaries

Pearle Europe B.V. (98,7%) operates optical retail chains in twelve European countries with 1,696 stores at the end of 2005 (of which 476 operated under a franchise agreement). The total annual systemwide sales amounted to € 975 million. The company employs approximately 6,000 people and its headquarter is based at Schiphol Airport. Revenues for 2005 increased by 6% to € 759 million. This increase was primarily the result of store openings and small acquisitions in Belgium, Italy and Finland. Whereas Pearle Europe's same store sales decreased by 6.5% during the first half of the year, same store sales only decreased by 1.8% for 2005 in total (2004: 6.7%). The improvement during the second half year was primarily the result of higher sales in Germany. During the first half year of 2004 the German stores were still faced with the effect of the change in law, which significantly reduced the government's subsidy for optical lenses effective January 1, 2004. This resulted in relatively high sales during the first months of 2004 following the delivery of lenses which were ordered prior to the change in the law. However, the sales in the second half of 2004 were significantly lower. Disappointing sales in Denmark had a negative impact on same store sales in 2005. Operating income of Pearle Europe increased from € 107 million in 2004 to € 114 million in 2005.

GrandVision S.A. (100%) operates optical retail chains in eleven countries. At the end of 2005 the company had 567 stores (of which 150 were operated under a franchise agreement). The total systemwide sales amounted to € 935 million. In addition, the company owns Visual S.A., a company which provides wholesale and marketing services to a retail chain of approximately 270 independent opticians. GrandVision is based in Paris and employs approximately 6,000 people. Sales for 2005 increased by 6% to € 715 million. This increase is the result of store openings and increased sales to independent opticians. Same store sales for 2005 increased by 0.9% (2004: 5,4%). Operating income increased from € 58 million to € 66 million.

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 company has 71 outlets in the Netherlands and approximately 1,200 employees. The difficult market conditions prevailing during prior years did not improve during 2005. Sales for 2005 decreased by 2.2% to € 373 million. The operating income improved slightly by € 1.3 million to € 0.7 million.

Koninklijke Ahrend N.V. (76,6%) is based in Amsterdam. Following the sale of the office products division in December 2005 to Lyreco, the company's activities are concentrated in the office furnishing sector. As a result of this divestiture sales have decreased by € 28 million. Since the sale to Lyreco, Ahrend has approximately 1,250 employees.
Ahrend now fully focuses on the expansion of its office furnishing division, both in the Netherlands and abroad. Consistent with this strategy, Ahrend acquired a 75% interest in Techo, a Czech company with annual sales of approximately € 27 million.
The sales of Ahrend for 2005 increased by € 2 million to € 364 million. Following improved market conditions, the organic sales growth of office furniture was € 23 million. The acquisition of Techo resulted in a sales increase of € 7 million. Operating income increased from € 9.5 million to € 14.9 million.

Trespa International B.V. (100%), is located in Weert (the Netherlands) and has approximately 600 employees. Trespa is the world market leader for High-Pressure-Laminate (HPL) compact panels for various applications such as facades and laboratory- and office furniture. Sales for 2005 increased by 5% to € 154 million, primarily as a result of growth outside the Netherlands. Currently more than 75% of Trespa's products are delivered to customers outside the Netherlands, primarily in Germany, the United Kingdom, France, the United States and Spain. The operating income also increased.

Mercurius Groep B.V. (100%) is a Dutch publisher and communication specialist based in Wormerveer and employs approximately 750 people. The company has operations in the Netherlands, the United Kingdom, France, Spain, Belgium, Poland and Germany. Its products include plant labels, announcement cards, calendars, annual reports, financial prospectuses special interest books and magazines. In 2005 and by the end of 2004 three printing and two publishing companies were sold. These divestitures resulted in a small capital gain. Sales for 2005 decreased by 11% to € 117 million. This was primarily the result of the divestitures. Operating income was at the same level as in the prior year.

Intersafe Holding B.V. (95.5%) is located in Dordrecht (the Netherlands) and employs approximately 250 people. Intersafe is a distributor of personal protection equipment such as safety clothing for factory employees. Sales for 2005 increased by 9% to € 57 million. Operating income for 2005 also increased.

Schoonenberg Hoorcomfort B.V. (91%), located in Dordrecht (the Netherlands), employs approximately 400 people and sells hearing aids in 100 company owned stores and at 5 points of sale locations in optical retail stores. Sales increased by € 8.7 million (18.5%) to € 55.5 million. Same store sales for 2005 increased by 12.3%. The remainder of the increase is a result of new openings and the acquisition of stores. Operating income also increased.

Anthony Veder Group N.V. (64.2%) is a Rotterdam based shipping company which employs approximately 200 people. At the end of 2005, Anthony Veder operated 16 gastankers of which 10 were fully or partially owned. Net sales for 2005 increased by $ 2 million (€ 1.7 million) to $ 45.2 million (€ 38 million). This increase is the net result of an increase in freight rates and lower sales following the sale of gastankers as well as fewer chartered vessels. In 2005 a capital gain of approximately $ 8 million (€ 6.8 million) was realized on the sale of gastankers.
Also in 2005, two gastankers were repurchased from limited partnerships owned by private investors in the Netherlands. The vessels were sold to these partnerships in 1999. The increase in freight rates caused operating income, excluding capital gains on the sale of gastankers, to increase by $ 12.4 million (€ 10.5 million) to $ 11.5 million (€ 9.7 million).

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 specialised in the storage and handling of liquid and gaseous chemical and oil products. Vopak also provides logistic services. The company operates a network of 73 tank terminals with a combined storage capacity of more than 20.4 million cbm in 29 countries. The company has approximately 3,400 employees. The market value of Vopak at the end of 2005 amounted to € 1,600 million. On December 31, 2005, HAL owned 47.74% of the common shares and 13% of the preferred shares.
Sales for 2005 increased by 5.5% to € 683.6 million. Net income for holders of ordinary shares increased by 11.8% to € 90.2 million.

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

Univar N.V. (46.62%) is a world leader in chemical distribution with a network of 163 distribution centers spread across the United States, Canada and Europe. Univar has approximately 6,700 employees. Its market value at the end of 2005 amounted to € 990 million. Sales for 2005 increased by 13.3% to $ 6.0 billion (€ 5.1 billion). Net income increased by 39.7% to $ 123.5 million (€ 104.4 million).

For additional information on Univar please refer to the company's annual report and its website www. univarcorp.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 approximately 300 units and operates in over 50 countries across five continents and has over 7,000 employees (including its share in partnerships). On December 31, 2005 the market value of Boskalis was € 1,600 million. Revenues for 2005 increased by 13.3% to € 1,156 million. Net income for 2005 amounted € 62.7 million (2004: € 33.9 million). The order book of the company at the end of 2005 amounted to € 2,427 million compared with € 1,244 million at the end of 2004.

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 2005 HAL had minority interests in the following non-quoted companies:

AMB i.t. Holding B.V. (30%), located in Heemstede (the Netherlands), is the world's market leader for identification and timing systems, especially for motor sports. HAL has an interest of 30% in AMB. The company has approximately 40 employees. Revenues for 2005 amounted to € 12 million and were at the same level as the year before. Operating income decreased due to expenses with respect to the move of the company's head office.

FD Mediagroep B.V. (39.9%) is located in Amsterdam and publishes the only Dutch financial newspaper, "Het Financieele Dagblad". The company employs approximately 240 people. FD Mediagroep also operates the radio station "BNR Nieuwsradio". Newspaper revenues increased by 8% to € 38.8 million due to higher subscription revenue and higher advertisement sales. Operating income also increased. Sales of BNR Nieuwsradio increased by € 0.5 million to € 8.1 million. Operating income remained on the same level as the year before.

Kempen & Co. N.V. (19.95%), is an Amsterdam based merchant bank which provides specialized financial services in asset management, corporate finance and securities brokerage. The company has approximately 300 employees. Revenue and net income for 2005 improved significantly as a result of the improvement in the financial markets.

Private equity partnerships
By the end of 2005, HAL had invested in five private equity partnerships. The total book value of the investments amounted to € 30 million. The major part of this portfolio consists of three partnerships managed by Navis Capital Partners Ltd. ("Navis"). The assets managed by Navis are primarily invested in a portfolio of companies, located in South-East Asia.

Real Estate

At year end 2005, the Company's investment in real estate consisted of four office properties with a total of 1.2 million square feet of rentable space and two condominium developments which will be completed in 2006.

The Shorewood Apartments complex, located in the Seattle suburb of Mercer Island, was sold in December 2005 for $ 141 million (€ 119 million.) The sale resulted in a capital gain (after tax) of € 33 million.

At the close of 2005, the estimated market value of the real estate portfolio exceeded book value by $ 17 million (€ 14 million) compared to $ 17 million (€ 12 million) at the end of 2004, adjusted for the sale of the Shorewood Apartments complex.

Office Buildings
HAL owns four office properties, which are all well-located in the Seattle Metropolitan Area. At year end 2005, the total book value amounted to $ 149 million (€ 126 million). At the end of 2005, 76% of the rentable space was leased, compared with 70% at the end of 2004. However, the average rent per square foot decreased by approximately 6%. Accordingly, the profitability of the portfolio increased only slightly.

Condominium Developments
In May, the "Site 17" apartment buildings located in downtown Seattle were acquired for $ 24 million (€ 20 million). The buildings consist of 129 residential apartments and three commercial spaces. During 2005, the buildings were converted to condominiums and 46 residential units and one of the commercial units were sold for a capital gain of € 1.6 million. It is expected that the remaining residential and commercial units will be sold during 2006.

HAL is also constructing 153 residential and five commercial condominium units on a site in Seattle. Total development cost for this project amounts to $ 38 million (€ 32 million). At year end 2005, all 153 residential units and two of the commercial units were pre-sold. Sales on 78 condominiums were closed as of mid March 2006.

Liquid Portfolio

During 2005 the amount invested in the corporate liquid portfolio decreased by € 249 million to € 314 million. This decrease was primarily associated with the payment of the 2004 dividend and acquisitions. In addition, as a result of the increase in value of the U.S. dollar, funds were required for the extension of the forward exchange contracts. Divestitures (Shorewood and Poipu) and re-financings had a positive effect on the size of the liquid portfolio. The liquid portfolio also benefited from the increase in value of the equity portfolio.
On December 31, 2005 the liquid portfolio consisted for 53% (2004: 80%) of fixed income instruments amounting to € 168 million (2004: € 448 million), and for 47% (2004: 20%) of equities for an amount of € 146 million (2004: € 115 million).
The fixed income portfolio provided a return of 2.3% (2004: 2.1%).
The equity part of the liquid portfolio on December 31, 2005 consisted mainly of shares of Western European and U.S companies. The total equity portfolio provided a return of 24% (2004: 25.4%).

Results

Net income for 2005 was € 311.6 million (€ 4.89 per share) compared with € 79.6 million (€ 1.25 per share) for 2004. It should be noted that in 2005, in accordance with IFRS, goodwill was not amortized. Net income before amortization of goodwill for 2004 amounted to € 248.8 million (€ 3.91 per share).

The increase in *net sales* by € 250 million to € 2,653 million was primarily due to the increase in optical retail sales by € 271 million to € 1,474 million. This increase was primarily the result of the acquisition of GrandVision in March 2004. In 2005, GrandVision was consolidated for a full year as opposed to nine months in 2004. This also affected the various cost categories.

Earnings from marketable securities and deposits decreased by € 12 million to € 15 million as a result of lower realized capital gains on equities and the smaller size of the liquid portfolio.

Capital gains on the sale of assets amounted to € 84 million (2004: € 0). This item includes the capital gain on the sale of the Office Products division of Ahrend, the gain on the sale of the interest in the Poipu partnership and the gains on the sale of vessels by Anthony Veder.

Earnings from associates increased by € 33 million to € 115 million. This increase is primarily the result of higher earnings from Boskalis, Univar and Vopak.

Earnings from other financial assets decreased by € 69 million to € 5 million as a result of lower capital gains. In 2004, capital gains were realized on the sale of interests in Cole National Corporation (€ 63 million) and NavTeq Corporation (€ 10 million).

Earnings from real estate activities increased by € 52 million to € 66 million primarily as a result of the capital gain (pre-tax) of approximately € 52 million on the sale of the Shorewood Apartments complex.

Executive Board HAL Holding N.V.

March 27, 2006

Financial Statements
HAL Trust

Consolidated Balance Sheet

as at December 31

In thousands of euros, before proposed distribution of income	*Notes*	**2005**	2004
Assets			
Non-current assets:			
Property, plant and equipment	1	**451,430**	458,707
Investment properties	2	**168,325**	179,472
Intangible assets	3	**1,079,614**	820,930
Investments in associates	4	**819,992**	695,149
Other financial assets	5	**24,726**	25,117
Deferred tax assets	15	**21,109**	29,607
Other non-current assets	6	**65,981**	78,698
Total non-current assets		**2,631,177**	2,287,680
Current assets:			
Marketable securities and deposits	7	**346,217**	577,297
Receivables	8	**206,977**	248,294
Inventories	9	**259,718**	265,333
Other current assets	10	**100,922**	103,976
Cash and cash equivalents		**129,943**	115,679
Total current assets		**1,043,777**	1,310,579
Total assets		**3,674,954**	3,598,259
Equity			
Share capital		**1,274**	1,274
Other reserves		**104,433**	52,454
Retained earnings		**1,796,027**	1,641,362
Capital and reserves attributable to equity holders		**1,901,734**	1,695,090
Minority interests	11	**(9,963)**	74,918
Total equity		**1,891,771**	1,770,008
Non-current liabilities:			
Provisions	12/13	**48,735**	41,505
Long-term debt	14	**751,096**	953,387
Deferred tax liabilities	15	**88,805**	87,700
Total non-current liabilities		**888,636**	1,082,592
Current liabilities:			
Short-term debt	16	**327,071**	239,943
Income tax payable		**44,281**	29,859
Accounts payable		**254,339**	230,507
Accrued expenses		**268,856**	245,350
Total current liabilities		**894,547**	745,659
Total equity and liabilities		**3,674,954**	3,598,259

Consolidated Statement of Income

For the year ended December 31

In thousands of euros	*Notes*	**2005**	2004
Net sales		**2,652,727**	2,403,349
Earnings from marketable securities and deposits	17	**14,996**	27,260
Capital gains on sale of assets	21	**84,021**	-
Earnings from associates	18	**115,212**	82,372
Earnings from other financial assets	19	**4,565**	73,222
Earnings from real estate activities	20	**66,050**	13,700
Total income		**2,937,571**	2,599,903
Raw materials, consumables used and changes in inventories		**1,031,851**	976,602
Employee costs	22	**736,732**	668,013
Depreciation property, plant, equipment and investment properties	1/2	**106,272**	99,327
Amortization goodwill	3	**-**	169,151
Amortization other intangibles	3	**16,412**	9,840
Other operating expenses	23	**581,218**	500,836
Total costs		**2,472,485**	2,423,769
Operating result		**465,086**	176,134
Interest expense		**(68,962)**	(65,391)
Profit before taxes		**396,124**	110,743
Income taxes	24	**(64,531)**	(35,288)
Profit for the year		**331,593**	75,455
Attributable to:			
Equity holders		**311,612**	79,624
Minority interest		**19,981**	(4,169)
		331,593	75,455
Number of outstanding Shares		**63,686,850**	63,686,850
Earnings per share for profit attributable to the equity holders during the year *(expressed in euros per share)*			
- basic and diluted		**4.89**	1.25
Dividends per Share *(in euro)*		**3.00** *	1.80

* Proposed

Consolidated Statement of Changes in Equity

In thousands of euros	*Note*	Share capital	Retained earnings	Other Reserves	Minority Interest	**Total Equity**
		Attributable to equity holders of the Company				
Balance on January 1, 2004		1,274	1,654,159	77,421	(8,673)	**1,724,181**
Movement cum. valuation reserve:						
- marketable securities		-	-	25,735	-	**25,735**
- other financial assets		-	-	(41,104)	-	**(41,104)**
- interest rate derivatives		-	-	(173)	-	**(173)**
Translation of foreign subsidiaries and financial fixed assets	11	-	-	(45,553)	(2,301)	**(47,854)**
Effect of hedging instruments		-	-	36,128	-	**36,128**
Net profit 2004	11	-	79,624	-	(4,169)	**75,455**
Total recognized for the year			79,624	(24,967)	(6,470)	**48,187**
Acquisitions and disposals					90,061	**90,061**
Dividend paid		-	(92,421)	-	-	**(92,421)**
Balance on December 31, 2004		1,274	1,641,362	52,454	74,918	**1,770,008**
Balance on January 1, 2005		1,274	1,641,362	52,454	74,918	**1,770,008**
Movement cum. valuation reserve:						
- marketable securities		-	-	21,287	-	**21,287**
- other financial assets		-	-	-	-	**-**
- interest rate derivatives		-	-	5,469	-	**5,469**
Equity adjustment quoted associates (*)		-	(42,211)	-	-	**(42,211)**
Translation of foreign subsidiaries and financial fixed assets	11	-	-	94,281	3,226	**97,507**
Effect of hedging instruments		-	-	(69,058)	-	**(69,058)**
Net profit 2005	11	-	311,612	-	19,981	**331,593**
Total recognized for the year		-	269,401	51,979	23,207	**344,587**
Acquisitions and disposals		-	-	-	(108,088)	**(108,088)**
Dividend paid		-	(114,736)	-	-	**(114,736)**
Balance on December 31, 2005		1,274	1,796,027	104,433	(9,963)	**1,891,771**

(*) Equity adjustment of quoted associates relates to the conversion of the quoted associates to IFRS, effective January 1, 2005.

As of December 31, 2005, the Company has issued and outstanding 63,686,850 shares with a par value of € 0.02 per share. All issued shares are fully paid.
The «other reserves» relate to unrealized appreciations and diminutions of other financial assets and marketable securities and deposits, 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 thousands of euros	Cumulative valuation reserve	Hedging reserve interest rate swaps	Cumulative currency translation reserve	**Total other reserves**
Balance on January 1, 2004	36,996	(6,355)	46,780	**77,421**
Movement cum. valuation reserve:				
- marketable securities	25,735	-	-	**25,735**
- other financial assets	(41,104)	-	-	**(41,104)**
- interest rate derivatives	-	(173)	-	(173)
Translation of foreign subsidiaries and financial fixed assets	-	-	(45,553)	**(45,553)**
Effect of hedging instruments	-	-	36,128	**36,128**
Balance on December 31, 2004	21,627	(6,528)	37,355	**52,454**
Balance on January 1, 2005	21,627	(6,528)	37,355	**52,454**
Movement cum. valuation reserve:				
- marketable securities	21,287	-	-	**21,287**
- interest rate derivatives	-	5,469	-	**5,469**
Translation of foreign subsidiaries and financial fixed assets	-	-	94,281	**94,281**
Effect of hedging instruments	-	-	(69,058)	**(69,058)**
Balance on December 31, 2005	42,914	(1,059)	62,578	**104,433**

Consolidated Statement of Cash Flows

In thousands of euros	**2005**	2004
Cash flows from operating activities:		
Profit before taxes	**396,124**	110,743
Depreciation	**106,272**	99,327
Amortization	**16,412**	178,991
Profit on sale of property, plant and equipment and Investment Properties	**(59,725)**	-
Share in result associates	**(114,695)**	(81,624)
Interest expense	**68,962**	65,391
	413,350	372,828
Dividend from associates	**13,162**	25,415
Changes in working capital (see note 25)	**46,600**	50,850
Changes in provisions	**6,441**	(10,264)
Cash generated from operations	**479,553**	438,829
Interest paid	**(67,824)**	(68,983)
Income taxes paid	**(56,287)**	(55,542)
Net cash from operating activities	**355,442**	314,304
Cash flows from investing activities:		
Acquisition of associates and subsidiaries, net of cash acquired	**(327,500)**	(277,389)
Acquisition of other financial assets	**-**	(20,790)
Purchase of property, plant and equipment and Investment Properties	**(174,228)**	(114,502)
Divestment of associates	**13,301**	-
Divestment of other financial assets	**1,000**	10,299
Proceeds from sale of property, plant and equipment and Investment Properties	**192,602**	11,644
Change in marketable securities and deposits, net	**259,234**	104,824
Change in non-current assets	**16,270**	(34,512)
Change in minority interests	**(7,821)**	(2,607)
Effect of hedging instruments	**(48,801)**	30,629
Net cash used in investing activities	**(75,943)**	(292,404)
Cash flows from financing activities:		
Change in short-term debt	**83,484**	(47,731)
Change in long-term debt	**(236,018)**	196,032
Dividends paid	**(114,736)**	(92,421)
Net cash used in financing activities	**(267,270)**	55,880
Increase in cash and cash equivalents	**12,229**	77,780
Cash and cash equivalents at beginning of year	**115,679**	38,632
Effects of exchange rate changes on opening balance	**2,035**	(733)
Cash and cash equivalents retranslated at beginning of year	**117,714**	37,899
Net (decrease) increase in cash and cash equivalents	**12,229**	77,780
Cash and cash equivalents at end of year	**129,943**	115,679

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 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 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 affects 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 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, effective in future years: IAS 19 and 39, IFRS 1, 4, 6, 7 and IFRIC 4, 5 and 6. Management considered these amendments 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 41.

Risk Factors

A number of risk factors are associated with the Company's operations. The factors are currency risks, interest rate risks, market risks, concentration risks and other risks. Reference is made to pages 8 and 9 of the Report of the Executive Board.

In addition to these risk factors, it should be noted that the profitability of the Company's businesses is susceptible to downturns in the economy. Demand for the Company's products and services and its 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 fiscal policies.

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 exchanges 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 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 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 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 shareholder's 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.

Derivative financial instruments

Derivatives are initially recognized at fair value (external valuation performed by financial institutions) 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 the fair value of recognized assets and liabilities or a firm commitment (fair value hedges); (2) hedges of highly probable forecast transactions (cash flow hedges); or (3) hedge of net investment in foreign operations (net investment hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and stategy 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 fair values or cash flows of hedged items.

(a) Fair value hedge: changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

(b) 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 equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in 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 equity are transferred from 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 equity at that time remains in 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 equity is immediately transferred to the income statement.

(c) 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 equity; the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(d) 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.

Property, Plant and Equipment and Investment Properties

Land and buildings comprise mainly factories, warehouses, retail and wholesale outlets, office and appartment buildings. Land and buildings are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is direcly attributable to the acquisition of the items.

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 valuers.

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.

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	25-50 years
Vessels	15-25 years
Equipment	3-10 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. If an impairment is recognized, it is not reversed in subsequent periods.

Goodwill is allocated to 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 in France should be considered an identified intangible asset as it is separable and arises from contractual and legal right. This intangible asset is assumed to have an indefinite life as right of use can easily be renewed and resold. Therefore it is subject to an annual impairment test.
Rights of use and key money in other countries 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 using a 3% royalty rate and is being amortized over 25 years with no residual value.

Franchise contracts

The valuation of franchise contracts acquired in a business combination is based on the present value of estimated future cash flows discounted at 12.5%, and are deemed to have a 15 years average life. Therefore this intangible asset is being amortized over a 15 years period.

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).

Impairment of 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. The Company's investment in associates includes goodwill (net of any accumulated impairment loss) 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 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 41.

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, in which case they are included in marketable securities.
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 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 account.
On disposal of an investment, the difference between the net disposal proceeds and the carrying value is charged or credited to net income.

Receivables

Trade receivables are recognized initially at fair value. 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. 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 effective interest rate. The amount of the provision is recognized in the income statement. Trade receivables are subsequently measured at amortized cost.

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.

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.

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 the Supervisory Board.

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.

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

1. Property, Plant and Equipment

Movements for 2004 and 2005 are as follows:

	Land & Buildings	Vessels	Equipment	**Total**
Cost value	204,872	102,863	519,506	**827,241**
Accumulated depreciation	(82,133)	(45,975)	(360,974)	**(489,082)**
Book value on Dec. 31,2003	122,739	56,888	158,532	**338,159**
Investments	9,731	16,171	76,572	**102,474**
Consolidations	6,371	-	122,142	**128,513**
Disposal	(7,030)	-	(4,614)	**(11,644)**
Depreciation	(13,247)	(4,990)	(73,426)	**(91,663)**
Exchange adjustments	(343)	(5,183)	(1,606)	**(7,132)**
Book value on Dec. 31,2004	118,221	62,886	277,600	**458,707**
Cost value	205,717	104,838	919,476	**1,230,031**
Accumulated depreciation	(87,496)	(41,952)	(641,876)	**(771,324)**
Book value on Dec. 31,2004	118,221	62,886	277,600	**458,707**
Investments	18,009	45,157	70,849	**134,015**
Consolidations	5,464	-	2,346	**7,810**
Reclassification	26,432	-	(26,432)	**-**
Disposal	(11,521)	(39,570)	(10,786)	**(61,877)**
Depreciation	(15,860)	(5,480)	(77,317)	**(98,657)**
Exchange adjustments	237	10,258	937	**11,432**
Book value on Dec. 31,2005	140,982	73,251	237,197	**451,430**
Cost value	237,551	90,449	894,025	**1,222,025**
Accumulated depreciation	(96,569)	(17,198)	(656,828)	**(770,595)**
Book value on Dec. 31,2005	140,982	73,251	237,197	**451,430**

2. Investment Properties

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

Movements for 2004 and 2005 are as follows:

	Land & Buildings	Equipment	**Total**
Cost value	210,492	4,614	**215,106**
Accumulated depreciation	(23,137)	(2,686)	**(25,823)**
Book value on Dec. 31, 2003	187,355	1,928	**189,283**
Investments	12,016	12	**12,028**
Disposal	-	-	**-**
Depreciation	(7,441)	(223)	**(7,664)**
Exchange adjustments	(14,014)	(161)	**(14,175)**
Book value on Dec. 31,2004	177,916	1,556	**179,472**
Cost value	206,752	3,127	**209,879**
Accumulated depreciation	(28,836)	(1,571)	**(30,407)**
Book value on Dec. 31, 2004	177,916	1,556	**179,472**
Investments	39,179	1,034	**40,213**
Disposal	(69,961)	(1,039)	**(71,000)**
Depreciation	(7,118)	(497)	**(7,615)**
Exchange adjustments	27,238	17	**27,255**
Book value on Dec. 31,2005	167,254	1,071	**168,325**
Cost value	191,389	2,299	**193,688**
Accumulated depreciation	(24,135)	(1,228)	**(25,363)**
Book value on Dec. 31, 2005	167,254	1,071	**168,325**

The estimated value of the properties which are part of the Company's real estate operations amounts to approximately € 183 million ($ 216 million). Prior year amounted to approximately € 208 million ($ 283 million). This value is based on an external valuation performed in January 2005 and subsequently internally updated at year-end. These valuations were 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:

	2005	2004
Goodwill	**743,355**	483,989
Other Intangibles	**336,259**	336,941
	1,079,614	820,930

Movements for goodwill are as follows:

	2005	2004
Balance on January 1	**483,989**	419,990
Acquisitions	**250,737**	218,437
Consolidation	**-**	14,713
Disposals	**(15,538)**	-
Reclassification of goodwill associates	**(9,341)**	-
Purchase price allocation adjustment	**28,571**	-
Other reclassification	**3,707**	-
Amortization	**-**	(169,151)
Exchange adjustments	**1,230**	-
Balance on December 31	**743,355**	483,989
Cost value	**1,154,045**	1,167,258
Amortization	**(410,690)**	(683,269)
Book value on December 31	**743,355**	483,989

Investments in associates includes goodwill to an amount of € 9,341 as follows:

Cost value	204,547
Amortization	(195,206)
	9,341

The acquired goodwill during 2005 can be specified as follows:

Purchase price, net of cash acquired	359,715
Net asset value acquired	(108,978)
Total goodwill acquired	250,737

Major acquisitions

In January, the Company acquired an additional 21% in Pearle Europe B.V. from Luxottica Group for € 144 million. The Company's current interest in Pearle Europe amounts to 98.66%.

Details are as follows:

Cash paid	144,000
Minority interest acquired	(1,208)
Goodwill	142,792

During 2005, the Company acquired various optical retail companies across Europe (mostly Italy, Finland and Hungary).

Details are as follows:

Cash paid	81,978
Net asset value acquired	(6,690)
Goodwill	75,288

Details of the net asset value acquired:

Property, plant and equipment	7,981
Long-term assets	4,440
Inventories	5,934
Accounts receivable & others	12,278
Short-term debts	(10,866)
Accounts payable and short-term liabilities	(7,371)
Long-term liabilities	(5,706)
Net asset value acquired	6,690

In December, the Company acquired the remaining minority interest of 32% in GrandVision S.A. for € 123 million. GrandVision S.A. is now fully owned by the Company.

Details are as follows:

Cash paid in 2005	86,869
Cash to be paid in 2006/2007	36,288
Minority interest acquired	(99,059)
Goodwill	24,098

The initial accounting for these acquisitions is provisional.

Major divestiture

In December, Koninklijke Ahrend N.V., a 77% subsidiary of the Company, sold its office products division. The net goodwill attributable to the divestiture of this division, which was deducted from the gain on the sale, amounted to € 16 million.

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 CGU 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 (48%-78%), growth rate beyond the five-year period (0%) and the discount rate (9%-10%).
The result of this process was the determination that the carrying value of each CGU was not impaired and, as a result, no impairment charge was recorded on goodwill nor 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, 2004	-	-	-	**-**
Reclassification	5,763	-	5,096	**10,859**
Investments	44,000	156,150	18,950	**219,100**
Consolidation	105,528	-	11,294	**116,822**
Amortization	(1,310)	(4,685)	(3,845)	**(9,840)**
Book value on Dec. 31, 2004	153,981	151,465	31,495	**336,941**
At Dec. 31, 2004				
Cost value	171,115	156,150	59,091	**386,356**
Accumulated amortization	(17,134)	(4,685)	(27,596)	**(49,415)**
Book value on Dec. 31, 2004	153,981	151,465	31,495	**336,941**
Reclassification	(138)	-	8,345	**8,207**
Investments	6,284	-	6,918	**13,202**
Disposals	(5,679)	-	-	**(5,679)**
Amortization	(4,289)	(6,246)	(5,877)	**(16,412)**
Book value on Dec. 31, 2005	150,159	145,219	40,881	**336,259**
At Dec. 31, 2005				
Cost value	170,765	156,150	74,354	**401,269**
Accumulated amortization	(20,606)	(10,931)	(33,473)	**(65,010)**
Book value on Dec. 31, 2005	150,159	145,219	40,881	**336,259**

4. Investments in Associates

The composition of the investments in associates is as follows:

	2005	2004
Publicly traded	**781,107**	667,539
Other	**38,885**	27,610
	819,992	695,149

Movements are as follows:

	2005	2004
Book value on Jan. 1	**695,149**	658,259
Investments	**9,073**	8,370
Disposals	**(13,301)**	-
Reclassification from goodwill	**9,341**	-
Quoted associates transition to IFRS adjustment	**(42,211)**	-
Share in results	**114,695**	81,624
Dividends	**(13,162)**	(25,415)
Exchange adjustments and effect of financial instruments	**60,408**	(27,689)
Book value on Dec. 31	**819,992**	695,149

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:

	2005	2004
Market value	**1,743,874**	981,818
Book value	**(781,107)**	(676,535)
	962,767	305,283

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

Investments in associates at December 31, 2005 include goodwill of € 9,341 (2004: € 9,341)

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

	Vopak	Univar	Boskalis	Total
2004				
Assets	1,581.7	1,852.2	1,242.2	**4,676.1**
Liabilities	1,030.0	1,304.4	768.8	**3,103.2**
Revenues	648.1	4,246.7	1,019.9	**5,914.7**
Profit/(losses)	80.7	71.0	33.9	**185.6**
% interest held	47.50%	46.62%	31.40%	
2005				
Assets	1,765.4	2,178.7	1,329.9	**5,274.0**
Liabilities	1,106.8	1,516.4	780.8	**3,404.0**
Revenues	683.6	4,810.9	1,155.7	**6,650.2**
Profit/(losses)	90.2	99.2	62.7	**252.1**
% interest held	47.74%	46.62%	31.75%	

All of the above associates are incorporated in the Netherlands.
A list of the Company's principal associates is included on page 41.

5. Other financial assets

Movements are as follows:

	2005	2004
Book value on Jan. 1	**25,117**	234,477
Investments	**-**	20,790
Reclassification to consolidated investments	**-**	(160,892)
Reclassification to marketable securities and deposits	**-**	(17,510)
Disposals	**(1,000)**	(51,403)
Exchange adjustments	**609**	(345)
Book value on Dec. 31	**24,726**	25,117

No amount was removed from equity and recognized in profit or loss in 2005.
A list of the Company's principal other financial assets is included on page 41.

Investments in associates and other financial assets include interests in five private partnerships for a total amount of € 30 million (2004: € 26 million).

6. Other non-current assets

	2005	2004
Mortgage receivables	**-**	14,334
Loans to associates	**7,213**	5,409
Other loans	**17,068**	6,953
Long-term deposits	**12,545**	10,013
Long-term receivables	**11,097**	7,634
Other	**18,058**	34,355
	65,981	78,698

Mortgage receivables related to the Company's interest in the time-share partnership (Poipu) which was sold in 2005.

The loans to associates consist of five loans that bear interest ranging from 3.8% to 12.5% with a remaining duration of three years.

7. Marketable securities and deposits

The specification is as follows:

	2005	2004
Time deposits and other receivables	**120,880**	462,165
Other fixed income securities	**79,009**	67
Equity securities	**146,328**	115,065
	346,217	577,297

Other fixed income securities mainly comprise U.S. Treasuries.

The analysis by segment as described on page 28 of the "*Time deposits and other receivables*" is as follows:

	2005	2004
Investments	**32,280**	14,046
Liquid portfolio	**88,600**	448,119
	120,880	462,165

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

	2005	2004
U.S. dollars	**16,298**	23,269
Euros	**104,582**	438,610
Other currencies	**-**	286
	120,880	462,165

Other fixed income securities are denominated in U.S. dollars.

On December 31, 2005, the average current yield of the time deposits and bonds denominated in U.S. dollars was 3.4% (2004: 1.7%) and those denominated in euros 2.3% (2004: 2.1%).
All deposits are highly liquid.

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

	2005	2004
	%	%
North-America	**40**	56
Europe	**58**	44
Other	**2**	-
	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

	2005	2004
Trade receivables	**222,397**	265,185
Allowance for doubtful receivables	**(15,420)**	(16,891)
	206,977	248,294

9. Inventories

The composition of the inventories is as follows:

	2005	2004
Raw materials	**28,078**	27,949
Work in process	**16,665**	13,959
Finished goods	**240,941**	246,200
Provision	**(25,966)**	(22,775)
	259,718	265,333

The cost of inventory recognized as expense amounts to € 1,024.3 million. The total write-down of inventories recognized as expense amounts to € 7.6 million.

10. Other current assets

The composition of the other current assets is as follows:

	2005	2004
Prepaid vendors	**8,236**	5,722
Other receivables	**66,330**	60,537
VAT	**14,776**	22,845
Unrealized forwards	**-**	8,528
Receivables from franchisees	**7,658**	6,344
Income tax receivable	**3,922**	-
	100,922	103,976

11. Minority Interests

	2005	2004
Balance on January 1	**74,918**	(8,673)
Consolidation	**-**	92,856
Minority interests in results of consolidated subsidiaries	**19,981**	(4,169)
Purchase minority interests	**(100,267)**	-
Exchange differences	**3,226**	(2,301)
Other	**(7,821)**	(2,795)
Balance on December 31	**(9,963)**	74,918

12. Provisions

Movements for 2005 are as follows:

	Pensions and early retirement (see note 13)	Other	Total
Balance on January 1	33,805	7,700	**41,505**
Provisions made in the year	20,654	9,338	**29,992**
Consolidations	-	889	**889**
Amounts used	(18,878)	(4,673)	**(23,551)**
Exchange adjustments	(191)	91	**(100)**
Balance on December 31	35,390	13,345	**48,735**

The provisions are generally of a long-term nature.

13. Pension Obligations

The Company and its subsidiaries have established a number of pension and early retirement schemes. Most of the schemes are final salary defined benefit plans and 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, 2005.

The amounts recognized in the balance sheet are as follows:

	2005	2004
Present value of funded obligations	**335,428**	304,807
Fair value of plan assets	**280,489**	262,240
	54,939	42,567
Unrecognized actuarial losses	**(42,649)**	(27,350)
Present value of unfunded obligations	**23,100**	18,588
Net liability in the balance sheet	**35,390**	33,805

The amounts recognized in the income statement are as follows:

	2005	2004
Current service cost	**10,026**	8,556
Interest cost	**15,404**	14,574
Expected return on plan assets	**(14,183)**	(13,455)
Actuarial losses	**339**	100
Plan amendments	**(3,675)**	(5,155)
Other costs	**12,743**	15,916
Total, included in Employee costs	**20,654**	20,536

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

The actual return on plan assets was € 23,689 (2004: € 14,082).

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

	2005	2004
Balance on January 1	**33,805**	29,953
Consolidations	**-**	3,646
Total expense as above	**20,654**	20,536
Contributions paid	**(18,878)**	(20,185)
Exchange effect	**(191)**	(145)
Balance on December 31	**35,390**	33,805

The principal actuarial assumptions used for accounting purposes were:

	2005	2004
Discount rate	**4.25%**	4.75%
Expected return on plan assets	**4.3-6.8%**	3.9-7.0%
Future salary increases	**3.00%**	3.00%

14. Long-term Debt

	2005	2004
Mortgage loans	**207,369**	315,088
Other loans	**543,727**	638,299
	751,096	953,387

The summary per currency is as follows:

	2005	2004
U.S. dollars	**145,345**	142,658
Euros	**595,593**	789,001
Other	**10,158**	21,728
	751,096	953,387

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

	2005	2004
Between 1 and 2 years	**84,239**	155,871
Between 2 and 5 years	**548,358**	508,044
Over 5 years	**118,499**	289,472
	751,096	953,387

Mortgages are secured by pledges on vessels, real estate and receivables with a corresponding book value of € 315 million. The other loans are secured to an amount of € 116 million by pledges on machinery and equipment, receivables, inventories and other current assets.

Interest rates on the long-term loans vary from 2.97% to 12.50% (2004: 2.15% to 12.50%).

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

	2005	2004
Loans at fixed rates	**504,206**	723,783
Loans at floating rates	**246,890**	229,604
	751,096	953,387

The fair value of long-term debt approximates the book value.

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, 2004	(14,167)	(10,695)	(9,633)	**(34,495)**
Credited/(charged) to net income	505	(379)	(5,692)	**(5,566)**
Consolidation	-	-	(63,833)	**(63,833)**
Other movements	(317)	-	-	**(317)**
As at Dec. 31, 2004	(13,979)	(11,074)	(79,158)	**(104,211)**
Credited/(charged) to net income	6,798	860	(5,484)	**2,174**
Purchase price allocation adjustment	-	-	(14,520)	**(14,520)**
Other movements	1,415	-	-	**1,415**
As at Dec. 31, 2005	(5,766)	(10,214)	(99,162)	**(115,142)**

The current portion of the deferred tax liabilities amounts to € 661 and the non-current to € 114,481.

Deferred tax assets:

	Derivatives	Goodwill	Other	Total
As at Jan. 1, 2004	3,196	6,503	22,375	**32,074**
Credited/(charged) to net income	-	(1,572)	9,043	**7,471**
Charged to equity	(393)	-	-	**(393)**
Consolidation	1,307	-	5,659	**6,966**
As at Dec. 31, 2004	4,110	4,931	37,077	**46,118**
Credited/(charged) to net income	434	(324)	4,000	**4,110**
Charged to equity	(3,053)	-	-	**(3,053)**
Consolidation	-	-	271	**271**
As at Dec. 31, 2005	1,491	4,607	41,348	**47,446**

The current portion of the deferred tax assets amounts to € 8,152 and the non-current to € 39,294.

Deferred tax assets with respect to unused tax losses are included in other deferred tax assets.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to off set 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:

	2005	2004
Deferred tax assets	**21,109**	29,607
Deferred tax liabilities	**(88,805)**	(87,700)
	(67,696)	(58,093)

Deferred income taxes are shown under note 24 as follows:

	2005	2004
Deferred tax liabilities credited to net income	**2,174**	(5,566)
Deferred tax assets credited to net income	**4,110**	7,471
	6,284	1,905

16. Short-term Debt

	2005	2004
Bank overdraft	**20,714**	28,659
Bank loans	**208,196**	98,977
Current portion long-term debt	**98,161**	112,307
	327,071	239,943

17. Earnings from marketable securities and deposits

	2005	2004
Capital gains	**4,974**	13,926
Interest income	**8,334**	11,854
Dividends	**2,132**	1,809
Management fees	**(444)**	(329)
	14,996	27,260

18. Earnings from Associates

	2005	2004
Share in result	**114,695**	81,624
Interest from loans	**517**	748
	115,212	82,372

19. Earnings from other financial assets

Earnings from other financial assets consist of capital gains of € 4,565 (2004: € 73,222).

20. Earnings from Real Estate activities

	2005	2004
Capital gains	**51,695**	-
Rental income	**21,848**	20,603
Condominium sales	**1,633**	-
Operating expenses	**(9,126)**	(6,903)
	66,050	13,700

The sale of Shorewood properties is included in the capital gains above.

21. Capital gains on sale of assets

Capital gains on sale of assets (€ 84,021) consists of the sale of the office products division of Koninklijke Ahrend N.V. of € 70,071 the sale of vessels of Anthony Veder of € 6,397 and the sale of the time-share operation Poipu Resort of € 7,553. The amounts involved are pre-tax and pre-minority interests.

22. Employee costs

	2005	2004
Wages and salaries	**561,050**	511,806
Social security costs	**110,299**	96,638
Pension costs	**20,654**	20,536
Other	**44,729**	39,033
	736,732	668,013

The average number of persons employed by the Company and its subsidiaries during 2005 was 17,484 (2004: 15,887) on a full time equivalent basis.

23. Other operating expenses

Other operating expenses during 2005 include operating lease expenses for a total amount of € 212 million (2004: € 194 million).

Research and development costs written-off amounted to € 5.5 million (2004: € 5.8 million).

The total amount of exchange differences recognized in the income statement (except financial instruments at fair value) amounted to € 0.5 million loss (2004: € 0.01 million loss).

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.

	2005	2004
Current income taxes	**70,815**	37,193
Deferred income taxes	**(6,284)**	(1,905)
	64,531	35,288

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:

	2005	2004
Tax at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	**132,161**	42,579
Recognition of unused ax losses and temporary differences	**(7,048)**	(5,500)
Tax-effect on non-deductible expenses and on income not subject to tax	**(58,809)**	(1,259)
Other	**(1,773)**	(532)
	64,531	35,288

25. Changes in working capital

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

	2005	2004
Accounts receivable	**47,817**	(22,895)
Inventories	**16,719**	15,091
Other current assets	**(4,341)**	56,435
Accounts payable	**(22,970)**	7,306
Accrued expenses	**9,536**	(10,034)
Taxes payable	**(161)**	4,947
	46,600	50,850

Segmentation

The composition of the revenues by segment is as follows:

	2005	2004
Investments	**2,860,146**	2,562,118
Real estate	**66,050**	13,700
Liquid portfolio	**11,375**	24,085
	2,937,571	2,599,903

The composition of net income by segment is as follows:

	2005	2004
Investments	**269,778**	61,270
Real estate	**30,795**	(4,665)
Liquid portfolio	**11,039**	23,019
	311,612	79,624

The segment "*Investments*" includes the entire amount of intangibles amortization of € 16,412 (2004: € 178,991).

The composition of the depreciation by segment is as follows:

	2005	2004
Investments	**98,657**	91,663
Real estate	**7,615**	7,664
	106,272	99,327

The composition of assets by segment is as follows:

	2005	2004
Investments	**3,189,288**	2,852,099
Real estate	**171,729**	182,909
Liquid portfolio	**313,937**	563,251
	3,674,954	3,598,259

The composition of liabilities is as follows:

	2005	2004
Investments	**1,652,769**	1,716,336
Real estate	**130,414**	111,915
	1,783,183	1,828,251

The composition of capital expenditures is as follows:

	2005	2004
Investments	**134,015**	102,474
Real estate	**40,213**	12,028
	174,228	114,502

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

	2005	2004
Europe	**2,608,165**	2,349,843
North America	**24,962**	39,290
Other countries	**19,600**	14,216
	2,652,727	2,403,349

The composition of assets by geographical area is as follows:

	2005	2004
Europe	**2,984,992**	3,000,355
North America	**659,552**	574,932
Other countries	**30,410**	22,972
	3,674,954	3,598,259

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

	2005	2004
Europe	**134,015**	102,474
North America	**40,213**	12,028
	174,228	114,502

Derivative financial instruments and hedge accounting

On December 31, 2005 the Company owned open forward exchange contracts maturing in 2006, to sell U.S. dollars with a counter value of approximately € 478 million (2004: € 392 million). These contracts are intended to protect the Company against currency risk on its investments in foreign entities and anticipated future cash flow. The unrealized loss on these contracts amounted to € 0.8 million (2004: € 8.5 million gain). This amount is included under accrued expenses in the balance sheet. In accordance with the accounting policies in respect of derivative financial instruments, the unrealized loss on the forward exchange contracts is recognized as a part of the currency translation differences within Shareholders' Equity.

Interest on long-term loans to an amount of € 356 million (2004: € 582 million) are fixed by means of interest rate swaps.
These instruments are intended to protect the Company against interest rate movements. Unrealized and deferred losses on these instruments amounted to € 4 million (2004: € 13 million) on December 31, 2005. This amount is included under accrued expenses in the balance sheet.

These unrealized losses are recognized as part of the Other reserves within Shareholders' Equity under interest rate derivatives.

Fair value financial assets and liabilities

Fair value of financial assets and liabilities approximates the carrying amount, unless otherwise disclosed. Reference is made to pages 42 and 43 which provides information relating to the estimated value of the investment portfolio.

Related-party transactions

Short-term and post-employment benefits for the Executive Board amounted to € 2,000 and € 382 respectively.
The fixed remuneration for the Supervisory Directors of HAL Holding N.V. paid during 2005 in accordance with Art. 23 (5) of the Articles of Incorporation of HAL Holding N.V. was $ 100 (€ 85) 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 € 390.

Off-Balance Sheet Commitments

Capital Commitments

On December 31, 2005 the Company and its subsidiaries had capital commitments in respect of property under construction of approximately € 5.3 million (2004: € 15.7 million) which will become payable in 2006.

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:

	2005	2004
Cost at beginning of the year	**59,575**	58,552
Acquisition	**4,136**	2,269
Disposal	**(896)**	(1,246)
Subtotal	**62,815**	59,575
Accumulated depreciation at beginning of the year	**(48,409)**	(44,354)
Acquisition	**(634)**	(503)
Disposal	**378**	1,141
Depreciation	**(3,387)**	(4,693)
Subtotal	**(52,052)**	(48,409)
Book value at Dec. 31	**10,763**	11,166

Minimum lease payments of the finance lease liabilities:

	2005	2004
Not later than 1 year	**2,116**	3,301
Later than 1 year and not later than 5 years	**4,548**	4,358
Later than 5 years	**3,625**	2,760
Subtotal	**10,289**	10,419
Future finance charges	**(2,909)**	(2,056)
Present value of liability	**7,380**	8,363

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

Not later than 1 year	**2,038**	3,129
Later than 1 year and not later than 5 years	**3,829**	3,649
Later than 5 years	**1,513**	1,585
Total	**7,380**	8,363

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:

	2005	2004
Not later than 1 year	**151,989**	162,574
Later than 1 year but not later than 5 years	**441,628**	380,679
Later than 5 years	**187,029**	158,528
	780,646	701,781

The Company and its subsidiaries entered into various commitments to acquire minority and majority interests. On December 31, 2005 the total estimated amount of these commitments was € 51 million (2004: € 11 million).

List of Principal Investments

as of December 31, 2005

(Interest = 100 %,
unless otherwise stated)

Consolidated:

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
GrandVision S.A., Paris
Mercurius Groep B.V., Wormerveer
Trespa International B.V., Weert
Pearle Europe B.V., Schiphol (98.7%)
Intersafe Holding B.V., Dordrecht (95.5%)
F-O Optika-Fotó (94.7%)
Schoonenberg Hoorcomfort B.V., Dordrecht (91.0%)
Koninklijke Ahrend N.V., Amsterdam (77.0%)
International Container Services Holding B.V., Rotterdam (66.5%)
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
Univar N.V. (ordinary shares)	46.62%	Amsterdam
Koninklijke Boskalis Westminster N.V.	31.75%	Amsterdam

Other

FD Mediagroep B.V.	39.90%
AMB i.t. Holding B.V.	30.00%
Lensmaster	25.00%
Kempen & Co N.V.	19.95%

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

as of December 31, 2005

General

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

For the purpose of this enclosure, book value includes non-amortized 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. The value 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 will, among other things, be considered when selecting the multiple:

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

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

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 after dividend
Quoted investments	781,107	1,743,874	590,110
Unquoted investments	851,151	1,502,871	824,771
	1,632,258	3,246,745	1,414,881

Unquoted investments:

Value based on a multiple of EBITA	114,391	207,525	99,925
Value based on recent transactions	590,767	1,088,493	533,296
Valued at cost less provisions	108,164	147,874	179,019
Valued at other methods	37,829	58,979	12,531
	851,151	1,502,871	824,771

The multiples applied vary from 7 to 8.

The investments in Pearle Europe and GrandVision are based on the purchase transactions in January 2005 and December 2005 respectively (see page 30).

Cost price after dividend represents the original purchase price, less dividends, interest received and return of capital.

Quoted investments

	Interest in common shares	Price per share in €	Market value in € x 1,000
Koninklijke Vopak N.V. - ordinary shares	47.74%	25.60	763,189
Koninklijke Vopak N.V. - preferred shares		(*)	8,961
Univar N.V. - ordinary shares	46.62%	33.00	461,025
Koninklijke Boskalis Westminster N.V.	31.75%	56.25	510,699
Total market value quoted investments			1,743,874

(*) Non-quoted at cost

No discount was applied to the above market prices.

Balance Sheet
HAL Trust

as at December 31

In thousands of euros	**2005**	2004
Assets		
63,686,850 shares in HAL Holding N.V., at historical cost	**69,307**	69,307
Trust Property	**69,307**	69,307

Statement of Income
HAL Trust

In thousands of euros	**2005**	2004
Dividend received from HAL Holding N.V.	**114,636**	92,346
Net Income	**114,636**	92,346

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

Change in accounting policies:
The shares in HAL Holding N.V. are accounted for at historical cost in accordance with IAS27.37. In previous years, these shares were carried at the net asset value of HAL Holding N.V. The net asset value of HAL Holding N.V. at December 31, 2005 amounts to € 1,901,734 (2004: € 1,695,090).

Trust Property
The movement for 2005 for the Trust Property is as follows:

Balance on January 1, 2005	69,307
Dividend received from HAL Holding N.V.	114,636
Distributed to Unit Holders	(114,636)
Balance on December 31, 2005	69,307

Cash flow statement

In thousands of euros	**2005**	2004
Dividend received from HAL Holding N.V.	**114,636**	92,346
Distributed to Unit Holders	**(114,636)**	(92,346)
Net change	**-**	-

Prior year figures were restated to conform prior year's financial information to the current presentation.

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 2005 and to pay a cash dividend of € 3.00 per Share outstanding. If it is decided to give this instruction, the Trustee will receive a cash dividend of € 191,060,550.

It is proposed to instruct the Trustee to distribute the amount of € 191,060,550 in accordance with Article VIII, Section 8.1 of the Trust Deed. Upon approval of the resolution, Shareholders will receive a cash dividend at € 3.00 per Share.

Holders of conventional Share certificates will be paid upon surrender of dividend coupon number 28 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

Introduction

In accordance with your instructions we have audited the 2005 financial statements of HAL Trust, Bermuda as included on pages 15 through 44. These financial statements are the responsibility of the Executive Board of HAL Holding N.V. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our 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, 2005 and of the result for the year then ended in accordance with International Financial Reporting Standards.

Willemstad, Curaçao
Netherlands Antilles, March 27, 2006

PricewaterhouseCoopers
Netherlands Antilles

Five-year Summary
Consolidated Balance Sheet

In millions of euros	**2005**	2004	2003	2002	2001
Assets					
Non-current assets:					
Property, plant and equipment	**451.5**	458.7	338.2	355.9	414.8
Investment properties	**168.3**	179.5	189.3	244.9	298.7
Intangible assets	**1,079.6**	820.9	420.0	385.8	395.8
Investments in associates	**820.0**	695.1	658.2	713.6	601.4
Other financial assets	**24.7**	25.1	234.5	29.0	36.7
Deferred tax assets	**21.1**	29.6	26.4	3.9	-
Other non-current assets	**66.0**	78.8	82.9	70.2	162.0
Total non-current assets	**2,631.2**	2,287.7	1,949.5	1,803.3	1,909.4
Current assets:					
Marketable securities and deposits	**346.2**	577.3	643.8	816.5	978.5
Receivables	**207.0**	248.3	201.4	175.8	196.1
Inventories	**259.7**	265.3	198.4	177.5	187.3
Other current assets	**100.9**	104.0	94.5	71.0	54.5
Cash and cash equivalents	**130.0**	115.7	38.6	31.2	25.8
Total current assets	**1,043.8**	1,310.6	1,176.7	1,272.0	1,442.2
Total assets	**3,675.0**	3,598.3	3,126.2	3,075.3	3,351.6
Liabilities and shareholders' equity					
Shareholders' equity	**1,901.7**	1,695.1	1,732.8	1,714.8	1,932.5
Minority interests in consolidated subsidiaries	**(9.9)**	74.9	(8.7)	(0.9)	30.4
Non-current liabilities:					
Provisions	**48.7**	41.5	43.5	37.1	50.7
Long-term debt	**751.1**	953.4	662.2	765.0	704.0
Deferred tax liabilities	**88.8**	87.7	28.8	29.6	26.2
Total non-current liabilities	**888.6**	1,082.6	734.5	831.7	780.9
Current liabilities:					
Short-term debt	**327.1**	239.9	287.7	187.4	302.7
Income tax payable	**44.3**	29.9	43.0	25.0	17.3
Accounts payable	**254.3**	230.5	155.1	161.9	168.6
Accrued expenses	**268.9**	245.4	181.8	155.4	119.2
Total current liabilities	**894.6**	745.7	667.6	529.7	607.8
Total equity and liabilities	**3,675.0**	3,598.3	3,126.2	3,075.3	3,351.6
Shareholders' equity per Share *(in euros)*	**29.86**	26.62	27.21	26.93	30.34

Five-year Summary
Consolidated Statement of Income

In millions of euros	**2005**	2004	2003	2002	2001
Net sales	**2,652.7**	2,403.3	1,756.3	1,660.6	1,666.2
Earnings from marketable securities and deposits	**15.0**	27.3	41.7	32.4	46.0
Capital gains on sale of assets	**84.0**	-	-	-	-
Earnings from associates	**115.2**	82.4	78.5	106.5	116.0
Earnings from other financial assets	**4.6**	73.2	2.6	-	-
Earnings from real estate activities	**66.1**	13.7	25.8	29.2	38.9
Total income	**2,937.6**	2,599.9	1,904.9	1,828.7	1,867.1
Raw materials, consumables used and changes in inventories	**1,031.9**	976.6	807.2	788.7	829.3
Employee costs	**736.7**	668.0	444.9	399.9	385.0
Depreciation property, plant and equipment	**106.3**	99.3	67.9	69.5	67.3
Amortization goodwill	**-**	169.2	147.1	126.2	125.0
Amortization other intangibles	**16.4**	9.9	6.5	2.6	2.6
Other expenses	**581.2**	500.8	317.6	346.7	313.3
Total costs	**2,472.5**	2,423.8	1,791.2	1,733.6	1,722.5
Operating result	**465.1**	176.1	113.7	95.1	144.6
Interest expense	**(69.0)**	(65.4)	(54.3)	(54.1)	(57.8)
Profit before taxes	**396.1**	110.7	59.4	41.0	86.8
Income taxes	**(64.5)**	(35.3)	(4.2)	(32.4)	(22.5)
Net income before minority interests in results of consolidated subsidiaries	**331.6**	75.4	55.2	8.6	64.3
Minority interests in results of consolidated subsidiaries	**(20.0)**	4.2	4.4	17.6	13.0
Net income	**311.6**	79.6	59.6	26.2	77.3
Net income per Share *(in euros)*	**4.89**	1.25	0.94	0.41	1.21
Dividends per Share *(in euros)*	**3.00** *	1.80	1.45	1.25	1.40

* Proposed.

Balance Sheet
HAL Holding N.V.

as of december 31

In thousands of euros, before proposed distribution of income	**2005**	2004
Assets		
Fixed assets:		
Financial fixed assets	**2,061,888**	1,503,590
Current assets:		
Deposits	**64,866**	429,464
Other current assets	**50**	8,371
Total current assets	**64,916**	437,835
	2,126,804	1,941,425
Liabilities and shareholders' equity		
Shareholders' equity	**1,901,734**	1,695,090
Current liabilities:		
Short-term debt	**223,684**	242,842
Accrued expenses	**1,386**	3,493
Total current liabilities	**225,070**	246,335
	2,126,804	1,941,425

Statement of Income
HAL Holding N.V.

In thousands of euros	**2005**	2004
Income from financial fixed assets	**301,240**	60,060
Other income	**11,876**	21,108
Total income	**313,116**	81,168
Interest expense	**(1,488)**	(1,537)
Other expenses, including income taxes	**(16)**	(7)
Net income	**311,612**	79,624

Notes to the Statutory Financial Statements HAL Holding N.V. *(in thousands 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 2005 are as follows:

Balance on January 1, 2005	1,503,590
Income	301,240
Increase in loans, net	178,232
Exchange adjustment, valuation differences and equity adjustments	78,826
Balance on December 31, 2005	2,061,888

Shareholders' equity

The movement for 2005 of Shareholders' equity is included on pages 18 and 19.

On December 31, 2005 and 2004, 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.

Supervisory Directors

The fixed remuneration for the Supervisory Directors of HAL Holding N.V. paid during 2005 in accordance with Art. 23 (5) of the Articles of Incorporation was $ 100 (€ 85) in total.
The compensation payable to the Board of Supervisory Directors pursuant to Article 30 (1) of the Articles of Incorporation is € 390.

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2005 is as follows:

According to the Statutory Statement of Income, the net income is:	€ 311,612,000.00
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 compensation payable according to this Article amounts to:	€ (389,515.00)
Available for distribution to Shareholders	€ 311,222,485.00

Proposed distribution:

In accordance with Article 31(1), € 0.03 for each of the 63,686,850 Shares:	€ 1,910,605.50
Available to the General Meeting of Shareholders in accordance with Article 31 (2):	€ 309,311,879.50
Retained	€ (120,161,935.00)
Available for distribution	€ 191,060,550.00
After approval of the dividend proposal of € 3.00 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 € 3.00 per Share:	€ 191,060,550.00

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.

Effective April 21, 2006, the Board consists of Messrs. J.L.F. van Moorsel, *chairman*, A.R. Anderson, J.C.R. Collis, O. Hattink and A.H. Land, *members*, C. MacIntyre, *alternate member*. Mr. P.J. Kalff resigned from the Board effective April 21, 2006.

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.

Effective April 21, 2006, 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. H. Langman, Dr. J.M. Schröder and M. van der Vorm. Messrs. Langman and Schröder will resign from the Board in the 2006 annual meeting of Trust shareholders and it is proposed to appoint Mr. P.J. Kalff and Mr. T. Hagen member of the Board.

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 28 May 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 53. 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. adoption of the annual accounts;
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 and a secretary 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 jeopardise 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. 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 attends the meetings of Trust Shareholders.

Information in respect of members of the Board of Supervisory Directors

H. Langman (75) is a Dutch citizen. Mr. Langman was appointed member of the Board of Supervisory Directors of HAL Holding N.V. in 1974. In 1984 he was appointed Chairman. His current term is from 2004-2006. At the end of the next shareholders meeting Mr. Langman will retire from the Supervisory Board as he will have reached the statutory age limit. Mr. Langman is a former Minister of Economic Affairs and a former member of the Executive Board of ABN AMRO Bank N.V.

S.E. Eisma (57) is a Dutch citizen. Mr. Eisma was appointed member/secretary of the Board of Supervisory Directors of HAL Holding N.V. in 1993. His current term is from 2001-2006. 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 NV SDU v/h Staatsdrukkerij-/Uitgeverij, Rabobank Nederland and Grontmij N.V. and Chairman of the Supervisory Council of Stichting Kröller-Müller Museum. It will be proposed to re-elect Mr. Eisma this year.

Dr. J.M. Schröder (74) is a Dutch citizen. Mr. Schröder was appointed member of the Board of Supervisory Directors of HAL Holding N.V. in 1972. His current term is from 2003-2006. At the end of the next shareholders' meeting Mr. Schröder will retire from the Supervisory Board as he will have reached the statutory age limit. Mr. Schröder is the former President and Chief Executive Officer of Martinair Holland N.V. He is Chairman of the Supervisory Board of DPA Holding N.V. and Vice-Chairman of the Supervisory Board of Koninklijke Nederlandse Munt N.V.
Mr. Schröder is also member of the Supervisory Council of Stichting Het Koninklijk Militair Historisch Museum.

T. Hagen (63) 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.

A.H. Land (66) 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 2002-2007. 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.

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 Wednesday, May 24, 2006, 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 Thursday, June 1, 2006, with regard to the following items on the agenda:
   a) Report of the Executive Board of HAL Holding N.V.
   b) Recommendations of the Board of Supervisory Directors of HAL Holding N.V.
   c) Approval of the annual accounts of HAL Holding N.V.
   d) Proposal for the distribution of profits.
   e) Election of Supervisory Directors. It is proposed to re-elect Mr. S.E. Eisma and to elect Messrs P.J. Kalff and M.P.M. de Raad.
   f) Discharge members of the Executive Board in respect of their duties of management during the financial year 2005.
   g) Discharge members of the Board of Supervisory Directors in respect of their duties of supervision during the financial year 2005.
3. Approval of the annual accounts of HAL Trust.
4. Stichting HAL Trust Commissie. It is proposed to appoint Messrs P.J. Kalff and T. Hagen members of the Board.
5. Making dividend available for distribution.
6. Report of the Trust Committee.
7. Other business.
8. Closing.

Bearer Shareholders who wish to attend the meeting must deposit their Bearer Shares, not later than May 17, 2006, 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 2005 Annual Report which is presented to you in accordance with Article 14, Section 4 of the Trust Deed.

HAL Trustee Ltd.

Hamilton, Bermuda, April 28, 2006