HAL Trust

Annual Report 2006

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.

HAL Holding N.V.
A. Mendes Chumaceiro Boulevard 11
Willemstad, Curaçao
Netherlands Antilles
Telephone: (599) 9 4615 002
Telefax: (599) 9 4615 003

Postal Address:
HAL Holding N.V.
4, Avenue de la Costa
MC 98000 Monaco
Telephone: (377) 92 16 75 79
Telefax: (377) 93 25 54 34
www.halholding.com

Contents

Corporate Administration

HAL Holding N.V.

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

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

Chief Financial Officer:
A.A. van ‘t Hof

Highlights

In euros	**2006**	2005
Income (in millions)		
Net sales	**2,778.6**	2,652.7
Earnings from marketable securities and deposits	**67.8**	15.0
Capital gains on sale of assets	**3.2**	84.0
Earnings from associates	**250.4**	115.2
Earnings from other financial assets	**2.2**	4.6
Earnings from real estate activities	**23.5**	66.1
Net income	**496.8**	311.6
Balance sheet		
Total assets (in millions)	**3,795.5**	3,675.0
Shareholders' Equity (in millions)	**2,201.7**	1,901.7
Shareholders' Equity as percentage of total assets	**58.0**	51.7
Number of Shares (in thousands)	**63,488***	63,687
Average number of Shares outstanding (in thousands)	**63,658**	63,687
Per Share		
Net income	**7.80**	4.89
Shareholders' Equity	**34.68**	29.86
Net asset value at market value of quoted associates	**56.56** **	44,98 **
Closing price Shares	**67.85**	50.00
Cash dividend declared	**3.15** ***	3.00
Exchange rates - December 31		
U.S. dollar per Euro	**1.32**	1.18

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

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 57.

In accordance with the instructions issued on May 24, 2006, the Trustee paid a dividend of € 3.00 per share on June 2, 2006.

On December 31, 2006 and 2005, 63,686,850 shares were outstanding.

On December 31, 2006, HAL Holding N.V. owned 198,886 shares HAL Trust.

The Trust Committee
HAL Trust Committee Ltd.

Hamilton, Bermuda, March 28, 2007

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

The composition of the Board of Supervisory Directors changed in 2006. During the Shareholders' meeting of HAL Holding N.V. on June 1, 2006 , Messrs. Langman and Schröder retired from the Board as they had reached the statutory age limit. Messrs. Kalff and De Raad were elected to fill the vacancies. Mr. Eisma resigned in accordance with the rotation schedule and was re-elected. He succeeded Mr. Langman as Chairman of the Board of Supervisory Directors. During the Shareholders' meeting HAL Trust on May 24, 2006, well deserved words of praise were addressed to the retiring members, who each served the Company for more than thirty years. In 2006 the Board consisted of five members. Their names, nationality and other relevant information are mentioned on page 61 of this report.

The Board of Supervisory Directors supervises the Executive Board and provides advice to the general meeting of shareholders. In discharging its role, the Board of Supervisory Directors is guided by the interest of HAL Holding N.V. and its business.

The Board exercised its supervisory task by having in-depth discussions with the Executive Board during five meetings which were attended by all supervisory board members. Based on written and verbal information provided by the Executive Board, the general state of affairs of the Company was discussed and evaluated. More specifically, the following subjects, among others, were addressed during these meetings: the strategy, the development of the results, the dividend policy, the remuneration policy, potential investments and divestitures, the tax strategy, the risks associated with the Company and the design and implementation of the systems of internal control. In this respect, the Board was provided with the results of the risk management review in relation to the financial reporting of the Company, which was conducted during 2006. The results of this review were discussed with the Executive Board. For further information relating to this subject, we refer to the relevant paragraph in the report of the Executive Board on page 15. The Board also had discussions with PricewaterhouseCoopers during three meetings. Subjects for discussion were the report on the first half year of 2006, the systems of administrative and internal controls, impairment testing and the financial statements.

The Board of Supervisory Directors also met in the absence of the Executive Board to discuss, among other matters, the functioning and composition of the Board. All members of the Board of Supervisory Directors were present during the Shareholders' meeting of HAL Trust on May 24, 2006 in Rotterdam.

The Board decided to grant Mr M. van der Vorm, Chairman of the Executive Board, upon his request, a sabbatical from early September 2006 to March 1, 2007. The Board also decided to award Mr M.F. Groot, member of the Executive Board, a one time allotment of 50,000 shares HAL Trust for free on the condition precedent that he will still be employed by the Company on April 1, 2011. The sale of the shares so acquired will be restricted for five years. After the completion of the 2006 financial year the Board also determined the bonuses for 2006 of the members of the Executive Board.

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

The financial statements for 2006 were prepared by the Executive Board and discussed by the Board in presence of the external auditor. After the review of the unqualified opinion provided by PricewaterhouseCoopers Netherlands Antilles, Accountants, as well as their findings as summarized in a report to the Board of Supervisory Directors and the Executive Board, the financial statements were signed by all members of the Board of Supervisory Directors. The Board approved the reserves included in the financial statements.

The Board recommends that the Shareholders of HAL Trust instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on May 31, 2007, for the approval of the financial statements for 2006 as per the documents submitted and the proposed distribution of profits incorporated therein.

It is noted that the Dutch Corporate Governance

Code as published by the Corporate Governance Committee chaired by Mr. M. Tabaksblat is not applicable to HAL Holding N.V. in view of the fact that HAL Holding N.V. is not a Dutch company. Page 58 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. A.H. Land will resign this year. We propose the Shareholders to instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on May 31, 2007, for re-election of Mr. A.H. Land.

On behalf of the Board of Supervisory Directors,

S.E. Eisma, *Chairman*

March 28, 2007

Report of the Executive Board HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2006 amounted to € 496.8 million (€ 7.80 per share) compared with € 311.6 million (€ 4.89 per share) for 2005.

In 2006 the Company's net asset value increased by € 929 million. After deducting the dividend over 2005 (€ 191 million) and treasury shares (€ 11.6 million), the net asset value increased from € 2,864 million (€ 44.98 per share) on December 31, 2005, to € 3,591 million on December 31, 2006 (€ 56.56 per share). The main reason for the 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.

At the end of December 2006 the estimated value of the unquoted investments, based on the principles and assumptions set out on pages 46 and 47 of this report, exceeded their book value by € 888 million (€ 13.99 per share) compared to € 652 million (€ 10.24 per share) on December 31, 2005. In addition, at the end of 2006, the estimated market value of the real estate portfolio exceeded book value by € 59 million (€ 0.93 per share) compared to € 18 million (€ 0.28 per share) at the end of 2005, adjusted for the 2006 divestitures.

It will be proposed to distribute a cash dividend of € 3.15 per share for 2006 (2005: € 3.00). This distribution is in accordance with the dividend policy published on May 24, 2006, and represents 5% of the average December 2006 share price of HAL Trust. In the future, barring unforeseen circumstances and sufficient liquid assets, the dividend will be based on 4% of the average December share price in the year prior to the year of dividend payment.

Prospects

As of March 23, 2007 the value of the quoted associates and the liquid portfolio had increased by € 205 million (€ 3.23 per share) since the end of 2006.
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 2007.

Strategy

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

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

Risks

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

Market risk
At the end of 2006 the Company had, as part of the liquid portfolio, investments in equities amounting to € 54 million. In addition, based on market values, € 2,086 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 2006 HAL had, as part of the liquid portfolio, investments in fixed income instruments of € 302 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 € 810 million bank debt outstanding at the end of 2006, € 546 million was at fixed interest rates for an average period of 3.5 years.

Currency risk
HAL's major currency risk is related to changes in value of the U.S. dollar.
At the end of 2006 the net assets denominated in U.S. dollars amounted to approximately $ 650 million (€ 493 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 HAL's investment in 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 2006 HAL had, based on book values, € 1,072 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 46 and 47 of this annual report, amounts to approximately € 1,960 million. The optical retail activities make up 70% of this amount. Accordingly, there is concentration risk with respect to the optical retail industry.
The above estimates of value can significantly fluctuate from year to year. In addition, values as realized upon sale may be materially different from these estimates. At the end of 2006 HAL had invested, based on market values, € 2,086 million in a portfolio of quoted associates. This portfolio consisted of Koninklijke Vopak N.V. (€ 1,067 million, 2005: € 772 million), Univar N.V. (€ 338 million, 2005: € 461 million) and Koninklijke Boskalis Westminster N.V. (€ 681 million, 2005: € 511 million). Accordingly, HAL is exposed to concentration risk, also with respect to this portfolio.

At the end of 2006 HAL had invested, based on book values, € 71 million in real estate assets. As these assets are exclusively located in and around Seattle, unfavorable economic developments in this geographical area can have a negative impact on the value of these properties. Moreover, the value of these properties can be affected by interest rate changes.

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

New investments

During the past year the optical retail activities were further expanded through acquisitions in China, Norway and Germany. In China, the previously announced acquisition of the optical retail chain Redstar was completed in March. The company, in which HAL currently has a 78% interest, has annual sales of approximately € 10 million and operates 102 stores. In Norway, Synoptik (63% Pearle Europe) acquired in September Optikk Norge A/S. This optical retail chain operates 76 stores on a franchise basis and has annual sales of approximately € 50 million. In November Pearle Europe (98% HAL) acquired the German optical retailer Krane-Optik which has annual sales of approximately € 40 million and operates 85 stores. HAL currently has approximately 2,800 optical retail stores (including franchise stores) in 30 countries with total pro forma system wide annual sales (defined as sales including sales of franchise stores) of approximately € 2.1 billion. The 2006 optical retail sales, as included in the 2006 financial statements, amounted to € 1,676 million (2005: € 1,474 million) and the operating income (for the purpose of this report defined as earnings before interest, exceptional and non recurring items, taxes and amortization of intangible assets) to € 219 million (2005: € 180 million). The same store sales of the owned stores increased by 3.8% in 2006.

The hearing aid retail activities were expanded last year through the acquisition of several companies operating a total of 168 stores, primarily in Germany, Italy, Belgium and the Netherlands. The aggregate sales of these acquired companies on an annual basis is approximately € 42 million.

In addition, during 2006, a 10% interest in Vesting Finance B.V., a Hilversum (the Netherlands) based debt collection company, and a 60% interest in Flight Simulation Company B.V. were acquired. This company is based at Amsterdam Airport and provides training for pilots using flight simulators. The amount involved with these two acquisitions was approximately € 10 million.

In October HAL and Egeria announced the intention to acquire each a 50% interest in the insurance company Nationale Borg from the ING Group. Nationale Borg specializes in providing guarantee insurance. The company reported 2006 gross written premiums of € 61 million. The intended purchase is still subject to regulatory approvals. It is expected that the transaction will be completed in the first half of 2007.

Divestitures

In April, a 20% interest in Univar N.V. was sold resulting in a capital gain of € 103 million. HAL's remaining interest in Univar is 26.6%.

Early January 2007 the 19% interest in Kempen & Co. N.V. was sold. The transaction resulted in a gain of € 47 million. HAL's interest in Kempen is carried at the sales transaction value in the balance sheet as at December 31, 2006, and the unrealized gain in equity. The capital gain on the sale will be recognized in the 2007 income statement.

Consolidated subsidiaries

Pearle Europe B.V. (98,3%) operates optical retail chains in nineteen, primarily European, countries with 2,084 stores at the end of 2006 (of which 608 operated under a franchise agreement). The total annual systemwide sales amounted to approximately € 1.1 billion. The company employs approximately 8,300 people and its headquarter is based at Amsterdam Airport. Sales for 2006 increased by 16% to € 884 million. All countries contributed to this increase of € 125 million. Pearle Europe's same store sales increased by 4.6% during 2006 (2005: decrease of 1.8%). In addition, sales increased as a result of store openings, the acquisition in December 2005 of the Hungarian optical retail chain F-O Optika-Fotó and the acquisition in 2006 of the Italian, Portuguese and Czech subsidiaries of GrandVision. Operating income of Pearle Europe increased from € 114 million in 2005 to € 138 million in 2006.

GrandVision S.A. (100%) operates optical retail chains in France, the United Kingdom and 11 other countries. At the end of 2006 the company had 580 stores of which 179 were operated under a franchise agreement. GrandVision is based in Paris and employs approximately 7,000 people. In addition, the company owns Visual S.A., a company which provides wholesale and marketing services to a retail chain of approximately 250 independent opticians. It is the intention to enter into new franchise contracts with the Visual stores in 2007. Part of the contract is that the stores will operate under the existing GrandOptical brand. At the end of 2006 GrandVision already operated 78 stores under the GrandOptical brand in France. The total system wide sales for 2006, including the sales of the franchisees and the Visual stores, amounted to approximately € 1 billion. Sales of GrandVision for 2006 increased by 10% to € 785 million. This increase is the result of autonomous growth, store openings and increased sales to independent opticians partially offset by a decrease due to the sale of the Italian, Portuguese and Czech subsidiaries to Pearle Europe. Same store sales for 2006 increased by 2.9% (2005: 0.9%). Operating income increased from € 66 million to € 80 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 operates 68 outlets in the Netherlands and has approximately 1,100 employees. Sales for 2006 increased by 7.8% to € 403 million as a result of higher volumes due to increasing activity in the construction industry in 2006, as well as higher timber prices. The operating income improved considerably and increased from € 0.7 million in 2005 to € 14.2 million in 2006. This increase is for € 4 million the result of realized profits on the inventory following increasing prices on the supply markets.

Koninklijke Ahrend N.V. (80%) is based in Amsterdam and has approximately 1,300 employees. The company's activities are concentrated in the office furnishing sector. The sales of Ahrend for 2006 decreased by € 139 million to € 225 million. This decrease is the result of the divestiture of the office products division in 2005. Office furniture sales increased by € 35 million to € 225 million. This increase is for € 22 million the result of the acquisition of Techo, a Czech corporation. The autonomous growth amounted to 7.6%. Operating income (excluding the contribution of the office products division in 2005) increased from € 6.5 million to € 11.7 million.

Trespa International B.V. (97%) is located in Weert (the Netherlands) and has approximately 670 employees. Trespa produces and sells High-Pressure-Laminate (HPL) compact panels for various applications such as façades and laboratory and office furniture. Sales for 2006 increased to € 189 million. This represents a 19% autonomous growth. The growth was realized in almost all countries and segments where Trespa sells products. Operating income increased by € 10 million to € 24.5 million.

Mercurius Groep B.V. (100%) is a Dutch publisher and communication specialist based in Wormerveer (the Netherlands) and employs approximately 740 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 and special interest books. In 2006 the activities with respect to announcement cards were expanded through the acquisition of Intercard Groep B.V. Sales for 2006 decreased by € 2 million to € 105 million. This was primarily the result of divestitures in 2005. Operating income was almost unchanged compared to 2005.

Hearing Comfort Europe B.V. (91%), located in Dordrecht (the Netherlands), is a hearing aid retail company. At the end of 2006 the company employed approximately 850 people. The activities were significantly expanded during the past year through the acquisition of several companies operating a total of 168 stores, primarily in Germany, Italy, Belgium and the Netherlands. The aggregate sales of these acquired companies on an annual basis are approximately € 42 million. The company currently operates 283 stores in five European countries. The annual sales of these stores amount to approximately € 110 million. Sales for 2006 increased by € 17.2 million (31%) to € 72.7 million.This increase is primarily due to the above acquisitions. Same store sales for 2006 increased by 4.3%. Despite an increase in operating income in the Netherlands, the operating income of the group decreased due to start-up losses of the 2006 acquisitions.

Intersafe Trust B.V. (91%) is located in Dordrecht (the Netherlands) and employs approximately 260 people. Intersafe is a distributor of personal protection equipment such as safety clothing for factory employees. Sales for 2006 increased by 16% to € 66 million. 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 2006 Anthony Veder operated 17 gas tankers of which 10 were fully or partially owned. Net sales for 2006 increased by $ 3.4 million (€ 2.6 million) to $ 48.5 million (€ 36.8 million). The increase in freight rates caused operating income, excluding capital gains on the sale of gas tankers, to increase by $ 5 million (€ 3.8 million) to $ 16.5 million (€ 12.5 million). In addition, a capital gain on the sale of a gas tanker of $ 4.2 million (€ 3.2 million) was realized in 2006.

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 specialized in the storage and handling of liquid and gaseous chemical and oil products. Vopak also provides logistic services. The company operates a network of 75 tank terminals with a combined storage capacity of more than 21 million cbm in 30 countries and had approximately 3,400 employees at the end of 2006. The market value of Vopak at the end of 2006 amounted to approximately € 2.2 billion. On December 31, 2006, HAL owned 47.74% of the common shares and 13% of the preferred shares. Sales for 2006 increased by 14% to € 778.1 million. Net income for holders of ordinary shares increased by 43% to € 129.4 million.

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

Koninklijke Boskalis Westminster N.V. (31.75%) is an international group with a leading position in the world market for dredging services. The core activities of Boskalis are the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. Boskalis has a fleet of over 300 units and operates in over 50 countries across five continents and has approximately 8,000 employees (including its share in partnerships). On December 31, 2006 the market value of Boskalis was approximately € 2.1 billion. Revenues for 2006 increased by 17% to € 1,354 million. Net income for 2006 amounted to € 116.6 million (2005: € 62.7 million). The order book of the company at the end of 2006 amounted to € 2,543 million compared with € 2,427 million at the end of 2005.

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

Univar N.V. (26.6%) is one of the world's leading independent distributors of industrial chemicals and providers of related specialty services with a network of 160 distribution centers located throughout the United States, Canada and Europe. Univar has approximately 6,900 employees. Its market value at the end of 2006 amounted to approximately € 1.3 billion. Sales for 2006 increased by 10.6% to $ 6.6 billion (€ 5.0 billion). Net income increased by 8.7% to $ 134.2 million (€ 101.8 million).

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

Other minority interests

At the end of 2006 HAL had minority interests in the following non-quoted companies:

AMB i.t. Holding B.V. (30%) located in Haarlem (the Netherlands), has been for more than twenty years, the world's market leader for identification and timing systems, especially for motor sports. The company has approximately 50 employees. Revenues for 2006 increased by € 1 million to € 13 million. Operating income also increased.

FD Mediagroep B.V. (39.9%) is located in Amsterdam and publishes the only Dutch financial newspaper, "Het Financieele Dagblad". The company employs approximately 250 people. FD Mediagroep also operates the radio station "BNR Nieuwsradio". Newspaper revenues increased by 14% to € 44 million due to higher subscription revenue and higher advertisement sales. Sales of BNR Nieuwsradio increased by 22% to € 10 million. Operating income of the company also increased.

Lensmaster (32.19%) is a Moscow based optical retail company. The company operated 40 stores at the end of 2006, primarily in the Moscow and St. Petersburg area and employs approximately 600 people. Sales for 2006 increased from $ 15 million (€ 13 million) in 2005 to $ 31 million (€ 24 million). This increase is the result of 16 store openings, an increase in same stores sales as well as growth of the 12 stores opened in 2005. Operating income also increased. HAL's interest will be increased to 100% over the period 2008-2011. The price will be based on the results of these years.

Private equity partnerships
By the end of 2006, HAL had invested in four private equity partnerships. The total book value of the investments amounted to € 28 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, India and Australia.

Real Estate

At year end 2006, taking into account the sale of the Valley Office Park office building on January 5, 2007, the Company's investment in real estate consisted of three office properties with a total of 763,000 square feet of rentable space and 14,400 square feet of land which could be used for a 60 unit condominium development project. All of these assets are located in the Seattle area. At the end of 2006, 91% of the rentable office space was leased, compared with 76% at the end of 2005. The average rent per square foot increased by 3.3%.

During the second half year, two office buildings in Seattle were sold for a total of $ 50 million (€ 38 million) resulting in a capital gain (after tax) of $ 7.5 million (€ 6 million). In January 2007, a third office building was sold for $ 29 million (€ 22 million) resulting in a capital gain (after tax) of $ 3.3 million (€ 2.5 million). This capital gain will be recognized in 2007. In the balance sheet as at December 31, 2006, the building is carried at book value, which is in accordance with IFRS.

During 2006 all remaining apartments of the Site 17 condominium development project and all the residential units of the Braeburn development project were sold. The 2006 capital gain on these projects amounted to $ 8 million (€ 6 million) in total.

At the close of 2006, the estimated market value of the real estate portfolio, including the office building sold in January 2007, exceeded book value by $ 78 million (€ 59 million) compared to $ 22 million (€ 18 million) at the end of 2005, adjusted for the 2006 divestitures.

Liquid Portfolio

The corporate liquid portfolio increased in 2006 by € 24 million to € 338 million. The portfolio increased as a result of the sale of a 20% interest in Univar N.V., sale of real estate and dividends received. In addition, as a result of the decrease in value of the U.S. dollar, funds were received following the extension of the forward exchange contracts. The liquid portfolio also benefited from the increase in value of the equity portfolio. The payment of the dividend over 2005 (€ 191 million) and the repayment of bank debt had a negative effect on the size of the liquid portfolio.
On December 31, 2006, the liquid portfolio consisted for 84% (2005: 53%) of fixed income instruments amounting to € 284 million (2005: € 168 million), and for 16% (2005: 47%) of equities for an amount of € 54 million (2005: € 146 million). The fixed income portfolio provided a return of 3.7% (2005: 2.3%). The duration of this portfolio at the end of 2006 was less than one month. The equity part of the liquid portfolio on December 31, 2006, consisted mainly of shares of Western European and U.S companies. The total equity portfolio provided a return of 21.9% (2005: 24%).

Results

Net income for 2006 was € 496.8 million (€ 7.80 per share) compared with € 311.6 million (€ 4.89 per share) for 2005.

The increase in *net sales* by € 126 million to € 2,779 million was primarily due to the increase in optical retail sales by € 202 million to € 1,676 million. Net sales also increased due to higher sales of Trespa International (€ 35 million), PontMeyer (€ 29 million) and Hearing Comfort Europe (€ 17 million). The sale of the office products division of Ahrend in December 2005 had a negative effect of € 174 million. Office furniture sales of Ahrend increased by € 35 million.

Earnings from marketable securities and deposits increased by € 53 million to € 68 million as a result of higher realized capital gains on equities.

Capital gains on the sale of assets amounted to € 3 million (2005: € 84 million). This item includes the capital gain on the sale of a vessel by Anthony Veder. In 2005 this item included 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 € 135 million to € 250 million. This increase is primarily the result of higher earnings from Boskalis and Vopak and a capital gain of € 103 million on the sale of the 20% interest in Univar N.V.

Earnings from real estate activities decreased by € 43 million to € 23 million primarily as a result of lower capital gains. In 2005 a capital gain (pre-tax) of approximately € 52 million was realized on the sale of the Shorewood apartments complex. In 2006 the capital gains on the sale of real estate totaled € 15 million.

Interest expense decreased by € 19 million to € 50 million as a result of lower bank debt. Bank debt decreased as a result of the sale of the office products division of Ahrend in December 2005, the sale of real estate and operational cash-flows.

Administrative organization, risk management systems and financial reporting

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

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

HAL's objective is, within the context of the inherent limitations of an investment company and the decentralized management approach described above, that its internal and external financial reporting is complete, accurate, valid and timely. Financial reporting risk can be defined as any event that impedes HAL to achieve its financial reporting objectives. Although HAL is aware that no risk management and internal control system can provide absolute assurance to the achievement of its objectives and to prevent errors, losses, fraud or the violation of laws and regulations, the Company aims for the continuous evaluation and improvement of its risk management and internal control systems.

During 2006 HAL performed a risk management review in relation to its financial reporting, concentrating on the key financial processes (including internal and external reporting, information technology, treasury and taxation). The risk management review did not cover the key financial processes of HAL's investee companies for the reasons described above. HAL's key financial reporting processes were analyzed and risks were identified with respect to the various steps in the processes. Key risks have been assessed in terms of relative significance and the degree to which these risks are currently controlled. In addition, the controls which are designed to manage these risks have been tested in order to conclude on their operating effectiveness. No material weaknesses have been detected as a result of the financial reporting risk management review. This review as well as plans for further optimization and improvement were discussed with the Board of Supervisory Directors.

Accordingly, based on the above and taking into account the inherent limitations referred to above, we are of the opinion that the risk management and internal control systems with respect to financial reporting provide reasonable assurance that the financial reporting does not contain material inaccuracies and that these systems operated properly during 2006.

Executive Board HAL Holding N.V.

March 28, 2007

Financial Statements
HAL Trust

Consolidated Balance Sheet

as at December 31

In thousands of euros, before proposed distribution of income	*Notes*	**2006**	2005
Assets			
Non-current assets:			
Property, plant and equipment	1	**456,446**	451,430
Investment properties	2	**70,840**	168,325
Intangible assets	3	**1,192,211**	1,079,614
Investments in associates	4	**743,561**	819,992
Other financial assets	5	**752**	24,726
Deferred tax assets	15	**46,313**	21,109
Other non-current assets	6	**68,718**	65,981
Total non-current assets		**2,578,841**	2,631,177
Current assets:			
Marketable securities and deposits	7	**356,110**	346,217
Receivables	8	**241,432**	206,977
Inventories	9	**285,212**	259,718
Assets held for sale	10	**24,337**	-
Other financial assets	5	**66,125**	-
Other current assets	11	**110,503**	100,922
Cash and cash equivalents		**132,917**	129,943
Total current assets		**1,216,636**	1,043,777
Total assets		**3,795,477**	3,674,954
Equity			
Share capital		**1,274**	1,274
Other reserves		**110,678**	104,433
Retained earnings		**2,089,789**	1,796,027
Capital and reserves attributable to equity holders		**2,201,741**	1,901,734
Minority interests		**51,500**	(9,963)
Total equity		**2,253,241**	1,891,771
Non-current liabilities:			
Provisions	12/13	**72,853**	48,735
Long-term debt	14	**424,900**	751,096
Deferred tax liabilities	15	**98,636**	88,805
Total non-current liabilities		**596,389**	888,636
Current liabilities:			
Short-term debt	16	**384,886**	327,071
Income tax payable		**36,201**	44,281
Accounts payable		**236,276**	254,339
Accrued expenses		**288,484**	268,856
Total current liabilities		**945,847**	894,547
Total equity and liabilities		**3,795,477**	3,674,954

Consolidated Statement of Income

For the year ended December 31

In thousands of euros	*Notes*	**2006**	2005
Net sales		**2,778,563**	2,652,727
Earnings from marketable securities and deposits	17	**67,774**	14,996
Capital gains on sale of assets	21	**3,209**	84,021
Earnings from associates	18	**250,369**	115,212
Earnings from other financial assets	19	**2,159**	4,565
Earnings from real estate activities	20	**23,489**	66,050
Total income		**3,125,563**	2,937,571
Raw materials, consumables used and changes in inventories		**1,050,721**	1,031,851
Employee expenses	22	**761,397**	736,732
Depreciation property, plant, equipment and investment properties	1/2	**104,263**	106,272
Amortization intangibles	3	**20,072**	16,412
Other operating expenses	23	**596,050**	581,218
Total expenses		**2,532,503**	2,472,485
Operating result		**593,060**	465,086
Interest expense		**(50,371)**	(68,962)
Profit before taxes		**542,689**	396,124
Income taxes	24	**(32,597)**	(64,531)
Profit for the year		**510,092**	331,593
Attributable to:			
Equity holders		**496,847**	311,612
Minority interest		**13,245**	19,981
		510,092	331,593
Average number of outstanding Shares		**63,657,971**	63,686,850
Earnings per share for profit attributable to the equity holders during the year *(expressed in euros per share)*			
- basic and diluted		**7.80**	4.89
Dividends per Share (in euro)		**3.15 ***	3.00

* Proposed

Consolidated Statement of Changes in Equity

In thousands of euros	Attributable to equity holders of the Company				
	Share capital	Retained earnings	Other Reserves	Minority Interest	**Total Equity**
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**
- interest rate derivatives	-	-	5,469	-	**5,469**
Equity adjustment quoted associates (*)	-	(42,211)	-	-	**(42,211)**
Translation of foreign subsidiaries and financial fixed assets	-	-	94,281	3,226	**97,507**
Effect of hedging instruments	-	-	(69,058)	-	**(69,058)**
Net profit 2005	-	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**
Balance on January 1, 2006	1,274	1,796,027	104,433	(9,963)	**1,891,771**
Movement cum. valuation reserve:					
- marketable securities	-	-	(33,966)	-	**(33,966)**
- other financial assets and associates	-	-	55,782	-	**55,782**
- interest rate derivatives	-	-	8,252	-	**8,252**
Translation of foreign subsidiaries and financial fixed assets	-	-	(64,646)	(701)	**(65,347)**
Realized currency translation of foreign subsidiaries	-	-	9,994	-	**9,994**
Effect of hedging instruments	-	-	30,829	-	**30,829**
Net profit 2006	-	496,847	-	13,245	**510,092**
Total recognized for the year	-	496,847	6,245	12,544	**515,636**
Conversion (**)	-	-	-	41,000	**41,000**
Acquisitions and disposals	-	-	-	7,919	**7,919**
Treasury shares	-	(11,635)	-	-	**(11,635)**
Dividend paid	-	(191,450)	-	-	**(191,450)**
Balance on December 31, 2006	1,274	2,089,789	110,678	51,500	**2,253,241**

(*) Equity adjustment of quoted associates relates to the conversion of the quoted associates to IFRS, effective January 1, 2005.
(**) Conversion relates to the conversion from shareholder's debts to equity of subsidiaries.

As of December 31, 2006, the Company has issued 63,686,850 shares with a par value of € 0.02 per share. During 2006, 198,886 HAL Trust shares were acquired for € 11,635. All issued shares are fully paid.
The "other reserves" relate to unrealized appreciations and diminutions of other financial assets, certain associates 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, 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**
Balance on January 1, 2006	42,914	(1,059)	62,578	**104,433**
Movement cum. valuation reserve:				
- marketable securities	(33,966)	-	-	**(33,966)**
- other financial assets and associates	55,782	-	-	**55,782**
- interest rate derivatives	-	8,252	-	**8,252**
Translation of foreign subsidiaries and financial fixed assets	-	-	(64,646)	**(64,646)**
Realized currency translation of foreign subsidiaries	-	-	9,994	**9,994**
Effect of hedging instruments	-	-	30,829	**30,829**
Balance on December 31, 2006	64,730	7,193	38,755	**110,678**

Consolidated Statement of Cash Flows

In thousands of euros	**2006**	2005
Cash flows from operating activities:		
Profit before taxes	**542,689**	396,124
Depreciation	**104,263**	106,272
Amortization	**20,072**	16,412
Profit on sale of property, plant and equipment and investment properties	**(18,662)**	(59,725)
Profit on sale of financial assets	**(109,473)**	(4,565)
Profit on sale of marketable securities	**(54,258)**	(4,974)
Share in result associates	**(142,208)**	(114,695)
Interest expense	**50,371**	68,962
	392,794	403,811
Dividend from associates	**35,501**	13,162
Changes in working capital (see note 25)	**(27,148)**	46,600
Other movements in provisions and deferred taxes	**(273)**	6,441
Cash generated from operations	**400,874**	470,014
Interest paid	**(54,313)**	(67,824)
Income taxes paid	**(60,240)**	(56,287)
Net cash from operating activities	**286,321**	345,903
Cash flows from investing activities:		
Acquisition of associates and subsidiaries, net of cash acquired	**(142,060)**	(327,500)
Acquisition of other non-current assets	**(13,498)**	(13,202)
Purchase of property, plant and equipment and investment properties	**(130,409)**	(174,228)
Divestment of associates	**274,195**	13,301
Divestment of other financial assets	**6,833**	5,565
Proceeds from sale of property, plant and equipment and investment properties	**110,019**	192,602
Change in marketable securities and deposits, net	**(4,011)**	264,208
Change in other non-current assets	**(5,493)**	29,472
Change in minority interests	**6,485**	(7,821)
Effect of hedging instruments	**29,498**	(48,801)
Net cash from/(used in) investing activities	**131,559**	(66,404)
Cash flows from financing activities:		
Change in short-term debt	**60,249**	83,484
Change in long-term debt	**(270,559)**	(236,018)
Purchase of shares HAL Trust	**(11,635)**	-
Dividends paid	**(191,450)**	(114,736)
Net cash used in financing activities	**(413,395)**	(267,270)
Increase in cash and cash equivalents	**4,485**	12,229
Cash and cash equivalents at beginning of year	**129,943**	115,679
Effects of exchange rate changes on opening balance	**(1,511)**	2,035
Cash and cash equivalents retranslated at beginning of year	**128,432**	117,714
Net increase in cash and cash equivalents	**4,485**	12,229
Cash and cash equivalents at end of year	**132,917**	129,943

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

Accounting Policies

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

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

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of marketable securities and deposits, certain associates and other financial assets and the fair value recognition of derivatives financial instruments. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that 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 pensions, purchase price allocations, deferred taxation, held for sale investments valuation and goodwill impairment. The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Certain new standards, amendments and interpretations to existing standards have been published, effective in future years : IAS 19, 21 and 39, IFRS 1, 4, 6, 7 and IFRIC 4-10. 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 45.

Risk factors

A number of risk factors are associated with the Company's strategy and its implementation. The factors are currency risks, interest rate risks, market risks, concentration risks and other risks. Reference is made to pages 9 and 10 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 economic recession, inflation, changes in the prices of raw materials, consumer confidence, interest rates or governmental (fiscal) policies, as well as geopolitical developments.

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 or other valuation techniques) on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as

either: (1) hedges of 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 makes 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. All Property, Plant and Equipment 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	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 and accumulated amortization. If an impairment is recognized, it is not reversed in subsequent periods. Goodwill is allocated to groups of cash-generating units (CGU's) for the purpose of impairment testing.

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

Rights of use and key money
Right of use in France should be considered an identified intangible asset as it is separable and arises from a contractual and legal right. This intangible asset is assumed to have an indefinite life as right of use can be renewed and resold. Therefore it is subject to an annual impairment test. Rights of use and key money in other 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 and is being amortized over its useful life on a straight line basis with no residual value.

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

Computer software
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortized over their estimated useful lives (3 to 5 years).

Costs associated with developing and maintaining computer software are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee expenses and an appropriate portion of relevant overheads.

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

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

Impairment of non-financial assets

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

Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. For quoted associates, HAL has made use of publicly available information. The Company's investment in associates includes goodwill (net of any accumulated impairment loss and accumulated amortization) identified on acquisition.

The Company's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Significant results on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates, and to the extent that the associate recognized a profit or loss on the transaction. Significant losses are 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 45.

Other financial assets and marketable securities

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

Purchases and sales of investments are recognized on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs. They are derecognized when the rights to receive cash flows from them have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.
Other financial assets and marketable securities are subsequently carried at fair value.
Quoted interests are accounted for at market value based upon stock exchange quoted selling prices at the close of business on the balance sheet date. Unrealized appreciation and diminution in value are recorded in Other reserves in Shareholders' Equity.
Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are accounted for 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 its cost (less any impairment losses) 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 the 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.

Inventories

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

Assets held for sale

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

Other current assets

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

Cash and cash equivalents

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

Minority interests in consolidated subsidiaries

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

Provisions

Provisions are recognized if the Company and its subsidiaries have a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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 Board of Supervisory Directors.

Segmentation

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

Notes to the Consolidated Financial Statements

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

1. Property, plant and equipment

Movements for 2005 and 2006 are as follows:

	Land & Buildings	Vessels	Equip-ment	**Total**
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**
Investments	20,034	21,904	76,801	**118,739**
Consolidations	8,625	-	7,208	**15,833**
Reclassification	9,573	(3,054)	(11,152)	**(4,633)**
Disposal	(13,190)	(724)	(5,232)	**(19,146)**
Depreciation	(22,200)	(3,479)	(72,540)	**(98,219)**
Exchange adjustments	152	(8,088)	378	**(7,558)**
Book value on Dec. 31,2006	143,976	79,810	232,660	**456,446**
Cost value	296,262	94,372	923,009	**1,313,643**
Accumulated depreciation	(152,286)	(14,562)	(690,349)	**(857,197)**
Book value on Dec. 31,2006	143,976	79,810	232,660	**456,446**

2. Investment properties

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

Movements for 2005 and 2006 are as follows:

	Land & Buildings	Equip-ment	**Total**
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**
Investments	8,105	3,565	**11,670**
Disposal	(72,036)	(175)	**(72,211)**
Depreciation	(5,579)	(465)	**(6,044)**
Reclassification*	(16,813)	(139)	**(16,952)**
Exchange adjustments	(13,630)	(318)	**(13,948)**
Book value on Dec. 31,2006	67,301	3,539	**70,840**
Cost value	87,596	4,477	**92,073**
Accumulated depreciation	(20,295)	(938)	**(21,233)**
Book value on Dec. 31, 2006	67,301	3,539	**70,840**

* Valley Office Park was sold in January 2007 for $ 29 million (€ 22 million) which resulted in a capital gain of $ 3.3 million (€ 2.5 million) net of tax. It is therefore reclassified as assets held for sale on the balance sheet and valued at the lower of its carrying amount and fair value less selling costs.

During 2006, two office buildings were sold: Blackriver 800 for $ 11 million (€ 9 million) and Corporate Campus East for $ 38.5 million (€ 30.3 million) which resulted in a capital gain of $ 7.5 million (€ 5.5 million) net of tax. Both properties are located in the Seattle area.

All remaining condominiums were sold during 2006 at the Braeburn and Site 17 locations, also located in the Seattle area, realizing a capital gain of $ 8.0 million (€ 6.0 million) before tax.

The estimated value of the properties which are part of the real estate operations amounts to approximately € 126 million. On December 31, 2005 this value amounted to approximately € 183 million. This value is based on an external valuation performed in January 2005 and subsequently internally updated. 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 :

	2006	2005
Goodwill	**848,225**	743,355
Other Intangibles	**343,986**	336,259
	1,192,211	1,079,614

Movements for goodwill are as follows :

	2006	2005
Balance on January 1	**743,355**	483,989
Acquisitions	**105,499**	250,737
Disposals	**-**	(15,538)
Reclassification of goodwill associates	**-**	(9,341)
Purchase price allocation adjustment	**-**	28,571
Other reclassification	**-**	3,707
Exchange adjustments	**(629)**	1,230
Balance on December 31	**848,225**	743,355
Cost value	**1,258,915**	1,154,045
Amortization	**(410,690)**	(410,690)
Book value on December 31	**848,225**	743,355

Investments in associates includes goodwill for an amount of € 9,054 as follows :

Cost value	204,260
Amortization	(195,206)
	9,054

The acquired goodwill during 2006 can be specified as follows:

Purchase price, net of cash acquired	132,356
Net asset value acquired	(26,857)
Total goodwill acquired	105,499

Major acquisitions

During 2006, the Company acquired three optical retail companies located in Norway, Germany and China.

Details are as follows :

Cash paid	74,028
Net asset value acquired	(19,380)
Goodwill	54,648

Details of the net asset value acquired :

Property, plant and equipment	6,731
Long-term assets	14,616
Inventories	7,133
Accounts receivable & others	5,187
Accounts payable and short-term liabilities	(11,972)
Long-term liabilities	(2,315)
Net asset value acquired	19,380

The Company also acquired various hearing aid companies, mostly in Germany.

Details are as follows :

Cash paid in 2006	39,728
Cash to be paid in 2007	11,029
Net asset value acquired	(2,082)
Goodwill	48,675

The initial accounting for these acquisitions is provisional.

Impairment test

Goodwill has been tested for impairment losses at a level that reflects the way the Company manages its operations and with which the goodwill would naturally be associated.
The recoverable amount of a group of CGU's is determined based on value-in-use calculations. These calculations use cash flow projections based on a business plan covering a five-year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of nil. Key assumptions used for value-in-use calculations concern gross margin (25%-79%) and the discount rate (7%-11%). 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, 2005	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**
Reclassification	(3,621)	3,621	-	**-**
Investments	5,297	229	7,972	**13,498**
Consolidation	-	-	14,301	**14,301**
Amortization	(2,413)	(9,901)	(7,758)	**(20,072)**
Book value on Dec. 31, 2006	149,422	139,168	55,396	**343,986**
At Dec. 31, 2006				
Cost value	172,442	160,000	96,627	**429,069**
Accumulated amortization	(23,020)	(20,832)	(41,231)	**(85,083)**
Book value on Dec. 31, 2006	149,422	139,168	55,396	**343,986**

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

4. Investments in associates

The composition of the investments in associates is as follows:

	2006	2005
Publicly traded	**696,750**	781,107
Other	**46,811**	38,885
	743,561	819,992

Movements are as follows:

	2006	2005
Book value on Jan. 1	**819,992**	695,149
Investments	**9,704**	9,073
Disposals	**(166,881)**	(13,301)
Reclassification from goodwill	**-**	9,341
Quoted associates transition to IFRS adjustment	**-**	(42,211)
Share in results	**142,208**	114,695
Dividends	**(35,501)**	(13,162)
Movement valuation difference	**8,482**	-
Exchange adjustments and effect of financial instruments	**(34,443)**	60,408
Book value on Dec. 31	**743,561**	819,992

The Company sold 6 million shares of Univar N.V. during 2006 for € 250 million which resulted in a capital gain of € 103 million net of tax. As a result, the holding of the Company in Univar N.V. decreased from 46.6% to 26.6 %.

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 :

	2006	2005
Market value	**2,085,669**	1,743,874
Book value	**(696,750)**	(781,107)
	1,388,919	962,767

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

Investments in associates at December 31, 2006 include goodwill of € 9,054 (2005 : € 9,341).

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

	Vopak	Univar	Boskalis	Total
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	
2006				
Assets	1,820.6	2,155.4	1,583.9	**5,559.9**
Liabilities	1,085.4	1,493.9	959.3	**3,538.6**
Revenues	778.1	5,267.7	1,353.6	**7,399.4**
Profit/(losses)	129.4	106.8	116.6	**352.8**
% interest held	47.74	26.60	31.75	

All of the above associates are incorporated in the Netherlands.
A list of the Company's principal associates is included on page 45.

Investments in associates and other financial assets include interests in four private partnerships for a total amount of € 28 million (2005: € 30 million).

5. Other financial assets

Movements are as follows:

	2006	2005
Book value on Jan. 1	**24,726**	25,117
Disposals	**(4,674)**	(1,000)
Exchange adjustments	**(475)**	609
Movement valuation differences	**47,300**	-
Book value on Dec. 31	**66,877**	24,726
Non-current	**752**	24,726
Current	**66,125**	-
	66,877	24,726

Current other financial assets relate to the investment in Kempen & Co. N.V. sold in January 2007, which resulted in a capital gain of € 47.3 million net of tax.

No amount was removed from equity and recognized in profit or loss in 2006.

6. Other non-current assets

	2006	2005
Loans to associates	**8,959**	7,213
Other loans	**28,341**	17,068
Long-term deposits	**15,347**	12,545
Long-term receivables	**1,615**	11,097
Other	**14,456**	18,058
	68,718	65,981

The loans to associates consist of seven loans that bear interest ranging from 6.0% to 12.5% with a remaining duration of less than five years.

7. Marketable securities and deposits

The specification is as follows:

	2006	2005
Time deposits and other receivables	**300,002**	120,880
Other fixed income securities	**1,905**	79,009
Equity securities	**54,203**	146,328
	356,110	346,217

The Company sold more than half of the equity portfolio, resulting in a capital gain of € 54.0 million net of tax.

The analysis by segment as described on page 30 of the "*Time deposits and other receivables*" is as follows:

	2006	2005
Investments	**18,285**	32,280
Liquid portfolio	**281,717**	88,600
	300,002	120,880

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

	2006	2005
U.S. dollars	**44,542**	16,298
Euros	**255,072**	104,582
Other currencies	**388**	-
	300,002	120,880

On December 31, 2006, the average current yield of the time deposits and bonds denominated in U.S. dollars was 5.1% (2005: 3.4%) and those denominated in euros 3.6% (2005: 2.3%). All deposits are highly liquid.

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

	2006 %	2005 %
North-America	**57**	40
Europe	**21**	58
Other	**22**	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

	2006	2005
Trade receivables	**257,590**	222,397
Allowance for doubtful receivables	**(16,158)**	(15,420)
	241,432	206,977

9. Inventories

The composition of the inventories is as follows:

	2006	2005
Raw materials	**28,498**	28,078
Work in process	**15,584**	16,665
Finished goods	**266,490**	240,941
Provision	**(25,360)**	(25,966)
	285,212	259,718

The cost of inventory recognized as expense amounts to € 1,047.5 million. The total write-down of inventories recognized as expense amounts to € 3.2 million.

10. Assets held for sale

Movements for 2006 are as follows:

	2006	2005
Book value on Jan. 1	**-**	-
Reclassification	**24,337**	-
Book value on Dec. 31	**24,337**	-

Assets classified as held for sale include the following:

	2006	2005
Investment Properties	**16,952**	-
Property, Plant and Equipment	**7,385**	-
Book value on Dec. 31	**24,337**	-

Investment Properties refer to the Valley Office Park building, which was sold in January 2007 for $ 29 million (€ 22 million) and resulted in a capital gain of $ 3.3 million (€ 2.5 million) net of tax. Property, Plant and Equipment are miscellaneous properties to be sold by three subsidiaries.

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

11. Other current assets

The composition of the other current assets is as follows:

	2006	2005
Prepaid vendors	**17,569**	8,236
Other receivables	**70,041**	66,330
VAT	**13,207**	14,776
Forward contracts	**1,445**	-
Receivables from franchisees	**7,454**	7,658
Income tax receivable	**787**	3,922
	110,503	100,922

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

12. Provisions

Movements for 2006 are as follows:

	Pensions and early retirement (see note 13)	Other	**Total**
Balance on January 1	35,390	13,345	**48,735**
Provisions made in the year	23,518	17,623	**41,141**
Consolidations	1,049	6,508	**7,557**
Amounts used	(18,975)	(5,583)	**(24,558)**
Exchange adjustments	79	(101)	**(22)**
Balance on December 31	41,061	31,792	**72,853**

Other provisions refer to warranties, fiscal and regulatory risks, onerous contracts and other risks. 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, 2006.

The amounts recognized in the balance sheet are as follows:

	2006	2005
Present value of funded obligations	**303,068**	335,428
Fair value of plan assets	**275,155**	280,489
	27,913	54,939
Unrecognized actuarial losses	**(12,224)**	(42,649)
Present value of unfunded obligations	**25,372**	23,100
Net liability in the balance sheet	**41,061**	35,390

The amounts recognized in the income statement are as follows:

	2006	2005
Current service cost	**11,596**	10,026
Interest cost	**14,550**	15,404
Expected return on plan assets	**(13,897)**	(14,183)
Actuarial losses	**1,889**	339
Plan amendments	**325**	(3,675)
Other expenses	**9,055**	12,743
Total, included in employee expenses	**23,518**	20,654

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

The actual return on plan assets was € 12,864 (2005: € 23,689).

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

	2006	2005
Balance on January 1	**35,390**	33,805
Consolidations	**1,049**	-
Total expense	**23,518**	20,654
Contributions paid	**(18,975)**	(18,878)
Exchange effect	**79**	(191)
Balance on December 31	**41,061**	35,390

The principal actuarial assumptions used were:

	2006	2005
Discount rate	**4.60%**	4.25%
Expected return on plan assets	**4.3-6.8%**	4.3-6.8%
Future salary increases	**3.00%**	3.00%

14. Long-term debt

	2006	2005
Mortgage loans	**118,708**	207,369
Other loans	**306,192**	543,727
	424,900	751,096

The summary per currency is as follows:

	2006	2005
U.S. dollars	**81,552**	145,345
Euros	**338,239**	595,593
Other	**5,109**	10,158
	424,900	751,096

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

	2006	2005
Between 1 and 2 years	**106,680**	84,239
Between 2 and 5 years	**196,951**	548,358
Over 5 years	**121,269**	118,499
	424,900	751,096

Mortgages are secured by pledges on vessels, real estate and receivables with a corresponding book value of € 260 million. The other loans are secured to an amount of € 52 million by pledges on machinery and equipment, receivables, inventories and other current assets.

Interest rates on the long-term loans vary from 3.16% to 12.50% (2005: 2.97% 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:

	2006	2005
Loans at fixed rates	**305,934**	504,206
Loans at floating rates	**118,966**	246,890
	424,900	751,096

The fair value of long-term debt approximates the book value, taking into account interest rate hedges.

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, 2005	(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)**
Credited/(charged) to net income	920	(1,676)	5,044	**4,288**
Charged to equity	-	-	(1,119)	**(1,119)**
Other movements	-	-	8,305	**8,305**
As at Dec. 31, 2006	(4,846)	(11,890)	(86,932)	**(103,668)**

The current portion of the deferred tax liabilities amounts to € 137 and the non-current to € 103,531.

Deferred tax assets:

	Derivatives	Goodwill	Other	**Total**
As at Jan. 1, 2005	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**
Credited/(charged) to net income	-	-	17,604	**17,604**
Charged to equity	(1,491)	-	(1,176)	**(2,667)**
Other movements	-	-	(12,287)	**(12,287)**
Consolidation	-	-	1,249	**1,249**
As at Dec. 31, 2006	-	4,607	46,738	**51,345**

The current portion of the deferred tax assets amounts to € 3,475 and the non-current to € 47,870.

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 offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax entity.

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

	2006	2005
Deferred tax assets	**46,313**	21,109
Deferred tax liabilities	**(98,636)**	(88,805)
	(52,323)	(67,696)

Deferred income taxes are shown under note 24 as follows:

	2006	2005
Deferred tax liabilities credited to net income	**4,288**	2,174
Deferred tax assets credited to net income	**17,604**	4,110
	21,892	6,284

16. Short-term debt

	2006	2005
Bank overdraft	**39,613**	20,714
Bank loans	**289,939**	208,196
Current portion long-term debt	**55,334**	98,161
	384,886	327,071

Loans are secured to an amount of € 127 million by pledges on machinery and equipment, receivables, inventories and other current assets.
Considering the short-term nature of these loans as well as interest rate hedges, their fair value approximates their book value.

17. Earnings from marketable securities and deposits

	2006	2005
Capital gains	**54,258**	4,974
Interest income	**14,383**	8,334
Dividends	**544**	2,132
Management fees	**(1,411)**	(444)
	67,774	14,996

The Company sold more than half of its equity portfolio, generating a capital gain of € 54 million.

18. Earnings from associates

	2006	2005
Share in result	**142,208**	114,695
Capital gains	**107,314**	-
Interest from loans	**847**	517
	250,369	115,212

The Company sold 6 million shares of Univar N.V. during 2006 for € 250 million which resulted in a capital gain of € 103 million net of tax. This capital gain included a foreign exchange loss of € 10 million as disclosed in the Statement of Changes in Equity.
Accordingly, the holding of the Company in Univar N.V. decreased from 46.6% to 26.6%.

19. Earnings from other financial assets

Earnings from other financial assets consist of capital gains of € 2,159 (2005: € 4,565).

20. Earnings from real estate activities

	2006	2005
Capital gains	**9,416**	51,695
Rental income	**13,658**	21,848
Condominium sales	**6,037**	1,633
Operating expenses	**(5,622)**	(9,126)
	23,489	66,050

The sale of the Blackriver 800 and Corporate Campus East properties are included in the capital gains above, before tax.

21. Capital gains on sale of assets

Capital gains on sale of assets (€ 3,209) relates to the sale of vessels. The amount involved is pre-tax and pre-minority interests.

22. Employee expenses

	2006	2005
Wages and salaries	**568,928**	561,050
Social security expenses	**114,372**	110,299
Pension expenses	**23,518**	20,654
Other	**54,579**	44,729
	761,397	736,732

The average number of persons employed by the Company and its subsidiaries during 2006 was 18,914 (2005: 17,484) on a full time equivalent basis.

23. Other operating expenses

Other operating expenses during 2006 include operating lease expenses for a total amount of € 181 million (2005: € 173 million).

Research and development costs expensed amounted to € 5.0 million (2005: € 5.5 million).

The total amount of exchange differences recognized in the income statement (except financial instruments at fair value) amounted to € 1.6 million gain (2005: € 0.5 million loss), excluding the Univar impact disclosed in note 18.

24. Income taxes

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

	2006	2005
Current income taxes	**54,489**	70,815
Deferred income taxes	**(21,892)**	(6,284)
	32,597	64,531

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:

	2006	2005
Tax at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	**162,807**	132,161
Recognition of unused tax losses and temporary differences	**(27,309)**	(7,048)
Tax-effect on non-deductible expenses and on income not subject to tax	**(96,091)**	(58,809)
Effect of change in tax rate	**(5,901)**	-
Other	**(909)**	(1,773)
	32,597	64,531

The weighted average applicable tax rate was 30% (2005: 32%) mostly due to the decrease in corporate income tax rates in Europe.

25. Changes in working capital

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

	2006	2005
Accounts receivable	**(29,182)**	47,817
Inventories	**(16,294)**	16,719
Other current assets	**(6,351)**	(4,341)
Accounts payable	**(24,557)**	(22,970)
Accrued expenses	**31,953**	9,536
Taxes payable	**17,283**	(161)
	(27,148)	46,600

Segmentation

The composition of the revenues by segment is as follows:

	2006	2005
Investments	**3,040,009**	2,860,146
Real estate	**23,489**	66,050
Liquid portfolio	**62,065**	11,375
	3,125,563	2,937,571

The composition of net income by segment is as follows:

	2006	2005
Investments	**426,753**	269,778
Real estate	**8,244**	30,795
Liquid portfolio	**61,850**	11,039
	496,847	311,612

The segment "Investments" includes the entire amount of intangibles amortization of € 20,072 (2005: € 16,412).

The composition of the depreciation by segment is as follows:

	2006	2005
Investments	**98,219**	98,657
Real estate	**6,044**	7,615
	104,263	106,272

The composition of assets by segment is as follows:

	2006	2005
Investments	**3,368,079**	3,189,288
Real estate	**89,573**	171,729
Liquid portfolio	**337,825**	313,937
	3,795,477	3,674,954

The composition of liabilities by segment is as follows:

	2006	2005
Investments	**1,502,889**	1,652,769
Real estate	**38,161**	130,414
Liquid portfolio	**1,186**	-
	1,542,236	1,783,183

The composition of capital expenditures by segment is as follows:

	2006	2005
Investments	**118,739**	134,015
Real estate	**11,670**	40,213
	130,409	174,228

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

	2006	2005
Europe	**2,719,466**	2,608,165
North-America	**21,052**	24,962
Other countries	**38,045**	19,600
	2,778,563	2,652,727

The composition of assets by geographical area is as follows:

	2006	2005
Europe	**3,362,147**	2,984,992
North-America	**350,531**	659,552
Other countries	**82,799**	30,410
	3,795,477	3,674,954

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

	2006	2005
Europe	**118,739**	134,015
North-America	**11,670**	40,213
	130,409	174,228

Derivative financial instruments and hedge accounting

On December 31, 2006 the Company owned open forward exchange contracts maturing in 2007, to sell U.S. dollars with a fair value of approximately € 1.4 million (2005: € 0.8 million losses) and a nominal amount of € 334 million (2005: € 478 million). These contracts are intended to protect the Company against currency risk on its investments in foreign entities and anticipated future cash flow. In accordance with the accounting policies in respect of derivative financial instruments, the fair value on the forward exchange contracts is recognized as a part of the currency translation differences within Shareholders' Equity.

Interest on loans to an amount of € 487 million (2005: € 356 million) are fixed by means of interest rate swaps.
These instruments are intended to protect the Company against interest rate movements. Fair values on these instruments amounted to € 8.9 million on December 31, 2006 (December 31, 2005: € 4 million loss). This amount is included under other current assets in the balance sheet.

These fair values 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 46 and 47 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 € 1,907 (2005: € 2,000) and € 377 (2005: € 382) respectively. The Board of Supervisory Directors approved a one time allotment of 50,000 shares HAL Trust to Mr M.F. Groot, member of the Executive Board, under the condition precedent that he is still employed with the Company on April 1, 2011. The shares then granted will be restricted for a five years period. In this respect € 335 was charged to the 2006 income statement.

The fixed remuneration for the Supervisory Directors of HAL Holding N.V. paid during 2006 in accordance with Art. 23 (5) of the Articles of Incorporation of HAL Holding N.V.was $ 100 (2005: $ 100) 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 € 621 (2005: € 390). The Supervisory Board has limited this amount to € 419. Accordingly, the total 2006 compensation for the Board of Supervisory Directors amounted to € 500.

Off-Balance Sheet Commitments

Capital Commitments

On December 31, 2006 the Company and its subsidiaries had capital commitments in respect of property under construction of approximately € 8.4 million (2005: € 5.3 million) which will become payable in 2007.

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:

	2006	2005
Cost at beginning of the year	**62,815**	59,575
Acquisition	**1,700**	4,136
Disposal	**(13,319)**	(896)
Subtotal	**51,196**	62,815
Accumulated depreciation at beginning of the year	**(52,052)**	(48,409)
Acquisition	**(179)**	(634)
Disposal	**10,522**	378
Depreciation	**(2,773)**	(3,387)
Subtotal	**(44,482)**	(52,052)
Book value at Dec. 31	**6,714**	10,763

Minimum lease payments of the finance lease liabilities :

	2006	2005
No later than 1 year	**1,651**	2,116
Later than 1 year and no later than 5 years	**4,053**	4,548
Later than 5 years	**750**	3,625
Subtotal	**6,454**	10,289
Future finance charges	**(606)**	(2,909)
Present value of liability	**5,848**	7,380

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

No later than 1 year	**1,565**	2,038
Later than 1 year and no later than 5 years	**3,610**	3,829
Later than 5 years	**673**	1,513
Total	**5,848**	7,380

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:

	2006	2005
No later than 1 year	**186,669**	151,989
Later than 1 year but no later than 5 years	**523,430**	441,628
Later than 5 years	**162,664**	187,029
	872,763	780,646

The Company and its subsidiaries entered into various commitments to acquire minority and majority interests. On December 31, 2006 the total estimated amount of these commitments was € 91 million (2005: € 51 million).

Subsequent events

As previously stated, two disposals occured in January 2007:

- the Valley Office Park building was sold for $ 29 million (€ 22 million) and resulted in a capital gain of $ 3.3 million (€ 2.5 million) net of tax.
- the investment in Kempen & Co. N.V. was sold and resulted in a capital gain of € 47.3 million net of tax.

Both transactions will be recognized in the 2007 income statement.

List of Principal Investments

as at December 31, 2006

(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
Pearle Europe B.V., Schiphol (98.3%)
Trespa International B.V., Weert (97.0%)
Intersafe Trust B.V., Dordrecht (91.0%)
Hearing Comfort Europe B.V., Dordrecht (91.0%)
Koninklijke Ahrend N.V., Amsterdam (80.0%)
Shanghai Red Star Optical Co. Ltd., Shanghai (78.0%)
Anthony Veder Group N.V., Curaçao (64.2 %)
Flight Simulation Company B.V., Schiphol (60.0%)
PontMeyer N.V., Zaandam (57.0%)

Associates:

Publicly traded

	Interest	**Exchange**
Koninklijke Vopak N.V. (ordinary shares)	47.74%	Amsterdam
Koninklijke Boskalis Westminster N.V.	31.75%	Amsterdam
Univar N.V.	26.60%	Amsterdam

Other

FD Mediagroep B.V.	39.90%
Lensmaster	32.19%
AMB i.t. Holding B.V.	30.00%
Vesting Finance B.V.	10.00%

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

as at December 31, 2006

General

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

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

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

Portfolio valuation methodology

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

Quoted investments

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

Unquoted common equity investments

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

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

Cost

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

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

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

Recent transactions in the investee company

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

Earnings multiple

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

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

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

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

The multiples applied vary from 7 to 8.
With respect to the optical retail activities, a multiple of 8 was applied, except for recent acquisitions which were valued at cost. The multiple of 8 for optical retail activities was applied to an EBITA amount of € 217 million. Realized multiples may be materially different.

Unquoted other investments

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

Valuation investments

	Book value	Estimated value	Cost price
Quoted investments	696,750	2,085,669	467,698
Unquoted investments	1,071,899	1,959,627	811,687
	1,768,649	4,045,296	1,279,385

Unquoted investments:

Value based on a multiple of EBITA	869,640	1,693,088	582,112
Value based on recent transactions	66,125	66,125	18,826
Valued at cost less provisions	101,131	144,468	179,927
Valued at other methods	35,003	55,946	30,822
	1,071,899	1,959,627	811,687

Cost price 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%	35.59	1,061,012
- preferred shares			5,458*
Univar N.V.	26.60%	42.44	338,267
Koninklijke Boskalis Westminster N.V.	31.75%	75.00	680,932
Total market value quoted investments			2,085,669

* 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	**2006**	2005
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	**2006**	2005
Dividend received from HAL Holding N.V.	**191,061**	114,636
Net Income	**191,061**	114,636

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

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

Trust Property
The movement for 2006 for the Trust Property is as follows :

Balance on January 1, 2006	69,307
Dividend received from HAL Holding N.V.	191,061
Distributed to Unit Holders	(191,061)
Balance on December 31, 2006	69,307

Cash flow statement

In thousands of euros	**2006**	2005
Dividend received from HAL Holding N.V.	**191,061**	114,636
Distributed to Unit Holders	**(191,061)**	(114,636)
Net change	-	-

Distribution of Dividends

It is proposed to the Meeting of HAL Trust to instruct the Trustee to vote, at the General Meeting of Shareholders of HAL Holding N.V., in favor of the proposals to approve the Financial Statements for 2006 and to pay a cash dividend of € 3.15 per Share outstanding. If it is decided to give this instruction, the Trustee will receive a cash dividend of € 200,613,578.

It is proposed to instruct the Trustee to distribute the amount of € 200,613,578 in accordance with Article VIII, Section 8.1 of the Trust Deed. Upon approval of the resolution, Shareholders will receive a cash dividend at € 3.15 per Share.

Holders of conventional Share certificates will be paid upon surrender of dividend coupon number 29 of the Shares. Holders of CF Shares (Centrum voor Fondsenadministratie) will be paid via affiliated banks and security brokers.
To registered holders of Shares, for which no Share certificates are issued, payment of the dividend due is made directly, in accordance with the conditions agreed upon with the individual holders.

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

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

Auditors' Report

To the Trustee of HAL Trust, Bermuda

We have audited the consolidated and statutory financial statements of HAL Trust, Bermuda, as included on pages 17 through 48. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2006, statement of income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The statutory financial statements comprise the balance sheet as at December 31, 2006, the statement of income for the year then ended and the notes.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers systems of internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's systems of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of HAL Trust, Bermuda as at December 31, 2006, and of its result for the year then ended in accordance with International Financial Reporting Standards.

Curaçao
Netherlands Antilles, March 28, 2007
PricewaterhouseCoopers Netherlands Antilles

Drs Cees F.J.J. Rokx RA

Five-year Summary
Consolidated Balance Sheet

In millions of euros	**2006**	2005	2004	2003	2002
Assets					
Non-current assets:					
Property, plant and equipment	**456.4**	451.5	458.7	338.2	355.9
Investment properties	**70.8**	168.3	179.5	189.3	244.9
Intangible assets	**1,192.2**	1,079.6	820.9	420.0	385.8
Investments in associates	**743.6**	820.0	695.1	658.2	713.6
Other financial assets	**0.8**	24.7	25.1	234.5	29.0
Deferred tax assets	**46.3**	21.1	29.6	26.4	3.9
Other non-current assets	**68.7**	66.0	78.8	82.9	70.2
Total non-current assets	**2,578.8**	2,631.2	2,287.7	1,949.5	1,803.3
Current assets:					
Marketable securities and deposits	**356.1**	346.2	577.3	643.8	816.5
Receivables	**241.5**	207.0	248.3	201.4	175.8
Inventories	**285.3**	259.7	265.3	198.4	177.5
Assets held for sale	**24.3**	-	-	-	-
Other financial assets	**66.1**	-	-	-	-
Other current assets	**110.5**	100.9	104.0	94.5	71.0
Cash and cash equivalents	**132.9**	130.0	115.7	38.6	31.2
Total current assets	**1,216.7**	1,043.8	1,310.6	1,176.7	1,272.0
Total assets	**3,795.5**	3,675.0	3,598.3	3,126.2	3,075.3
Liabilities and Shareholders' Equity					
Shareholders' equity	**2,201.7**	1,901.7	1,695.1	1,732.8	1,714.8
Minority interests in consolidated subsidiaries	**51.5**	(9.9)	74.9	(8.7)	(0.9)
Non-current liabilities:					
Provisions	**72.9**	48.7	41.5	43.5	37.1
Long-term debt	**424.9**	751.1	953.4	662.2	765.0
Deferred tax liabilities	**98.6**	88.8	87.7	28.8	29.6
Total non-current liabilities	**596.4**	888.6	1,082.6	734.5	831.7
Current liabilities:					
Short-term debt	**384.9**	327.1	239.9	287.7	187.4
Income tax payable	**36.2**	44.3	29.9	43.0	25.0
Accounts payable	**236.3**	254.3	230.5	155.1	161.9
Accrued expenses	**288.5**	268.9	245.4	181.8	155.4
Total current liabilities	**945.9**	894.6	745.7	667.6	529.7
Total equity and liabilities	**3,795.5**	3,675.0	3,598.3	3,126.2	3,075.3
Shareholders' Equity per Share (*in euros*)	**34.68**	29.86	26.62	27.21	26.93

Five-year Summary
Consolidated Statement of Income

In millions of euros	**2006**	2005	2004	2003	2002
Net sales	**2,778.6**	2,652.7	2,403.3	1,756.3	1,660.6
Earnings from marketable securities and deposits	**67.8**	15.0	27.3	41.7	32.4
Capital gains on sale of assets	**3.2**	84.0	-	-	-
Earnings from associates	**250.3**	115.2	82.4	78.5	106.5
Earnings from other financial assets	**2.2**	4.6	73.2	2.6	-
Earnings from real estate activities	**23.5**	66.1	13.7	25.8	29.2
Total income	**3,125.6**	2,937.6	2,599.9	1,904.9	1,828.7
Raw materials, consumables used and changes in inventories	**1,050.7**	1,031.9	976.6	807.2	788.7
Employee expenses	**761.4**	736.7	668.0	444.9	399.9
Depreciation property, plant and equipment	**104.2**	106.3	99.3	67.9	69.5
Amortization goodwill	**-**	-	169.2	147.1	126.2
Amortization other intangibles	**20.1**	16.4	9.9	6.5	2.6
Other expenses	**596.1**	581.2	500.8	317.6	346.7
Total expenses	**2,532.5**	2,472.5	2,423.8	1,791.2	1,733.6
Operating result	**593.1**	465.1	176.1	113.7	95.1
Interest expense	**(50.4)**	(69.0)	(65.4)	(54.3)	(54.1)
Profit before taxes	**542.7**	396.1	110.7	59.4	41.0
Income taxes	**(32.6)**	(64.5)	(35.3)	(4.2)	(32.4)
Net income before minority interests in results of consolidated subsidiaries	**510.1**	331.6	75.4	55.2	8.6
Minority interests in results of consolidated subsidiaries	**(13.3)**	(20.0)	4.2	4.4	17.6
Net Income	**496.8**	311.6	79.6	59.6	26.2
Net income per Share (*in euros*)	**7.80**	4.89	1.25	0.94	0.41
Dividends per Share (*in euros*)	**3.15***	3.00	1.80	1.45	1.25

* Proposed

Balance Sheet
HAL Holding N.V.

as at December 31

In thousands of euros, before proposed distribution of income	**2006**	2005
Assets		
Fixed assets:		
Financial fixed assets	**1,979,083**	2,061,888
Current assets:		
Deposits	**224,975**	64,866
Other current assets	**12**	50
Total current assets	**224,987**	64,916
	2,204,070	2,126,804
Liabilities and Shareholders' Equity		
Shareholders' equity	**2,201,741**	1,901,734
Current liabilities:		
Short-term debt	**919**	223,684
Accrued expenses	**1,410**	1,386
Total current liabilities	**2,329**	225,070
	2,204,070	2,126,804

Statement of Income
HAL Holding N.V.

In thousands of euros	**2006**	2005
Income from financial fixed assets	**486,097**	301,240
Other income	**13,180**	11,876
Total income	**499,277**	313,116
Interest expense	**(2,422)**	(1,488)
Other expenses, including income taxes	**(8)**	(16)
Net income	**496,847**	311,612

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 2006 are as follows:

Balance on January 1, 2006	2,061,888
Income	486,097
Increase (decrease) in loans, net	(544,318)
Exchange adjustment, valuation differences and equity adjustments	(24,584)
Balance on December 31, 2006	1,979,083

Shareholders' equity

The movement for 2006 of Shareholders' equity is included on pages 20 and 21.

On December 31, 2006 and 2005, 63,686,850 Shares were outstanding, with a nominal value of € 0.02 each, and all were held by HAL Trust.
The Company may purchase HAL Trust Shares, when deemed appropriate, up to a maximum of 10% per year of the number of Shares outstanding at the beginning of the year. In 2006, 198,886 shares were purchased by the Company for € 11,635. These shares are to hedge the obligation to allot - under certain conditions - 50,000 shares HAL Trust to a member of the Executive Board and may also be used in the context of a share participation plan for management (not being members of the Executive Board).

Supervisory Directors

The fixed remuneration for the Supervisory Directors of HAL Holding N.V. paid during 2006 in accordance with Art. 23 (5) of the Articles of Incorporation was $ 100 (€ 81) in total.
The compensation payable to the Board of Supervisory Directors pursuant to Article 30 (1) of the Articles of Incorporation is € 621. The Board of Supervisory Directors has limited this amount to € 419. Accordingly, the total 2006 compensation for the Board of Supervisory Directors amounted to € 500.

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2006 is as follows:

According to the Statutory Statement of Income, the net income is:	€ 496,846,798.00
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 Board of Supervisory Directors has limited this amount to € 419,275.00	€ (419,275.00)
Available for distribution to Shareholders	€ 496,427,523.00

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):	€ 494,516,917.50
Retained	€ (295,813,945.50)
Available for distribution	€ 200,613,577.50
After approval of the dividend proposal of € 3.15 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 € 3.15 per Share:	€ 200,613,577.50

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

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

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

HAL Trust
Organization

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

The Trust has the following three components:

The Meeting of Shareholders of HAL Trust

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

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

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

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

The Trustee

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

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

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

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

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

The Trust Committee

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

The Board of HAL Trust Committee Limited consists of Messrs. P.J. Kalff, *Chairman*, A.R. Anderson, J.C.R. Collis, T. Hagen and M. van der Vorm, *members*, C. MacIntyre, *alternate member*.

This Board is appointed by the Stichting HAL Trust Commissie, shareholder of HAL Trust Committee Limited. The Board of the Stichting is appointed by the shareholders of HAL Trust and consists of Messrs P.J. Kalff, T. Hagen and M. van der Vorm.

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

Description
Corporate Governance
HAL Holding N.V.

Netherlands Antilles public company

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

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

Share capital

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

HAL Trust

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

HAL Trust is a trust under Bermuda law and is subject to a trust deed, the text whereof has most recently been changed on May 28, 2001. The function of Trustee is exercised by HAL Trustee Ltd. In addition, the trust deed grants certain powers to HAL Trust Committee Ltd. For further information on HAL Trustee Ltd and HAL Trust Committee Ltd, see page 57. The Trust Shares are admitted to the official listing of Euronext Amsterdam N.V.

Meetings of Trust Shareholders

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

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

Rights of Trust Shareholders

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

Powers General Meeting of Shareholders

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

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

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

Executive Board

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

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

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

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

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

Board of Supervisory Directors

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

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

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

All tasks and duties of the Board of Supervisory Directors are discharged on a collegiate and full-board basis.

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

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

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

Supply of information/logistics General Meeting of Shareholders

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

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

Any possible contacts between the Executive Board on 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 is represented at the meetings of Trust Shareholders.

Information in respect of members of the Board of Supervisory Directors

S.E. Eisma (58) is a Dutch citizen. Mr. Eisma was appointed member/secretary of the Board of Supervisory Directors of HAL Holding N.V. in 1993. In 2006 he was appointed Chairman. His current term is from 2006-2011. Mr. Eisma is a lawyer in The Hague and associated with De Brauw Blackstone Westbroek N.V., which is one of the legal advisers of HAL Holding N.V. Mr Eisma is not involved in the provision of legal services by De Brauw Blackstone Westbroek N.V. for HAL Holding N.V. Mr. Eisma is a member of the Supervisory Boards of NV SDU v/h Staatsdrukkerij-/Uitgeverij, Rabobank Nederland and Grontmij N.V.

T. Hagen (64) is a Norwegian citizen. In 1985 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2005-2010. Mr. Hagen is Chairman of the Board of Marine Investments S.A. and Viking River Cruises S.A.

P.J. Kalff (69) is a Dutch citizen. In 2006 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2006-2009. Mr. Kalff was Chairman of the Managing Board of ABN AMRO Bank N.V. from 1994-2000. Mr. Kalff is currently Chairman of the Supervisory Boards of N.V. Luchthaven Schiphol en Stork N.V. and a member of the Supervisory Boards of Royal Volker Wessels Stevin N.V. and Concertgebouw N.V. He is also a member of the Board of Directors of Aon Corporation (Chicago), Senior advisor to the Board of NIBC N.V. and a Board member of Antoni van Leeuwenhoek Hospital/Dutch Cancer Institute.

A.H. Land (67) 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. It will be proposed to re-elect Mr. Land this year.

M.P.M de Raad (61) is a Dutch citizen. In 2006 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2006-2008. Mr. De Raad was Chief Executive Officer of SHV Makro N.V. and member of the Executive Board of SHV Holdings N.V., Metro AG (Germany) and Royal Ahold N.V. Mr. De Raad is currently member of the Supervisory Boards of CSM N.V., Hagemeyer N.V., Vion N.V. and Vollenhoven Olie Groep B.V. He is also Chairman of the Supervisory Board of the Jeroen Bosch Hospital.

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 23, 2007, 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, May 31, 2007, with regard to the following items on the agenda:
   a) Report of the Executive Board of HAL Holding N.V.
   b) Report of the Board of Supervisory Directors of HAL Holding N.V.
   c) Approval of the financial statements of HAL Holding N.V.
   d) Proposal for the distribution of profits.
   e) Election of Supervisory Directors. It is proposed to re-elect Mr. A.H. Land.
   f) Discharge members of the Executive Board in respect of their duties of management during the financial year 2006.
   g) Discharge members of the Board of Supervisory Directors in respect of their duties of supervision during the financial year 2006.
3. Approval of the financial statements of HAL Trust.
4. Making dividend available for distribution.
5. Report of the Trust Committee.
6. Other business.
7. Closing.

Bearer Shareholders who wish to attend the meeting must deposit their Bearer Shares, no later than May 16, 2007, 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 2006 Annual Report which is presented to you in accordance with Article 14, Section 4 of the Trust Deed.

HAL Trustee Ltd.

Hamilton, Bermuda, April 27, 2007