Royal Vopak
Annual Report 2005

Key data

Income from rendering of services
EUR 683.6 million

Net profit attributable to shareholders
EUR 93.2 million

Earnings per ordinary share
EUR 1.46

Employees
3,433

Tank terminals
73

Royal Vopak
Annual Report 2005

This annual report contains the report of the Executive Board, the financial statements and other information, and is also available in Dutch. In the event of textual inconsistencies between the English and the Dutch version, the latter shall prevail.

Copies of the Dutch and the translated English version of this annual report can be obtained from Royal Vopak, Corporate Communication & Investor Relations:
Telephone: +31 10 4002778
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The annual report is also available on the internet: www.vopak.com

Forward-looking statement
This document contains forward-looking statements. These statements are based on currently available plans and projections. In view of the dynamics of the markets and environments of our service-oriented storage and handling activities in 29 countries we cannot give representations as to the accuracy and completeness of such statements. The forward-looking statements must always be considered in the light of events, risks and uncertainties in the markets and environments, in which Vopak operates. These factors could cause actual results to differ materially.

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Registered at the Company Registry at the Rotterdam Chamber of Commerce under number 24295332

Contents


China - Vopak Shanghai - Caojing Terminal


Germany - Vopak Terminal Hamburg

Profile

Professionals in liquid bulk logistics

Royal Vopak is the world's largest independent tank terminal operator, specialising in the storage and handling of liquid and gaseous chemical and oil products. On request, Vopak can provide complementary logistic services for customers at its terminals.

With offices in 29 countries across the globe, Vopak operates a network of 73 tank terminals with a total storage capacity in excess of 20.4 million cubic metres (cbm). These terminals are strategically located for users and the major shipping routes. The majority of its customers are companies operating in the chemical and oil industries, for which Vopak stores a large variety of products destined for a wide range of industries.

Vopak is organised by market regions. The company operates in a dynamic market determined to a considerable extent by the flows of oil products and chemicals between production areas and consumption areas. The accelerated economic development of Asia and the increasing imbalance between production and consumption is reinforcing these dynamics. The ports of Rotterdam/Antwerp, Houston and Singapore (the so-called hubs) play a key role in the worldwide logistic flows. Vopak is well represented in these ports with tank storage supported by an effective infrastructure. Vopak offers a full range of terminal services at these hub locations, including the storage and transhipment of products intended for export to other countries or regions and the import and distribution of products for the local market.

Many of the other locations are specialised in just one of these activities. In addition, Vopak operates industrial terminals at various locations. These terminals are integrated in a major chemical complex or refinery and support local logistics and import and export activities, whereby the producers outsource the terminal function to Vopak based on long-term contracts.
The added value offered by Vopak in the supply chain for its customers is our focus. Outsourcing of activities (including storage) by the oil and chemical industries is constantly increasing. Due to the need to focus on core activities and to reduce the costs of the total supply chain, in conjunction with ever-stricter quality requirements.

Vopak's strength lies in the combination of:
- tank terminals at strategic locations for its customers;
- a strict policy with regard to safety, health, the environment and quality;
- experienced and well-trained employees;
- a worldwide recognised quality based on the most stringent industrial standards;
- a solid track record in strategic cooperation with third parties and partnerships with customers.

These strengths are supported by a decisive network in which the exchange of knowledge, skills and 'best practices' is the basic credo.

Vopak's strategy is to further strengthen its global market leadership through the optimisation and expansion of the existing tank terminal network, the development of new terminals in new areas and providing storage facilities for new products such as liquid natural gas (LNG) and biofuels. In support of this growth strategy, Vopak is constantly striving for excellence, based on the principle of sustainability in terms of a safe and attractive working environment for its own employees and for parties operating on behalf of Vopak. Respect for the individual and society in combination with the lowest possible burden on the environment are the guiding principles.

Key figures

In EUR millions	2005	2004
Results		
Income from rendering of services	683.6	648.1
Group operating profit before depreciation and amortisation (EBITDA)*	253.5	228.3
Group operating profit (EBIT)*	170.7	147.5
Net profit attributable to shareholders*	93.2	87.6
Net profit attributable to holders of ordinary shares*	90.2	80.7
Net cash flow from operating activities	164.3	138.9
Investments		
Total investments	187.5	147.0
Average gross capital employed	1,971.8	1,903.4
Average capital employed	1,033.3	1,023.1
Proposed profit appropriation		
Dividend:		
Financing preference shares	3.0	6.9
Ordinary shares	37.5	30.5**
Capital and financing		
Shareholders' equity	603.5	500.3
Interest-bearing loans	510.0	581.4
Net interest-bearing debt	411.7	505.0
Ratios		
ROCE***	16.5%	14.4%
Net debt : EBITDA	1.76	2.20
Interest cover (EBITDA : net financing charges)	6.7	5.0
Key figures per ordinary share		
Earnings per ordinary share	1.46	1.36
Diluted earnings per ordinary share	1.46	1.36
Earnings per ordinary share (excluding exceptional items)	1.61	1.26
Diluted earnings per ordinary share (excluding exceptional items)	1.61	1.26

* *Including exceptional items*

** *Optional in cash or in ordinary shares*

*** *Including exceptional items. Due to the first time adoption of the IFRS accounting principles the basis of the 'Return On Capital Employed (ROCE) calculation was changed. The 2004 comparatives have been adjusted accordingly.*

Letter from the former and present Chairman of the Executive Board to customers, employees, shareholders and partners

Carel van den Driest

The course has been set

When I became Chairman of the Executive Board of Vopak in 2002, the company was in a state of confusion. Now, as I depart, I am bidding farewell to a magnificent company, on the right course.
At the time of my appointment there were two major questions. The merger in 1999, which brought together tank storage activities and chemical distribution within a single company, had not resulted in the expected added value. In addition, the company had lost some of its financial strength, due to a debt burden that had risen considerably higher than the level to which we were used in this business. Our mission was therefore twofold: to determine a clear focus for the company, and to reduce the debt position.

Composure and focus

By focusing on our strongest activity, the tank terminals, and by consistently staying on the course we set, at a good pace, we have created a company that is considerably stronger in terms of market position, financial strength and results. In just four years, we have:

- improved the ROCE to 16.5%;
- sold our non-core activities for a total of EUR 210 million;
- considerably reduced our net interest-bearing debt from EUR 1,027 million to EUR 412 million;
- expanded and strengthened the terminal network from 66 tank terminals in 26 countries with a combined storage capacity of approximately 19.4 million cubic metres to 73 terminals in 29 countries with a total storage capacity in excess of 20.4 million cubic metres;
- decisively used the opportunities in our traditional businesses in Europe, above all in oil, and effectively responded to growth opportunities in new areas such as Asia and Latin America;
- given form to the Plus in our strategy, for example through alliances with Bröstrom for sea tank shipping, Interstream Barging for inland shipping and Cosco in China for land-based logistic and complementary services to our tank terminal customers.

It is with due pride that I can look back on the tremendous resilience with which the company and our people were able to take such a major step in the right direction. We now have a magnificent network that extends to every corner of the globe, close to the customers and supported by an excellent reputation. In a relatively short period of time, we have succeeded in ensuring that both international and local customers know the name Vopak and understand and appreciate what it stands for.

Long-term relationships are key

Our approach to business means that our partners in strategic alliances and joint ventures and our customers know what they can expect from us, now and in the future, because our efforts are fully focused on long-term relationships.

Sometimes opposing the pressures from the stock exchange, we hold on to our long-term orientation. When we say 'yes', we commit for the long term; however, we still retain the flexibility to alter the utilisation of a terminal, if the market so requires. In my vision, this too is a critical success factor and the one that determines our strength in partnerships.

A highly promising portfolio

The current market for petroleum products is extremely dynamic. The structural imbalance between supply and demand in various regions and the political shifts in the world are leading to increased trade and growing demand for storage capacity. In the market for chemicals, we are seeing major shifts in transport patterns, brought on by increased demand from Asia, in particular China. One way in which these needs are being met is increased export from the Middle East.
In Europe and North America, specific regulations have brought about increased demand for environment-friendly fuels. As a result, the flow of vegetable-based products

processed into mineral fuels such as gasoline and diesel is increasing. For us, these developments bring an attractive new market. It is essential that the oil and chemical industries are constantly able, on an ever more regular basis, to identify Vopak as a qualified partner for outsourcing their non-core activities. The sum of all these factors is that we have a portfolio of projects the like of which I would never dared to dream of just a few years ago.

Retaining entrepreneurship and decisiveness

In order to continue to meet the demands imposed on us by our customers and governments (either directly or via our customers) now and in the future, we are developing Vopak standards in a number of key areas. These standards will enable us to offer services of the same high quality at different locations. They are making our organisation more professional and are making it ever clearer to our customers and those around us exactly what we represent. One precondition is, however, that the attention, capacity and authority for precisely determining the standards for the most part originate from the centre, since it is from the centre that those same standards must be enforced.
Naturally, our decisiveness and our entrepreneurial spirit must remain unaffected within this process.
In this way, we can offer our people the space to do business, while remaining an attractive employer for good people.

People with a Vopak heart

Another special aspect of Vopak is the atmosphere within the company. Despite all the different nationalities, wherever I go, I recognise the Vopak feeling, a Vopak style, a Vopak heart, loyalty and enthusiasm. This is wonderful to see. It is also very important, because in my experience, if the atmosphere is good, the good results will follow.
I am proud of the Vopak organisation as it is today, but I am even more proud of our people who have worked hard to reach this position with so much dedication. Once again we are doing what we are best at and where the greatest profit is to be gained.
I would like to wish John Paul, Jack, Frans and every other Vopak employee every possible success.

Carel van den Driest
Chairman of the Executive Board
Royal Vopak until 31 December 2005

John Paul Broeders

Exploiting opportunities calls for Excellence

In January, I took the torch that Carel passed to me, with the intention of exploiting the many opportunities available to us. We will be continuing on the course we have set. In order to maintain and strengthen our position as market leader, we are focusing not only on growth but at the same time on further improving the quality of the foundations of our organisation. After all, those foundations are the basis for growth in our core activities.

The network strengthens our brand

One essential starting point is the positioning of Vopak as a quality brand. That positioning requires a recognisable standard of service throughout the network, as well as minimum conditions that offer local entrepreneurship a sound basis, but at the same time sufficient freedom of action.
We are the only tank storage company in the world with such extensive worldwide coverage. To me the Executive Board's task is to generate even more from that potential, by working more efficiently and by continuing our growth. Our network, in the broadest sense of the word, has a central role to play,

not only in terms of terminals spread all over the globe, but also in terms of cooperation, so we can capitalise on the know-how and opportunities in the business. For example, we can join forces to determine a more intelligent way of doing things and make better contracts. These should also be areas of focus in joint ventures.

The excellent contacts and knowledge-sharing in the Vopak network enable us to develop the concepts developed at a single location for use in other locations less expensively, in an adapted form if necessary. We have, for example, established a reputation in the development of new terminals for new and existing petrochemical complexes, such as in Shanghai. In Asia, we have become the market leader in industrial terminals, and thanks to the acquired knowledge and experience we have established solid foundations for further extending this concept into other parts of the world.

Entrepreneurship is decisive

In order to capitalise on the potential, first and foremost, I must look to our people. They are effectively our network. Our employees are constantly looking for ways to improve performance and are capable of making the transition from concept to practice. Our employees can both understand the vision and wishes of worldwide-operating customers and put their entrepreneurial skills to work on the local market.
Through increased exchange of knowledge and experience between our terminals, people will be able to see what is going on elsewhere and use this knowledge to improve their own situation. By sharing knowledge in the network, within clearly defined objectives, we can constantly learn more from one another.

Growth perspective along several lines

We have numerous growth projects across the world. In these projects, five clear lines can be identified:

1. optimisation of existing terminals, for example, through conversion or improved efficiency and infrastructure;
2. expansion of capacity at existing terminals, e.g. in Brazil and the Netherlands;
3. takeovers of, mergers and cooperation with other terminals;
4. new terminals at new locations (greenfield sites) e.g. Zhangjiagang in China;
5. application of our business model to new products, such as LNG, for which we are currently developing plans for an import terminal at the Maasvlakte near Rotterdam.

Wherever we grow, the growth must fit in with our position on safety, quality and reliability. Those conditions also apply to the joint ventures within our network.

Better and smarter

In order to create the perfect conditions for growth, we focused considerable attention on the organisation, the people and the processes during 2005. Vopak's ambition is to be the best; we call this ambition Excellence. We want to become ever better and ever smarter in every respect: commercial, operational and financial.
We have started improvement programmes in all of our divisions and have brought about a major revitalisation and position shift in the senior management of the Chemicals Europe, Middle East & Africa (CEMEA) and Oil Europe, Middle East & Africa (OEMEA), Latin America and North America divisions. These moves give a healthy boost towards the future.

In conclusion

In a world of opportunities it is important to remain selective or you will end up creating risks instead of opportunities. By monitoring and analysing the most important product flows of our customers, we can respond to changes and make targeted choices. In this market, where macroeconomic developments sometimes have a major impact, Vopak has deliberately opted for a long-term orientation. It is also characteristic for our business that new terminals are often handed over in phases; consequently, their contribution to profit also increases gradually.
Increasingly, tank storage is occupying a specific position in the logistic chains of our customers. As a consequence, we are operating today at a much more stable level, which occasionally exhibits the odd peak due to market fluctuations.
Thanks to a positive and relatively stable cash flow, we are also able to realise certain extras in favourable markets, while new investments will become profitable in the somewhat longer term.

I view it as a tremendous challenge, together with my fellow executive officers and all our employees and partners, to give form to the growth of our company and excellence in the rendering of services to our customers.

John Paul Broeders
Chairman of the Executive Board
Royal Vopak as of 1 January 2006

Report of the Supervisory Board

Financial statements

It is our pleasure to present the 2005 consolidated financial statements of Royal Vopak as prepared by the Executive Board, in compliance with the International Financial Reporting Standards (IFRS).

The financial statements have been audited by the external auditors from PricewaterhouseCoopers Accountants N.V. and discussed with them on the basis of their report. The unqualified auditors' report is included on page 110.
We approved the financial statements at our meeting on 9 March 2006 and recommend that you adopt them.

We approve the proposal of the Executive Board to distribute an amount of EUR 37.5 million in cash as a dividend to holders of ordinary shares in Royal Vopak, following the payment of EUR 3.0 million on the financing preference shares in Royal Vopak and to add the remaining EUR 52.7 million to the other reserves.

Corporate Governance

During the Annual General Meeting held in April 2005, in consultation with the Executive Board, we further explained the Corporate Governance structure and the Corporate Governance policy of the company, and a limited number of deviations from the Best Practices provisions of the Dutch Corporate Governance Code (the 'Code'), after which these were approved by acclamation.

The main points of Vopak's Corporate Governance structure are once again considered in a separate section of this report. The Corporate Governance structure and policy will again be submitted as a separate agenda item at this year's Annual General Meeting.

This report on the performance and work of the Supervisory Board in the past year and in the period up to the publication of this annual report has been prepared in accordance with the provisions of the Code.

In our opinion, the composition of the Supervisory Board satisfies the independence criteria set in the Code's Best Practice provisions. As is known, Mr M. van der Vorm does not satisfy all the Code's independence criteria. Mr van der Vorm is also Chairman of the Executive Board of HAL Holding N.V., which company has an interest in Koninklijke Vopak N.V.. The information on the members of the Supervisory Board required by the Code is presented on page 115 of this annual report.

Supervision

The Supervisory Board met on six occasions during the year in accordance with a prearranged timetable. None of the Supervisory Board members was frequently absent from the Board meetings.

Within the framework of the supervision by the Supervisory Board, the operational and financial objectives of the company were discussed and considered in detail in these meetings, and inasmuch as applicable on a regular basis, safety, health and environment matters, strategy (including the associated preconditions), budget, financing of the company, the start-up of new activities and projects, internal and external quarterly, half-year and annual financial reports and the progress made with ongoing projects.
The external auditors were present during the consideration of the annual result; the auditors' report was also discussed in that meeting. On each occasion the minutes of the meetings of the Audit Committee were also considered and discussed in subsequent meetings of the Supervisory Board.
In addition, the Supervisory Board discussed the Management Development and Succession Planning. The Chairman of the Supervisory Board also attended parts of the annual Corporate Management meeting to familiarise himself with this planning.
Furthermore, the Supervisory Board considered proposals for various investment and cooperation projects in practically all parts of the world where Vopak is active. During these discussions, newly appointed Divisional Presidents were given an opportunity to further elaborate on projects within their Divisions.

Finally, the Supervisory Board and Executive Board discussed the corporate strategy and the associated risks, as well as the results of the Executive Board's review of the design and operation of the internal risk management and control systems.

At a meeting not attended by the Executive Board, the Supervisory Board evaluated its own performance and that of the Executive Board and the individual members of both bodies. The Supervisory Board also considered its required profile, composition and competences.

Core committees

During the 2005 financial year, the Supervisory Board had an Audit Committee, a Selection and Appointment Committee and a Remuneration Committee. The composition of these committees is presented on page 115 of this annual report.


Belgium - Vopak Terminal Eurotank


Colombia - Vopak - Colterminales S.A (Barranquilla)


Brazil - Vopak Brasterminais Terminal Aratu

Audit Committee

The Audit Committee met on six occasions in 2005. Five of these meetings were attended by the external auditors. The core tasks of the Audit Committee included extensive reviews of financial reports before their consideration at plenary meetings of the Supervisory Board, the debt structure, the introduction of IFRS, evaluation of currency management policy, pensions, insurance, the risks relating to the company's operational, commercial and financial activities, and the design and operation of the related internal risk management and control systems. The Audit Committee also considered the findings of the Internal Audit department, and focused attention on joint venture accounting, proportionated consolidation, the scope of the audit, recommendations in the management letters and the current and future relationship with the external auditors. Finally, the Audit Committee assessed its own performance throughout the year.
During 2005, Mr F.J.G.M. Cremers acted as financial expert as intended in the relevant Best Practice provisions in the Code.

Selection and Appointment Committee

The Selection and Appointment Committee met on three occasions. The subject of these meetings included the size and composition of the Executive Board and the Supervisory Board. The proposal to appoint Mr F.D. de Koning as member of the Executive Board, and the conditions for this appointment were also prepared.

Remuneration Committee

The Remuneration Committee met on four occasions during the year under review. During these meetings the bonus proposals for 2004 for members of the Executive Board were determined. In addition, a new short-term bonus plan, a new Long-term Incentive Plan for 2005-2007 and the related alterations to remuneration policy were prepared for approval by the Supervisory Board.
Procedures were also developed for determining the personal targets of the members of the Executive Board on the basis of which the proposals for 2006 were prepared for approval by the Supervisory Board.
Finally, the Remuneration Committee further evaluated the effects of the VPL Act (early retirement and Life Long Career Scheme) on the pension schemes for members of the Executive Board, and adjusted the pension scheme on the basis of the currently applicable guidelines.

Main points of the Remuneration Report

During the annual meeting held in April 2005, the adjusted remuneration policy was adopted by the Annual General Meeting. The remuneration report, as drawn up by the Remuneration Committee and adopted by the Supervisory Board on 9 March 2006, contains a report of the way in which the remuneration policy was put into practice in financial year 2005 and contains an overview of the remuneration policy proposed for financial year 2006 and subsequent financial years as foreseen by the Supervisory Board. The remuneration report has been placed on the company's website.

In 2005, in accordance with the remuneration policy, we agreed on the total remuneration package for Mr F.D. de Koning, in anticipation of his appointment to the Executive Board at the 2005 Annual General Meeting. His package consists of a fixed salary, a short-term variable component not exceeding 60 per cent of the fixed salary, a pro rata long-term variable component and a pension scheme based on a so-called defined contribution scheme. Should a severance payment become payable, it will be calculated in accordance with the provision of the Code.

The fixed salary components of the three members of the Executive Board for financial year 2006 were adopted, partially on the basis of the contractual agreements and partially at the proposal of the Remuneration Committee.
At present, these components amount to EUR 390,000 for Mr J.P.H. Broeders, EUR 390,000 for Mr J.P. de Kreij and EUR 361,728 for Mr F.D. de Koning. In making alterations to the amounts of the fixed component, we ensured that they will remain an adequate remuneration for the efforts and responsibility of the Directors, as expressed in the job grade in accordance with the Hay Group method.

Our policy with regard to both the short and long-term variable components of the remuneration of the Executive Board, as adopted by the Annual General Meeting in April 2005, will remain unchanged for 2006.
It is therefore proposed that the financial performance criteria for the achievable short-term variable remuneration and the maximum limit of this bonus at 60 per cent of the fixed gross salary should remain unchanged for 2006.

The financial targets relate to achieving an increase in earnings per ordinary share of 8 to 12 per cent or more compared with the earnings per ordinary share of the previous year. At that time, the variable salary component will increase on a pro rata basis from 0 to a maximum of 20 per cent of the fixed gross salary.
On the other hand, a ROCE of at least 13 per cent must be achieved, in which case 2.5 per cent of the fixed gross salary

will be paid. If the ROCE percentage increases to 16 per cent, this variable component will also rise on a pro rata basis to a maximum of 17.5 per cent of the fixed gross salary. An absolute ROCE of 16 per cent or more will result in a variable component of 20 per cent of the fixed gross salary.
For 2005, the two financial objectives resulted in a short-term variable component of 40 per cent of the fixed salary received in 2005.

By achieving the personal objectives to be agreed upon each year, the directors can additionally earn up to 20 per cent of their fixed gross salary.

In 2005, a long-term variable component was awarded to three members of the Executive Board in the form of a cash payment, which will be linked to the development of earnings per ordinary share, over a period of three years, with settlement in the fourth year. During this three-year period, the earnings per ordinary share must increase by at least 25 per cent. Only in that case will the members of the Executive Board be paid in the fourth year an amount equal to 60 per cent of the average fixed salary over the three-year period. This percentage can rise to a maximum of 120 per cent if the increase in earnings per ordinary share over this period amounts to 35 per cent or more.

In August 2005, the maximum amount of EUR 1.0 million was paid to Mr C.J. van den Driest on the basis of the long-term variable component of his salary, agreed with him in 2002. For his performance in the last six months of 2005, we also awarded to Mr van den Driest a pro rata short-term variable reward of EUR 126,000, based on the criteria described hereinabove.

For their performance in 2005, in accordance with the current remuneration policy, we awarded to Messrs Broeders, De Kreij and De Koning (employed since 1 June 2005), short-term variable rewards in the amount of EUR 153,900, EUR 210,600 and EUR 113,400, respectively.

Personal information

On 1 January 2006, at his own request, Mr C.J. van den Driest stood down as Chairman of the Executive Board and was succeeded by Mr J.P.H. Broeders. We are particularly grateful for the way in which Mr Van den Driest managed the company following the separation in 2002, and the shareholder value he succeeded in creating during his chairmanship.

At the forthcoming Annual General Meeting, Mr R. den Dunnen, at his own request, will stand down as member of the Supervisory Board. We would like to express our gratitude to Mr R. den Dunnen for the valuable contributions he has made to the development of the company over a period of almost 15 years. The vacancy thus created will be filled by our non-binding proposal to appoint Mr C.J. van den Driest as member of the Supervisory Board.

Finally, we would like to express our sincere gratitude to the Executive Board and all members of staff for their dedication and the results they have achieved in the past year.

Rotterdam, 9 March 2006

The Supervisory Board
J.D. Bax (Chairman)
M. van der Vorm (Vice-chairman)
F.J.G.M. Cremers
R. den Dunnen
R.M.F. van Loon

Report of the Executive Board

Executive Board, from left to right: Frans de Koning, John Paul Broeders, Jack de Kreij

Principles of policy

- Safety, quality and reliability as critical success factors
- Growth in combination with Excellence
- Recognisable rendering of services right across the network
- Long-term relationships / partnerships with customers
- Decisive organisation with attractive career opportunities
- Effective cooperation and targeted knowledge-sharing within the organisation
- Strategic partnerships with other professional service providers
- Sustainable business practice, in the sense of dealing with respect for individuals, the environment and society as a whole

Financial objective

- Improvement in earnings per ordinary share of around 10% per annum on average over the coming years, barring unforeseen circumstances.

Vopak can look back on a successful year. Turnover and profit increased, and our financial position has been further strengthened. Vopak is now harvesting the fruits of the Tank Terminal Plus strategy, initiated four years ago. As part of the strategy, the company has focused fully on tank storage and related complementary logistic services; in addition, the company has disposed of practically all non-core activities, while at the same time working on improving the financial position.
In 2005, the Tank Terminal Plus strategy was further elaborated and focused on two spearheads, Excellence and Growth. The objective is to create value by optimising the existing network, expanding capacity at strategic locations and developing market-focused storage and handling concepts for new products.
Within this objective, in 2005, storage capacity was expanded by 250,000 cbm, and targeted investment programmes were launched for improving the existing infrastructure at the terminals.
The table on pages 16 and 17 shows how capacity is set to expand further over the next few years. To provide additional support for growth, in particular autonomous growth, Vopak is focusing its strategy on continuous further strengthening of the organisation through Commercial, Operational and Financial Excellence programmes.


Sweden - Vopak Terminal Malmö


China - Vopak Terminal Tianjin


Finland - Vopak Terminal Hamina

Commercial Excellence

Vopak and LNG

At first glance, the step from Vopak's extensive experience in the field of cold and pressure storage of industrial gases – which of course include CO_2 and LPG – to the storage of LNG would not appear so large. Nonetheless, LNG does demand slightly more than a somewhat lower temperature; to use a mild understatement, the LNG and natural gas businesses are special. The facilities for liquefying natural gas, for transport and for condensing of LNG, and bringing the pipelines up to the required specifications are both large-scale and complex operations, which call for a very high degree of operational reliability and safety. The dozens of installations operational worldwide all demonstrate excellent safety performance, and this situation will naturally remain unchanged, with the construction of the first such location in the Netherlands.

When Vopak realised that LNG could represent an interesting expansion of its services, its first priority was to ensure that the necessary expertise was obtained, and the right partners were found to put this development into practice. In 2005, the expertise was brought on board, and strategic alliances were entered into with N.V. Nederlandse Gasunie – formerly the network management division of the Gasunie – and with Kogas in Korea. Together with Kogas, opportunities are being investigated for developing projects for LNG landing in Asia, while the same work is being undertaken for the Netherlands with Gasunie.

In 2005, the possibilities were investigated for constructing an LNG landing terminal at the Maasvlakte near Rotterdam. Final decision on realisation will be made during 2007. With the collaboration of the Rotterdam Port Authority, a site was reserved, which turned out to be eminently suitable, being both close to the sea and far away from any residential locations. The Vopak/Gasunie combination is developing its joint Gate (Gas Access To Europe) terminal at this site, supported by the very considerable interest created among European customers and the authorities by the company's open access/multi-user concept; this concept should result in a reliable new source of natural gas produced at a terminal managed and owned by two businesses experienced in logistics and storage, and who themselves have no interests in the supply or natural gas sales market for LNG.

The Gate terminal, which according to initial plans will deliver between 8 and 12 billion cubic metres of natural gas a year, is currently being designed and developed with a view to receiving the first commercial delivery before the end of 2010, when a construction period of three years will have been successfully concluded. The staff of Vopak's LNG department are, however, already considering other possibilities for LNG landings.

A number of different developments are emerging in the markets in which Vopak operates. The structural imbalance, for example between supply and demand in the various regions on the market for oil products, is bringing about an increase in flows of oil products. This in turn has led to growth in demand for storage capacity. Vopak is responding to this development with a more product/market-focused approach, whereby infrastructure and service level are geared to the specific product flows. This means investing not only in new capacity, but also in optimising existing capacity.

A second development is a further diversification of products, in part due to local legislation in various regions regarding more environment-friendly fuels, once again leading to increased demand for storage. The changing specifications of fuels have also meant the supply of more components, for example, storage of bio-ethanol, a vegetable-based product used in gasoline, has increased. The demand for storage of other gasoline and diesel components has also risen. These products are stored in both chemical and oil terminals.

Besides these developments, Vopak sees excellent opportunities in other new products such as LNG. In the year under review, Vopak launched a feasibility study for the development of an LNG terminal on the Maasvlakte near Rotterdam. Vopak has noted that tank storage is starting to play an increasingly integrated role in the logistic chain of our customers. For some time now, demand has been for more than simply outsourcing storage services, but also other value-adding activities such as blending and homogenising products.

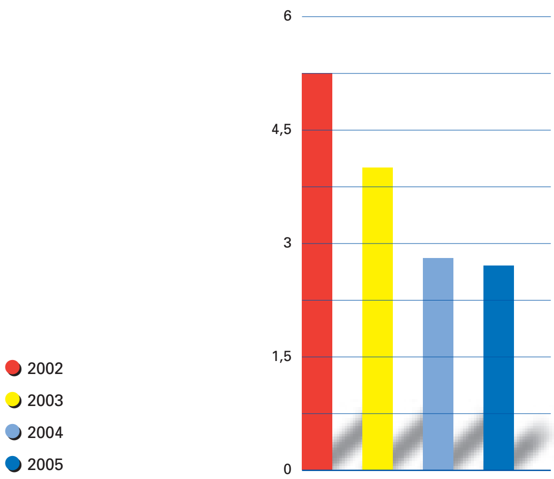
Key account management for increased network advantages

With its global network, covering five continents, Vopak is able to respond perfectly to the needs of internationally operating customers at various locations.
Vopak aims to further optimise this added value by (proactively) translating the needs of the customer into opportunities (including those for expansion) within its network, not only on a regional basis but globally, too. In 2005, Vopak improved the structure of its key account management.

Especially with multinational customers, key account management is achieved by directing regional and global communication via a single contact point both at Vopak and the client. In this way, the wishes of the client can be rapidly and effectively assessed in each region and at each individual terminal. Through this key account management process, Vopak is better able to match the functional opportunities (including for expansion) for the various terminals within its network to the logistic processes of the customers. As a consequence, Vopak is able to grow along with its strategic customers, as a partner. This situation generates measurable added value for the customer, above all because the business is then more and better able to focus on its core activity, while Vopak takes over one of the aspects of the logistic chain on either a regional or even global level.

Another important aspect of Commercial Excellence is our collaboration with partners within the joint ventures. The point of departure in all such ventures is a win-win situation for both parties, based on one another's strengths. In this way, Vopak can profit from the local knowledge and contacts, while the partners of Vopak profit from the international customer base, the excellent knowledge and Vopak's reputation for quality.

LTIR performance*



* LTIR = number of accidents with absenteeism per 1 million hours worked

Operational Excellence

Integrated approach

In the Vopak vision, activities relating to safety, technology and operations are inextricably linked, and an integrated approach is the best means of providing maximum support for all Excellence-related initiatives. Against this background, these activities were combined in 2005 under the heading Operational Excellence.

SHEQ - safety is priority number one

Total focus and maximum care with regard to safety, health, the environment and quality (SHEQ) are essential components of business practice at Vopak. The general principle is that damage and nuisance as a result of the activities of Vopak must be avoided. Customers, employees, suppliers, shareholders and local residents near the locations where business activities are undertaken must be able to rely on the fact that Vopak is a responsible company that carefully considers the consequences of its actions for people and the environment. In all these activities, safety is priority number one. Vopak believes that top-grade performance in this respect is a social responsibility ('licence to operate').
One of the ways in which Vopak demonstrates its social involvement in this subject is active participation in consultation groups between industry and government authorities, in order to support the development of future regulations and standards.
These quality efforts are focused on continuous improvement of the rendering of services to customers, in operational, commercial and administrative processes.

The safety policy is based on the 'Fundamentals on Safety' programme developed in 2003. The 'Fundamentals on Safety' make our employees aware of the key operational codes of conduct at Vopak terminals. These codes of conduct are the key points of an internal schedule of requirements which must be complied with by all employees in their day-to-day activities, and which tie in with the requirements on safety and risk management applicable for our customers from the chemical and oil industries.

More focus on safety awareness

An important indicator for the effectiveness of the safety policy of Vopak is the so-called Lost Time Injury Rate (LTIR). This ratio reflects the number of accidents resulting in lost time, for every 1 million hours worked. Since 2000 Vopak has succeeded in substantially lowering this ratio year on year, thanks to massive efforts and a consistent and targeted policy. In 2005, the LTIR totalled 2.7 (2004: 2.8). Although an improvement in comparison with the previous year's level, this reduction is not in line with the long-term objective of Vopak. Next to an effective infrastructure and excellent procedures, improved awareness of the prevention of unsafe situations for every employee is essential. To further increase


Estonia - Pakterminal


Sweden - Vopak Terminal Gävle

that awareness, in 2006, even greater emphasis will be placed on behavioural change by training programmes and change processes. In 2005 Vopak developed a special company film focusing on the social consequences of unsafe behaviour for family members and colleagues. This film has been translated into 16 languages, and is currently in use in all Vopak companies.

Another essential component of improving the SHEQ performance is learning from incidents. Despite the fact that in 2005 there was not a single accident resulting in a lost time injury at more than 75% of all Vopak terminals, Vopak still aims to achieve further improvement; therefore near-accidents are now also recorded in the internal reporting system, and undergo investigation, as if they were real accidents. These investigations are carried out on the basis of the Root-Cause Analysis method or using the Tripod Beta method. Both methods provide an insight into the underlying causes in order to implement improvements, thus preventing any recurrence.

Operations

Control instruments improve effectiveness

Control of compliance with internal rules is also a substantial component of the SHEQ policy. In 2004, Vopak developed its own audit standard, the Terminal Health Assessment (THA) and introduced it in 2005. This standard is an extended version of the internationally used CDI-T (Chemical Distribution Institute - Terminal) Assessment, recognised worldwide by the chemical industry. A number of Vopak employees have received intensive training, specifically for these audits. By deploying these employees at terminals other than those where they are themselves employed, increased professionalisation of the audits is achieved, while at the same time encouraging the exchange of knowledge and experience.
The THA also focuses attention on the condition and integrity of the terminals. The findings of the THA then form the basis for improvements. Wherever necessary, Vopak implements these improvements right across the network thus contributing to recognisable, uniform global quality.
By the end of 2005, more than 50% of Vopak terminals had been audited on the basis of either the THA or the CDI-T Assessment.

Technology

Globally recognisable terminal quality

Guaranteeing the quality and integrity of the terminals is an essential component of the Operational Excellence policy. This covers the safety and functional aspects of design, construction, use and maintenance.
Vopak incorporates the experiences of existing terminals in standards for design and construction. These standards are then applied, above all in the numerous new-building and conversion projects for capacity expansion. In addition, a panel of experts from various fields assesses the design in order to arrive at the best possible solution with respect to safety, business operation and technology. By encouraging the sound exchange of the knowledge and experience present in so many fields, every terminal in the Vopak network can benefit.

In 2005, an improved project management process was developed to systematically focus on project requirements so that every project is completed on time, in budget and on specification.
The Vopak terminals have also developed long-term plans for the maintenance of the installations, in which the preventive aspect of maintenance of critical equipment has received the greatest attention. This planned approach will in the long term result in improved guarantees for reliability, and reduce maintenance costs.

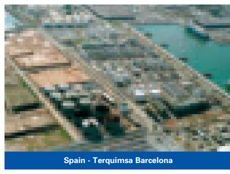
Information and communication technology (ICT)

A solid ICT infrastructure is essential for Vopak, in order to ensure seamless operation and high quality rendering of services to the customer. Accuracy, completeness, reliability and timeliness are its basic elements. In automation problems, Vopak attaches considerable value to business-driven solutions, and the central ICT department plays a supporting role in this. The inventory and assessment of ICT plans takes place at a higher level, within the ICT Board which besides the CIO includes the members of the Executive Board and the Divisional Presidents. Following their approval, the proposals are elaborated within the divisions. The exchange of ICT knowledge at this decentralised level takes place in the Tactical ICT Platform and in various user groups.

One example of a business-driven solution is the so-called PEPI (Packaged Enabled Process Improvement) project. This project resulted in the development of a tool that responds to the needs of customers for their own logistic chain. This system provides full integration of financial and operational processes and a rapid information exchange with the customer. At the same time, PEPI allows for process integration between the business processes at Vopak and those of the customers. This system was gradually introduced to the terminals over the last few years.


The Netherlands - Vopak Logistic Services Dordrecht


China - Vopak Terminal Ningbo


Spain - Terquimsa Barcelona

Financial Excellence

At Vopak, Financial Excellence means the further professionalisation of the company's financial activities (including analysis) and administrative transaction processes. Financial information supports commercial and operational decisions. Timeliness, completeness, reliability and practical usability are the core terms. In addition, all these matters should be organised as efficiently as possible.

As part of the Financial Excellence programme, a number of improvements were implemented during 2005, including the use of Key Performance Indicators (KPIs). These indicators provide the regional management with a rapid insight into the commercial, financial and operational developments within each terminal. Systems and procedures were also further streamlined, so that financial and economic information is made available to managers at an earlier stage, to enable them to anticipate factors, such as cost developments more effectively.

The assessment system for investment decisions was further optimised, so that the economic evaluation of investments can be carried out even more decisively, while the monitoring of project costs has been made even clearer.

Through a further tightening up of the risk management system (ERM = Enterprise Risk Management), even greater understanding has been acquired of the risks, causes and improvement opportunities. As a result, measures have been undertaken to manage those risks, as discussed in the chapter on Risks and Risk Management on page 38 of this report.

Largely, the transition to IFRS was concluded in 2004, with the guidelines for financial instruments (IAS 32 and IAS 39) introduced in 2005. Over the past year, attention has been focused on the layout of the first annual report according to IFRS standards, and embedding the necessary IFRS knowledge within our own organisation.

More solid financing position

To support the Tank Terminal Plus growth strategy, over the past four years, Vopak has systematically strengthened its financing position. For example, non-core activities were disposed of, the preference share programme was restructured and long-term debts were repaid at an accelerated rate. Also in 2005, part of the loans granted, not relating to core activities were transferred to a financial institution, whereby a portion of the income was allocated for repayment of the debt position. As a consequence the net debt to EBITDA ratio fell to 1.76.

Finally, Vopak took out a new five-year credit facility for EUR 500 million. Thanks to this improved financial situation, Vopak has achieved an excellent position for further growth.

Growth perspective along five lines

Optimising existing capacity

Completed in 2005	Under construction	Developments (*)
• Improved infrastructure e.g. in Rotterdam (Netherlands) • Increased occupancy rate and margins, in particular in North America and Northwestern Europe • Additional third jetty in Map Ta Phut (Thailand)	• Conversion of part of storage capacity at oil terminal Rotterdam (Netherlands) for jet fuel • Additional jetty Sebarok (Singapore)	• New loading station in Rotterdam (Netherlands) • Conversion of part of storage capacity oil terminal at Gävle (Sweden)

Expansion at existing terminals

Completed in 2005	Under construction	Developments (*)
• Map Ta Phut (Thailand): 79,500 cbm • Various local projects, for example in Alemoa (Brazil), Puerto Cabello (Venezuela), Tianjin and Xiamen (China), Ulsan (Korea), Vlaardingen (Netherlands)	• Sydney (Australia): Site B terminal 75,000 cbm end 2006 • Rotterdam (Netherlands): construction of extra capacity 440,000 cbm and a jetty, commissioning 2007 • Smaller projects at various locations including Lanshan (China), Ulsan (Korea), Vlaardingen (Netherlands)	• Fujairah (UAE): adding capacity for fuel oil • Investigation into various capacity expansion projects

Takeover, mergers and joint ventures

Completed in 2005		Developments (*)
• Hamburg (Germany): takeover remaining 50% interest in DUPEG Tank Terminal • Callao (Peru): increase in interest in the Serlipsa terminal		• Intended merger in North America with ITC-Houston


Australia - Vopak Terminal Sydney


The Netherlands - Vopak Terminal Chemiehaven


Belgium - Vopak Terminal ACS

New terminals at new locations

Completed in 2005	Under construction	Developments (*)
• Caojing (China): various tanks handed over as part of the construction of phase one • Darwin (Australia): oil terminal 113,000 cbm • Tianjin (China): ethylene terminal 15,000 cbm	• Banyan (Singapore): 371,200 cbm, commissioning second quarter 2006 • Caojing (China): completion of first phase (total 170,000 cbm), commissioning 2006	• Zhangjiagang (China): development of chemical terminal at sixth Chinese location. • Antwerp (Belgium): development of terminal on left bank of the Scheldt • Investigation into realisation of a terminal in Argentina • Study into new terminals for example in: - Indonesia - Spain

Development of concepts for new products

Completed in 2005	Under construction	Developments (*)
• Conversion of storage capacity in the Gulf region of North America for biodiesel	• Darwin (Australia): 36,500 cbm additional capacity, for bio-diesel and other products, commissioning end 2006	• Establishment of joint venture with N.V. Nederlandse Gasunie, in preparation of investment decision for the construction of a LNG terminal on the Maasvlakte near Rotterdam • Cooperation with Kogas for the development of one or more reception terminals for LNG in Asia • Study to develop storage for bio-diesel plants at several locations

(*) *Developments: this list provides an indication of the expansion efforts within the network and is not exhaustive*

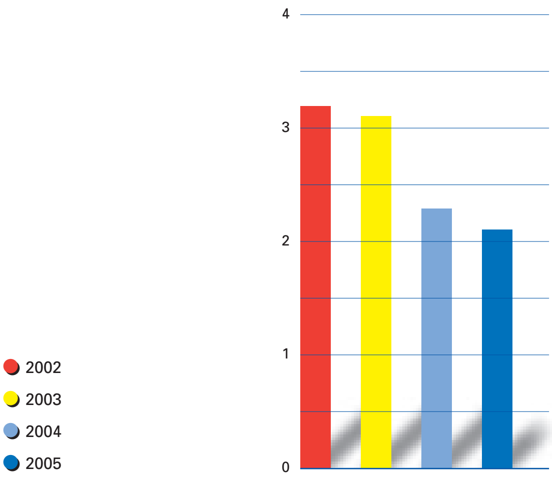
Human resources management

Division Presidents, from left to right: Rob Nijst (OEMEA), Pieter Bakker (North America), Kees van Seventer (CEMEA), Paul Govaart (Asia), Eelco Hoekstra (Latin America)

An essential precondition for implementing the Vopak strategy is the timely availability of the right people at the right place in the organisation, whereby employees must be offered sufficient development opportunities to enable them to enjoy a varied and inspiring career within the company. In this framework, Vopak implemented a number of key changes in 2005. For example, new people were appointed to head the CEMEA, OEMEA, North America and Latin America divisions, and the key knowledge areas were organised in so-called Global Expert Forums. By means of these forums, employees can establish dedicated global networks, share knowledge and, by means of internal benchmarking, can adopt and implement Best Practices. These forums promote cooperation.

Sickness absenteeism

As a percentage



Key HR processes, a uniform basis with local freedom of action

Within a network organisation like Vopak, it is essential that the employees worldwide have the same core competences. Vopak has further embedded this policy by formulating uniform policy principles, in cooperation with the divisions. Within this process, the striving for excellence is a central objective. With this in mind, via the Global HR Expert Forum, Vopak has adopted nine Key HR processes which will now be implemented in each division. At divisional level, these basic processes offer the freedom to gear actual implementation to the development phase of the division, and to what is required locally.

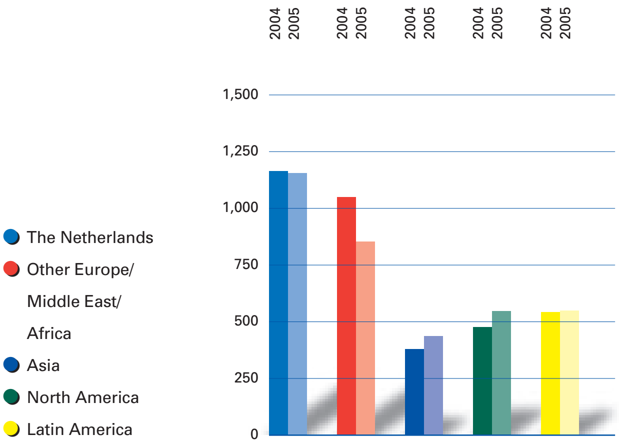
Brazil - Vopak Brasteminais Terminal Alemoa

Singapore - Vopak Singapore - Sakra Terminal

Chile - Vopak Terminal San Antonio

Employees by region

Average over the year



Employee development

Diversity in composition and internationalisation of management was another important agenda item for Human Resources in 2005. The central feature of this process is the development of local talent. The Asia division, for example, started a special recruitment and training programme, known as the 'Talent Development Process'.

To further encourage diversity and internationalisation over the coming years, the Global HR Expert Forum has developed an 'International Recruitment' action programme. This programme also supports succession planning and the attraction of new talent within the division, essential for ensuring that people with the right competences are put in place in time to be able to contribute to achieving the growth of Vopak.

In 2005, the current Management Development programme and the Performance Management system were further improved. Together with the Key HR processes, these programmes are now fully embedded in the divisions so that the entire planning process is improved at local level as well. In addition, Vopak intensified the training programme for situational leadership.

Greater focus on performance

The striving for action-oriented entrepreneurship occupied a more prominent position in the assessment and remuneration of middle and senior management. Vopak adapted the bonus programme for senior management in line with the financial objectives.

The number of employees at the end of 2005 was 3,433, practically unchanged from 2004 (3,428). This is a result of the combination of growth in particular in Asia and lower numbers in Europe as a result of the disposal of non-core activities.

Financial performance

Accounting principles

From the financial year 2005 onwards Vopak is required to prepare its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The figures for the financial year 2004 have also been presented on the basis of the IFRS accounting standards.

Income from rendering of services

In 2005, Vopak generated an income from rendering of services of EUR 683.6 million, a rise of 5.5% as compared with the previous year (2004: EUR 648.1 million). Adjusted for disposed business components, the increase amounts to 10%. All divisions made a positive contribution to this improvement in income from rendering of services. By responding actively to improved market conditions and new product flows, such as biofuel, more tanks could be leased, thus achieving a higher occupancy rate at most terminals in the worldwide network. This positive development was further strengthened by the commissioning in 2005 of 250,000 cbm new capacity for clients in the global network, as a result of Vopak Tank Terminal Plus strategy which was initiated in 2003.

Group operating profit

Group operating profit rose by 15.7% to EUR 170.7 million (2004: EUR 147.5 million). Adjusted for exceptional items, the operating profit rose by 19.0% to EUR 179.7 million (2004: EUR 151.0 million). With the exception of Latin America, all divisions made a positive contribution to the increased operating profit. In the Latin America division, the operating profit remained equal due to cost increases partly as a result of the appreciation of local currency in respect of the US dollar. These cost increases could only partially be passed on to our customers.

Average capital employed rose in 2005 to a limited degree, to EUR 1,033.3 million (2004: EUR 1,023.1 million). The Return on Capital Employed (ROCE) for 2005 amounted to 16.5% (2004: 14.4%). This increase met the target of 16%, formulated in 2003. This target was in part realised due to the focus on the Tank Terminal Plus strategy, which has resulted for example in the disposal of non-core activities, and the starting up of Excellence programmes. The growth strategy of Vopak will continue to focus on improving the company's worldwide market position, the construction and operation of LNG terminals and an active response to the market for biofuels. This in turn will contribute to a positive development of the targeted growth in earnings per ordinary share.

Income from rendering of services

In EUR millions	2005	2004
Chemicals Europe, Middle East & Africa	263.9	245.4
Oil Europe, Middle East & Africa	143.7	128.4
Asia	97.5	92.2
North America	118.2	101.8
Latin America	51.9	45.9
Non-allocated	1.4	1.6
Core activities	676.6	615.3
Non-core activities	7.0	32.8
Total	683.6	648.1

Group operating profit (EBIT and EBITDA)

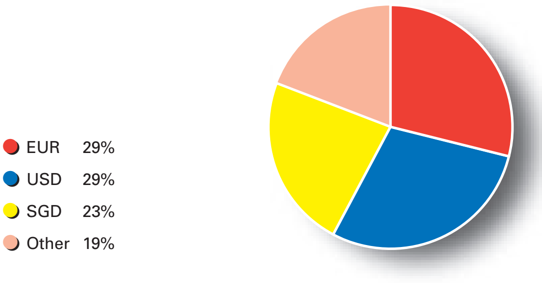
In EUR millions	2005	2004
Chemicals Europe, Middle East & Africa	44.6	34.3
Oil Europe, Middle East & Africa	57.6	48.6
Asia	59.9	55.8
North America	20.6	15.6
Latin America	16.3	16.6
Non-allocated	- 23.1	- 19.7
Group operating profit core activities excluding exceptional items	175.9	151.2
Non-core activities	3.8	- 0.2
Group operating profit excluding exceptional items	179.7	151.0
Exceptional items	- 9.0	- 3.5
Group operating profit (EBIT)	170.7	147.5
Depreciation and amortisation	82.8	80.8
Group operating profit before depreciation and amortisation (EBITDA)	253.5	228.3

Joint ventures and associates

In line with previous years, Vopak has valued its share in joint ventures and associates on the basis of the equity method. The Vopak share in net results of these joint ventures and associates are accounted for in the group operating profit. In 2005, the result from joint ventures and associates rose by more than 34.2% to EUR 39.6 million (2004: EUR 29.5 million).

According to IFRS, proportionate consolidation of joint ventures is also allowed. In order to provide the best insight, below, an additional statement is provided of the consequences on the consolidated balance sheet and consolidated income statement of the group in the event of proportionate consolidation of joint ventures, in as much as they relate to tank storage activities. According to expectations, this method will no longer be permitted in a number of years time.

EBIT in 2005 by currency



Group operating profit and ROCE

In EUR millions	EBIT	Average capital employed	ROCE
Chemicals Europe, Middle East & Africa	40.0	362.5	11.0%
Oil Europe, Middle East & Africa	58.3	146.2	39.9%
Asia	59.9	297.4	20.1%
North America	20.8	162.6	12.8%
Latin America	16.3	66.5	24.6%
Non-allocated	- 22.6	- 11.6	
Total core activities including exceptional items	172.7	1,023.6	16.9%
Non-core activities including exceptional items	- 2.0	9.7	
Total including exceptional items	170.7	1,033.3	16.5%

Vopak consolidated including proportionated consolidation of joint ventures in tank storage activities

In EUR millions	2005	2004
Income statement		
Income from rendering of services	789.9	744.3
Group operating profit before depreciation and amortisation (EBITDA)	284.1	255.5
Group operating profit (EBIT)	184.9	161.8
Net profit attributable to shareholders	93.2	87.6
Net profit attributable to holders of ordinary shares	90.2	80.7
Balance sheet		
Non-current assets	1,484.6	1,335.1
Current assets	436.9	373.2
Total assets	1,921.5	1,708.3
Non-current liabilities	885.3	843.6
Current liabilities	377.6	313.0
Total liabilities	1,262.9	1,156.6
Total equity	658.6	551.7
Financial ratios		
Interest cover	6.9	5.2
Net debt : EBITDA	1.89	2.23

Exceptional items
In 2005, in the group operating profit, exceptional items have been accounted for in the amount of EUR 9.0 million (2004: EUR 3.5 million). These costs relate primarily to the reorganisation expenses for inland shipping activities of the CEMEA division, and the impairment of assets held for sale, following a lower estimated market value.

Net financing charges
Net financing charges for 2005 amounted to EUR 39.3 million (2004: EUR 46.3 million). This reduction is primarily due to a EUR 4.9 million decrease in costs related to early repayments. The average interest rate on interest-bearing loans in 2005 was 7.5%, and the average remaining term, end of 2005, was 4.5 years. At year end 2005, both the non-current interest-bearing loans at EUR 510.0 million (2004: EUR 581.4 million) and the net interest-bearing debt at EUR 411.7 million (2004: EUR 505.0 million) were considerably lower.

Income tax
The income tax charge for 2005 amounted to EUR 25.6 million (2004: EUR 1.0 million). As a consequence, the effective tax rate was 19.5%. The variance as compared with 2004 is due to a non-recurring tax credit in 2004 of EUR 12.7 million. In addition, Vopak generated higher profits in countries with higher tax rates, which had a negative effect on the average tax rate.

Net profit attributable to holders of ordinary shares
The net profit attributable to holders of ordinary shares increased by 11.8%, and amounted to EUR 90.2 million (2004: EUR 80.7 million). Excluding exceptional items, the net profit attributable to holders of ordinary shares amounted to EUR 99.5 million (2004: EUR 74.6 million), a rise of 33.4%.

The earnings per ordinary share rise with 7.4% to EUR 1.46 (2004: EUR 1.36). The percentage of the increased net profit is higher than the increased earnings per ordinary share, because the 2005 dividend payment was partly made in shares.

Dividend
A dividend of EUR 0.60 per ordinary share, payable in cash (2004: dividend of EUR 0.50 in either cash or shares) will be proposed to the Annual General Meeting on 27 April 2006. This is equal to 41% of the earnings per ordinary share. Adjusted for exceptional items, the payment is equal to 37%.

Net investments by division

In EUR millions	2005	2004
Chemicals Europe, Middle East & Africa	**33.5**	50.3
Oil Europe, Middle East & Africa	**18.7**	24.7
Asia	**97.8**	43.4
North America	**9.5**	8.1
Latin America	**15.8**	10.4
Non-allocated	**- 112.8**	- 3.5
	62.5	133.4
Non-core activities	**- 23.6**	- 148.2
Net investments	**38.9**	- 14.8

Investments

In EUR millions	2005	2004
Investments		
Intangible assets	**6.6**	8.1
Property, plant and equipment	**153.7**	116.8
Joint venture and associates	**7.3**	18.9
Loans granted	**1.2**	2.9
Other non-current assets	**9.5**	0.3
Group companies	**9.2**	–
Subtotal	**187.5**	147.0
Disposals		
Intangible assets	**1.0**	–
Property, plant and equipment	**1.5**	2.2
Loans granted	**141.0**	20.5
Group companies	**5.1**	139.1
Subtotal	**148.6**	161.8
Net investments	**38.9**	- 14.8

Investments

In 2005, Vopak invested EUR 187.5 million (2004: EUR 147.0 million). In the course of 2005, the storage capacity of the worldwide terminal network was expanded by in total some 250,000 cbm.

At various locations around the world, Vopak is investing in order to be able to respond rapidly to the opportunities offered by changing trade flows. In 2005, Vopak commissioned its 73rd terminal of the global network in Darwin (Australia). In China, an ethylene terminal was built in Tianjin, and additional capacity was commissioned in Caojing. In Map Ta Phut (Thailand) the capacity was expanded by 79,500 cbm.

An overview of Vopak's growth projects, completed, under construction and development can be found on page 16 and 17 of this report.

Funding and financing ratios

The positive net cash flow from operating activities and the proceeds from the sale of a loan granted to third parties was for the most part applied to further reducing the net interest-bearing debt position to EUR 411.7 million (year-end 2004: EUR 505.0 million).

In 2005, the most important ratio for long-term private loans developed positively. This ratio can be described as the net debt position in relation to the EBITDA as defined in the financing agreements. In 2004, agreement was reached with the USPP noteholders to raise this ratio to a maximum of 3.0 (previously 2.75) for the period 1 July 2004 to 30 June 2007. At year-end 2005, Vopak remained well within the margin set, with a ratio of 1.76.

In 2005, a loan was sold at nominal value, which related to the disposal of tank storage interests following the merger in 1999. In return, Vopak issued a guarantee for part of the transferred receivable, (as of year-end 2005 EUR 43.9 million). Since part of the credit risk on the transferred receivable in this transaction remains with Vopak, there is a so-called continuing involvement, which must be accounted for on the balance sheet. The continuing involvement (as of year-end 2005 EUR 42.7 million) will be derecognised to zero, proportionately to the guarantee, over the next three years.

Abridged cash flow statement

In EUR millions	2005	2004
Cash flow from operating activities (gross)	224.5	200.8
Net financing charges paid and received	- 34.4	- 48.0
Income tax paid	- 25.8	- 13.9
Cash flow from operating activities (net)	164.3	138.9
Investments	- 187,5	- 147.0
Disposals	148.6	161.8
Cash flow from investing activities	- 38.9	14.8
Cash flow from financing activities	- 81.5	- 176.2
Net cash flow	43.9	- 22.5

Funding

In EUR millions	2005	2004
Cash and cash equivalents	177.1	112.0
Non-current portion of interest-bearing loans	- 510.0	- 581.4
Current portion of interest-bearing loans	- 57.4	- 29.5
Bank overdrafts	- 21.4	- 6.1
Net interest-bearing debt	- 411.7	- 505.0
Non-current derivatives (currency)	- 41.8	–
Credit-replacement guarantees	- 18.3	- 19.1
Cash and cash equivalents not readily available	–	14,7
Net debt for ratio calculation	- 471.8	- 509.4
Net debt : EBITDA	1.76	2.20
Interest cover	6.7	5.0

Exchange rates

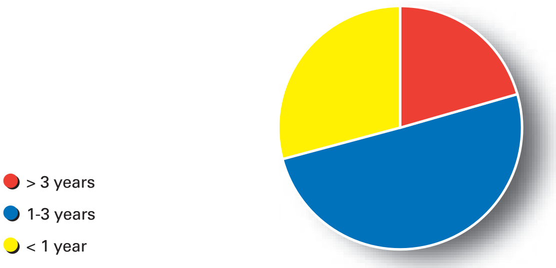
	USD		SGD	
per EUR 1.00	2005	2004	2005	2004
Average exchange rate (translation rate income statement)	1.24	1.24	2.07	2.10
Year-end exchange rate (translation rate for balance sheet)	1.18	1.36	1.97	2.21

Review
by division

Chemicals Europe, Middle East & Africa (CEMEA)

In EUR millions	2005	2004
Income from rendering of services	**263.9**	245.4
Operating profit before depreciation and amortisation (EBITDA)	**73.2**	66.9
Operating profit (EBIT)	**40.0**	32.6
Operating profit (EBIT) excluding exceptional items	**44.6**	34.3
Average gross capital employed	**668.2**	640.7
Average capital employed	**362.5**	356.8
ROCE	**11.0%**	9.1%
Occupancy rate	**91%**	82%

Income by contract duration Chemicals Europe, Middle East & Africa



The Chemicals Europe, Middle East & Africa division (CEMEA) operates 19 terminals with a total storage capacity in excess of 4.2 million cbm. Rotterdam/Antwerp is one of the main market regions in the network and a hub location with nearly 2.5 million cbm storage capacity. An integral component is the inland shipping fleet that transports products between Antwerp/Rotterdam and the German hinterland.
In addition, Vopak operates a terminal for the storage of gas in the Netherlands (Vlissingen) and chemical terminals in the United Kingdom, Finland, Germany, Spain and South Africa.

Market trends

There are attractive growth opportunities for Vopak in the CEMEA division's terminal network, due to the structurally higher import flows of base chemicals such as methanol. Production capacity is shifting to countries outside Europe. In addition, the import of vegetable components increased for use in biofuels in 2005, in part encouraged by European legislation. The demand for bio-ethanol, for example, increased considerably, in turn resulting in structurally higher import flows from Brazil and other countries.
Increasingly, Vopak is organising activities according to a division-wide product/market oriented approach, whereby infrastructure and level of service are geared to the specific product flows within the network. Against that background, Vopak is not only investing in new storage capacity but also in optimisation of the existing terminal network through further improvement of its infrastructure, such as pipelines, loading stations and jetty systems to increase the speed of logistic handling.

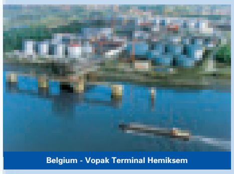
Development of terminals

Turnover, occupancy rate and margins improved

The terminals of the CEMEA division generated improved results across a broad front. This is a result of the recovery of the market in the chemical industry, which continued into 2005.
At the Rotterdam terminals, both occupancy rate and throughput were at a considerably higher level compared with 2004. In addition, the first results of the Excellence programme became visible in improvements in operational processes.
The terminal in Vlaardingen is excellently positioned in the rapidly-growing market segments oleochemicals and biofuel. For the storage of oleochemicals, Vopak will be commissioning new capacity at the start of 2006. After a number of disappointing years, Dordrecht achieved better results. The terminal has been restructured and is now more focused on land-logistic activities.
The performance of the gas terminal in Flushing (Vlissingen) was satisfactory in 2005.
In Antwerp, results remained high, with an extremely high occupancy rate based on long-term contracts. Demand continues unabated in this region. In particular, Antwerp is the destination for import flows for intermediates and chemical specialities, for distribution throughout Europe. Vopak will start construction of a new terminal for liquid bulk products, on the left bank of the Scheldt. In addition, an option has been taken on a site for the construction of jetty facilities for large seagoing vessels and inland shipping vessels.

In 2005, the terminal in Hamburg also turned in good results. In Hamburg, Vopak took up the remaining interest in the DUPEG terminal, which is strategically located and trades in a wide range of chemical products. The results in Finland came under pressure due to increased competition from the ports of Riga and Tallinn. The terminals in the United Kingdom, on the other hand, showed good results. The terminal in London profited from the increased demand for biofuel. Spain and South Africa achieved good results as well.


United Kingdom - Vopak Terminal Teesside


Belgium - Vopak Terminal Hemiksem


The Netherlands - Vopak Terminal Botlek (Zuid)


South Africa - Vopak Terminal Durban

Inland shipping

New focus for inland shipping

Due to overcapacity in inland shipping, the results in the first six months of 2005 were lower than expected. In the second six months, the market situation improved, leading to a recovery. Vopak is striving for efficiency improvement through the more flexible deployment of the fleet, and increased cooperation with tank storage. Part of this focus is privatisation of a proportion of the fleet.

By sharing knowledge, the Vopak network brings 'the best of all worlds' together

In Antwerp, Vopak is set to build a new chemical terminal on the left bank of the Scheldt. In this region, the terminals all fulfil a distribution function. Products are delivered by ship and stored in bulk. They are subsequently transported in smaller quantities by train or tanker to various customers in Europe.

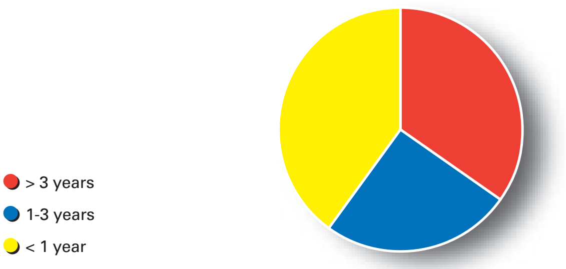
In preparation for the construction work, the project management first drew up a schedule of requirements, including possible technical construction solutions. The plans were tested against the knowledge and skills of the Vopak engineers with the most experience in other relevant projects within the network. Using this information, the Belgian team then travelled to China to discuss their ideas with colleagues who have acquired knowledge of and experience with the very latest techniques and possibilities. After all, the majority of projects over the last few years have been undertaken within the Asia division, and Asia is still the area of much construction in progress. The plans were then intensively discussed with the Global Technical Committee, which brings together experienced technicians from all Vopak regions. Here, the Best Practices are tested.

In this way, Vopak brought together 'the best of all worlds' in the design phase, in order to optimise the construction and operation of this new terminal to suit the situation in Antwerp. This sharing of knowledge and expertise has been made additionally effective, because both the engineers and the operation departments are involved. This combination offers the best guarantee for future Operational Excellence.

Oil Europe, Middle East & Africa (OEMEA)

In EUR millions	2005	2004
Income from rendering of services	**143.7**	128.4
Operating profit before depreciation and amortisation (EBITDA)	**71.6**	60.6
Operating profit (EBIT)	**58.3**	48.6
Operating profit (EBIT) excluding exceptional items	**57.6**	48.6
Average gross capital employed	**415.3**	387.9
Average capital employed	**146.2**	124.7
ROCE	**39.9%**	38.9%
Occupancy rate	**90%**	82%

Income by contract duration Oil Europe, Middle East & Africa



Vopak is the largest independent supplier of tank storage services for crude oil and mineral products in Europe and the Middle East, with a total storage capacity in excess of 9.3 million cbm. The customers are oil companies, trading companies, governments (for the management of strategic reserves), national oil companies and co-siters (independent manufacturers located on Vopak's sites that make intensive use of Vopak services).
At the hub location in Rotterdam, Vopak operates four terminals and a further one terminal in Amsterdam. Vopak also controls oil terminals in Germany, Estonia, Sweden and Switzerland. In the Middle East, Vopak is present in Saudi Arabia and the United Arab Emirates. Besides their regional function, these terminals play a key role in the Vopak network and its rendering of services to worldwide-operating oil companies.
For the transport of oil products on inland waterways in Europe, Vopak participates within the joint venture Interstream Barging. With a fleet of sixty barges, this is one of the largest barge charterers for the transport of mineral oil products in the Netherlands, Belgium and the German Rhine region.

Market trends

Trends strengthen the role of broad-based Vopak services

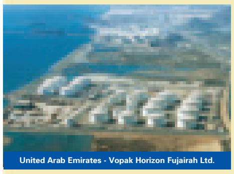
The structural, geographical imbalance between production locations for crude oil and fuel oil on the one hand (above all Russia and the Middle East) and the refinery and consumption locations (Western Europe and Asia) on the other is becoming an increasingly important factor. Vopak is in turn playing an increasingly essential role in the logistic chain of oil companies. Because this logistic chain is increasingly linked to the geographical imbalances on the oil market, oil companies are expressing the need for storage and complementary services at multiple locations.
The OEMEA division is also profiting from the increased demand for cleaner oil products and differing product specifications. An additional positive effect of this diversification is the increased demand by customers for complementary services such as the blending of different quality oil products. Vopak is responding to these developments by offering special storage for such products, sometimes in combination with production facilities operated by third parties. The storage and production of biodiesel is one example of a new growth opportunity due to a new product flow. In this context, Vopak is focused on expanding the existing terminals through new construction as well as conversion and improvement of the existing terminal network, by investing in, for example, the pipeline structure, blending systems and jetties.

Development of terminals

Profitable trends, positive prospects

The combination of geographical imbalances between supply and demand, the constantly rising price of oil and further product differentiation has resulted, across a broad front, in unabated high occupancy and throughput rates for practically all oil products. Although investments in the quality of the terminals increased costs, operational margins have shown a clear improvement.
In Rotterdam, Vopak took full advantage of the increased demand for the storage of crude oil and fuel oil. The terminals were fully occupied, with high throughput rates. In the third quarter of 2005, Vopak launched an expansion and conversion project in Rotterdam, encompassing 545,000 cbm for the storage of fuel oil and jet fuel. The throughput of gasoline in Rotterdam also grew as a consequence of increased imports. Additional capacity was created for this purpose by converting tanks previously used for the storage of domestic fuel oil to gasoline storage. Vopak also sees opportunities for biofuels, in Hamburg. In 2005, the terminal showed considerable growth, mostly in the field of new speciality diesel products. The terminals around the Baltic showed mixed results. On the one hand the storage of fuel oil, gasoline and kerosene increased, while on the other hand, the storage of crude oil fell as a result of lower export volumes. In addition, greater

The Netherlands - Vopak Terminal Amsterdam



United Arab Emirates - Vopak Horizon Fujairah Ltd.

The Netherlands - Maasvlakte Olie Terminal

Sweden - Vopak Terminals Gothenburg

competition between the various Baltic ports led to increased pressure on rates.

The terminal in Fujairah (UAE) performed excellently, as Vopak was able to take advantage of the constant high demand for bunker storage and the growing import flow of gasoline. In 2005, plans were prepared for further expanding this terminal.

Agencies

Hub service concept strengthens market position

Once again, Vopak Agencies demonstrated excellent results. The increased oil flows also led to an increase in the number of oil tankers on whose behalf Vopak Agencies acts as link to the port terminals. With its 'hub services concept' Vopak has every opportunity to maintain and further expand its excellent market position, above all in Rotterdam, Antwerp and Amsterdam.

Vopak increases effectiveness with an integrated improvement programme

Vopak has launched a major improvement programme, entitled 'Quest for Quality', in the oil division. The programme involves a division-wide, integrated approach to all aspects of business operation, as viewed from the supply chain of the customer. The objectives of the programme are further improvement of commercial and operational performance, consistent compliance with customer expectations and responding even more rapidly to market developments.

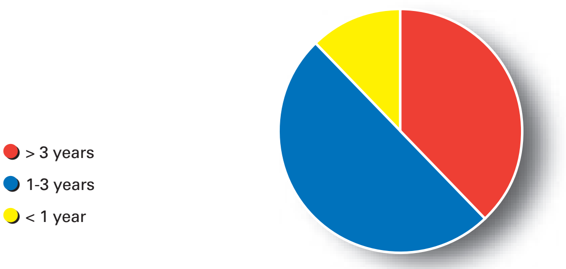
Within the commercial organisation, these goals were specifically implemented by viewing production flows and activities at each terminal from a structured and coherent position. An excellent example is the fuel oil market. The Vopak terminals play different roles on this market. Fuel oil is delivered to the terminals in Fujairah (UAE), Hamburg (Germany), Rotterdam (Netherlands), and Sweden, for subsequent distribution as bunker fuel for ships. In addition, above all the terminals in Tallinn (Estonia), Rotterdam and Singapore are key links in the transport flow for fuel oil exported from Russia, and destined for Asia. As well as storage and handling, Vopak offers a range of other services such as mixing or blending various products to match the required oil specifications.

Within this new approach, market studies have been undertaken at divisional level into developments on the fuel oil market and developments amongst customers. In addition, all commercial teams now have an understanding not only of activities at their own terminals but also the activities of their colleagues at other terminals. On this basis, experiences are systematically exchanged. As a result, trends and customer requirements can rapidly be identified and coordinated activities undertaken. Overall, this means that Vopak is better able to respond to customer needs, and initiate and implement new concepts.

Asia

In EUR millions	2005	2004
Income from rendering of services	97.5	92.2
Operating profit before depreciation and amortisation (EBITDA)	76.5	75.7
Operating profit (EBIT)	59.9	59.5
Operating profit (EBIT) excluding exceptional items	59.9	55.8
Average gross capital employed	481.8	438.7
Average capital employed	297.4	264.2
ROCE	20.1%	22.5%
Occupancy rate	96%	93%

Income by contract duration Asia



Vopak operates in seven countries in Asia: Singapore, Malaysia, Thailand, Korea, China, Japan and Pakistan. Activities in Australia are also part of the Asia division. The rendering of services encompasses tank storage of oil products, gases and chemicals, supplemented by logistic services (aimed at the stored products). Besides Rotterdam/Antwerp and Houston, Singapore is one of Vopak's key hub locations, where various functions are combined, ranging from import and export to regional distribution activities.
The terminal network in Asia, with a total capacity of 3.7 million cbm, also includes a number of industrial terminals, where Vopak undertakes logistic tasks for its customers at nearby chemical complexes, in Singapore, Malaysia, Thailand, China and Pakistan. These services often go hand in hand with long-term contracts. Based on the company's extensive experience in this field, Vopak is a reliable partner for its customers, with numbers constantly expanding throughout the region.

Market trends

For Vopak, the Asia region represents another key growth area. The continuing growth of the Asian economy is driving sustained, heavy demand for finished products. As a consequence, the volumes of oil and chemical products imported from the Middle East and other areas have been gradually rising for a considerable time. In addition, oil and chemical multinationals in Asia are in the process of expanding their production capacity for 'downstream' products such as chemical specialities and biofuel, leading in turn to increased demand for industrial terminals.

Vopak's expansion in Asia is mainly being achieved through the construction of new locations and the expansion of existing terminals. For example,Vopak is investing in the new Banyan terminal (oil and chemical storage) in Singapore, and the expansion of jetty facilities at the Sebarok oil terminal. New capacity has also been built and commissioned in Darwin in Australia, and a start has been made on the construction of a storage facility for biodiesel. At the end of 2005, new capacity was added to our terminal in Thailand.

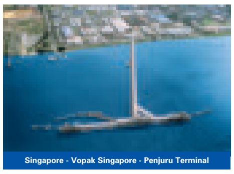
In China, Vopak's expansion is in the form of new construction. This year, part of the new terminal in Caojing was handed over and gradually commissioned. The conclusion of phase one of the construction is planned for the second quarter of 2006. In September, a new ethylene terminal went on steam in Tianjin.
Next year, Vopak will be starting construction of a chemical terminal in Zhangjiagang, the company's sixth in China. The multinational chemical producers at the industrial park where Vopak is currently building will be using part of this terminal as an industrial terminal. Furthermore, its excellent location means that the terminal will fulfil a distribution function for the Yangtze River delta area. This is the first terminal in China fully owned by Vopak. Vopak has now established a solid organisation in China, headed up by regionally-recruited and trained managers.
Many of the investments in Asia, in particular in new regions, are in the form of joint ventures. In such cooperative activities, Vopak places the emphasis on the long term, and continuously invests in its relationships with the partners. The worldwide knowledge and experience of Vopak in the construction and operation of terminals, in combination with the partners' knowledge of local conditions, has proven a successful strategy.

Development of terminals

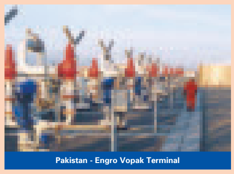
Stable, good to excellent results

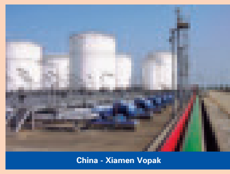
Market conditions in 2005 were good for Vopak. Increased occupancy rates and throughput resulted in improved operating profit.

The terminals in Singapore enjoyed an excellent year. The oil terminal in Sebarok was fully occupied at record throughput levels. Throughput levels at the chemical storage terminals in Sakra and Penjuru also demonstrated healthy growth. Developments at the industrial terminal in Singapore are above all based on long-term contracts, and they too were favourable.


Singapore - Vopak Singapore - Penjuru Terminal


Japan - NipponVopak - Yokohama Terminal


Pakistan - Engro Vopak Terminal


China - Xiamen Vopak

In China, the chemical terminals were practically fully occupied. The newly-opened terminal in Shanghai made a positive contribution to operating profit, from 2005 onwards. The poor performance of oil storage at the Xiamen terminal was compensated for by growth in chemical storage.
The terminal in Korea, with its storage facilities for both base chemicals and chemical specialities, continues to occupy an excellent position for the local chemical industry. In 2005, performance was positive. Performance of the terminals in Japan was also good. The industrial terminals in Malaysia and Pakistan also demonstrated favourable results, on the basis of long-term contracts. For years, now, the terminal in Thailand has been growing at a stable rate. Following a considerable capacity expansion in 2002, additional capacity was once again commissioned at the end of 2005, and Vopak is looking into the possibilities for further expansion.
The picture in Australia is somewhat mixed. The storage of oil increased due to higher imports and optimum use of the 'shared user facility' at the terminal in Darwin, where three major oil companies have outsourced storage activities to Vopak. However, in chemical storage, the import of base chemicals fell. Vopak expects that the increased storage of biofuel will compensate for this situation, in the longer term.

Vopak network offers excellent opportunities to local talent

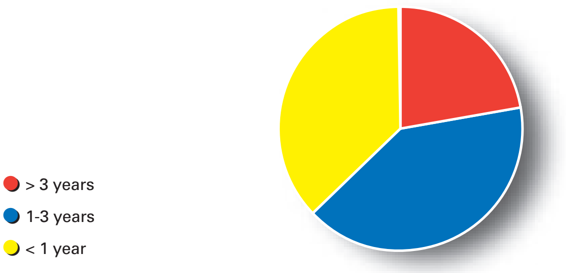
Vopak has strong ties with the Asian region, where the organisation is developing at a rapid pace. By focusing strongly on knowledge transfer and local involvement, key management positions are increasingly being occupied by talented local employees. Vopak is constantly on the lookout for local and regional talent in order to meet the growing demand for managers. In collaboration with the Rotterdam School of Management, Vopak has developed a series of tailor-made Management Development programmes.

In Asia, Vopak launched a special programme, 'The Asian Talent Development Process (TDP)', intended for newly-employed local 'high potentials'. Using the motto 'driving for performance, caring for talent', TDP is focused on identifying and developing high-potential employees for general and functional management positions within the Asia region.
Throughout the region, knowledge is shared in a way that ties in with an HR policy focused on creating opportunities for people, and quality for the organisation.

North America

In EUR millions	2005	2004
Income from rendering of services	**118.2**	101.8
Operating profit before depreciation and amortisation (EBITDA)	**32.7**	27.2
Operating profit (EBIT)	**20.8**	15.5
Operating profit (EBIT) excluding exceptional items	**20.6**	15.6
Average gross capital employed	**313.5**	304.8
Average capital employed	**162.6**	166.7
ROCE	**12.8%**	9.3%
Occupancy rate	**94%**	86%

Income by contract duration North America



In North America, Vopak operates nine strategically-located terminals – seven in the United States and two in Canada – used mainly for the storage of chemicals. At the terminals in Los Angeles (USA) and in Hamilton (Canada), Vopak is also active in oil storage. In North America Vopak operates close to 2.4 million cbm storage capacity. With terminals in Deer Park and Galena Park, Houston is one of Vopak's hub locations besides Rotterdam/Antwerp and Singapore. The remaining terminals above all fulfil an import and distribution function. In North America, Vopak stands out against the competition due to the flexible deployability of its terminals for the storage of a very wide range of products. Thanks to this flexibility, Vopak maintains excellent relations with its key customers, a fact increasingly reflected in multiyear contracts.

Besides tank storage, Vopak offers complementary logistic services such as waste water treatment, rail car cleaning and the management of rail car fleets.

Market trends

As in Europe, biofuel is a growth product in North America. Both regulations and the American government programmes encourage businesses to participate in biofuel projects. Over the coming years, these developments are set to translate into increased demand for the storage of bio-ethanol and biodiesel. Vopak is focused on stable autonomous growth based on the targeted expansion of capacity and network optimisation. Against this background, Vopak is investing in additional infrastructure – such as pipelines and new facilities at the terminals – with a view to offering its customers complementary value-added services, for example in the field of biofuels. In addition, emphasis is placed on increasing the quality of operational processes, above all in terms of safety and services to the customer.

Development of terminals

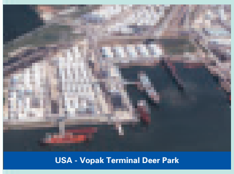
Good result development on a favourable market

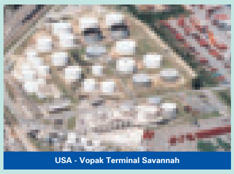
The results of the North America division have demonstrated a considerable improvement that has gone hand in hand with the growing confidence of the chemical industry in this region, reflected in the demand for storage capacity, particularly for intermediates. This favourable market development led to increased occupancy rates and throughputs which, in combination with lower operating costs, resulted in the necessary improvements in margins. The hurricanes Katrina and Rita led to a temporary halt in product transport, but these problems were only short-lived.

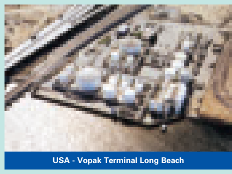
The terminals in Houston performed excellently. Both occupancy and throughput were considerably higher. Houston, too, profited from the increased demand for the storage of biofuel. To ensure continuity in meeting this demand, Vopak started this year on the conversion of storage capacity for this product.

The terminals on the west coast performed satisfactorily. The chemical terminal in Long Beach succeeded in slightly raising its occupancy rate while the oil terminal in LA was fully occupied.


Canada - Vopak Terminals of Canada - Hamilton, Ontario


USA - Vopak Terminal Deer Park


USA - Vopak Terminal Savannah


USA - Vopak Terminal Long Beach

Performance of the terminals on the east coast showed a mixed picture. The two Canadian terminals once again performed well, and were fully occupied. The terminals on the US eastern seaboard performed below par, and an optimisation programme was undertaken in 2005.

Complementary logistic services better integrated

The recovery of the market for rail car cleaning appears to be structural. Turnover at Vopak from this activity improved further, but still remained slightly below expectations. The development of waste water treatment activities also failed to live up to expectations in 2005.

The Vopak network as local service supplier

Vopak's qualities and systems reduce the risks in the logistic chain.
Sea Launch Company, LCC, entered into a partnership with the Vopak terminal in Long Beach, California, with a view to improving the supply chain for rocket fuel. Sea Launch, with its operating base in Long Beach, is a commercial company that launches satellites into space from a floating launch platform on the equator.
The rockets with which Sea Launch launches the satellites use the rocket fuel naphthyl, a high-quality kerosene. Originally, this fuel was transported to the United States by ship in containers, from storage facilities in Russia, shortly before each launch.

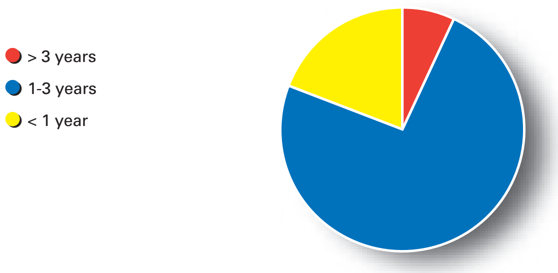
In collaboration with Vopak, Sea Launch has now restructured the supply chain. From now on, immediately after production, the naphthyl is shipped in containers to the Vopak Long Beach terminal for storage.
As a result, Sea Launch has considerably reduced the risk of disruption. At the same time, the company has far greater control of the overall process.

In evaluating the various options available, representatives of Sea Launch were extremely impressed with both the specific competences of Vopak and the systems and procedures in place for guaranteeing the safe and careful handling of the product.
Sea Launch is able to profit from the solid combination offered by the Long Beach terminal in terms of location, quality assurance and operational integrity, all supported by the systems offered by the Vopak network.

Latin America

In EUR millions	2005	2004
Income from rendering of services	**51.9**	45.9
Operating profit before depreciation and amortisation (EBITDA)	**21.1**	20.4
Operating profit (EBIT)	**16.3**	16.3
Operating profit (EBIT) excluding exceptional items	**16.3**	16.6
Average gross capital employed	**85.9**	75.4
Average capital employed	**66.5**	61.1
ROCE	**24.6%**	26.7%
Occupancy rate	**91%**	92%

Income by contract duration Latin America



Vopak operates thirteen terminals in Latin America, the vast majority of which are used for the storage of chemicals (often imported) and vegetable oil (mainly exported). These terminals, with a total storage capacity of 0.8 million cbm, are spread right across the continent. At present, the storage of mineral oils remains limited to Peru. The relevant markets in Latin America are still relatively small. To nonetheless achieve economies of scale, the storage terminals are often used for a range of product groups such as chemicals, edible oils and even dry bulk. Customers are major regional players and multinationals.

Market trends

In Latin America, Vopak occupies a position for its customers in the region as a powerful partner offering practically full coverage across the continent. Against that background, at the start of 2005, Vopak purchased 55 hectares of land in Zarate (Argentina); the various development options are currently the subject of study.
In addition, Vopak aims to profit from the expected growth in export flows for chemical specialities and bio-ethanol from Latin America, by means of expansion programmes and selected acquisitions. The focus of the last few years – expansion aimed principally at chemicals and edible oils – has now been broadened to include mineral oils. This expansion also includes biofuel, because Latin America is increasingly emerging as a production location for biofuel and supplier of raw materials in the form of bio-ethanol. Bio-ethanol production has expanded considerably over the last few years, especially in countries with high sugar production such as Brazil, Argentina and Columbia. The same applies for bio-ethanol exports to Western Europe and the United States. Based on the considerable agricultural potential of these countries and the growing demand worldwide for bio-ethanol, it is expected that over the coming years production and export flows will increase further.

Development of terminals

Margins under pressure through higher costs

The chemical industry in Latin America profited from the economic growth right across the continent, and expanded production volumes. This led to greater imports of both base chemicals and chemical specialities. Measured in terms of occupancy rate and throughput, the results for Vopak in Latin America were therefore positive in 2005. However, this development could not be converted into higher profits. Although the rates increased, the rise could not fully compensate for the increases in salary and energy costs, partly as a result of the rise of local currencies against the US dollar.

Once again in 2005, the terminals in Brazil ran at practically full capacity. The demand for the storage of edible oils again remained high. At the Alemoa terminal, several tanks for edible oils and bio-ethanol were added and commissioned.
In Venezuela, both occupancy rates and throughput for chemicals and edible oils reached a higher level. The throughput volumes for dry bulk storage, however, were lower than expected. Here, too, Vopak commissioned new storage capacity for edible oils, making more storage space available for chemical products.


Venezuela - Venterminales S.A.


Brazil - Vopak Brasterminais Terminal Ilha Barnabé


Colombia - Vopak - Colterminales S.A. (Cartagena)


Mexico - Vopak Terminal Veracruz

The terminals in Mexico showed a mixed picture. Although the demand for storage for chemicals and alcohol rose due to higher import levels, the throughput of edible oils fell. Performance of the terminals in Ecuador and Colombia was practically unchanged as compared with 2004. Performance in Chile was also satisfactory. In Peru, Vopak expanded its interests in the Callao terminal to 90%.

The Vopak network as regional service provider

A certain global company in the chemical sector has a long history of activities in Latin America, and has branches in various countries including Mexico, Columbia, Chile, Argentina and Brazil. Vopak has not been active on this market for quite such a long time, but in terms of regional distribution can compete well with the chemical giant. As a result, Vopak is the perfect partner for this company.

A major advantage of this cooperation is that all logistic activities can easily be coordinated from a single point. This company has brought together central logistics for the entire region in a decision-making centre in Buenos Aires (Argentina), while Vopak has a presence in all the countries where the company is also active.

The additional advantage is that Vopak is perfectly capable of handing coordination at both account level and terminal level.

Furthermore, Vopak has all the necessary product knowledge in house, so that all the customer needs to do is to drop a hint. Specifications, handling, storage methods, etc. are all precisely described at Vopak, in addition to which Vopak maintains SHEQ and operational quality standards that fully meet the requirements of the customer and all legislation and regulations with which the company must comply.

Another essential aspect is the local embedding of the individual terminals in the network. The terminal staff are multilingual and speak the local language. As a consequence, the risk of disruption arising in contacts with local companies is kept to a minimum.

For this company, this partnership above all means that the business is able to concentrate far more and far better on the production and application of its products, while Vopak perfectly implements one of the logistic aspects, right across the region.

The Vopak network

Tank terminals	Total capacity in cbm
Africa	129,000
Asia	3,462,500
Australia	262,700
Europe	11,272,900
Latin America	821,100
Middle East	2,120,800
North America	2,372,000
Total	**20,441,000**

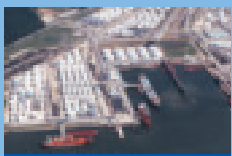

United Kingdom - Vopak Terminal London

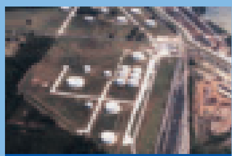

The Netherlands - Vopak Terminal Vlaardingen

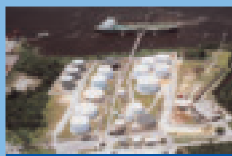

Germany - Vopak Terminal Hamburg

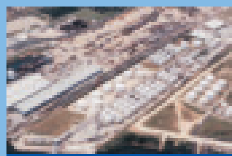

Switzerland - Vopak Terminal Basle

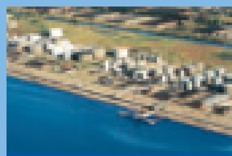

The Netherlands - Vopak Terminal Botlek (Zuid)


United States of America - Vopak Terminal Deer Park


United States of America - Vopak Terminal Westwego


United States of America - Vopak Terminal Wilmington

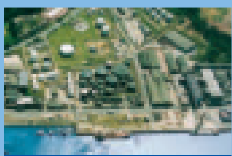

United States of America - Vopak Terminal Galena Park


Sweden - Vopak Terminal Malmö


Spain - Terquimsa Barcelona


Saudi Arabia - SabTank (Yanbu)

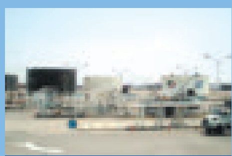

South Africa - Vopak Terminal Durban


United Kingdom - Vopak Terminal Ipswich


Chile - Vopak Terminal San Antonio


Germany - Dupeg Tank Terminal


Pakistan - Engro Vopak Terminal


Peru - Vopak Serlipsa Terminal Callao & Cerro de Pasco


Brazil - União/Vopak Armazéns Gerais

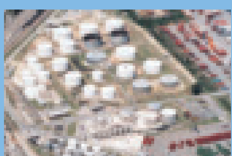

United Kingdom - Vopak Terminal Windmill


The Netherlands - Vopak Terminal Botlek (Noord)


Malaysia - Kertih Terminal


Belgium - Vopak Terminal ACS


Thailand - Thai Tank Terminal


United States of America - Vopak Terminal Savannah

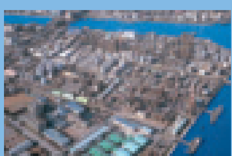

Estonia - Pakterminal

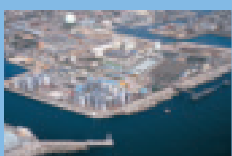

Sweden - Vopak Terminal Gävle


Singapore - Vopak Singapore - Sakra Terminal

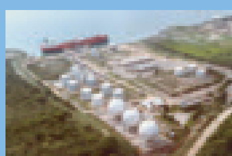

China - Vopak Terminal Ningbo


The Netherlands - Vopak Terminal Chemiehaven


Japan - Nippon Vopak - Kawasaki Terminal


Japan - Nippon Vopak - Kobe Terminal


Japan - NipponVopak - Yokohama Terminal


Mexico - Vopak Terminal Altamira

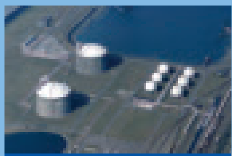

United States of America - Vopak Terminal Long Beach

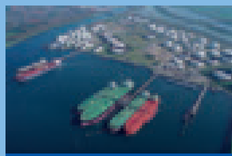

Colombia - Vopak - Colterminales S.A (Barranquilla)

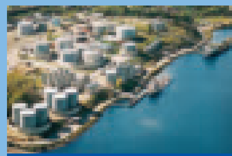
73 terminals in 29 countries


Sweden - Vopak Terminals Gothenburg

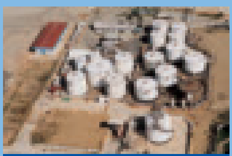

The Netherlands - Maasvlakte Olie Terminal


The Netherlands - Vopak Terminal Vlissingen

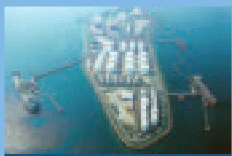

The Netherlands - Vopak Terminal Europoort


Sweden - Vopak Terminal Södertälje


The Netherlands - Vopak Terminal Laurenshaven


Mexico - Vopak Terminal Coatzacoalcos

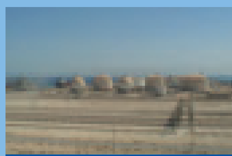

Mexico - Vopak Terminal Veracruz


Singapore - Vopak Singapore - Sebarok Terminal


United Kingdom - Vopak Terminal Teesside


The Netherlands - Vopak Terminal TTR


The Netherlands - Vopak Logistic Services Dordrecht


Saudi Arabia - SabTank (Al Jubail)

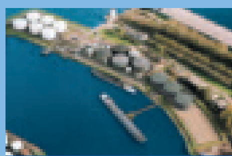

Spain - Terquimsa Tarragona


United States of America - Vopak Terminal Los Angeles


Brazil - Vopak Brasterminais Terminal Ilha Barnabé

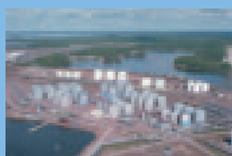

Brazil - Vopak Brasterminais Terminal Aratu


China - Xiamen Vopak


The Netherlands - Vopak Terminal Amsterdam


United Arab Emirates - Vopak Horizon Fujairah Ltd.


Brazil - Vopak Brasterminais Terminal Alemoa


Finland - Vopak Terminal Mussalo


Finland - Vopak Terminal Hamina


China - Vopak Terminal Lanshan

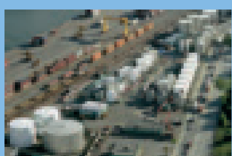

Korea - Vopak Terminal Korea - Ulsan

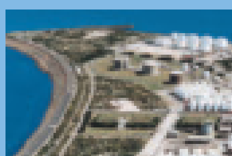

Belgium - Vopak Terminal Eurotank


Belgium - Vopak Terminal Hemiksem


China - Vopak Terminal Tianjin

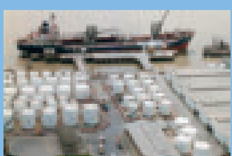

Canada - Vopak Terminals of Canada - Hamilton, Ontario

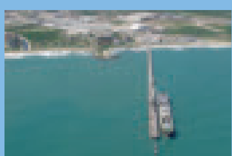

Canada - Vopak Terminals of Canada - Montreal, Quebec


Australia - Vopak Terminal Sydney


Singapore - Vopak Singapore - Penjuru Terminal


Colombia - Vopak - Colterminales S.A. (Cartagena)


Ecuador - Sipressa S.A.


Venezuela - Venterminales S.A.


China - Vopak Shanghai - Caojing Terminal


Australia - Vopak Terminal Darwin

Risks and risk management

Vopak is constantly striving to achieve a good balance between effective risk management and efficient and professional business practice. Like all other businesses, Vopak is susceptible to strategic, operational and financial risks inherent in everyday business operation. The full range of risk identification and mitigation measures have been brought together in what is known as Vopak's Enterprise Risk Management Framework (ERMF). The objective of this system is to identify at the earliest possible stage uncertain events which offer opportunities or which could represent threats, and as effectively as possible to manage or to positively influence the causes and consequences of those events. As a result, it is possible to further support the quality of rendering of services and forecasts.

Within the ERMF, the Executive Board works closely with the management of the divisions and of the operating companies, with support from the corporate departments. Non-consolidated businesses are also included. Cooperation with local management is crucial for the involvement of every individual employee in the management of risks. After all, once defined, risk management principles must be pragmatically implemented on a local scale.
In 2005, Vopak further refined the processes within its ERMF. Courses, workshops, further integration in regular business processes, the exchange of experiences between various Vopak organisations and further improvements in corporate policies are examples of activities undertaken over the last twelve months.
The Internal Audit department assesses the integrated risk management system and the local implementation programmes on the basis of a risk analysis, as an integral part of the assessment of critical Vopak processes.
The risks specifically referred to in the IFRS guidelines, such as interest and currency risks, are discussed on page 65 of the financial statements.

Financial reporting risks

Reliability in financial reporting is the result of a well-balanced combination of honest and reliable professionals, reliable systems, clear procedures, internal control measures, analyses and segregation of duties, completed and complemented by appropriate audit efforts. Against this background, Vopak focuses considerable attention on all these aspects, and continuous improvements are coordinated by means of a Financial Excellence programme. A number of important examples and actions within this programme are described below.

Our reporting structure is characterised by a clearly defined process with frequent consultation between the various management levels. The cycle consists of a brief report immediately following the end of the month, a regular monthly and quarterly report and of course the annual report at year end. As part of this process, results realised are compared with the agreed-upon planning and budget. These reports and the related discussions are not limited to the financial results but also encompass Vopak's operational, Human Resources and commercial KPIs. Wherever possible, joint ventures and associates participate in this cycle, whereby under all circumstances the Vopak representative, in a body of the entity and/or in his supervisory role, pays particular attention to those same aspects.

Vopak's PEPI system supports an efficient internal control framework as a number of checks are automated, thus reducing the risk of deviations and errors. A specific group of financial representatives from head office and all divisions is responsible for the continuous development of the internal control framework as contained in the PEPI system and the accompanying procedures.

The Treasury department supervises all foreign currency income and expenditure. This department regulates interest and currency risks according to a specified policy, and supports the optimisation of the financing of the Vopak business divisions.
In addition, over the past year, a number of procedures for Treasury-related financial transactions have been reviewed, and strategic financial decisions are now discussed in advance, within a broader forum.

Within a number of smaller Vopak companies, segregation of duties, if taken too far, would result in inefficiency and economically undesirable higher costs. In those cases, as far as possible segregation of duties is carried out along pragmatic lines, and additional focus is placed on mitigating control measures.

Following the introduction of IFRS, additional training and workshop programmes were organised worldwide. The permanent exchange of knowledge and experience is now being structurally encouraged. Against this background, we intend to introduce e-learning tools in 2006. Throughout 2005, the structure of the financial systems was fully adapted to IFRS, and the accompanying procedures have wherever necessary been reviewed and further structured.

Our external auditor audits the financial statements. As part of their work, a number of components of the administrative organisation and internal control framework are also examined, and recommendations for improvement issued. These recommendations are submitted to the managers in question, and the follow-up activities are themselves closely monitored. The internal and external auditors exchange reports and take their programmes into account.

Strategic risks

Vopak supplies tank storage services and complementary logistic services to the oil and chemical industry. The financial results are partly dependent on economic developments in the various regions of the world, and the dynamics of the markets on which Vopak operates. Vopak is a pure service provider; the ownership of the stored products remains entirely with the customer.

To manage market risks and to respond effectively both to global and regional market opportunities, Vopak is striving to diversify its network, in a number of fields. Firstly its 73 terminals are geographically spread over 29 countries, thus limiting the various regional political risks. Secondly, Vopak operates in a number of different sectors: the storage of a wide variety of chemical products and mineral and vegetable oil products which in turn are delivered to a very wide range of industries. The accompanying logistic flows are the determining factor for Vopak's market, and are therefore closely monitored, worldwide. For this reason, Vopak is able to respond effectively to the diversity of these logistic flows. In line with these facts, the Vopak network itself consists of various terminal types, namely hub terminals for worldwide flows, import/export terminals with a more regional function, and industrial terminals for flows intended for a single specific industrial complex.

The activities at Vopak generally speaking, and with varying degrees of lag time, follow the level of economic activity. Fluctuations influence the results of the business. For example, in chemical tank storage, an economic downturn may initially result in larger stock and as a consequence in higher tank occupancy rates. As the economy starts to surge, stocks may first dwindle, followed - at some delay - by an increase in throughput levels at Vopak.

Vopak optimises its income in tank storage through application of a carefully-considered combination of long and short-term contracts, spread across several sectors. Longterm contracts with production and oil distribution companies reduce the dependency of storage on speculative product trading. Vopak's short-term contracts on the other hand can generate higher yields by responding to favourable local markets. Depending on the local market, short-term contracts may offer good returns for our entrepreneurial activities. In the chapter Review by division this spread of contract term is represented in graphic form for each division, whereby a distinction is made between contracts with a term of less than 1 year, with a term of 1-3 years and finally contracts with a term of longer than 3 years. One important example of long-term contracts is the cooperation between Vopak and the chemical and oil industry, whereby multifunctional terminals are developed in close proximity to chemical production centres (industrial terminal concept).

The level of growth for which Vopak is striving call for the availability of the right people with the right qualifications, at all levels and in all positions. Given the importance of this growth objective, HR information and policy aspects are specifically included in Vopak's planning and reporting processes. In line with Vopak's objective of appointing local managers to the maximum extend, the divisions have been granted additional responsibility to ensure that good staff are guaranteed in the short and medium term. These succession and staffing plans are coordinated centrally for senior management positions.

Operational risks

Operational risks are the risks inherent in the activities at the individual companies. Handling hazardous substances plays a key role in all of Vopak's business processes. This fact has implications for people and the environment, for the operating assets of both Vopak and of third parties, and of course for the profitability of the business. Because Vopak is acting internationally, the company is subject to environmental and safety legislation and regulations at both local and international levels, in addition to the stringent requirements imposed by its industrial customers. Our own terminals as well as the terminals of joint ventures and associates are required at least to comply with the local environmental standards and regulations.
In addition, Vopak has implemented a wide range of specific measures aimed at restricting and managing operational risks. The chapter 'Operational Excellence' (page 13) deals in detail with the way in which Vopak handles environmental and safety standards and risks. In this connection, we refer specifically to the Vopak Fundamentals on Safety, the Terminal Health Assessment, the use of the TRIPOD method and continuous attention to safe working practices. Besides the technical and operational measures aimed at reducing risks, major risks with regard to company property and liability are covered by insurance.

ICT risks

The majority of Vopak companies use the PEPI system developed by Vopak for their administrative order handling and accounting. The continuous availability of this system is of vital importance for example for the handling of orders, the planning of shipping and invoicing.
Within Vopak there are clear agreements and standards on availability, security, data integrity and manual emergency procedures. These aspects were all brought together in 2005 in the ICT risk management policy.

Our operational processes are also being increasingly automated. As a consequence, process security has increased, thus reducing operational risks. This process automation is linked to, but operates independently of, the PEPI administrative system.

Management reporting

The Executive Board is responsible for the development, implementation and operation of the internal risk management and control systems geared to the business activities of Vopak.
The intention of these systems is to identify significant risks in a timely fashion, and to manage those risks as effectively as possible. For example, through the use of 'Key Performance Indicators' geared specifically to each activity, these systems provide an insight into the extent to which strategic operational and financial objectives are being met. These systems also facilitate compliance with relevant legislation and regulations.
The systems have been developed on the basis of the recommendations of the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the objective of which is to create a reasonable level of security.

For a description of the most important risks and the structuring of the systems, we would refer you to the chapter "Risks and risk management" on page 38 and 39 of this report. This chapter also describes the key alterations to the system as discussed by us over the last twelve months with the Audit Committee and the Supervisory Board.
Integral components of our risk management policy are the internal Letters of Representation issued by division and terminal management, periodic risk self-assessments, quarterly discussions with Division management and supervision of the development, implementation and optimisation of existing and new systems.

Taking account of the limitations outlined below, we confirm that our risk management and control systems provide a reasonable degree of certainty that the financial reporting contains no inaccuracies of material importance. We further declare that the risk management and control system have functioned correctly over the past twelve months, and that we have no reason to believe that this situation will be different this year. The financial statements therefore provide a true and fair view of the financial situation as of 31 December 2005 and the result of operational activities of the company for the year 2005, while all matters have been reported, as required in accordance with current regulations.

Our internal risk management and control systems are however unable to offer absolute certainty that the strategic, operational and financial objectives will be fully achieved, or that laws and regulations are always complied with. The systems are also not able to prevent all human errors (of judgement) and mistakes. Furthermore, it is inherent in all business practice that in the acceptance of risks and the implementation of control measures, cost benefit assessments must always be made.

We continue to further improve and optimise our internal risk management and control procedures. Within that framework, among the items to be completed in 2006 will be the implementation of Vopak's key requirements in the field of safety and business operation, and the introduction of compulsory minimum standards for all relevant business processes.

Rotterdam, 9 March 2006

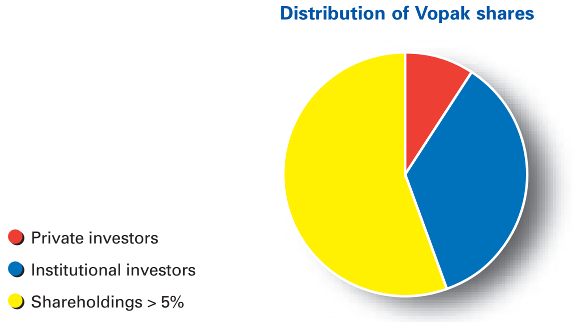
The Executive Board
J.P.H. Broeders (CEO)
J.P. de Kreij (CFO)
F.D. de Koning

Information for shareholders

Information per ordinary share of EUR 1.00

In EUR	2005	2004
Earnings	**1.46**	1.36
Earnings excluding exceptional items	**1.61**	1.26
Shareholders' equity*	**8.83**	7.13
Dividend (proposal 2005)	**0.60**	0.50**
Pay-out ratio	**41%**	37%

* *Following redemption of equity capital relating to financing preference shares*
** *Optional in cash or in ordinary shares*



Number of shares outstanding

	2005	2004
Weighted average	**61,683,420**	59,429,967
Weighted average, diluted	**61,758,394**	59,460,305
At year-end	**62,450,656**	61,011,307

Major holdings

Pursuant to the Major Holdings and Listed Companies Act, a shareholding of 5% or more in a Dutch company must be disclosed. Vopak has received the following notifications concerning such holdings of ordinary shares and financing preference shares.

Royal Vopak shareholders

	Ordinary share-holdings[1]	Total share-holdings[2]	Voting right[3]	Date of notification
HAL Holding N.V.	47.74%	39.53%	44.78%	24-6-2002
ING Groep N.V.	7.66%	11.60%	7.19%	28-8-2000
Delta Lloyd	< 5%	6.85%	< 5%	12-11-1999
Ducatus N.V.	< 5%	5.43%	< 5%	4-11-1999
Fortis Utrecht N.V.	< 5%	5.43%	< 5%	27-11-2003
Stichting Administratiekantoor Financieringspreferende Aandelen Vopak			6.19%[4]	
Total ordinary shareholdings exceeding 5% of ordinary shares in Vopak	55.40%			
Freefloat	44.60%			

[1] *Number of ordinary shares divided by total number of ordinary shares outstanding*
[2] *Number of ordinary shares and financing preference shares divided by the total number of ordinary shares and financing preference shares outstanding*
[3] *Number of ordinary shares divided by the total number of votes of ordinary and financing preference shares outstanding*
[4] *See also the section on Corporate Governance (pages 44 to 46)*

Financial calendar

10 March 2006	-	Publication of annual results 2005
27 April 2006	-	Annual General Meeting
27 April 2006	-	Publication of first quarter results 2006
11 May 2006	-	Dividend payable
1 September 2006	-	Publication of half-year results 2006
3 November 2006	-	Publication of third quarter results 2006

Investor Relations policy

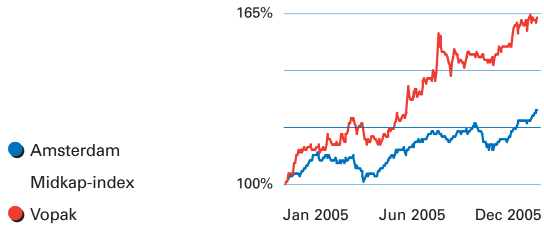
Vopak conducts an open information policy for investors and other parties interested in the status (financial and otherwise) of the company. The purpose is to inform these stakeholders as fully and in the most timely manner possible about the company's policies and changes within the company. The guidelines followed by Vopak are available from the Investor Relations section on the website www.vopak.com.

This annual report is one of the investor relations media. All other relevant information, such as half-yearly results, quarterly results, press releases and background information is also available on the website.

To coincide with the publication of the annual and half-yearly results, Vopak holds a press conference. Following the publication of the annual and half-yearly results, Vopak also holds a number of meetings with stock market analysts. The information presented at these meetings is published immediately thereafter on the company's website. In addition, from 2005 onwards, Vopak started recording the analysts' meetings concerning the annual and half-year results, in the form of webcasts.

Investors and their advisors can put their questions directly to Mr Rolf Brouwer, Director Corporate Communication & Investor Relations, telephone +31(0)10 4002777. E-mail: rolf.brouwer@vopak.com.

Weekly closing price Vopak versus AMX index 2005



Corporate Governance

Introduction

During the Annual General Meeting held in 2005, the Corporate Governance structure and Corporate Governance policy, including the exception to the Best Practice provisions, were passed by acclamation. We are delighted to be able to confirm that Vopak still satisfies the majority of the Principles and Best Practice provisions as laid down in the Dutch Corporate Governance Code (the Code).

As compared with the previous report, the exceptions to the Best Practice provisions have been further reduced to just two. As from the start of 2006, no further rights to shares will be allocated without performance criteria. Pages 38 to 40 of this annual report contain a statement on internal risk management and control systems, which ties in with the recently published points for attention from the Monitoring Committee Corporate Governance Code.

Structure and policy

Vopak attaches considerable importance to striking a sound balance between the interests of the company's various stakeholders. Integrity, openness, supervision, transparent reporting and accountability are the cornerstones of Vopak's Corporate Governance policy. Vopak also seeks to deal carefully with social issues.

Vopak confirms that the principles reflected in the Code tie in with those applied by Vopak.

The Executive Board is responsible for the management of the company and as a consequence for the realisation of Vopak's strategic and other objectives, including those for health, safety, the environment and quality, strategy and policy, and the related development of results.

The Supervisory Board is responsible for supervising the policy of the Executive Board and the overall performance of the company, and its affiliated companies, and advises the Executive Board.

The members of the Executive Board and the Supervisory Board are appointed by the Annual General Meeting ('General Meeting') on the basis of a non-binding recommendation by the Supervisory Board. The General Meeting is also authorised to suspend and dismiss members of the Executive Board and the Supervisory Board.
Since Vopak qualifies as an international holding as intended in the Dutch Large Companies Act, it is exempted from the provisions of that Act.
The Supervisory Board has been carefully selected to ensure inclusion of members with background and experience in the areas relevant to the core activity of Vopak, and with experience in the foreign markets on which Vopak operates. Their experience ranges from economic, financial and social through to political and business-related.
The Supervisory Board, in implementing its tasks, focuses on the realisation of the objectives of the company, the strategy, and its implementation.
In addition the Board supervises the structure and the operation of the internal risk management and control systems, the financial reporting process and compliance with legislation and regulations.

The Supervisory Board appoints an Audit Committee, a Remuneration Committee and a Selection and Appointments Committee from amongst its members.
In accordance with the provisions of the Code, Vopak has further specified the role and powers of these committees in specific regulations for the committees.

In addition to the authority to appoint, suspend and dismiss members of the Executive Board and Supervisory Board, the General Meeting also enjoys other key authorities such as the passing of resolutions on amendments to the Articles of Association, legal mergers and split-offs and the adoption of the financial statements and profit appropriation.
In addition, the General Meeting sets and reviews the remuneration policy for the Executive Board and determines the remuneration of the members of the Supervisory Board.

The remuneration of the members of the Executive Board is adopted by the Supervisory Board on the basis of a proposal from the Remuneration Committee, in accordance with the remuneration policy as readopted by the 2005 General Meeting. Share and share option schemes agreed with members of the Executive Board must be submitted to the General Meeting for approval. It is the intention of the company that such schemes will no longer be offered as from 1 January 2006.

At present, Vopak does not offer shareholders the option of distance voting. The experiences of a number of listed companies that do allow distance voting by shareholders via the Stichting Communicatiekanaal Aandeelhouders, suggest

that only a relatively small number of shareholders make use of this option. The related costs, however, remain considerable. At present, partly as a consequence of the Directive of the European Parliament and European Council announced on 10 January 2006 concerning the exercising of voting rights by shareholders, legislation is being prepared to further facilitate distance voting, and to make such voting more transparent and cost-efficient.
As soon as such new legislation is in place, Vopak will consider the possibility of shareholder distance voting. It should be noted that for some time Vopak has facilitated voting by proxy. Vopak makes use of the option provided for in its Articles of Association to set a registration date for the exercising of voting and attendance rights.

The Dutch Corporate Governance Code

At the start of 2006, Vopak has once again evaluated its Governance structure in the light of the Principles and the Best Practice provisions in that Code, and has concluded that, inasmuch as they are applicable, it satisfies the principles and Best Practice provisions. In 2005 unless otherwise stated in this annual report, the following three exceptions apply, and two of those exceptions will provisionally continue to apply. At present, there is no reason to assume that additional exceptions will arise in the near future beyond those relating to the proposed appointment of Mr Van den Driest as member of the Supervisory Board of the company. Upon appointment, Mr Van den Driest will not comply with all impartiality criteria as laid down in the Code which, given the non-compliance with these criteria also by Mr Van der Vorm, is not in accordance with Best Practice provision III.2.1 of the Code.

Best Practice provision II.1.1. (appointment of Executive Board members for four years)
The term of the contract of employment of Mr De Kreij does not agree with this provision. This contract was concluded before the Code took effect; acquired rights may not be impaired.

Best Practice provision II.2.2. (performance criteria for the granting of options)
According to his contract of employment, in January 2005, unconditional option rights to 25,000 shares of Vopak were granted to Mr De Kreij for which, at the moment of allocation, no performance criteria were imposed. Schemes with members of the Executive Board concerning remuneration in the form of shares and share options are no longer intended from 1 January 2006 onwards.

Best Practice provision II.2.7. (maximum severance pay)
The contract of employment between Vopak and Mr De Kreij is not in agreement with this provision. In the event of his dismissal, Mr De Kreij will be contractually entitled to at least two years' salary. The contract was concluded before the Code took effect; acquired rights may not be impaired.

Regulations

Vopak operates various sets of regulations to govern the performance of the various bodies and to ensure implementation of the rules applicable within Vopak. These regulations have been amended according to the Code and the Market Abuse Decree introduced in October 2005. These regulations can be consulted on the Corporate Governance section of the company website: www.vopak.com.

The regulations are:
- Regulations for the Supervisory Board;
- Regulations of the Audit Committee of the Supervisory Board;
- Regulations of the Remuneration Committee of the Supervisory Board;
- Regulations of the Selection and Appointment Committee of the Supervisory Board;
- Regulations of the Executive Board;
- Regulations for 2006 in respect of the ownership of transactions in Vopak securities as amended on the basis of the Market Abuse Decree. Vopak also operates the Insider Lists specified according to this Decree.
- Regulations on suspected irregularity ('whistle-blower regulations').

The following items also appear on the website:
- Profile of the Supervisory Board;
- Retirement schedule for the Supervisory Board members;
- Information on the members of the Executive Board and Supervisory Board and the membership of the core committees;
- Code of conduct;
- Remuneration report, containing the main points of the remuneration policy;
- Report of the Stichting Administratiekantoor Financieringspreferente Aandelen Vopak;
- Management Authorisation Policy.

Anti-takeover measures

Vopak's principal defence against hostile takeover is the company's ability to issue cumulative preference shares ('defensive preference shares') to Stichting Vopak. Such defensive preference shares will be issued, should Stichting Vopak exercise its option right. On 18 October 1999, the Annual General Meeting decided to grant Stichting Vopak the right to take up defensive preference shares up to a maximum nominal amount equal to one hundred per cent of the share capital placed at that time with third parties in the form of ordinary and financing preference shares, less one ordinary share. Vopak and Stichting Vopak further formalised their relationship with regard to the option right in an option agreement on 1 November 1999, which agreement was amended on 5 May 2004, whereby the original put option granted to Vopak was cancelled. The granting of the option to Stichting Vopak has been entered in the Company Registry and is disclosed in this annual report. The objective of Stichting Vopak is to promote the interests of Vopak and of the enterprises undertaken by Vopak and companies affiliated to the Vopak group, in such a way that the interests of Vopak and of those enterprises, and of all stakeholders are safeguarded to the greatest possible extent and, to the best of its ability, to resist influences which, contrary to those interests, could impair the independence and/or continuity and/or the identity of Vopak, and those enterprises, and to undertake all actions relating to or conducive to the above objectives. The Board of Stichting Vopak therefore determines whether and when it is necessary to issue the defensive preference shares.

The anti-takeover measures outlined above will be exercised in, for example, a takeover situation if such is in the interests of Vopak to determine its position in respect of the hostile party and its plans, and to create opportunities for seeking alternatives. The anti-takeover measures will not be applied to protect the position of the Executive Board. On 23 December 2005, the Dutch Government submitted to the Lower Chamber of the Dutch Parliament a Bill in implementation of the 13th EU Directive ("Bill"). Amongst the rules contained in the 13th EU Directive are those aimed at restricting the use of anti-takeover measures. As soon as the Bill takes on more definitive form, Vopak will assess the anti-takeover measures outlined above according to the content of the Bill.

2005
Financial statements

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Consolidated income statement

In EUR millions	Note		2005		2004
Income from rendering of services		**683.6**		648.1	
Other operating income	2	**3.7**		11.7	
Total operating income			**687.3**		659.8
Employee compensation and benefit expenses	3	**230.8**		229.6	
Depreciation, amortisation and impairment charges	4	**85.7**		86.8	
Other operating expenses	5	**239.7**		225.4	
Total operating expenses			**556.2**		541.8
Operating profit			**131.1**		118.0
Result of joint ventures and associates					
using the equity method	6		**39.6**		29.5
Group operating profit			**170.7**		147.5
Interest and dividend income	7	**14.8**		16.1	
Financing costs	8	**- 54.1**		- 62.4	
Net financing charges			**- 39.3**		- 46.3
Profit before income tax			**131.4**		101.2
Income tax	9		**- 25.6**		- 1.0
Net profit			**105.8**		100.2
Attributable to:					
- Holders of ordinary shares		**90.2**		80.7	
- Holders of financing preference shares		**3.0**		6.9	
- Minority interest		**12.6**		12.6	
Net profit			**105.8**		100.2
Earnings per ordinary share	11		**1.46**		1.36
Diluted earnings per ordinary share	11		**1.46**		1.36

Consolidated balance sheet at 31 December

In EUR millions	Note		2005		2004
ASSETS					
Intangible assets	12		**43.3**		37.0
Property, plant and equipment	13		**982.1**		850.2
Joint ventures and associates	14	**212.6**		184.3	
Loans granted	15	**57.3**		135.3	
Other financial assets	16	**0.9**		0.9	
Financial assets			**270.8**		320.5
Deferred taxes	17		**45.3**		24.6
Derivatives	30		**5.5**		–
Employee benefits	27		**2.7**		2.4
Other non-current assets	18		**17.8**		7.5
Total non-current assets			**1,367.5**		1,242.2
Trade and other receivables	19	**163.3**		160.3	
Loans granted	15	**11.5**		5.5	
Prepayments		**19.7**		15.4	
Securities		**0.6**		0.5	
Derivatives	30	**1.0**		–	
Cash and cash equivalents	20	**177.1**		112.0	
Assets classified as held for sale	21	**24.7**		45.8	
Total current assets			**397.9**		339.5
Total assets			**1,765.4**		1,581.7

In EUR millions	Note		2005		2004
EQUITY					
Issued capital	22	81.9		80.5	
Share premium	22	191.2		206.0	
Treasury shares	22	- 2.3		- 4.3	
Other reserves	23	6.6		- 12.0	
Retained earnings	24	326.1		230.1	
Shareholders' equity			603.5		500.3
Minority interest	25		55.1		51.4
Total equity			658.6		551.7
LIABILITIES					
Interest-bearing loans	26	510.0		581.4	
Derivatives	30	69.5		–	
Employee benefits	27	70.6		72.7	
Deferred taxes	17	102.8		86.5	
Other provisions	28	21.6		20.4	
Total non-current liabilities			774.5		761.0
Bank overdrafts	20	21.4		6.1	
Interest-bearing loans	26	57.4		29.5	
Derivatives	30	4.2		–	
Trade and other payables	29	194.4		148.3	
Taxes payable		37.5		32.9	
Employee benefits	27	2.6		5.1	
Other provisions	28	12.6		16.1	
Dividend on financing preference shares		–		5.4	
Liabilities related to assets classified as held for sale	21	2.2		25.6	
Total current liabilities			332.3		269.0
Total liabilities			1,106.8		1,030.0
Total equity and liabilities			1,765.4		1,581.7

Consolidated cash flow statement

In EUR millions	Note		2005		2004
Cash flow from operating activities (gross)	33		224.5		200.8
Net financing charges paid and received			- 34.4		- 48.0
Income tax paid			- 25.8		- 13.9
Cash flow from operating activities (net)			164.3		138.9
Investments:					
- Intangible assets	12	- 6.6		- 8.1	
- Property, plant and equipment	13	- 153.7		- 116.8	
- Joint ventures and associates	14	- 7.3		- 18.9	
- Loans granted	15	- 1.2		- 2.9	
- Other non-current assets	18	- 9.5		- 0.3	
- Acquisition group companies including goodwill (see page 70)		- 9.2		–	
Total investments			- 187.5		- 147.0
Disposals:					
- Intangible assets		1.0		–	
- Property, plant and equipment		1.5		2.2	
- Loans granted	15	141.0		20.5	
- Group companies		5.1		139.1	
Total disposals			148.6		161.8
Cash flow from investing activities			- 38.9		14.8
Financing activities:					
- Repayment of interest-bearing loans	26	- 88.7		- 66.6	
- Proceeds from interest-bearing loans	26	42.1		–	
- Redemption of financing preference shares	22	–		- 50.2	
- Dividend paid in cash	24	- 4.5		- 4.1	
- Dividend paid on financing preference shares		- 5.4		- 8.5	
- Options exercised	32	1.8		9.2	
- Movements in short-term financing		- 26.8		- 56.0	
Cash flow from financing activities			- 81.5		- 176.2
Net cash flow			43.9		- 22.5
Exchange differences			4.7		- 1.7
Net change in cash and cash equivalents due to (de)consolidation			1.2		–
Net change in cash and cash equivalents (including bank overdrafts)	20		49.8		- 24.2
Net change in cash and cash equivalents (including bank overdrafts) at 1 January			105.9		130.1
Net change in cash and cash equivalents (including bank overdrafts) at 31 December	20		155.7		105.9

Consolidated statement of recognised income and expense in equity

In EUR millions		2005		2004
Translation differences:				
- Exchange differences foreign entities	65.3		- 15.3	
- Net result on hedge of net investments in foreign entities	- 29.9		–	
Value of share option schemes	0.1		0.1	
Effective portion of changes in fair value of cash flow hedges	3.7		–	
Release revaluation reserve assets	0.1		–	
Net income recognised directly in equity		**39.3**		- 15.2
Net profit		**105.8**		100.2
Total recognised income and expense		**145.1**		85.0
Attributable to:				
- Holders of ordinary shares	121.7		68.8	
- Holders of financing preference shares	3.0		6.9	
- Minority interest	20.4		9.3	
Total profit		**145.1**		85.0

Principles

General

Royal Vopak has its registered office in Rotterdam (the Netherlands) and is the world's largest independent tank terminal operator specialising in the storage and transfer of liquid and gaseous chemical and oil products. Upon request, Vopak can provide additional services for customers of the terminal.
The consolidated financial statements of the company for the year closed on 31 December 2005 contain the company and its subsidiaries (jointly referred to as the 'Group') and the interest of the Group in joint ventures and associates (to which the equity method is applied). The financial statements were approved for publication on 9 March 2006 by the Supervisory Board.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (including the International Accounting Standards, IAS), as published by the International Accounting Standards Board (IASB) and the interpretations given by the International Financial Reporting Interpretation Committee (IFRIC), as approved by the European Union up to and including 31 December 2005. Standards and interpretations published prior to 31 December 2005 but with an effective date of application after 31 December 2005 were not applied, with the exception of IFRIC Interpretation 4 regarding lease. This interpretation has been applied with effect from the transition to IFRS on 1 January 2004.

The following standards and interpretations that are relevant to Vopak have an effective date of application after 31 December 2005.

Effective date of application as at 1 January 2006:
IAS 19 Amendment – Actuarial Gains and Losses, Group Plans and Disclosures (approved November 2005)
IAS 39 Amendments for cash flow hedges of forecast intra-group transactions (approved December 2005)

Effective date of application as at 1 January 2007:
IFRS 7 Disclosures Financial Instruments (approved January 2006)
IAS 1 Added disclosures entity's capital (approved December 2005)

Under the amended IAS 19 amongst others, actuarial gains and losses arising in a period can be recognised directly in a separate component of the equity and not amortised through the income statement. Vopak has decided not to make use of this option at this point.

The other new or amended standards and interpretations published prior to 31 December 2005 but with an effective date of application after 31 December 2005 will not have any significant effects on the consolidation principles.

Transition to IFRS

Application of optional exceptions allowed under IFRS 1

These are the first consolidated financial statements based on the International Financial Reporting Standards in which the comparative figures for 2004 have been adjusted. In the transition to IFRS the transitional rules of IFRS 1 were applied, which are applicable to the first time adoption of IFRS by companies in their financial statements for the financial year beginning on or after 1 January 2004. The underlying assumption is that IFRS has to be applied retrospectively. As a retrospective approach is not possible in all cases, IFRS 1 includes a number of compulsory exceptions and a number of optional exceptions. For each component, Vopak's choice is explained below in the optional exceptions. In addition, the consequences are shown of the implementation of IAS 32 and IAS 39 (financial instruments), in respect of which Vopak made use of the deferment arrangement (implementation with effect from 1 January 2005). For reconciliation of the comparative figures for 2004 with Dutch GAAP, reference is made to the chapter 'Consequences of first time adoption of IFRS'.

Mergers and acquisitions before the opening balance sheet under IFRS (IFRS 3)
IFRS 1 permits application of IFRS 3 to mergers and acquisitions that took place before the IFRS transition date (1 January 2004), including the possibility to capitalise goodwill that has already been charged to the equity. Vopak has decided not to make use of this possibility, so that the goodwill reported in the balance sheet remains the same as it was under Dutch GAAP. Within the context of the transition to IFRS, the book value of goodwill on the transition date was reviewed for impairment.

Using fair value as the new deemed cost (IAS 16 and IAS 38)
Intangible assets and property, plant & equipment can be carried at fair value on the IFRS opening balance sheet, irrespective of the accounting principles applied until then under Dutch GAAP. The fair value then becomes the new deemed cost. Vopak has not made use of this option.

Defined benefit pension schemes (IAS 19)
For the valuation of defined benefit pension schemes, the value of the net pension liability on the IFRS transition date can be used. In line with the full adoption of IFRS, Vopak has employed this provision. All actuarial gains and losses not yet recognised as at 31 December 2003 under Dutch GAAP (a net loss of EUR 65.5 million) will be charged net of tax to the equity (negative effect EUR 41.9 million).

Translation differences on foreign entities (IAS 21)
In accordance with IAS 21, a separate record of accumulated translation differences on foreign entities must be kept for each of the interests. On the sale of foreign entities, the applicable accumulated translation difference must then be recognised in the income statement. Under IFRS 1, it is possible to set the value of accumulated translation differences on foreign entities to nil on the IFRS opening balance sheet. Vopak has made use of this option.

Options (IFRS 2)
IFRS 1 permits application of IFRS 2 (Share-based Payment) to the options assigned before, on or after 7 November 2002 or solely to the share option schemes granted after 7 November 2002 which have not yet been exercised or implemented on 1 January 2005. Vopak has opted for the latter.

Activities to be discontinued (IFRS 5)
The commencement date of this standard is 1 January 2005, with earlier application encouraged. Vopak has opted for this and has applied this standard since 1 January 2004.

Application of the deferment arrangement for IAS 32 and IAS 39
Vopak has opted to implement IAS 32 and IAS 39 (financial instruments) with effect from 1 January 2005. The consequences of applying of these standards on the equity as at 1 January 2005 is shown on page 101.

Basis of presentation
The consolidated financial statements are expressed in euros and rounded to millions. They are based on the historical cost principle unless stated otherwise in the consolidation principles .

Preparing the consolidated financial statements in accordance with IFRS means that the Group must use insights, estimates and assumptions that could affect the reported assets and liabilities and the information provided on contingent assets and liabilities as at the balance sheet date and the reported income and expenses. The actual results may differ from these estimates.

The estimates and the underlying assumptions are continuously reviewed. Corrections are made in the period in which the estimates were reviewed if the correction affects that period, or in the relevant period and the future periods if the correction affects both the current and future periods.

Management insights into the application of IFRS that have a major impact on the financial statements and estimates with a significant risk of a material correction in a subsequent year are:

(a) Useful life and residual value of property, plant and equipment
The property, plant and equipment form a substantial part of the total assets of the company, the costs of periodic depreciation form a substantial part of the annual operating expenses. The useful life and residual value determined by the Board based on its estimations and assumptions have a major impact on the valuation and determination of results of the property, plant and equipment. The useful life of property, plant and equipment is partly estimated based on their technical life, experiences related to such assets, the maintenance history and the period during which economic benefits from utilisation of the asset can be obtained by the company. Periodic reviews show whether changes have occurred in estimations and assumptions as a result of which the economic life and/or residual value need to be adjusted. Such an adjustment will be made prospectively.

(b) Estimated impairments
The Group annually reviews goodwill for impairment. This also applies to other assets if there is reason to do so. The principles explained under Impairments of assets are applied.

(c) Employee benefits
The pension charges for defined benefit pension schemes depend on future assumptions. A sensitivity analysis is included in note 27.

(d) Taxes
Deferred tax assets, including those arising from carry-forward losses, are valued if it is likely that taxable profit may be available with which losses can be compensated and setoff possibilities can be used. In determining this, Vopak uses estimations and assumptions that also affect the valuation of the assets.

(e) Environmental provisions
In accordance with the principles as stated under provisions, environmental provisions are made based on current legislation and the most reliable estimate possible of the future expenses.

(f) Derivatives
The fair value of a derivative not traded on active markets is determined as the present value of the expected future cash flow under the contract. In determining this value, a valuation model is used that is based on the current interest rates and the exchange rate as at the balance sheet date.

The accounting principles under IFRS, as described below, have been applied consistently for the years 2005 and 2004 by all entities, with the exception of financial instruments (IAS 32 and IAS 39). These standards, in accordance with the deferment arrangement, have only been applied since 1 January 2005.

Consolidation principles

Subsidiaries
The consolidated accounts incorporate the accounts of Royal Vopak and each of its subsidiaries. Subsidiaries are those companies over whose policies the Group directly or indirectly exercises control. Control exists when the Group is able to govern the financial and operating policies of a company in order to incorporate the benefits from the activity. This is generally the case if the Group, either directly or indirectly, holds more than half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control ends.

The purchase method of accounting is used to account for the acquisition of a subsidiary. The identifiable assets acquired, liabilities and contingent liabilities of the acquired company are valued at fair value at the time that Vopak obtains control.

For a list of the most important subsidiaries, reference is made to page 117 of this report.

Joint ventures and associates
A joint venture is a contractual agreement in which two or more parties conduct an economic activity and unanimous approval is required for the financial and operating policies.
An associated company is a company over whose financial and operating policies the Group has significant influence. This is generally the case if the Group directly or indirectly holds between 20% and 50% of the voting rights.

The results of joint ventures and associates are accounted for using the equity method from the date on which the joint influence or significant influence begins until the date on which it ceases. If the share in the losses exceeds the book value of an equity-accounted company, including any other unsecured debts, the book value is written down to nil and (to the extent that the Group has not undertaken any further commitments or payments relating to the company in question) no further losses are allocated to the Group.

Under the equity method, goodwill (less accumulated impairments) is allocated to the book value of the investment.

When an interest in a joint venture or associated company is acquired, the purchase method of accounting is used.

For a list of the most important joint ventures and associates, reference is made to page 117 of this report.

Other financial assets

The other participating interests in which the Group does not exercise any significant influence are grouped under other financial assets. This is generally the case when the interest is less than 20%. These participating interests are accounted for at fair value, unless a fair value cannot be computed. In the latter case, dividends received are recognised as result.

Elimination of transactions in consolidated financial statements

All transactions between group companies, balances and unrealised profits and losses on transactions between group companies are eliminated when the consolidated financial statements are prepared.
Unrealised profits arising from transactions with joint ventures and associates are eliminated to the extent of the interest of the Group in the equity. Unrealised losses are eliminated in the same manner as unrealised profits, but only to the extent that there is no evidence of impairment.

Foreign currency

Functional and reporting currency

Items included in the annual reports of each of the Group's entities are measured in the currency that applies to the primary economic environment in which the entity operates (the functional currency). The consolidated figures are presented in euros, the Group's functional and reporting currency.

Transactions

Transactions in foreign currencies are recorded in the accounting records of the companies at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated in the accounting records of the companies at the exchange rate prevailing on the balance sheet date. Exchange differences as a result of transactions in foreign currency and translation differences on monetary assets and liabilities are taken to the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the date of transaction. The exchange differences are taken to the exchange difference reserve.

Financial statements of foreign activities

The assets and liabilities of foreign entities, including goodwill and fair value adjustments, are translated to reporting currency at the rate prevailing on the balance sheet date. The items of the income statements of foreign entities are translated at the average exchange rates for the reporting period, taking the effects of hedging of exchange risks into account.

There are no foreign activities with a currency in an economy with hyperinflation.

Net investments in foreign activities
With effect from 1 January 2004 (option IFRS 1), the exchange differences resulting from the translation of the net investments in foreign activities are charged or credited to the exchange differences reserve, which is a separate component of the equity. The exchange differences on loans drawn and other financial instruments in foreign currencies are also taken to the exchange differences reserve, to the extent that these hedge the exchange risks on net investments in foreign companies and are effective. Due to the application of IAS 32 and IAS 39, the currency part of the market value movements on derivatives to hedge net investments in foreign activities is also charged or credited to the exchange differences reserve with effect from 1 January 2005. In case of sale or redemption, exchange differences are taken (pro rata) to the income statement.

The following exchange rates are used in the financial statements:

EUR 1.00 is equivalent to	Closing exchange rate		Average exchange rate	
	2005	2004	**2005**	2004
US dollar	**1.18**	1.36	**1.24**	1.24
Singapore dollar	**1.97**	2.21	**2.07**	2.10

Income

Income from rendering of services
Income from rendering of services is recorded in the income statement in so far as it seems likely that the economic benefits will go to the Group and that the income from rendering of services can be reliably determined. The income from rendering of services is accounted for in the income statement in relation to the stage of the rendered performance as at the balance sheet date. If the income from rendering of services cannot be reliably determined, the income will only be accounted for to the level of the expenses to be claimed.

Other operating income
Sales profits from assets and group companies are deemed realised at such time as the benefits and the risks of the sale are entirely borne by the buyer and no doubts exist regarding receipt of the agreed payment.

Interest and dividend income
Interest income from granted loans and dividends of other financial assets (over whose financial and operating policies the Group has no significant influence) are presented under net financing charges.
Interest income and dividends are deemed realised when it seems likely that the economic benefits will go to the Group and the income can be reliably determined. The income benefits are recorded, taking into account the effective interest rate of the loan, over the period to which they relate, unless there are doubts regarding the recoverability.

Dividends are carried on the income statement as soon as they are awarded.

Expenses

Other operating expenses
Sales losses from assets and group companies are presented under other operating expenses and are carried as soon as they are foreseeable. Research costs relating to new storage capacity to be built are carried on the income statement in the year in which the costs are incurred.

Leased assets, of which the benefits and risks remain substantially with the lease provider, are considered as operating leases. Payments made for operating leases are charged to the income statement on a straight-line basis over the lease term. If an operating lease is terminated early, every financial obligation or penalty owed to the owner will be charged to the income statement in the period in which the lease was terminated.

Governmental grants are recorded when it is reasonably certain that they will be received and that the Group will comply with the applicable conditions. Grants by way of compensation for costs incurred are deducted from the costs and accounted for in the same period in which the costs are incurred.

Financing costs
The financing costs consist of interest and exchange differences on loans drawn and from 1 January 2005 of results on hedging instruments accounted for on the income statement.

The interest costs are recorded, taking into account the effective interest rate, over the period to which they relate. The interest costs component of financial lease payments is carried on the income statement using the effective interest method.

Exceptional items
The items on the income statement include items which nature is exceptional. These exceptional items include impairments, reversed impairments, donations and releases of provisions for restructuring, results on assets sold and other provisions or the reversal thereof. To increase the transparency these exceptional items are separately disclosed in the notes.

Intangible assets

Goodwill
Goodwill represents the excess of the acquisition cost over the fair value of the share of Vopak in the identifiable assets, liabilities and contingent liabilities of the company acquired at the time that Vopak obtains control (purchase method). In this context, the activities to be discontinued are carried at fair value less selling expenses.

Goodwill is expressed in the operating currency of the company concerned and translated into euros at the rate prevailing at the balance sheet date. Goodwill is carried at cost less accumulated impairments. Goodwill is allocated to cash-generating units, i.e. individual terminals or a group of terminals, and is tested annually for impairment. In the case of associated companies and joint ventures, the book value of goodwill is carried in the book value of the investment in the associated company or the book value of the joint venture.

If the difference between the acquisition cost and the fair value is negative, the difference is taken directly to the income statement.

Other intangible assets
Software is carried at historical cost, net of straight-line amortisation based on its expected useful economic life and any potential impairments. Software under construction is carried at the costs incurred up to the balance sheet date.

The expected useful economic life of software is subject to a maximum of seven years.

The other items are mostly licences which are carried at historical cost, net of straight-line amortisation. The amortisation is based on a period of five years, which is the term of validity.

Property, plant and equipment

Own assets
Property, plant and equipment are broken down into their components and carried at historical cost, net of accumulated straight-line depreciation based on the expected useful economic life and taking into account the expected residual value and impairments. Historical cost includes the initial acquisition cost plus other direct acquisition costs (such as unrecoverable taxes or transport), construction costs that can be allocated directly (such as hours of own employees and advisers' fees). To the extent that divestiture obligations exist at the end of the useful life, these and any amendments thereto are included in the cost.

For investment projects, interest during the construction period is capitalised.

Subsequent expenses are only carried on the balance sheet if they increase the future economic benefits of the relevant asset item. Costs of repairs and maintenance that do not increase the future economic benefits are regarded as expenses.

Depreciation is computed from the date the asset is available for use using the straight-line method over the expected useful life and taking the estimated residual value into account. The useful life of the main assets is as follows:

- Buildings	10 - 40 years
- Main components of tank storage terminals	10 - 40 years
- Main components of inland vessels	5 - 30 years
- Hardware IT	3 - 5 years
- Software	3 - 7 years
- Machinery, equipment and fixtures	3 - 10 years

The residual value and useful life are reviewed annually and adjusted if necessary.

The property, plant and equipment under construction are carried at the costs incurred up to the balance sheet date. Replacement material is grouped under the property, plant and equipment to which it relates and is carried at the lower of cost and net realisable value.

Grants by way of compensation for costs incurred in connection with assets are deducted from the assets and carried in the income statement over the life of the assets.

Leased assets
The lease of fixed assets, the benefits and risks attached to the ownership of which are substantially taken over by the Group, are considered financial leases. Assets acquired through financial lease are carried in the balance sheet at a sum equivalent to the lower of fair value and present value of the minimum lease payments at the time the lease is entered into, less the accumulated depreciation (see above) and impairments.

Impairments of assets

General
For the book value of the assets, other than deferred tax assets, assets will be reviewed for possible impairment on each balance sheet date. Should this be the case, the realisable value of the asset must be estimated. If the book value of an asset, either independently or as part of a cash-generating unit, is higher than the realisable value, the difference is charged to the income statement as an impairment.
Goodwill is reviewed for impairment annually, unless there is reason to do so more frequently.

Impairments of a cash-generating unit are initially allocated to goodwill and subsequently allocated to the other assets of the cash-generating unit on a proportionated basis.

Impairments of intangible assets and property, plant and equipment are presented in the income statement under Depreciation, amortisation and impairment charges. For financial assets, the impairments for joint ventures/associates and loans granted are presented under Result of joint ventures and associates using the equity method and Other operating expenses respectively.

Calculating the realisable value
The realisable value is the higher of selling price, less expected selling expenses, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current interest rate and the risks specific to the asset.

For an asset that does not generate large independent cash flows, the realisable value is determined for the cash-generating unit to which the asset belongs.

Reversal of impairments
Reversal of an impairment might be necessary on a change in the estimated realisable value of an asset. An impairment of goodwill or other financial assets is never reversed.

The increased book value of an asset resulting from the reversal of an impairment may never be higher than the book value (after depreciation or amortisation) had the impairment not been recorded in preceding years.

Derivatives
Derivatives are initially carried at cost and subsequently, with effect from 2005, at fair value based on a market quotation or a derivative valuation model. If hedging is effective, the movements are accounted for in the exchange differences reserve (net investment hedge) or the derivatives revaluation reserve (cash flow hedge) depending on the hedged position. Both reserves are part of the equity. The ineffective part is accounted for directly in the income statement under Financing costs.

If derivatives are used to convert the fixed interest rate on loans to a floating interest component, the fair value adjustment of the instrument is carried on the income statement under application of hedge accounting (fair value hedge). At the same time, the value adjustment of the hedged risk of the relevant underlying balance sheet position is also carried on the income statement.

When a hedge transaction is entered into, it is formally documented. In principle, the parameters (term, nominal amount and so forth) of the position to be hedged and the hedging instrument will match. It will be reviewed periodically whether hedge transaction was effective in the past and whether the hedge transaction is expected to be effective in the future.

Hedge accounting is discontinued immediately if the hedging instrument expires or is sold, terminated or exercised, or if the hedge transaction no longer meets the criteria for hedge accounting. Accumulated movements in the fair value of the relevant hedging instrument will remain in the relevant equity reserve and are recognised in the income statement at such time as the initially hedged cash flow occurs.

Current assets
Trade and other receivables are accounted for at fair value of the consideration, less impairments. A provision for impairments is formed if there is objective evidence as at the balance sheet date that the Group will not be able to recover the receivables on the original conditions. The amount of the provision is the difference between the book value of the receivable and the present value of the estimated future cash flow, discounted at the effective interest rate. The amount of the provision is charged to the income statement.

Cash and cash equivalents comprise of cash, cash in bank and short-term deposits. Within the Group there are interest compensation contracts in which has been agreed with a bank that interest will be charged on the net balance of the bank accounts. However, there is no right of setoff for these contracts. The debit balances are consequently not set off against the credit balances on the balance sheet.

Assets held for sale and operating activities to be discontinued

Investments available for sale and operating activities to be discontinued are carried at the lower of book value and fair value less expected selling costs. The assets and liabilities are presented separately under Total current assets and Total current liabilities respectively.

Shareholders' equity

Share capital

The transaction expenses of a shareholders' equity transaction are recorded as a reduction in shareholders' equity, net of tax. The financing preference shares qualify as equity under the IAS 32 criteria.

Treasury shares

Shares that are repurchased to cover options are included in the financial statements of the Group.
The purchase price of the shares is charged to shareholders' equity. These shares are not taken into account in the calculation of earnings per ordinary share.

Dividends

Dividends are recorded as a liability in the period in which they are awarded.

Loans granted and drawn

Interest-bearing loans are initially carried at cost, less transaction expenses and subsequently carried at amortised cost, with the difference between the cost and the redemption value taken to the income statement over the term of the loan, based on the effective interest method.

Loans of which the interest has been converted from fixed to floating by means of a fair value hedge are revalued for the value adjustment that can be allocated to the risk that is hedged.

Loans sold, whereby the substantial risks and rewards of ownership are neither fully transferred nor directly retained, are carried at the lower of book value or the guarantee amount.

Employee benefits

Employee benefits

The pension schemes are generally funded through payments to insurance companies or trustee-administered funds.

The pension charges for defined benefit pension schemes are based on actuarial calculations, specifically the projected unit credit method. The effect of this method is that the charges are spread fairly evenly over the service years of employees.

The pension charges for defined benefit pension schemes comprise the relevant part of the movement in the present value of the pension entitlements granted, the interest to be allocated, the expected income on fund investments and refund entitlements, the actuarial results to be allocated, the charges to be allocated in respect of past service and the movements to be allocated in respect of any reductions in or terminations of the schemes.

The recognised actuarial results are determined individually for each defined benefit pension scheme and include the effect of the difference between the assumed actuarial parameters and reality, and the changes in assumed actuarial parameters. All actuarial results exceeding a margin of 10% of the fair value of the higher of assets of the fund and the present value of the future liabilities are accounted for in the income statement over the average remaining service years of employees.
On full adoption of IFRS, Vopak made use of the transition provision under IFRS 1 and all actuarial profits and losses not yet accounted for as at 31 December 2003, including the aforesaid 10% margin, were charged to equity in the opening balance sheet as at 1 January 2004.

To calculate the present value, a discount rate is used based on the interest rates on high-quality corporate bonds with outstanding terms approximating the terms of the pension liabilities.

Contributions to defined contribution schemes are taken to the income statement for the year in which they are due.

Multi-employer plans that have defined benefit pension schemes but of which insufficient information is available for the Group to make actuarial calculations are treated as if defined contribution schemes are concerned.

Options

Options granted after 7 November 2002, which have not yet been exercised as at 1 January 2005, are carried at fair value, calculated using a binomial model and taking into account their term and the conditions governing their grant. The fair value is calculated at the time of grant and allocated to the period in which the employees have the right to exercise the options. The expenses are treated as staff costs, plus at the same time an opposite positive movement in shareholders' equity. When options are exercised, shares are awarded.

Other types of remuneration

Remuneration that is solely linked to the price of Vopak's shares is carried at market value on the balance sheet date. Remuneration is ultimately paid out in cash.

Long-term remuneration that depends on the development of the earnings per ordinary share during a period of three years is allocated to these years based on the latest estimates. Remuneration is ultimately paid out in cash.

Other provisions

Provisions are formed for legal or constructive obligations and for losses that arose in the past, the amount of which, though uncertain, can be reasonably estimated and where it is probable that settlement of the obligation will entail an outflow of resources. If timing is significant, the size of the provision is based on the expected future cash flows discounted at a pre-tax rate that reflects the current market rate of interest as well as the risks associated with the liability.

In accordance with current legislation, environmental plans and any other measures to be adopted are agreed with local, regional and national authorities as appropriate. As soon as such plans are approved or other statutory obligations arise, a provision is formed based on the most reliable estimate possible of the future expenses.

A provision for reorganisation is formed when Vopak has approved a detailed and formalised reorganisation plan and when the reorganisation has either commenced or been made public.

Provisions for deferred remuneration other than employee benefits, for example termination benefits and anniversary bonuses, are calculated using the method for defined benefit plans. Any actuarial results arising are recognised immediately as profits or losses. The same applies to any charges relating to past service.

Taxes

Tax on result for the financial year comprises current and deferred tax. Taxes are recognised in the income statement unless they relate to items directly recognised in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, with tax rates used that are enacted or substantively enacted as at the balance sheet date, plus any adjustments to tax payable in respect of previous years.

Deferred taxes are provided for using the balance sheet liability method, whereby provisions are made for all temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:
- goodwill not deductible for tax purposes;
- initial recognition of assets and liabilities that affect neither accounting nor taxable profit;
- differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

The calculation is based on tax rates enacted or substantively enacted as at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that sufficient future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A provision is formed for tax, principally regarding withholding tax, for which a liability might arise in connection with the distribution of retained profits of mainly subsidiaries if a decision has been made to distribute such profits.

Cash flow principles

The cash flow statement is drawn up using the indirect method. Cash flows denominated in foreign currencies are translated at average exchange rates. Exchange and translation gains and losses on cash and cash equivalents (including current liabilities arising from credit facilities) are presented separately. The cash flows in the cash flow statement are shown separately under operating activities, investing activities and operational activities.

Receipts and expenditures relating to interest and dividends received on participating interests of less than 20% are stated under cash flow from operating activities.

The acquired financial interests (group companies, joint ventures and associates) are included under cash flow from investing activities.

Dividend distributions are stated under cash flow from financing activities.

Company income statement

The possibility of drawing up an abridged company income statement, as provided by Section 402 of Book 2 of the Dutch Civil Code (Burgerlijk Wetboek, BW), has been taken advantage of.

Financial risks and risk management

Risks and risk management

The Group is exposed to a number of financial risks inherent in its day-to-day operations. These risks are connected with the effects of movements in exchange rates, interest rates and interest rate surcharges, credits and liquid assets.

In order to manage the risks attached to fluctuations in foreign currency and interest, the central treasury department (Corporate Treasury) uses derivatives, in accordance with a financial policy approved by the Executive Board. This financial policy is designed to manage the effects of such risks on cash flows, equity and results. No speculative positions are adopted.

The most important derivates that are used by the Group are forward exchange contracts, interest rate swaps and cross currency interest rate swaps.

Currency risks

The currency policy is designed primarily to protect the value of Vopak's cash flows with due account being taken of the ultimate application of the cash flows per currency. Account is taken of both future cash flows from investments and disposals and cash flows from operating activities and their financing.
Generally speaking, since operating income and operating expenses are denominated largely in the same currencies, the risks associated with foreign currency transaction positions as part of Vopak's operations are limited. However, in some countries (in particular Latin-America), the income flow is for a substantial part denominated in USD whereas the operating expenses are denominated in local currencies. In these countries, the aim is to hedge the transaction risk naturally.
Any material net transaction positions are hedged in full by means of forward exchange contracts.

The most important currency risk for Vopak is translation risk arising from the translation of the results and balance sheets of group companies into euros, Vopak's reporting currency. Net investments in foreign activities are in principle hedged by loans in the same currency, if necessary completed with cross currency swaps and foreign exchange forward contracts, taking the tax effect into account. The amount of the hedge is determined mainly by the expected net cash flow from the operating companies in the coming years. In certain situations it may be decided to hedge the cash flow for the coming years in full. In such situations, the nominal value of the hedge might exceed the carrying value of the underlying asset. As at 31 December 2005 no net hedges exceeded the carrying value of the underlying assets.

In exceptional circumstances, the risk with regard to the translation of the net results of foreign group companies into euros can be hedged. As at 31 December 2005, no hedges have been concluded for 2006. Vopak's translation risk is mainly determined by the Singapore dollar (SGD), the American dollar (USD) and the USD-related currencies. The sensitivity to these currencies is as follows:

A 10 dollar cent movement in the EUR/USD exchange rate would have the following approximate effect on Vopak's figures (based on 2005 figures):

- Income from rendering of services would be EUR 13.1 million higher or lower;
- Operating profit (EBIT) would be EUR 4.0 million higher or lower;
- Net profit would be EUR 3.4 million higher or lower.

A 10 dollar cent movement in the EUR/SGD exchange rate would have the following approximate effect on Vopak's figures (based on 2005 figures):

- Income from rendering of services would be EUR 3.9 million higher or lower;
- Operating profit (EBIT) would be EUR 1.9 million higher or lower;
- Net profit would be EUR 1.1 million higher or lower.

Interest rate risks

Vopak's policy on interest rate risks is aimed to manage the net financing charges due to fluctuations in market rates of interest. Interest rate swaps and options may be used to achieve the required risk profile.

The current interest-bearing debt therefore consists largely of the financing remaining after the Univar split-off in 2002, with a fixed rate of interest. In total, USD 100 million of the interest-bearing debt was converted into floating-rate debt by means of interest rate swaps. Taking account of the interest rate swaps, at 31 December 2005 83% of the total interest-bearing loans, amounting to EUR 567.4 million (2004: EUR 610.9 million), was financed at a fixed rate with remaining terms of up to eleven years.

Credit risk

Vopak is exposed to credit risks on financial instruments and cash balances in the form of the loss that would arise should the counterparty fail to meet its contractual obligations. Vopak limits this risk by only concluding transactions with a select group of financial institutions that have a high credit rating. The aim is to spread the transactions evenly among these counterparties.

In the logistics activities, the risk of bad debt is usually small as the customers are mainly large manufacturers. Moreover, the value of the products stored for these customers is usually greater than the receivables and Vopak generally has the right of retention.

Liquidity risks

Vopak is a capital-intensive company. The financing policy is directed at establishing and maintaining an optimal financing structure that takes due account of the current asset base and the investment programme. Vopak seeks access to the capital markets and flexibility at acceptable financing costs.

The treasury department acts as an in-house bank that internally allocates funds that are raised centrally. Operating companies are thus funded by a combination of equity and inter-company loans. Where possible, non-consolidated companies are funded optimally with debt on a non-recourse basis for Vopak, with account being taken of local circumstances and contractual obligations.

To finance investments, potential acquisitions and repayments of long-term debt capital, Vopak has a revolving credit facility with a term of five years at its disposal since July 2005. This may be drawn in various currencies to an amount of EUR 500 million. At year-end 2005 no amounts had been drawn under this facility.

Accounting of derivatives and hedging activities

Derivatives are initially carried at cost, on the date the contract was concluded, and subsequently, with effect from 1 January 2005, carried on the balance sheet at fair value for the full term of the contract.

Accounting of unrealised profits and losses depends on the nature of the hedged items and to what extent the derivatives qualify for hedge accounting.
In applying hedge accounting, the link between the hedging instrument and the underlying position, as well as the background of the relevant transaction, is documented within the Group when the hedge transaction is entered into. In addition, the method of determining effectiveness is also documented, as well as how the effectiveness will be assessed and how the effectiveness is measured at the time the transaction is entered into and thereafter. The periodicity of measuring the effectiveness of the hedges runs synchronous to the publication of the Group's results. Hedge accounting is only applied if all of the above requirements have been met and the effectiveness has been demonstrated and recorded.

If hedge accounting cannot be applied or is not necessary, all value adjustments are taken to the income statement. With regard to hedge accounting, a distinction is made between cash flow hedges, fair value hedges and hedges of net investments in foreign companies.

If the requirements of hedge accounting on the previous page are met, accounting is as follows:

Cash flow hedges
The effective part of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are accounted for in the equity. The profit or loss as a result of ineffectiveness is taken directly to the income statement. This also applies to the interest component as a result of the time value of the derivative.

Accumulated profits or losses are taken to the income statement at the same time as the hedged transaction results in profit or loss. If the established agreement or the foreseeable transaction results in a balance sheet item, the accumulated profits or losses are removed from equity and accounted for in the initial recognition of the asset or liability.
If a hedging instrument or the hedge relationship is terminated but the hedged transaction is still expected to take place, the cumulated profit or loss will remain in equity at that time and will subsequently be recognised in accordance with the above method when the transaction takes place. When the hedged transaction is no longer probable, the accumulated profit or loss accounted for in equity will be taken directly to the income statement.

Fair value hedges
If interest rate swaps are used to convert the fixed interest rate on loans to a floating interest component, the fair value adjustment of the instrument is carried on the income statement under hedge accounting. At the same time, the value adjustment of the hedged risk of the relevant underlying balance sheet position is also carried on the income statement.

Hedging of net investments in foreign companies
If a debt denominated in foreign currency hedges a net investment in a foreign entity in the same currency, the exchange differences due to translation of the net investment and the debt to euros will be taken directly to equity, to the extent that the hedge is effective. The ineffective part is taken to the income statement.

If a derivative hedges a net investment in a foreign entity, the part of the profit or loss that was determined as an effective hedge will be taken directly to the exchange differences reserve. The ineffective part of the hedge and the interest component of the fair value movement of the derivative are taken to the income statement.

Accumulated exchange losses and exchange profits in equity are accounted for in the income statement at the time foreign activities are (partially) disposed of.

Estimating the fair value of derivatives
The fair value of financial instruments traded on active markets is carried at market value as at the balance sheet date.

The fair value of financial instruments not traded on active markets is determined using valuation techniques. The fair value of a derivative is the estimated sum that the Group would receive or pay in order to end the contract on the balance sheet date. This value is determined as the present value of the expected future cash flow under the contract, based on the current interest rates and exchange rates as at the balance sheet date and taking the present creditworthiness of the counterparty into account.

Segment reporting

All amounts are in EUR millions, unless stated otherwise.

General

In accordance with IAS14 Segment Reporting, the primary segmentation is based on the internal organisation of the Group and the management reporting structure. The Group is organised according to market regions, divided into 5 divisions. In these regions, the Group acts as independent tank terminal operator, specialised in the storage and transfer of liquid and gaseous chemical and oil products, with additional logistic services (other activities) provided for customers at its terminals.

The secondary segmentation consists of tank storage, other activities and non-core activities.

Primary segmentation

	Income from rendering of services		Depreciation and amortisation		Result of joint ventures and associates		Group operating profit	
Income statement	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Chemicals Europe, Middle East & Africa	**263.9**	245.4	**- 33.2**	- 34.3	**1.9**	3.0	**40.0**	32.6
Oil Europe, Middle East & Africa	**143.7**	128.4	**- 13.3**	- 12.0	**13.5**	12.7	**58.3**	48.6
Total Europe, Middle East & Africa	**407.6**	373.8	**- 46.5**	- 46.3	**15.4**	15.7	**98.3**	81.2
Of which Benelux	***299.4***	*272.8*	***- 34.5***	*- 34.9*	***2.2***	*1.0*	***65.7***	*51.1*
Of which the rest of Europe	***99.7***	*92.2*	***- 11.1***	*- 10.6*	***9.8***	*13.4*	***28.3***	*26.0*
Asia	**97.5**	92.2	**- 16.6**	- 16.2	**19.1**	14.5	**59.9**	59.5
Of which Singapore	***81.3***	*77.8*	***- 13.8***	*- 13.8*	**–**	–	***40.5***	*44.1*
North America	**118.2**	101.8	**- 11.9**	- 11.7	**–**	–	**20.8**	15.5
Latin America	**51.9**	45.9	**- 4.8**	- 4.1	**2.0**	2.2	**16.3**	16.3
Non-core activities	**7.0**	32.8	**–**	- 0.2	**3.6**	- 2.4	**- 2.1**	- 4.2
Of which Benelux	***2.8***	*14.7*	**–**	–	***3.6***	*- 2.4*	***- 2.1***	*- 9.4*
Non-allocated	**1.4**	1.6	**- 3.0**	- 2.3	**- 0.5**	- 0.5	**- 22.5**	- 20.8
Total	**683.6**	648.1	**- 82.8**	- 80.8	**39.6**	29.5	**170.7**	147.5

Reconciliation with the consolidated net profit		
Group operating profit	**170.7**	147.5
Net financing charges	**- 39.3**	- 46.3
Profit before income tax	**131.4**	101.2
Income tax	**- 25.6**	- 1.0
Net profit	**105.8**	100.2

In addition to amortisation and depreciation, impairments were recognised in 2005 for the Dutch inland vessels of the Chemicals Europe, Middle-East & Africa division (EUR 1.2 million) and for the forwarding activities (EUR 1.7 million). The latter activity has by now for the most part been disposed of and grouped under non-core activities. In 2004, impairments totalling EUR 6.0 million were recognised.

	Assets group companies		Joint ventures and associates		Total assets		Total liabilities	
Balance sheet	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Chemicals Europe, Middle East & Africa	**466.4**	451.9	**15.9**	16.7	**482.3**	468.6	**- 123.9**	- 100.3
Oil Europe, Middle East & Africa	**205.8**	185.3	**30.9**	28.5	**236.7**	213.8	**- 67.0**	- 57.8
Total Europe, Middle East & Africa	**672.2**	637.2	**46.8**	45.2	**719.0**	682.4	**- 190.9**	- 158.1
Of which Benelux	***481.6***	*473.0*	***4.4***	*3.6*	***486.0***	*476.6*	***- 119.2***	*- 102.7*
Of which the rest of Europe	***174.5***	*148.5*	***23.6***	*26.7*	***198.1***	*175.2*	***- 67.8***	*- 52.3*
Asia	**312.4**	210.3	**152.3**	126.3	**464.7**	336.6	**- 97.9**	- 50.0
Of which Singapore	***207.5***	*154.5*	**–**	–	***207.5***	*154.5*	***- 91.2***	*- 42.7*
North America	**203.6**	173.3	**–**	–	**203.6**	173.3	**- 69.6**	- 54.7
Latin America	**108.8**	83.0	**3.7**	4.6	**112.5**	87.6	**- 14.7**	- 11.8
Non-core activities	**11.2**	64.8	**5.4**	5.1	**16.6**	69.9	**- 14.1**	- 33.6
Of which Benelux	***8.3***	*29.0*	***5.4***	*5.1*	***13.7***	*34.1*	***- 13.4***	*- 14.0*
Non-allocated	**244.6**	228.8	**4.4**	3.1	**249.0**	231.9	**- 719.6**	- 721.8
Total	**1,552.8**	1,397.4	**212.6**	184.3	**1,765.4**	1,581.7	**- 1,106.8**	- 1,030.0

	Intangible assets		Property, plant and equipment		Other non-current assets		Joint ventures and associates		Total investments	
Investments*	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Chemicals Europe, Middle East & Africa	**1.7**	2.1	**26.4**	47.5	**–**	–	**–**	–	**28.1**	49.6
Oil Europe, Middle East & Africa	**0.4**	0.1	**19.9**	24.8	**–**	0.1	**0.4**	0.1	**20.7**	25.1
Total Europe, Middle East & Africa	**2.1**	2.2	**46.3**	72.3	**–**	0.1	**0.4**	0.1	**48.8**	74.7
Of which Benelux	***1.5***	*1.7*	***36.6***	*56.6*	**–**	–	**–**	*0.1*	***38.1***	*58.4*
Of which the rest of Europe	***0.6***	*0.5*	***8.6***	*13.7*	**–**	*0.1*	**–**	–	***9.2***	*14.3*
Asia	**0.1**	–	**83.2**	25.1	**9.4**	0.2	**5.1**	17.9	**97.8**	43.2
Of which Singapore	***0.1***	–	***49.7***	*5.8*	**–**	*0.2*	**–**	–	***49.8***	*6.0*
North America	**1.1**	1.3	**8.6**	8.3	**0.1**	–	**–**	–	**9.8**	9.6
Latin America	**0.2**	0.2	**11.6**	10.3	**–**	–	**–**	–	**11.8**	10.5
Non-core activities	**–**	–	**–**	0.1	**–**	–	**–**	–	**–**	0.1
Of which Benelux	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Non-allocated	**3.1**	4.4	**4.0**	0.7	**–**	–	**1.8**	0.9	**8.9**	6.0
Total	**6.6**	8.1	**153.7**	116.8	**9.5**	0.3	**7.3**	18.9	**177.1**	144.1

*Excluding investments in group companies and loans granted

Secondary segmentation

	Tank storage		Other activities		Non-core activities		Non-allocated		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Income from rendering of services	**607.2**	547.1	**68.0**	66.6	**7.0**	32.8	**1.4**	1.6	**683.6**	648.1
Total assets	**1,372.7**	1,156.7	**127.1**	123.2	**16.6**	69.9	**249.0**	231.9	**1,765.4**	1,581.7
Investments	**165.4**	127.5	**2.8**	10.6	**–**	–	**8.9**	6.0	**177.1**	144.1
Impairments (Note 4)	**–**	- 1.1	**- 1.2**	–	**- 1.7**	- 4.9	**–**	–	**- 2.9**	- 6.0
Restructuring (Note 28)	**–**	–	**- 3.4**	–	**- 2.3**	–	**–**	–	**- 5.7**	–

The non-allocated total assets item amounts to EUR 231.9 million as at 31 December 2005 and consists mainly of cash and cash equivalents, loans granted to third parties and deferred tax assets.

Acquisitions of subsidiaries

In EUR millions		2005
Intangible assets other than goodwill	2.1	
Property, plant and equipment	25.3	
Deferred taxes	0.2	
Total non-current assets		**27.6**
Cash and cash equivalents	1.4	
Other current assets	4.0	
Total current assets		**5.4**
Total assets		**33.0**
Interest-bearing loans	5.4	
Employee benefits	3.5	
Deferred taxes	8.1	
Other provisions	0.3	
Total non-current liabilities		**17.3**
Total current liabilities		**3.0**
Total liabilities		**20.3**
Net identifiable assets and liabilities at fair value		**12.7**
Revaluation attributable to the Group		- 3.1
Decrease in investments in joint ventures		- 3.3
Net identifiable assets and liabilities at fair value attributable to former partners		**6.3**
Goodwill on acquisitions		3.2
Remaining amounts payable on acquisitions		- 0.3
Payments in cash		**- 9.2**
Cash of acquired companies		1.4
Net cash flow		**- 7.8**

As at 1 November 2005, the Group acquired total ownership of the DUPEG Tank Terminal in Hamburg (Germany) by taking over the remaining 50% interest from its former partner. In addition, the interest in Serlipsa (Peru) was increased on the same date. Both acquisitions have a limited financial impact. With respect to the book value of the relevant companies, the intangible assets and property, plant & equipment have as a result of the acquisitions been revalued with EUR 4.9 million in total. After deduction of deferred taxes, the revaluation totals EUR 3.1 million, which is accounted for under Other reserves (see note 23).

Total income from rendering of services for 2005 of the relevant acquisitions amounts to EUR 3.1 million.

There were no acquisitions in 2004.

Notes to the consolidated income statement

All amounts are in EUR millions, unless stated otherwise.

1. Exceptional items

	Note		2005		2004
Gains on sale of assets and group companies	2	1.6		11.2	
Losses on sale of assets and group companies	5	- 1.6		- 5.5	
Result sale of joint ventures and associates	6	–		- 0.2	
Impairments	4	- 2.9		- 6.0	
Provisions for onerous contracts due to activities to be disposed of	5	- 2.3		–	
Restructuring costs of Dutch inland chemical shipping activities	5	- 3.4		–	
Other		- 0.4		- 3.0	
Group operating profit			**- 9.0**		- 3.5
Costs of early redemption	8	- 1.4		- 6.3	
Net financing charges			**- 1.4**		- 6.3
Tax on above-mentioned items		1.1		3.2	
Exceptional movements in taxation relating to prior years	9	–		12.7	
Taxes			**1.1**		15.9
Total effect on net profit			**- 9.3**		6.1

2. Other operating income

	2005	2004
Gains on sale of assets and group companies	1.6	11.2
Other	2.1	0.5
Total	**3.7**	11.7

3. Employee compensation and benefit expenses

	Note	2005	2004
Wages and salaries		166.4	163.3
Social security charges		23.3	24.5
Contribution to pension schemes (defined contribution)	27	4.7	6.4
Pension charges (defined benefit plans)	27	15.5	15.8
Costs related to granted options	31	0.1	0.1
Other long-term employee benefits		1.1	2.7
Early retirement		4.0	0.5
Other personnel costs		15.7	16.3
Total		**230.8**	229.6

Average number of employees (in FTEs)

During the year under review, the Group employed an average of 3,569 employees and temporary staff (2004 : 3,657).

Movements in the number of employees (in FTEs)

	2005	2004
Number at 1 January	**3,428**	4,004
Movements due to acquisitions	113	–
Movements due to disposals	- 70	- 543
Entered service/left service	- 38	- 33
Number at 31 December	**3,433**	3,428

4. Depreciation, amortisation and impairment charges

	Note	2005	2004
Intangible assets	12	6.1	4.3
Property, plant and equipment	13	76.7	76.5
Impairments	12,13, 21	2,9	6.0
Total		**85.7**	86.8

5. Other operating expenses

		Note	2005	2004
	Maintenance		39.1	40.0
	Operating lease	34	23.8	22.6
	Fuel		39.9	32.0
	Environmental, safety and cleaning		26.5	21.1
	Insurance		21.5	21.2
	Voyage expenses vessels		3.9	5.4
	Losses on sale of assets and group companies		1.6	5.5
	Provisions for onerous contracts due to activities to be disposed of		2.3	–
	Restructuring costs inland chemical shipping activities		3.4	–
	Other exceptional expenses		0.4	0.7
	Other		77.3	76.9
Total			**239.7**	225.4

Grants by way of compensation for costs incurred are deducted from the costs and accounted for in the same period in which the costs are incurred. During 2005, grants to an amount of EUR 0.9 million were received by way of compensation for costs and losses incurred (2004: nil).

Research costs relating to new storage capacity to be built are carried on the income statement in the year in which the costs are incurred.

6. Result of joint ventures and associates using the equity method

		2005	2004
	Share in the result of joint ventures and associates	39.6	29.7
	Result sale of joint ventures and associates	–	- 0.2
Total		**39.6**	29.5

To the extent that tank storage activities are concerned, the consequences of the proportionated consolidation method for joint ventures on the income statement and the balance sheet are shown below.

Income statement

		2005	2004
Income from rendering of services		**106.3**	96.2
Group operating profit		**48.8**	45.7
	Net profit of tank storage activities	34.6	31.4
	Net profit of other activities	5.0	- 1.7
	Result sale of joint ventures and associates	–	- 0.2
Total		**39.6**	29.5

Balance sheet

		Note	2005	2004
	Total non-current assets		313.3	263.8
	Total current assets		39.0	33.7
Total assets			**352.3**	297.5
	Total non-current liabilities		110.8	82.6
	Total current liabilities		45.3	44.0
Total liabilities			**156.1**	126.6
Joint ventures in tank storage activities			**196.2**	170.9
	Joint ventures and associates in other activities		14.9	11.9
	Goodwill paid for joint ventures in tank storage activities		1.5	1.5
Joint ventures and associates		14	**212.6**	184.3

The consequences of the proportionated consolidation method on the balance sheet and income statement for the Group are shown on page 21.

7. Interest and dividend income

	2005	2004
Interest income	**14.4**	15.9
Dividends other financial assets	**0.4**	0.2
Total	**14.8**	16.1

8. Financing costs

	2005	2004
Interest expenses	**- 51.8**	- 54.5
Capitalised interest	**1.8**	–
Costs early redemption	**- 1.4**	- 6.3
Interest component of financial lease	**- 0.1**	- 0.1
Exchange differences	**1.3**	0.3
Interest component of derivatives	**- 2.2**	–
Fair value adjustments interest rate swaps (fair value hedge)	**- 3.9**	–
Fair value adjustments loans (fair value hedge)	**4.1**	–
Other	**- 1.9**	- 1.8
Total	**- 54.1**	- 62.4

For capitalisation of interest during construction an average interest rate of 4.4% was applied.

9. Income tax

9.1 Recognised in the income statement

		2005		2004
Current taxes				
Current financial year	**26.3**		26.2	
Adjustments for prior years	**- 0.1**		–	
		26.2		26.2
Deferred taxes				
Origination and reversal of temporary differences	**- 0.1**		- 9.3	
Exceptional movements in taxation relating to prior years	**–**		- 12.7	
Effect of tax losses utilised	**–**		- 0.6	
Changes in tax rates	**- 0.1**		- 1.2	
Benefit of tax losses not previously recognised	**- 0.4**		- 1.4	
		- 0.6		- 25.2
Tax on profit		**25.6**		1.0

9.2 Reconciliation of effective tax rate

	Note		2005		2004
Profit before income tax			**131.4**		101.2
Tax on profit			**25.6**		1.0
Effective tax rate			**19.5%**		1.0%

	Note				
Composition:			**%**		%
Weighted average statutory tax rates		**40.7**	**31.0**	27.4	27.1
Effect of participation exemption		**- 11.8**	**- 9.0**	- 6.4	- 6.3
Effect of non-deductible expenses		**2.1**	**1.6**	1.2	1.2
Effect of reduction in tax rates		**- 0.1**	**- 0.1**	- 1.2	- 1.2
Revaluation of deferred tax assets		**- 7.0**	**- 5.3**	- 4.3	- 4.3
Benefit of tax losses not previously recognised		**- 0.3**	**- 0.2**	- 0.6	- 0.6
Other effects		**2.0**	**1.5**	- 2.4	- 2.4
Effective tax rate before exceptional items		**25.6**	**19.5**	13.7	13.5
Exceptional movements in taxation relating to prior years	1	**–**	**–**	- 12.7	- 12.5
Effective tax rate		**25.6**	**19.5**	1.0	1.0

The higher effective tax rate in 2005 compared to the preceding year is mainly caused by a non-recurring tax benefit in 2004 as a result of the settlement of tax positions of previous years and due to the improved results in countries with higher tax rates.

9.3 Deferred taxes recognised directly in equity

	Note	2005	2004
Effect of adoption IAS 32 and IAS 39 (see page 101)		**- 5.8**	–
On the effective part of the changes in the fair value			
of cash flow hedges	23	**1.1**	–
On exchange differences	23	**- 10.2**	4.8
On revaluation of assets	23	**1.8**	–
Total		**- 13.1**	4.8

10. Exchange differences

	Note	2005	2004
Income from rendering of services		**- 0.2**	–
Other operating expenses		**0.1**	- 0.6
Financing charges	8	**1.3**	0.3
Total		**1.2**	- 0.3

11. Earnings per ordinary share

Earnings per ordinary share are calculated by dividing the net profit attributable to holders of ordinary shares by the weighted average number of outstanding ordinary shares (excluding the average number of repurchased ordinary shares). The weighted average number of outstanding shares in 2005 was 61,683,420 (2004: 59,429,967).

In calculating the diluted earnings per ordinary share, the weighted average number of outstanding shares is adjusted for the dilutive effects of share option schemes. As at 31 December, the allocated exercise price for all outstanding options (160,000) is lower than the share price (EUR 25.41); the dilutive effect of the share option schemes is 74,974 shares. As at 31 December 2004, the allocated exercise price for 175,000 options was lower than the share price (EUR 15.67); the dilutive effect at the time was 30,338 shares.

The composition of the weighted average number of outstanding shares and of the diluted weighted average number of outstanding shares is as follows:

In thousands	Note	2005	2004
Issued ordinary shares at 1 January	22	**60,717**	58,321
Shares issued due to stock dividend	22	**871**	607
Sales from treasury stock	22	**95**	502
Weighted average number of ordinary shares at 31 December		**61,683**	59,430
Dilutive effect of share option schemes	32	**75**	30
Diluted weighted average number of ordinary shares at 31 December		**61,758**	59,460

Notes to the consolidated balance sheet

All amounts are in EUR millions, unless stated otherwise.

12. Intangible assets

Movements in intangible assets are as follows:

		Note	Goodwill	Software	Other	Total
	Purchase price of operating assets		8.3	24.2	1.6	**34.1**
	Accumulated amortisation and impairment		–	- 11.5	- 0.2	**- 11.7**
	Book value in use		8.3	12.7	1.4	**22.4**
	Purchase price under construction		–	15.2	–	**15.2**
Book value at 1 January 2004			8.3	27.9	1.4	**37.6**
	Movements:					
	- Investments		–	8.0	0.1	**8.1**
	- Reclassification to assets held for sale		- 1.3	- 0.1	–	**- 1.4**
	- Purchase price adjustment		- 0.1	–	–	**- 0.1**
	- Amortisation	4	–	- 4.2	- 0.1	**- 4.3**
	- Impairment	4	- 2.4	- 0.2	–	**- 2.6**
	- Exchange differences		- 0.2	–	- 0.1	**- 0.3**
Book value at 31 December 2004			4.3	31.4	1.3	**37.0**
	Purchase price		4.3	36.5	1.6	**42.4**
	Accumulated amortisation and impairment		–	- 15.4	- 0.3	**- 15.7**
	Book value in use		4.3	21.1	1.3	**26.7**
	Purchase price under construction		–	10.3	–	**10.3**
Book value at 31 December 2004			4.3	31.4	1.3	**37.0**
	Movements:					
	- Acquisitions		3.2	0.2	1.9	**5.3**
	- Investments		–	5.6	1.0	**6.6**
	- Disposals		–	- 1.0	–	**- 1.0**
	- Amortisation	4	–	- 5.6	- 0.5	**- 6.1**
	- Impairment	4	–	–	–	**–**
	- Exchange differences		0.3	0.9	0.3	**1.5**
Book value at 31 December 2005			7.8	31.5	4.0	**43.3**
	Purchase price		7.9	47.6	6.4	**61.9**
	Accumulated amortisation and impairment		- 0.1	- 21.6	- 2.4	**- 24.1**
	Book value in use		7.8	26.0	4.0	**37.8**
	Purchase price under construction		–	5.5	–	**5.5**
Book value at 31 December 2005			7.8	31.5	4.0	**43.3**

No impairments were recognised in 2005 nor were there any reversals.

Impairment tests for goodwill

The cash flow generating components to which goodwill with indefinite useful lives is allocated are reviewed for impairments. The recoverable amount is based on the value-in-use calculation. These calculations use cash flow projections based on group operating profits of the budget for the coming year and the two subsequent planning years. Cash flows beyond the aforesaid period of three years are extrapolated to a further 20-year period (or shorter if relevant), using a stable or decreasing growth rate, unless an increasing rate can be substantiated. The interest rate used to calculate the net present value of these cash flows is determined per country.

13. Property, plant and equipment

Movements in property, plant and equipment are as follows:

	Note	Land	Buildings	Tank storage terminals	Vessels	Machinery and equipment	**Total**
Purchase price of operating assets		29.9	131.3	1,498.8	70.2	95.4	**1,825.6**
Accumulated depreciation and impairment		–	- 64.6	- 880.3	- 25.9	- 56.2	**- 1,027.0**
Book value in use		29.9	66.7	618.5	44.3	39.2	**798.6**
Purchase price of assets under construction		–	0.2	30.5	0.4	1.0	**32.1**
Book value at 1 January 2004		29.9	66.9	649.0	44.7	40.2	**830.7**
Movements:							
- Investments		0.3	2.5	100.6	8.9	4.5	**116.8**
- Reclassification to assets held for sale		–	–	- 1.6	- 0.2	–	**- 1.8**
- Other reclassifications		–	1.4	0.2	–	- 1.6	**–**
- Disposals		–	–	- 0.6	–	- 0.1	**- 0.7**
- Depreciation	4	–	- 3.9	- 60.8	- 4.5	- 7.3	**- 76.5**
- Impairment	4	–	- 0.2	- 0.6	–	–	**- 0.8**
- Exchange differences		- 1.6	- 2.3	- 12.0	–	- 1.6	**- 17.5**
Book value at 31 December 2004		28.6	64.4	674.2	48.9	34.1	**850.2**
Purchase price of operating assets		28.4	130.2	1,545.5	74.6	87.6	**1,866.3**
Accumulated depreciation and impairment		–	- 66.1	- 919.0	- 25.9	- 54.9	**- 1,065.9**
Book value in use		28.4	64.1	626.5	48.7	32.7	**800.4**
Purchase price of assets under construction		0.2	0.3	47.7	0.2	1.4	**49.8**
Book value at 31 December 2004		28.6	64.4	674.2	48.9	34.1	**850.2**
Movements:							
- Acquisitions		–	3.5	16.0	–	5.8	**25.3**
- Investments		2.0	3.1	134.0	0.7	13.9	**153.7**
- Reclassification to assets held for sale		–	–	–	- 18.5	–	**- 18.5**
- Other reclassifications		- 3.6	0.4	–	–	3.8	**0.6**
- Disposals		- 0.2	–	- 0.1	–	- 0.3	**- 0.6**
- Depreciation	4	–	- 3.7	- 62.8	- 2.8	- 7.4	**- 76.7**
- Impairment	4	–	–	–	- 1.2	–	**- 1.2**
- Exchange differences		3.4	5.9	36.9	–	3.1	**49.3**
Book value at 31 December 2005		30.2	73.6	798.2	27.1	53.0	**982.1**
Purchase price of operating assets		28.2	148.5	1,721.1	45.1	129.2	**2,072.1**
Accumulated depreciation and impairment		–	- 75.3	- 1,011.7	- 18.3	- 78.1	**- 1,183.4**
Book value in use		28.2	73.2	709.4	26.8	51.1	**888.7**
Purchase price of assets under construction		2.0	0.4	88.8	0.3	1.9	**93.4**
Book value at 31 December 2005		30.2	73.6	798.2	27.1	53.0	**982.1**

A terminal in Mexico is encumbered by a pledge of EUR 8.4 million.

The Group leases equipment under a number of financial leases. The book value of the equipment as at 31 December 2005 is EUR 1.7 million (2004: EUR 0.1 million). As opposed to which the lease obligations amount to EUR 1.4 million (2004: nil).

Grants by way of compensation for costs incurred in connection with assets are deducted from the assets and carried in the income statement over the life of the assets. In 2005, grants for investments were received totalling EUR 0.6 million (2004: EUR 1.6 million).

The acquisitions relate to the takeover of interests of third parties in joint ventures (see page 70).

At 31 December 2005, the purchase price of the assets under construction totalled EUR 93.4 million (2004: EUR 49.8 million). The most important assets under construction concern the construction of the new Banyan terminal in Singapore (371,200 cbm for oil and chemicals storage), the completion of which is scheduled for April 2006. At 31 December the relevant investment is EUR 47 million. In addition, an expansion programme was begun on oil terminal Europoort in the Netherlands (440,000 cbm for fuel oil and jet fuel). The relevant investment in 2005 is still on a limited scale.

In September 2005 a new oil terminal of 113,000 cbm was commissioned in Darwin (Australia), in which an amount of EUR 17.6 million was already invested at 31 December 2004.

14. Joint ventures and associates

Movements in joint ventures and associates are as follows:

	Joint ventures		Associates		Total	
	2005	2004	**2005**	2004	**2005**	2004
Net equity value	**176.2**	158.0	**6.6**	8.5	**182.8**	166.5
Goodwill	**1.5**	1.6	**–**	–	**1.5**	1.6
Book value at 1 January	**177.7**	159.6	**6.6**	8.5	**184.3**	168.1
Movements:						
- First application of IAS 32 and IAS 39	**0.1**	–	**–**	–	**0.1**	–
- Share in profit	**36.2**	31.8	**3.4**	- 2.1	**39.6**	29.7
- Dividends received	**- 34.1**	- 21.5	**- 3.9**	–	**- 38.0**	- 21.5
- Investments	**7.3**	18.3	**–**	0.6	**7.3**	18.9
- Disposals	**- 3.3**	- 0.2	**–**	–	**- 3.3**	- 0.2
- Reclassification to assets held for sale	**–**	0.1	**–**	–	**–**	0.1
- Exchange differences	**22.0**	- 10.4	**0.6**	- 0.4	**22.6**	- 10.8
Book value at 31 December	**205.9**	177.7	**6.7**	6.6	**212.6**	184.3
Net equity value	**204.4**	176.2	**6.7**	6.6	**211.1**	182.8
Goodwill	**1.5**	1.5	**–**	–	**1.5**	1.5
Book value at 31 December	**205.9**	177.7	**6.7**	6.6	**212.6**	184.3

None of the joint ventures and associates are listed on the stock exchange.

Joint ventures are an important part of the Group. For a representative insight into the economic scope, the consequences are shown on page 21 in the balance sheet and the income statement of the Group on application of the proportionated consolidation method to the joint ventures, to the extent that tank storage activities are concerned.

Book value at 31 December 2005 of the associated companies primarily exists of the book value of Cableship Contractors Holding N.V. The activities of this company have been discontinued. Vopak received a dividend payment of EUR 5.1 million in January 2006.

15. Loans granted

Movements in loans granted are as follows:

	Loans to joint ventures and associates		Other loans		Total	
	2005	2004	**2005**	2004	**2005**	2004
Book value at 1 January	**9.9**	8.7	**130.9**	156.1	**140.8**	164.8
Movements:						
- First application of IAS 32 and IAS 39	**–**	–	**7.9**	–	**7.9**	–
- Loans granted	**0.4**	1.2	**0.8**	1.7	**1.2**	2.9
- Repayments	**–**	–	**- 141.0**	- 20.5	**- 141.0**	- 20.5
- Continuing involvement in sold receivable	**–**	–	**53.4**	–	**53.4**	–
- Reduction of continuing involvement in sold receivable	**–**	–	**- 11.0**	–	**- 11.0**	–
- To assets held for sale	**–**	–	**–**	- 0.2	**–**	- 0.2
- Recognition due to effective interest method	**–**	–	**2.6**	1.0	**2.6**	1.0
- Reversal of impairments	**–**	–	**0.1**	0.1	**0.1**	0.1
- Exchange differences	**–**	–	**14.8**	- 7.3	**14.8**	- 7.3
Book value at 31 December	**10.3**	9.9	**58.5**	130.9	**68.8**	140.8
Non-current receivables	**10.3**	9.8	**47.0**	125.5	**57.3**	135.3
Current receivables	**–**	0.1	**11.5**	5.4	**11.5**	5.5
Book value at 31 December	**10.3**	9.9	**58.5**	130.9	**68.8**	140.8

Loans include subordinated loans to a total amount of EUR 15.9 million (2004: EUR 124.5 million). There are no longer any loans with remaining terms exceeding 5 years.

During 2005, a receivable was sold at nominal value which was the result of the disposal of tank storage interests at the time of the merger in 1999. In return, the Group provided a guarantee for part of the receivable (31 December 2005: EUR 43.9 million). As a part of the credit risk remains with the Group, there is continuing involvement. The balance of the receivable (amounting to EUR 42.7 million at 31 December 2005) will be realised in full in proportion to the expiring guarantee in the next three years (see also note 30).

To provide insight into the effective interest rates and the periods in which they reprise reference is made to the same note. The fair value is also given.

16. Other financial assets

The other financial assets comprise for the most part of Vopak's participating interests of less than 20% in companies over which Vopak has no significant influence.

17. Deferred taxes

The deferred tax assets and liabilities were allocated as follows:

	2005		2004	
	Asset	**Liability**	Asset	Liability
Intangible assets	**–**	**16.9**	–	13.9
Property, plant and equipment	**2.7**	**85.2**	1.3	73.0
Loans granted	**–**	**5.0**	–	5.2
Employee benefits	**24.4**	**–**	24.6	–
Derivatives	**19.9**	**–**	–	–
Tax effect of carry-forward losses	**10.6**	**–**	11.6	–
Other	**–**	**8.0**	–	7.9
Total deferred tax assets and liabilities	**57.6**	**115.1**	37.5	100.0
Offset deferred tax assets and liabilities	**- 12.3**	**- 12.3**	- 12.9	- 12.9
Net deferred tax assets and liabilities	**45.3**	**102.8**	24.6	87.1
Of which recognised under current	**–**	**–**	–	0.6

Deferred tax assets and liabilities are offset against each other to the extent that this is a legally enforceable right and when the deferrals belong to the same tax entity.

Deductible tax losses on which no deferred tax assets have been recognised amount to EUR 17.0 million as at 31 December 2005 (2004: EUR 20.6 million). Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient taxable profit will be available against the benefits which can be utilised in time. The deductible non-capitalised tax losses can for the most part be offset for an unlimited period of time.

In determining the deferred tax liabilities, withholding tax and any other tax due for unremitted earnings of subsidiaries were not recognised. These earnings have been permanently reinvested.

Movements in the temporary differences during the year were as follows:

	Balance sheet at 1-1-2004		Via	Via	Balance sheet at 31-12-2004	
	Asset	Liability	result	equity	Asset	Liability
Intangible assets	–	13.9	–	–	–	13.9
Property, plant and equipment	0.6	84.4	- 9.1	- 3.0	1.3	73.0
Loans granted	–	–	5.2	–	–	5.2
Employee benefits	24.0	–	- 0.9	0.3	24.6	–
Tax effect of carry-forward losses	9.3	–	- 2.5	0.2	11.6	–
Other	0.1	26.1	- 17.8	- 0.3	–	7.9
Total deferred tax assets and liabilities	**34.0**	**124.4**	**- 25.1**	**- 2.8**	**37.5**	**100.0**
Offset deferred tax assets and liabilities	- 30.6	- 30.6	–	–	- 12.9	- 12.9
Net of deferred tax assets and liabilities	**3.4**	**93.8**	**- 25.1**	**- 2.8**	**24.6**	**87.1**
Of which recognised under current	–	0.3	–	–	–	0.6

	Balance sheet at 1-1-2005 [1]		Via	Via	Balance sheet at 31-12-2005	
	Asset	Liability	result	equity	Asset	Liability
Intangible assets	–	13.9	0.6	2.4	–	16.9
Property, plant and equipment	1.3	73.0	- 0.2	11.0	2.7	85.2
Loans granted	–	5.2	- 0.8	0.6	–	5.0
Employee benefits	24.6	–	0.8	- 0.6	24.4	–
Derivatives (IAS 32 and IAS 39) [1]	–	–	–	- 19.9	19.9	–
Tax effect of carry-forward losses	11.6	–	1.7	- 0.7	10.6	–
Other	–	7.9	- 2.7	2.8	–	8.0
Total deferred tax assets and liabilities	**37.5**	**100.0**	**- 0.6**	**- 4.4**	**57.6**	**115.1**
Offset deferred tax assets and liabilities	- 12.9	- 12.9	–	–	- 12.3	- 12.3
Net of deferred tax assets and liabilities	**24.6**	**87.1**	**- 0.6**	**- 4.4**	**45.3**	**102.8**
Of which recognised under current	–	0.6	–	–	–	–

[1] *Including first application of IAS 32 and IAS 39*

18. Other non-current assets

This item comprises prepaid land use rights which are allocated to the period to which they relate. The remaining period as at 31 December 2005 varies between 39 and 49 years. During 2005, land use rights were acquired for a new chemical terminal to be developed in Zhangjiagang (China).

19. Trade and other receivables

	2005	2004
Trade debtors	84.7	67.2
Provision for impairments	- 1.1	- 1.1
Other receivables	79.7	94.2
Total	**163.3**	160.3

The fair value of outstanding amounts is almost equal to the book value.

20. Cash and cash equivalents

	2005	2004
Cash and bank	60.3	35.5
Short-term deposits	116.8	76.5
Total	**177.1**	112.0

The effective interest on short-term deposits was 2.4% (2004: 1.8%); these deposits have an average term of 4.2 days (2004: 7.0 days).

Reconciliation with the consolidated cash flow statement is as follows:

	2005	2004
Cash and cash equivalents	177.1	112.0
Bank overdrafts	- 21.4	- 6.1
Total	**155.7**	105.9

Of the cash and cash equivalents as at 31 December 2005, EUR 8.1 million is not at the free disposal of the Group, this is cash and cash equivalents within insurance pools (31 December 2004: EUR 10.0 million). Furthermore, as at 31 December 2004 an amount equivalent to EUR 14.7 million was blocked as security for a loan. This loan was repaid early in 2005 as a result of which the liquid assets are once again available.

21. Assets classified as held for sale

Movements in the assets classified as held for sale are as folows:

	Asset	Liability
Balance at 1 January 2005	**45.8**	**25.6**
Impairment	- 1.7	–
Disposals	- 38.2	- 24.3
Reclassifications	18.5	0.8
Exchange differences	0.3	0.1
Balance at 31 December 2005	**24.7**	**2.2**

During 2005, the interests in shipping of edible oils and forwarding were disposed of. The assets classified as held for sale as at 31 December 2005 comprise for the most part seven inland vessels for transport of chemicals of which the sale, initially anticipated in 2005, has been delayed beyond control of the Group.

22. Issued capital, share premium and treasury shares

Movements in the number of shares, the issued capital and the share premium are as follows:

	Numbers				Amounts		
	Issued ordinary shares	Financing preference shares	Total shares	Treasury shares	Issued capital	Share premium	Treasury shares
Balance at 1 January 2004	**59,927,972**	**25,400,000**	**85,327,972**	**- 1,607,309**	**85.3**	**262.4**	**- 23.3**
Issue of new shares for stock dividend	1,083,335	–	1,083,335	–	1.1	13.7	–
Dividend in shares	–	–	–	–	–	- 25.8	–
Treasury stock used for stock dividend	–	–	–	805,889	–	–	11.7
Capital reduction	–	- 5,949,000	- 5,949,000	–	- 5.9	- 44.3	–
Issued to option holders	–	–	–	507,477	–	–	7.3
Balance at 1 January 2005	**61,011,307**	**19,451,000**	**80,462,307**	**- 293,943**	**80.5**	**206.0**	**- 4.3**
Issue of new shares for stock dividend	1,439,349	–	1,439,349	–	1.4	24.8	–
Dividend in shares	–	–	–	–	–	- 26.6	–
Treasury stock used for stock dividend	–	–	–	17,943	–	–	0.3
Capital reduction	–	–	–	–	–	- 13.0	–
Issued to option holders	–	–	–	116,000	–	–	1.7
Balance at 31 December 2005	**62,450,656**	**19,451,000**	**81,901,656**	**- 160,000**	**81.9**	**191.2**	**- 2.3**

The company's authorised share capital amounts to EUR 178,822,614 divided into 64,011,307 ordinary shares, 89,411,307 defensive preference shares and 19,451,000 financing preference shares, all with a nominal value of EUR 1.00 each.

The issued share capital consists of 62,450,656 ordinary shares with a nominal value of EUR 1.00 each and 19,451,000 financing preference shares with a nominal value of EUR 1.00 each. Of the issued ordinary shares, 160,000 are held in the treasury stock in connection with existing commitments under share option schemes. During the year, options were exercised on 116,000 ordinary shares.

From 1 January 2005, the dividend on the outstanding financing preference shares, amounting to EUR 65 million (nominal value plus share premium reserve), will be 4.73%, which is equivalent to a dividend in 2005 of EUR 3.0 million. The percentage will be set again on 1 January 2010 and every five years thereafter.

Under the Articles of Association, a dividend can only be distributed on financing preference shares following a decision by the Executive Board, subject to the approval of the Supervisory Board, to transfer all or part of the profit to reserves. If the transfer to reserves results in the remaining profit being insufficient to distribute a dividend on the financing preference shares, an amount equal to the shortfall will be deducted from the amount to be transferred to reserves and added to the dividend reserve for the financing preference shares. The dividend reserve will have primary dividend rights in subsequent financial years, any dividend in question either being added to the dividend reserve or distributed on the financing preference shares, as far as possible and at the discretion of the Executive Board, subject to the approval of the Supervisory Board.

The Articles of Association also stipulate that only the Executive Board, subject to the approval of the Supervisory Board, is authorised to make decisions to distribute dividends from the share premium reserve and the dividend reserve for the financing preference shares.

As at present, a dividend will only be distributed on the ordinary shares after the dividend on the financing preference shares has been distributed, on the understanding that no dividend will be distributed on the ordinary shares if, at the time of the intended distribution, the balance of the dividend reserve for the financing preference shares is positive.

The company will have the right to repurchase the financing preference shares in five annual payments. If the company decides to repurchase them, only the share premium will be repaid in the first four years. The annual repayment of the share premium will be limited to a maximum of 20% of the per the end of 2004 outstanding share capital of the financing preference shares of EUR 65 million. On 21 December 2005, the Supervisory Board approved the proposal of the Executive Board to distribute EUR 13 million dividends from the share premium reserve for the financing preference shares as at 2 January 2006. The outstanding share capital is consequently reduced to EUR 52 million and the annual dividend distributable to the holders of financing preference shares decreases to EUR 2.5 million.

As a result of this distribution, the balance of the share premium reserve for the still outstanding 19,451,000 cumulative financing preference shares drops to EUR 32,549,000 as at 31 December 2005.

23. Other reserves

Movements in the other reserves are as follows:

	Exchange differences	Revaluation reserve derivatives	Revaluation reserve assets	**Total other reserves**
Balance at 1 January 2004	–	–	–	**–**
Movements:				
- Exchange differences on foreign group companies, joint ventures and associates	- 7.2	–	–	**- 7.2**
- Tax effect on exchange differences	- 4.8	–	–	**- 4.8**
Balance at 31 December 2004	- 12.0	–	–	**- 12.0**
First application of IAS 32 and IAS 39	–	- 23.0	–	**- 23.0**
Tax effect	–	7.3	–	**7.3**
Balance at 1 January 2005	- 12.0	- 15.7	–	**- 27.7**
Movements:				
- Exchange differences on foreign group companies, joint ventures and associates	17.7	–	–	**17.7**
- Tax effect on exchange differences	10.2	–	–	**10.2**
- Movements in effective part of cash flow hedges	–	4.5	–	**4.5**
- Tax effect on movements in cash flow hedges	–	- 1.1	–	**- 1.1**
- Revaluation of assets (see page 70)	–	–	4.9	**4.9**
- Tax effect on revaluation of assets	–	–	- 1.8	**- 1.8**
- Release revaluation of assets	–	–	- 0.1	**- 0.1**
Balance at 31 December 2005	15.9	- 12.3	3.0	**6.6**

The exchange differences include all exchange differences resulting from the translation of the financial statements of foreign entities. They also include the exchange differences on liabilities and the effective currency component of fair value movements of derivatives (net of tax), to the extent that they hedge the net investments of the Group in foreign entities.

The derivatives revaluation reserve contains the effective part of the accumulated change in the fair value of the cash flow hedges, net of tax, in respect of which the hedged future transaction has not yet taken place.

24. Retained earnings

Movements of the retained earnings are as follows:

Balance at 1 January 2004		**152.3**
Dividend 2003 paid in cash		- 4.1
Dividend on financing preference shares		- 6.9
Valuation of share option schemes		0.1
Options exercised		1.1
Net profit 2004 attributable to shareholders		87.6
Balance at 31 December 2004		**230.1**
First application of IAS 32 and IAS 39:		
- Effective interest method loans	8.0	
- Derivatives	0.4	
- Tax effect	- 1.5	
First application of IAS 32 and IAS 39		**6.9**
Balance at 1 January 2005		**237.0**
Dividend 2004 paid in cash		- 4.5
Valuation of share option schemes		0.1
Release of revaluation reserve		0.1
Options exercised		0.2
Net profit 2005 attributable to shareholders		93.2
Balance at 31 December 2005		**326.1**

Of the retained earnings, EUR 241.3 million can be distributed freely (see page 107).

25. Minority interest

Statement of movements in minority interest:

	2005	2004
Balance at 1 January	**51.4**	58.7
Profit financial year	**12.6**	12.6
Dividend	**- 16.6**	- 16.8
Investments/disposals	**0.2**	0.3
Exchange differences	**7.5**	- 3.4
Balance at 31 December	**55.1**	51.4

26. Interest-bearing loans

These notes provide information on the contractual conditions of the interest-bearing loans. For further information on possible currency and interest rate risks, reference is made to note 30.

Composition:

	Note		**2005**		2004
Non-current interest-bearing loans					
Private placements and bank loans	26.1	**476.2**		581.4	
Credit facilities	26.2	**–**		–	
Guarantee continuing involvement in sold receivable	15	**32.9**		–	
Finance lease and others		**0.9**		–	
Total			**510.0**		581.4
Current interest-bearing loans					
Private placements and bank loans	26.1	**45.8**		28.2	
Guarantee continuing involvement in sold receivable	15	**11.0**		–	
Finance lease and others		**0.6**		1.3	
Total			**57.4**		29.5
Total interest-bearing loans			**567.4**		610.9

26.1 Private placements and bank loans

Movements in the private placements and bank loans are as follows:

	2005	2004
Balance at 1 January	**609.6**	681.3
First application of IAS 32 and IAS 39 [1]	**- 67.5**	–
Balance at 1 January	**542.1**	681.3
- Early repayments	**- 114.0**	- 56.1
- Normal repayments	**- 3.3**	–
- Effective part of fair value movements interest rate swaps (fixed to floating)	**- 4.1**	–
- Effects of effective interest method	**- 1.3**	–
- Acquisitions	**3.8**	–
- Bank loans drawn	**42.1**	–
- Exchange differences	**56.7**	- 15.6
Balance at 31 December	**522.0**	609.6
Non-current liabilities	**476.2**	581.4
Current liabilities	**45.8**	28.2
Balance at 31 December	**522.0**	609.6

[1] *Before the first application of IAS 32 and IAS 39, the currency component of the cross currency interest rate swap was set off in the book value of the loans. The currency component was negative EUR 68.5 million as at 31 December 2004. Through application of IAS 32 and 39, the currency component (plus other fair value items) is shown separately under derivatives*

In 2005, early repayments took place amounting to EUR 25.0 million and USD 104.5 million (in total EUR 114.0 million) respectively.

The repayment schedule of the non-current liabilities is as follows:

2007	**22.2**
2008	**54.5**
2009	**55.4**
2010	**30.1**
2011	**218.4**
Thereafter	**95.6**
Total non-current liabilities	**476.2**

Breakdown of loans by currency:

	Local currency		Euro	
	2005	2004	**2005**	2004
Euro (EUR)	**91.2**	112.3	**91.2**	112.3
US dollar (USD)	**405.2**	514.1	**337.8**	447.8
Pound sterling (GBP)	**35.0**	35.0	**50.9**	49.5
Singapore dollar (SGD)	**82.8**	–	**42.1**	–
Total			**522.0**	609.6

The private placements and bank loans consist of three components as at 31 December 2005:

1. US private placements (USPP) drawn by Royal Vopak amounting to EUR 396.8 million, with an average remaining term of over 5.1 years. The maximum remaining nominal term is 11 years and in most cases repayment is effected as at the end of the term, with a repayment peak of EUR 218.4 million in 2011. A regular repayment of EUR 3.7 million will be effected in 2006. Early repayment of the total USPP programme would as at 31 December 2005 have incurred a penalty interest of approximately EUR 59.2 million

2. Private placements and bank loans drawn by Royal Vopak amounting to EUR 79.4 million, with an average remaining term of approximately 1.8 years. The maximum remaining term is 4 years and repayment will in all cases be effected as at the end of the term, of which EUR 40.8 million in 2006.

3. Bank loans drawn by Vopak Terminals Singapore Pte. Ltd. to an amount of EUR 42.1 million (SGD 82.8 million). The remaining term of these loans is 7 years and the loans will be repaid as at the end of the term. Further increase of bank loans by EUR 3.8 million is caused by acquisitions.

Re 1:
Specifically for the USPPs, the following main conditions apply:

- The ratio net debt to EBITDA may not exceed 3.00 from 1 July 2004 until 30 June 2007, with the interest rate increasing by 50 basis points for ratios between 2.75 and 2.80 or by 150 basis points for ratios between 2.80 and 3.00. From 1 July 2007, the limit is 2.75.
- The ratio between the EBITDA and the net financing charges (Interest Cover Ratio, ICR) may not be less than 4.0.
- Shareholders' equity for the period of 1 July 2004 to 31 December 2006 may not be less than the higher of:
  (i) EUR 418.0 million
  (ii) EUR 418.0 million, increased after 1 July 2004 by 40% of the profit on ordinary activities after taxation, less the third-party share in the consolidated net profit and less each decrease in the cumulative financing preference shares (up to a maximum decrease of EUR 63.0 million).
  After 31 December 2006, 40% of the profit on ordinary activities after taxation, less the minority interest in the consolidated net profit, will be added to a finally required minimum of EUR 725.0 million.
- A number of major sub-holding companies have provided guarantees regarding compliance with the obligations under the terms of this financing.

Re 2:
During 2005, the ratios applicable to these private placements and bank loans were alligned with the five-year credit facility taken out in July 2005 (see 26.2) and the already existing USPP programme.

The following permitted financial ratios now apply to the non-current private placements and bank loans:

- The Net Debt/EBITDA ratio may not exceed 3.75.
- The ICR may not be less than 3.5.

There are also some varying conditions for several short-term loans that will be regularly repaid in 2006.

Re 3:
In mid-May 2005, to finance the construction of the fourth terminal in Singapore, Vopak Terminals Singapore Pte. Ltd. (VTS) entered into three practically identical bank loans totalling SGD 116.0 million. Drawdowns can be made during a period of 18 months and this will be done as and when the obligations with regard to the construction must be met. As at 31 December 2005, an amount of SGD 82.8 million (EUR 42.1 million) was drawn. These loans will be fully drawn in 2006.

The financing was provided on the creditworthiness of VTS and the following financial ratios apply for VTS:
- The ratio between the debt and shareholders' equity (Debt/Equity ratio) may not exceed 1.5 : 1
- The ratio between EBITDA and net interest expenses must be at least 4 : 1
- Shareholders' equity must be at least SGD 150.0 million.

26.2 Credit facilities
On 6 July 2005, Royal Vopak and Vopak THI B.V. entered into a committed syndicated credit facility in the amount of EUR 500 million with a term of five years. Sums in most standard currencies can be drawn and repaid at any time. This financing is partly taken out in order to provide for the expected future borrowing requirement of the Group. At the same time, existing available long-term credit facilities were terminated. As at 31 December 2005, this facility has not yet been used.

The following financial ratios apply:
- The Net Debt/EBITDA ratio may not exceed 3.75.
- The ICR may not be less than 3.5.

A number of major sub-holding companies have provided guarantees regarding compliance with the obligations under the terms of this financing.

26.3 Financial ratios
Based on the consolidated figures, the ratios as at 31 December 2005 were as follows:
- 31 December 2005, the Net Debt/EBITDA ratio for the private placements and bank loans is 1.76 (31 December 2004: 2.20). For a specification of the calculation of the Net Debt, reference is made to page 23 of this report.
- For the credit facility, the Net Debt/EBITDA ratio as at 31 December 2005 is 1.79.
- For the private placements and the bank loans, as well as for the credit facility, the ICR as at 31 December 2005 is 6.7 (31 December 2004: 5.0).
- The minimum required shareholders' equity as at 31 December 2005, in accordance with the calculation method outlined in paragraph 26.1 re 1, is EUR 418.0 million (31 December 2004: EUR 418.0 million). At 31 December 2005, the actual shareholders' equity was EUR 603.5 million (31 December 2004: EUR 500.3 million).

Consequently, the financial ratios referred to in paragraph 26.1 that are applicable to Royal Vopak were complied with as at 31 December 2005.

Vopak Terminals Singapore Pte. Ltd. also complied with the financial ratios referred to in paragraph 26.1 as at 31 December 2005.

27. Employee benefits

Movements in the provision for employee benefits are as follows:

	2005	2004
Balance at 1 January	**79.0**	87.6
Movements:		
- Acquisitions	**3.5**	–
- Disposals	**- 3.4**	- 1.2
- Pension charge/addition	**20.2**	22.2
- Employer's contributions	**- 27.5**	- 24.3
- Benefits paid directly by the employer	**- 1.4**	- 1.2
- Exchange differences	**1.5**	- 0.8
- Other	**- 1.4**	- 3.3
Balance at 31 December	**70.5**	79.0
Current assets	**- 2.7**	- 2.4
Current liabilities classified as assets held for sale	**–**	3.6
Current liabilities	**2.6**	5.1
Non-current liabilities	**70.6**	72.7
Balance at 31 December	**70.5**	79.0

The tables alongside present a summary of the effects on the balance sheet, the income statement and assumptions based on which the actuarial calculations were performed in connection with the most important average or final pay schemes and the other benefit schemes.

The defined benefit plans are plans in The Netherlands, the United States, the United Kingdom, Germany, Belgium, Switzerland and Brazil. The valuation of obligations under defined benefit plans takes future salary increases into account. On the other hand, a discount rate equal to the interest rate on high-quality corporate bonds is used for calculating their net present value. The effect of the difference between projected and actual salary increases and that of the difference between projected and actual returns on plan assets are both part of the actuarial results. The actuarial result does not entail a funding obligation. It arises from a calculation method to allocate the plan liabilities to individual years.

To the extent that unrecognised net actuarial results exceed the margin of 10% of the greater of plan assets and defined benefit obligations, they are allocated in the results over a period of 12 years, equal to the average future term of service.

The German pension plans are not funded. The cash equivalence (EUR 10 million) provided by the Group to the Dutch pension fund by way of a loan has been eliminated in the calculation of the plan assets. As at 31 December 2005 the plan assets consist of approximately 62% in bonds (year-end 2004: 67%), 37% in shares (year-end 2004: 32%) and 1% in real-estate (year-end 2004: 1%). The pension funds have not invested in shares Koninklijke Vopak N.V. or in real-estate of the Group.

Out of the defined contribution plans four plans are related to multi-employer plans, which have the characteristics of a defined benefit plan. The contributions to these multi-employer plans are treated as a defined contribution because no information was provided to enable to account for a defined benefit plan.

	Note	2005	2004	2003
Movements in pension obligations				
Obligations at 1 January		**780.1**	681.4	
Movements:				
- Additional plans [1]		**0.9**	2.9	
- Acquisitions		**3.9**	–	
- Disposals/curtailments		**- 5.7**	- 3.0	
- Costs of rights accrued in the financial year		**13.8**	12.1	
- Interest expenses		**35.2**	35.5	
- Actuarial gains and losses		**48.3**	86.0	
- Benefits paid from the pension fund		**- 32.8**	- 31.2	
- Benefits paid directly by the employer		**- 1.4**	- 1.2	
- Exchange differences		**6.1**	- 2.4	
Obligations at 31 December		**848.4**	780.1	
Movements in assets				
Fair value of plan assets at 1 January		**629.5**	600.2	
Movements:				
- Additional plans [1]		**0.1**	–	
- Acquisitions		**–**	–	
- Disposals/curtailments		**- 1.7**	–	
- Actual return on assets		**73.2**	44.2	
- Employer's contributions		**22.8**	17.9	
- Employees' contributions		**0.5**	0.5	
- Benefits paid		**- 33.2**	- 31.7	
- Exchange differences		**3.7**	- 1.6	
Fair value of plan assets at 31 December		**694.9**	629.5	
Obligations less fair value of plan assets at 31 December		**153.5**	150.6	
Net actuarial gains and losses not yet recognised		**- 85.7**	- 75.5	
Net pension obligations defined benefit plans recognised at 31 December		**67.8**	75.1	
Net pension obligation defined contribution schemes		**2.7**	3.9	
Net pension obligations recognised at 31 December		**70.5**	79.0	
Assumptions based on weighted averages at 31 December				
Discount rate		**4.11%**	4.58%	5.52%
Expected return on plan assets		**5.04%**	5.41%	6.52%
Expected rate of salary increase		**2.11%**	2.15%	3.02%
Expected price index increase		**1.83%**	1.87%	2.11%
Components of net pension charges				
Current service costs		**13.8**	12.1	
Interest expenses		**35.2**	35.5	
Expected return on plan assets		**- 34.0**	- 32.2	
Amortisation of actuarial gains and losses		**0.5**	0.4	
Pension charges defined benefit plans	3	**15.5**	15.8	
Pension charges defined contribution schemes	3	**4.7**	6.4	
Net periodic pension charges		**20.2**	22.2	

[1] Relates to a number of additional pension plans included in the valuation based on IAS 19

Sensitivity analysis

The table below shows the estimated impact on the net periodic pension charges per main assumption whereby the difference is one per cent (negative amounts mean lower expenses).

	Increase 1%	Decrease 1%
Discount rate	- 0.1	7.3
Expected return on plan assets	- 6.0	6.0
Expected rate of salary increase/price index increase	11.2	- 4.6

Given the IFRS methodology, any differences only become apparent in the net periodic pension charges for 2007 via amortisation of net actuarial gains and losses not yet recognised. For the net pension charges for 2006, any differences compared to the assumptions will not have any consequences.

28. Other provisions

Movements in other provisions are as follows:

	Environmental risks	Reorgani-sation	Other	Total
Non-current liabilities	8.8	1.4	10.2	**20.4**
Current liabilities	3.4	2.1	10.6	**16.1**
Balance at 1 January 2005	12.2	3.5	20.8	**36.5**
Movements:				
- Additions	2.4	5.7	7.7	**15.8**
- Acquisitions	–	–	0.3	**0.3**
- Withdrawals	- 3.3	- 3.8	- 11.7	**- 18.8**
- Reclassification of assets held for sale	–	0.5	0.1	**0.6**
- Reclassifications	- 0.8	- 0.3	1.1	**–**
- Exchange differences	–	–	- 0.2	**- 0.2**
Balance at 31 December 2005	10.5	5.6	18.1	**34.2**
Non-current liabilities	8.3	1.2	12.1	**21.6**
Current liabilities	2.2	4.4	6.0	**12.6**
Balance at 31 December 2005	10.5	5.6	18.1	**34.2**

The reorganisation provisions consist mainly of provisions for reorganisations and post-employment benefits, other than pensions and non-activity benefits. During 2005, EUR 5.7 million was added particularly for the restructuring costs of the Dutch inland chemical shipping activities (EUR 3.4 million).

Other provisions include an amount of EUR 8.5 million relating to claims and incurred but not reported damages of the insurance activities. During 2005, EUR 3.0 million was added for expected claims and EUR 2.3 million for onerous contracts as a result of activities to be disposed of.

29. Trade and other payables

	2005	2004
Trade creditors	**44.7**	47.7
Wage taxes and social security charges	**5.6**	6.4
Other creditors, accruals and deferred income	**144.1**	94.2
Total	**194.4**	148.3

30. Derivatives

General

The most important derivates that are used by the Group are forward exchange contracts, interest rate swaps and cross currency interest rate swaps.

The market value of the derivatives as at 31 December 2005 is shown below in order of maturity date:

		< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total	Assets	Liabilities
Currency risks										
	Forward exchange contracts	- 3.2	–	–	–	–	–	- 3.2	1.0	4.2
	Cross currency interest rate swaps	–	- 34.9	- 12.0	–	–	- 15.1	- 62.0	–	62.0
Interest rate risks										
	Interest rate swap	–	–	- 0.9	- 1.1	- 0.8	0.8	- 2.0	5.5	7.5
Total		**- 3.2**	**- 34.9**	**- 12.9**	**- 1.1**	**- 0.8**	**- 14.3**	**- 67.2**	**6.5**	**73.7**
	Current assets and liabilities	- 3.2	–	–	–	–	–	- 3.2	1.0	4.2
	Non-current assets and liabilities	–	- 34.9	- 12.9	- 1.1	- 0.8	- 14.3	- 64.0	5.5	69.5
Total		**- 3.2**	**- 34.9**	**- 12.9**	**- 1.1**	**- 0.8**	**- 14.3**	**- 67.2**	**6.5**	**73.7**

Currency risks

Using hedge accounting, the effective market value movement of the forward exchange contracts are recognised in the exchange differences reserve (component of the equity) from 1 January 2005, to the extent that they designate to the hedging of net investments. Reversal through the income statement takes place if the underlying position is sold. The ineffective part as well as the interest component are recognised directly in the income statement. All currency hedges for 2005 were effective.

As part of the currency risk policy, the Group has converted fixed-interest USD loans (US private placements) totalling USD 250 million to fixed-interest loans in the amount of EUR 252.9 million by means of cross currency interest rate swaps (CCIRS). The terms of the CCIRS are as follows: USD 50 million until 19 June 2011, USD 40 million until 19 June 2008, USD 10 million until 19 December 2008 and USD 150 million until 19 December 2007.

The fair value movements relating to the principal of the CCIRS are recognised directly in the income statement to compensate for the exchange differences on the hedged USD loans. The fair value movements relating to the fixed interest flows are accounted for in the equity under revaluation reserve derivatives by means of hedge accounting (cash flow hedges). In 2005 a loss of EUR 12.3 million, net of tax, was consequently accounted for in equity (see note 23).

Interest rate risks

By means of various interest rate swaps, the Group converted a total of USD 100 million fixed interest loans (US private placements) to floating interest loans. The terms of these swaps are: for USD 32 million until 19 December 2008, for USD 37 million until 21 December 2009 and for USD 31 million until 20 December 2010.
These interest rate swaps were designated as being fair value hedges. The part of the value adjustment of the instrument regarded as effective is also accounted for in the underlying loan. The total movements as at 31 December 2005 amount to negative EUR 3.9 million on the interest rate swaps and positive EUR 4.1 million on the loans. On balance, the ineffective part of the fair value movement is therefore positive EUR 0.2 million.

Effective interest rate and reprising analysis

The following statement will provide insight into the effective interest rates as at 31 December 2005 of interest-bearing assets and liabilities and the periods in which the interest rate is reprised.

	Note	Effective interest	Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Cash and cash equivalents	20	**2.4%**	**177.1**	**177.1**	**–**	**–**	**–**	**–**	**–**
Loans granted:									
- EUR floating interest		5.2%	4.2	0.7	0.8	0.3	0.3	0.3	1.8
- EUR fixed interest		5.3%	20.7	–	10.0	–	–	0.3	10.4
- USD fixed interest		0%	42.7	10.7	21.3	10.7	–	–	–
- CHF fixed interest		4.3%	1.2	0.1	0.1	0.1	0.9	–	–
Total loans granted	15		**68.8**	**11.5**	**32.2**	**11.1**	**1.2**	**0.6**	**12.2**
Loans drawn:									
- EUR fixed interest		6.4%	- 89.1	- 41.7	- 18.3	- 0.2	- 20.6	- 0.2	- 8.1
- EUR fixed interest		4.5%	- 2.0	- 0.4	- 0.4	- 0.4	- 0.4	- 0.4	–
- GBP fixed interest		7.9%	- 50.9	–	–	–	–	–	- 50.9
- SGD floating interest		3.7%	- 42.1	–	–	–	–	–	- 42.1
- USD fixed interest [1]		6.2%	- 93.9	- 15.3	- 26.2	- 14.9	- 3.8	- 3.7	- 30,0
- USD fixed interest with interest rate swaps		8.2%	- 289.4	–	–	- 50.7	- 31.3	- 26.2	- 181.2
Total loans drawn	26		**- 567.4**	**- 57.4**	**- 44.9**	**- 66.2**	**- 56.1**	**- 30.5**	**- 312.3**
Derivatives (currency component fair value):									
- Effect of interest rate swaps USD from fixed to floating interest:									
Fixed		7.8%	84.5	–	–	27.0	31.3	26.2	–
Floating		8.4%	- 84.5	–	–	- 27.0	- 31.3	- 26.2	–
- Effect of interest rate swap from USD fixed to EUR fixed (CCIRS):									
EUR fixed interest		8.9%	- 252.9	–	- 152.0	- 50.5	–	–	- 50.4
USD fixed interest		8.3%	211.1	–	126.7	42.2	–	–	42.2
Total derivatives			**- 41.8**	**–**	**- 25.3**	**- 8.3**	**–**	**–**	**- 8.2**
Total			**- 363.3**	**131.2**	**- 38.0**	**- 63.4**	**- 54.9**	**- 29.9**	**- 308.3**

[1] *Including guarantee for sold receivable with continuing involvement*

Fair value

The table below provides an overview of the book value and fair value of the derivatives and interest-bearing receivables and liabilities:

	Note	Book value 2005	Fair value 2005
Loans to joint ventures and associates	15	10.3	10.4
Other loans	15	58.5	59.2
Cash and cash equivalents	20	177.1	177.1
Cross currency interest rate swaps		- 62.0	- 62.0
Interest rate swaps (from floating to fixed):			
- Assets		0.8	0.8
- Liabilities		- 4.7	- 4.7
Interest rate swaps (from fixed to floating):			
- Assets		4.7	4.7
- Liabilities		- 2.8	- 2.8
Forward exchange contracts:			
- Assets		1.0	1.0
- Liabilities		- 4.2	- 4.2
Loans drawn	26	- 565.9	- 632.6
Finance lease	26	- 1.5	- 1.4
Total		**- 388.7**	**- 454.5**
Unrecognised losses			**65.8**

The fair value is the amount for which an asset item can be exchanged or a liability can be settled.

The fair value of interest rate swaps, cross currency interest rate swaps, interest rate forward contracts, options on swaps, caps and floors, if any, is calculated by discounting the expected future cash flows using the applicable yield curves.

The fair value of forward exchange contracts reflects the net present value of unrealised results from revaluing the contracts at the current rates applicable at the end of the year.

The fair value of drawn and granted loans is estimated by discounting the cash flow, using the swap curve as a basis.

The fair value of finance leases is estimated by discounting the expected future cash flows at the market interest rate for leases. The estimated fair value reflects the changes in interest rate.

Credit risks
As at year-end, there was no significant concentration of credit risks at any of the counterparties regarding financial instruments and liquid assets.

31. Remuneration of Supervisory Board members and Executive Board members

31.1 Remuneration of Supervisory Board members
The remuneration of the members of the Supervisory Board consists of a gross remuneration component and a fixed expense allowance. The Supervisory Board members do not receive any profit-related bonuses or options. Members of Committees receive supplementary remuneration. The total remuneration paid to Supervisory Board members and former Supervisory Board members in the financial year was EUR 0.2 million (2004: EUR 0.2 million).

The table below shows the amounts received by each member individually in 2005.

In EUR thousands	Gross remun- eration	Audit Committee	Selection Committee	Remun- eration Committee	Fixed expense allowance	**Total 2005**	Total 2004
J.D. Bax	35	–	3	–	2	**40**	36
F.J.G.M. Cremers [1]	28	5	–	2	2	**37**	8
R. den Dunnen	28	–	3	–	2	**33**	29
R.M.F. van Loon	28	5	3	2	2	**40**	29
M. van der Vorm	28	5	–	2	2	**37**	29
Total present Supervisory Board members	147	15	9	6	10	**187**	131
J.M. Hessels [2]	9	–	–	–	1	**10**	29
Total former Supervisory Board members	9	–	–	–	1	**10**	29
Total	156	15	9	6	11	**197**	160

[1] Remuneration for 2004 relates to the period since 1 October 2004, the date of appointment

[2] Remuneration for 2005 relates to the period ended on 29 April 2005, the date of stepping down

As at 31 December 2005 and 2004, the Supervisory Board members did not hold any shares in Royal Vopak. No loans, advances or guarantees have been provided to present or former Supervisory Board members.

31.2 Remuneration of Executive Board members
The table on the next page shows the remuneration of the present and former Executive Board members. In accordance with the IFRS methodology, the remuneration consists of compensation to be allocated for work performed during the financial year, irrespective of the actual payment. The comparable figures are adjusted accordingly. Total remuneration amounted to EUR 2.7 million (2004: EUR 2.0 million).

The breakdown for present and former Executive Board members is as follows:

In EUR thousands	Salary	Short-term variable remun-eration	Long-term variable remun-eration	Pension	Value options	**Total 2005**	Total 2004
J.P.H. Broeders [1]	285	154	142	57	14	**652**	239
F.D. de Koning [1]	210	113	84	78	–	**485**	–
J.P. de Kreij	390	211	156	98	72	**927**	620
Total present Executive Board members	885	478	382	233	86	**2,064**	859
C.J. van den Driest	450	126	63	–	–	**639**	863
P.R.M. Govaart [1]	–	–	–	–	–	**–**	264
Total former Executive Board members	450	126	63	–	–	**639**	1,127
Total	1,335	604	445	233	86	**2,703**	
Total 2004	1,097	190	413	203	83		1,986

[1] Remuneration relates to of the period of appointment to the Executive Board. For Mr Broeders this is as of 1 June 2004 and for Mr de Koning this is as of 1 June 2005. The remuneration for Mr Govaart ended 1 June 2004, when he left the Executive Board

The Executive Board members are not members of a defined benefit scheme but, where appropriate, of a defined contribution scheme. The normal retirement age for Mr De Kreij and Mr De Koning under the scheme is 60, whereas for Mr Broeders a retirement age of 62 will apply.

The former Chairman of the Executive Board received a long-term variable remuneration solely linked to the development of the market capitalisation of Royal Vopak for the period of 1 July 2002 to 31 July 2005. The remuneration was maximised to EUR 1.0 million. In the end, market capitalisation developed so favourably that this maximum bonus was paid out in cash in 2005. In the balance sheet, this item is carried at market value so the income statement only shows the movement in the current year. The former Chairman did not receive any other variable remuneration for this period. For his performance in the last six months of 2005, the same short-term variable remuneration component applies on a proportional basis to the former Chairman of the Executive Board as to the other Executive Board members.

The present Executive Board members are entitled to a short-term and long-term variable remuneration component.

The short-term variable remuneration, which is paid out in cash, is based on financial and personal objectives to a maximum of 60% of the fixed salary. The financial objectives are based on:

- An increase of the earnings per ordinary share of at least 8% to 12% compared to the previous year. In that case, the variable remuneration component will increase proportionally by 0% to 20% of the fixed salary;
- In reaching an ROCE of 13%, additional variable remuneration of 2.5% of the fixed salary applies. If the ROCE is higher, this variable remuneration component can increase proportionally to a maximum of 17.5% of the fixed salary if the ROCE is 16%. If the ROCE is above 16%, an variable remuneration of 20% of the fixed salary applies.

The long-term variable remuneration is linked to the improvement of the earnings per ordinary share over a period of 3 years (ending on 31 December 2007). If the improvement of the earnings per ordinary share is at least 25%, the Executive Board members will receive remuneration in cash in the fourth year which is equal to 60% of the average salary of the three-year period. The percentage may increase to a maximum of 120% if the earnings per ordinary share over the three-year period increase by 35% or more. The amounts attributable to the financial year are shown in the overview above, in which for the time being the maximum costs are taken into account.

In 2005, Mr De Kreij was granted 25,000 options for the last time in accordance with his employment contract, at an exercise price of EUR 15.73. This exercise price is equal to the stock exchange quotation at the time of grant. Movements in the existing options are disclosed under options (note 32).

Of the present (and former) Executive Board members, Mr De Kreij and Mr Van den Driest held 24,008 and 2,668 shares respectively as at 31 December 2005 (the same as at 31 December 2004 plus the stock dividend). Mr De Kreij also has 600 written put option contracts on shares as at 31 December 2005 (31 December 2004: 200 contracts). All transactions involved were performed at the own expense and risk of the Executive Board members concerned.

32. Options

Options can be exercised three years after being granted and have a term of five years from the date of grant or less on earlier termination of employment with the Group (barring a few exceptions). The option holder can exercise the option during the exercise periods by transferring shares, subject to observance of a specific model code.

Breakdown of outstanding options:

	Term	Year of issue	Issued options	Exercise price in euros	Outstanding options at 31 December 2005	Outstanding options at 31 December 2004
	up to 1 March 2005	2000	857,000	18.45	–	129,000
	up to 10 November 2006	2001	40,000	12.49	–	40,000
	up to 31 December 2007	2003	90,000	12.40	90,000	90,000
	up to 31 December 2008	2004	25,000	15.05	25,000	25,000
	up to 13 May 2009	2004	20,000	13.75	20,000	20,000
	up to 31 December 2009	2005	25,000	15.73	25,000	–
Total			1,057,000		160,000	304,000

During the year under review, 25,000 new options were granted, 116,000 were exercised at an average exercise price of EUR 16.39 and 53,000 options lapsed. The transfer obligations under the share option schemes are covered by shares held in the treasury stock.

The breakdown of options granted to present and former Executive Board members in 2005, included in the breakdown above, is as follows:

		Year of issue	Issued options	Exercise price in euros	Outstanding options at 31 December 2005	Outstanding options at 31 December 2004
	J.P.H. Broeders	2004	20,000	13.75	20,000	20,000
	J.P. de Kreij	2003	50,000	12.40	50,000	50,000
		2004	25,000	15.05	25,000	25,000
		2005	25,000	15.73	25,000	–
	P.R.M. Govaart	2003	40,000	12.40	40,000	40,000
	G.E. Pruitt	2000	8,000	18.45	–	8,000
		2001	40,000	12.49	–	40,000
Total			208,000		160,000	183,000

During 2005, 25,000 new options were granted, 48,000 were exercised at an average exercise price of EUR 13.48, while no options lapsed.

The costs of the service attached to obtaining options are measured using the fair value of these options. The exercise price of the options granted is equal to the share price on the date of grant. A binomial model is used to determine the fair value, with the following input data:

	2005	2004
Expected volatility	20%	20%
Expected option period	5 years	5 years
Expected dividends	3.0%	3.5%
Risk-free interest rate	3.5%	3.5%
Fair value at date of grant	2.58	2.11

The expected volatility is based on historical information.

Recognised costs of share option schemes (in thousands)	2005	2004
Options 2003	54	54
Options 2004	35	29
Options 2005	21	–
Total costs	110	83
Book value of options as at 31 December	83	128

33. Cash flow from operating activities (gross)

	Note	2005	2004
Net profit		105.8	100.2
Adjustments for:			
- Depreciation, amortisation and impairment charges	4	85.7	86.8
- Net financing charges	7, 8	39.3	46.3
- Income tax	9	25.6	1.0
- Movements in other non-current assets		0.6	- 0.8
- Movements in provisions excluding deferred taxes		- 13.7	- 17.5
- Movements in minority interests		- 16.4	- 16.5
- Dividend received from joint ventures and associates	14	38.0	21.5
- Share in the result of joint ventures and associates	6	- 39.6	- 29.7
- Result sale of property, plant and equipment		- 0.9	- 8.8
- Result sale of group companies, joint ventures and associates		0.9	3.5
- Options		0.1	0.1
Realised value adjustments of derivatives [1]		- 29.6	–
Movements in other current assets (excl. cash and cash equivalents)		- 1.4	14.8
Movements in other current liabilities (excl. bank overdrafts and dividends)		33.3	- 1.9
Effect of changes in exchange rates on other current assets and liabilities		- 3.2	1.8
Cash flow from operating activities (gross)		224.5	200.8

[1] *Owing to the first application of IAS 32 and IAS 39, the realised fair value adjustments are shown separately in the cash flow from operating activities. In the cash flow statement of 2004, the realised cash flows on derivatives are recognised in the movements in current assets.*

34. Operating lease

The amounts due in respect of the non-cancellable operating leases are payable as follows:

		2005	2004
	Less than 1 year	29.8	26.9
	Between 1 and 5 years	101.7	97.0
	More than 5 years	230.7	199.0
Total		362.2	322.9

The lease amounts due are mainly in respect of the leasehold on land and the lease of buildings.

In 2005, EUR 30.8 million was recognised as expenses in the income statement relating to operating lease (2004: EUR 29.7 million).

The new head office is financed via operating lease. The rent due for the following 14 years is EUR 1.9 million per annum.

35. Investment commitments undertaken

The investment commitments undertaken amount to EUR 75.0 million as at 31 December 2005 (2004: EUR 76.1 million).

36. Contingent liabilities

Guarantees and security provided on behalf of joint ventures, associates and third parties amounted to EUR 85.0 million (2004: EUR 91.6 million).

The Group incurs risks regarding environmental obligations arising from past activities. The sites of a number of locations, for example, must be delivered decontaminated at the end of the contractual period. In accordance with current legislation, environmental plans and any other measures to be adopted are agreed with local, regional and national authorities as appropriate. As soon as such plans are approved or other legal obligations arise, a provision is formed based on the most reliable estimate possible of the future expenses. The Executive Board is of the opinion that, based on currently available information, the provisions are adequate. However, given the degree of difficulty in making estimates, this is not a guarantee that no additional costs will arise.

As a result of its day-to-day activities, the Group is involved in a number of legal proceedings. No provisions have been made. The Executive Board does not believe any outflow of resources will be needed for the eventual outcome.

37. Related parties

Transactions with the Supervisory Board members and the Executive Board members

With regard to the remuneration of the Supervisory Board members and the Executive Board members, reference is made to note 31.

No loans, advances or guarantees have been provided to present or former Supervisory Board members or Executive Board members.

No transactions have been performed during the year by the Group with companies in which directors and/or persons closely related thereto have a significant financial interest.

Transactions with group companies, joint ventures and associates

Royal Vopak has relations with its group companies, its joint ventures and associates (see page 117).

Consequences of first time adoption of IFRS

Preface

The 2005 consolidated financial statements have been drawn up in accordance with IFRS. The comparative figures for 2004 have been restated accordingly. Prior to this, the Group reported in accordance with the requirements of Dutch GAAP. The breakdowns below show the reconciliation between Dutch GAAP and IFRS.

Consolidated income statement

In EUR millions	Note	Dutch GAAP 2004		Adjustment IFRS		IFRS 2004	
Income from rendering of services		642.1		6.0		**648.1**	
Other operating income		5.4		6.3		**11.7**	
Total operating income	38, 43		647.5		12.3		**659.8**
Employee compensation and benefit expenses	39, 43	229.1		0.5		**229.6**	
Depreciation, amortisation and impairment charges	40	88.4		- 1.6		**86.8**	
Other operating expenses	38, 43	214.7		10.7		**225.4**	
Total operating expenses			532.2		9.6		**541.8**
Operating profit			115.3		2.7		**118.0**
Result of joint ventures and associates using the equity method	41, 43		31.6		- 2.1		**29.5**
Group operating profit			146.9		0.6		**147.5**
Interest and dividend income		15.5		0.6		**16.1**	
Financing costs		- 62.3		- 0.1		**- 62.4**	
Net financing charges	43		- 46.8		0.5		**- 46.3**
Profit before income tax			100.1		1.1		**101.2**
Income tax	42		1.1		- 2.1		**- 1.0**
Net profit			101.2		- 1.0		**100.2**
Attributable to:							
- Holders of ordinary shares		81.7		- 1.0		**80.7**	
- Holders of financing preference shares		6.9		–		**6.9**	
- Minority interest		12.6		–		**12.6**	
Net profit			101.2		- 1.0		**100.2**
Earnings per ordinary share			1.37				**1.36**
Diluted earnings per ordinary share			1.37				**1.36**

Notes on the most important effects:

38. Total operating income

Under Dutch GAAP, certain items in the income statement are included as reductions in other operating expenses. Under IFRS, these items have to be presented as income. In addition, Dutch GAAP requires net gains and losses on the sale of assets and group companies to be both presented under other operating income. Under IFRS, however, the losses are presented under other operating expenses.

39. Employee compensation and benefit expenses

Defined benefit schemes (IAS 19): All actuarial gains and losses not yet recognised as at 31 December 2003 under Dutch GAAP have been charged to equity, so there is no allocation to future years. The effect on the gross profit compared with Dutch GAAP is an increase of EUR 1.1 million.

Remuneration of Executive Board members: The expenses associated with granted options are negligible. They are treated as staff costs, plus at the same time an opposite positive movement in equity. The total charge for 2004 came to EUR 0.1 million.

Under IFRS, the variable remuneration of the former Chairman of the Executive Board is recognised at market value as at the balance sheet date, subject to a maximum of EUR 1.0 million and a minimum of EUR 200,000. Under Dutch GAAP, only the proportional part of the minimum amount is taken into account. The difference compared with Dutch GAAP is EUR 0.3 million.

40. Depreciation and amortisation

Investments available for sale and operating activities to be discontinued are carried at the lower of book value and fair value less expected selling costs. As a consequence of this valuation method, the relevant assets are no longer depreciated or amortised. Compared with Dutch GAAP, the effect is an increase in the 2004 gross profit of EUR 1.6 million.

41. Joint ventures and associates using the equity method

Pre-operating expenses: In 2004, EUR 1.0 million in pre-operating expenses were capitalised under Dutch GAAP. Under IFRS, however, these expenses do not qualify for capitalisation.

Equity deficits of joint ventures and associates: If the carrying value of an entity becomes negative, the value will be nil under unchanged circumstances. As a consequence of this new valuation rule, an adjustment of EUR 0.4 million has been made to the 2004 result reported under Dutch GAAP. Under IFRS, this adjustment is reflected on the opening balance sheet as at 1 January 2004.

42. Income Tax

Owing to the transition to IFRS, the balance of deferred tax assets and liabilities as at 1 January 2004 has been adjusted by EUR 23.6 million. The change in tax rates results in a higher tax charge under IFRS than under Dutch GAAP, the increase being EUR 1.4 million. The remainder of the higher charge, an amount of EUR 0.7 million, results from the above-mentioned recalculations.

43. Other

As well as the above-mentioned items, there are a number of minor reclassifications that on balance have no effect on net profit.

Condensed consolidated balance sheet

In miljoenen EUR	Note	Dutch GAAP 31-12-2004	IFRS adjust-ment	IFRS 31-12-2004	Dutch GAAP 1-1-2004	IFRS adjust-ment	IFRS 1-1-2004
ASSETS							
Total non-current assets	44	**1,224.3**	**17.9**	**1,242.2**	**1,339.9**	**- 129.6**	**1,210.3**
Current assets		335.3	- 41.6	293.7	408.3	- 69.0	339.3
Assets classified as held for sale	44	–	45.8	45.8	–	199.6	199.6
Total current assets		**335.3**	**4.2**	**339.5**	**408.3**	**130.6**	**538.9**
Total assets		**1,559.6**	**22.1**	**1,581.7**	**1,748.2**	**1.0**	**1,749.2**
EQUITY							
Shareholders' equity		545.0	- 44.7	500.3	521.2	- 44.5	476.7
Minority interest		50.4	1.0	51.4	57.5	1.2	58.7
Total equity	45	**595.4**	**- 43.7**	**551.7**	**578.7**	**- 43.3**	**535.4**
LIABILITIES							
Interest-bearing loans		581.4	–	581.4	695.5	- 2.7	692.8
Employee benefits	44	9.9	62.8	72.7	16.9	67.0	83.9
Deferred taxes	44	89.9	- 3.4	86.5	118.0	- 24.5	93.5
Other provisions	44	28.1	- 7.7	20.4	36.8	- 17.7	19.1
Total non-current liabilities		**709.3**	**51.7**	**761.0**	**867.2**	**22.1**	**889.3**
Current liabilities		254.9	- 11.5	243.4	302.3	- 25.3	277.0
Liabilities related to assets classified as held for sale	44	–	25.6	25.6	–	47.5	47.5
Total current liabilities		**254.9**	**14.1**	**269.0**	**302.3**	**22.2**	**324.5**
Total liabilities		**964.2**	**65.8**	**1,030.0**	**1,169.5**	**44.3**	**1,213.8**
Total equity and liabilities		**1,559.6**	**22.1**	**1,581.7**	**1,748.2**	**1.0**	**1,749.2**

44. Reclassifications

Of the activities to be discontinued, the non-current assets and non-current liabilities are presented separately under Total current assets and Total current liabilities respectively.

45. Consequense of adoption of IFRS to the consolidated equity

The consequences of applying IFRS to the consolidated equity as at 1 January 2004 are as follows:

In EUR millions		
Dutch GAAP at 31 December 2003		**578.7**
Adjustments:		
- Release of negative goodwill	3.8	
- Pre-operating expenses not to be capitalised	- 2.5	
- Net actuarial losses on pensions not yet recognised	- 65.5	
- Taxes	23.6	
- Other	- 2.7	
Total adjustments		**- 43.3**
IFRS at 1 January 2004		**535.4**

The consequences of applying IFRS to consolidated equity as at 31 December 2004 are as follows:

In EUR millions		
Dutch GAAP at 31 December 2004		**595.4**
Adjustments:		
- Adjustments at 1 January 2004 (see above)	- 43.3	
- Adjustments net profit for 2004 (see page 98)	- 1.0	
- Exchange differences	0.8	
- Minority interest in equity	- 0.2	
Total adjustments		**- 43.7**
IFRS at 31 December 2004		**551.7**

Consolidated 2004 cash flow statement

The net cash flow under IFRS is not the same as under Dutch GAAP, because of the revised presentation of cash and cash equivalents associated with discontinued activities and activities to be discontinued and the reclassification of bank overdrafts. Hence, application of IFRS has no effect on cash flow, only on the classification of certain items.

Consequences of applying IAS 32 and IAS 39 (financial instruments) to the equity at 1 January 2005

The Group has opted to implement IAS 32 and IAS 39 (financial instruments) with effect from 1 January 2005. The consequences of this change of accounting system for the equity as at 1 January 2005 are as follows:

In EUR millions	Note		
Equity at 31 December 2004 under IFRS			**551.7**
Adjustments:			
- Derivatives at fair value	23, 24	- 22.6	
- Effective interest method on loans	24	8.0	
- Taxes	23, 24	5.8	
Total adjustments			**- 8.8**
Equity at 1 January 2005 under IFRS			**542.9**

Derivatives are initially carried at cost and subsequently at fair value. The fair value of an interest rate swap is the estimated amount that the Group would receive or pay were the swap to be settled on the balance sheet date, taking into account the current rate of interest and the current creditworthiness of the counterparty of the swap. The fair value of a forward exchange contract is the listed market price on the balance sheet date, which is based on the present value of the listed forward price.

Interest-bearing loans are initially carried at cost, less transaction expenses. Subsequently, the difference between the cost and the redemption value is taken to the income statement over the term of the loan, based on the effective interest method.

In December 2004, the Articles of Association of the company were amended, as a result of which distribution of dividend on the financing preference shares is at the discretion of the Executive Board, subject to the approval of the Supervisory Board. The financing preference shares consequently qualify as shareholders' equity under IAS 32.

Company financial statements

Company income statement

In EUR millions	2005	2004
Profit of participating interests after tax	133.0	123.9
Other result after tax	- 39.8	- 36.3
Net profit	93.2	87.6

Company balance sheet at 31 December

In EUR millions	Note	2005		2004	
Participating interests in group companies	2	883.3		678.0	
Loans granted	3	305.2		398.9	
Derivatives	6	4.6		–	
Total non-current assets			1,193.1		1,076.9
Trade and other receivables		7.0		18.0	
Prepayments and accrued income		1.4		0.9	
Derivatives	6	0.9		–	
Cash and cash equivalents		33.6		11.0	
Total current assets			42.9		29.9
Bank overdrafts		20.2		21.3	
Current portion of interest-bearing loans		44.5		29.3	
Creditors and other liabilities		54.9		45.1	
Derivatives	6	3.3		–	
Dividend on financing preference shares		–		5.4	
Total current liabilities			122.9		101.1
Current assets less current liabilities			- 80.0		- 71.2
Total assets less current liabilities			1,113.1		1,005.7
Interest-bearing loans	5	431.6		504.3	
Derivatives	6	69.5		–	
Long-term liabilities			501.1		504.3
Provisions	7		8.5		1.1
Paid-up and called-up share capital		81.9		80.4	
Statutory reserve for participating interests		70.2		62.4	
Share premium		191.2		206.0	
Exchange differences reserve		15.9		- 12.0	
Derivatives revaluation reserve		- 12.3		–	
Assets revaluation reserve		3.0		–	
Other reserves		253.6		163.5	
Shareholders' equity	4		603.5		500.3
Total			1,113.1		1,005.7

Notes to the company financial statements

An abridged company income statement is presented in accordance with Section 402 of Book 2 of the Dutch Civil Code.

All amounts are in EUR millions, unless stated otherwise.

1. General

1.1 Accounting principles

The company financial statements are drawn up in accordance with Dutch accounting principles (Title 9 of Book 2 of the Dutch Civil Code), whereby the option is used to apply the accounting principles (including the principles for the presentation of financial instruments as shareholders' equity or loan capital) used in the consolidated financial statements to the company financial statements, as provided in Section 362 (8) of Book 2 of the Dutch Civil Code.

1.2 Change of accounting principles

Choice of accounting principles

With effect from the 2005 financial year, Royal Vopak has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted within the European Union. In the consolidated financial statements, first application of these accounting principles resulted in changes in the applied principles and valuation of assets, provisions and debts (the 'IFRS 1 adjustments'). These IFRS 1 adjustments were mainly implemented retroactively in the comparative figures as at 1 January 2004. Only those changes relating to financial instruments were implemented as at 1 January 2005.

As from 2005, Royal Vopak has opted to also apply the accounting principles (including the principles for the presentation of financial instruments as shareholders' equity or loan capital) used in the consolidated financial statements to the company financial statements. This decision was taken in order to give a clearer presentation of the company financial statements. Shareholders' equity and result after tax in the company financial statements will thus in principle remain equal to shareholders' equity and result after tax (less minority interest) in the consolidated financial statements, which is generally accepted according to Dutch practice. Furthermore, this will simplify reporting as Royal Vopak can suffice with one set of principles for its (to be consolidated) participating interests.

Compared to the 2004 financial statements, this has resulted in:

- A change in shareholders' equity as at 1 January and 31 December 2004 as a result of the IFRS 1 adjustments;
- A change in the results for 2004 as a result of the IFRS 1 adjustments;
- A change in shareholders' equity as at 1 January 2005 as a result of the application of the principles with regard to the financial instruments.

The effects of the change of accounting principles on equity and result correspond with the information included in Consequences of first time adoption of IFRS (see page 98) and the change of accounting principles with regard to principles for financial instruments (see page 101).

Composition of the shareholders' equity

With effect from 1 January 2005, the applicable statutory provisions regarding the creating and maintaining of statutory and revaluation reserves have been amended. As a result of these statutory provisions, but also as a result of the changed accounting principles, the composition of the shareholders' equity has changed. The notes to the shareholders' equity (see page 106) are referred to.

1.3 Accounting principles

The accounting principles applied in the company financial statements are the same as those applied in the consolidated financial statements. If no further principles are given, the principles stated in the consolidated financial statements are referred to.

1.4 Participating interests in group companies

Participating interests in group companies and other companies over which Royal Vopak is able to exercise predominant control or over which it has central control are valued at net equity value. The net equity value is determined by valuing the assets, provisions and debts and calculating the result according to the accounting principles applied in the consolidated financial statements.

In determining the net equity value, the transitional rules are taken into account for determining the values and the accounting principles of the first application of the IFRS principles applied in the consolidated financial statements (see pages 54 to 55).

2. Participating interests in group companies

Book value at 31 December 2003	**666.6**
Effect of adoption IFRS	- 44.0
Book value at 1 January 2004	**622.6**
Movements:	
- Disposals	- 46.5
- Exchange differences	- 22.0
- Profit	123.9
Book value at 31 December 2004	**678.0**
Effect of adoption IAS 32 and IAS 39	6.9
Book value at 1 January 2005	**684.9**
Movements:	
- Investments	8.8
- Dividend	- 20.0
- Exchange differences	55.3
- Hedging	18.3
- Revaluation of assets	3.1
- Other	- 0.1
- Profit	133.0
Book value at 31 December 2005	**883.3**

3. Loans granted

	Loans to group companies	Loans to participating interests	Other loans	Total
Book value at 31 December 2003	484.6	–	21.9	**506.5**
Effect of adoption IFRS	–	–	–	**–**
Book value at 1 January 2004	484.6	–	21.9	**506.5**
Movements:				
- Loans granted	–	2.8	2.4	**5.2**
- Repayments	- 94.4	–	- 11.8	**- 106.2**
- Reclassification to assets held for sale	–	- 2.8	–	**- 2.8**
- Movement in current portion of loans	–	–	- 0.7	**- 0.7**
- Exchange differences	- 3.3	–	0.2	**- 3.1**
Book value at 31 December 2004	386.9	–	12.0	**398.9**
Effect of adoption IAS 32 and IAS 39	–	–	–	**–**
Book value at 1 January 2005	386.9	–	12.0	**398.9**
Movements:				
- Loans granted	–	–	–	**–**
- Repayments	- 99.9	–	- 0.6	**- 100.5**
- Movement in current portion of loans	–	–	0.1	**0.1**
- Exchange differences	6.7	–	–	**6.7**
Book value at 31 December 2005	293.7	–	11.5	**305.2**

Loans to group companies do not include any subordinated loans as at 31 December 2005 and as at 31 December 2004.

Other loans include subordinated loans amounting to EUR 11.1 million in total (2004: EUR 11.0 million), all with remaining terms shorter than five years.

4. Shareholders' equity

Movements in shareholders' equity for 2004 and 2005 are as follows:

	Ordinary shares	Cumulative financing prefe-rence shares	Statutory reserve participa-ting interests	Share premium	Exchange diffe-rences reserve	Revalu-ation reserve deriva-tives	Revalu-ation reserve assets	Other reserves	**Total share-holders' equity**
Balance at 31 December 2003	59.9	25.4	52.5	262.4	- 68.9	–	–	189.9	**521.2**
Transferred exchange differences	–	–	–	–	68.9	–	–	- 68.9	**–**
Effect of adoption IFRS	–	–	4.1	–	–	–	–	- 48.6	**- 44.5**
Balance at 1 January 2004	59.9	25.4	56.6	262.4	–	–	–	72.4	**476.7**
Movements:									
- Addition from profit	–	–	–	–	–	–	–	87.6	**87.6**
- Increase in issued capital due to stock dividend [1]	1.1	–	–	13.7	–	–	–	–	**14.8**
- Treasury stock used for stock dividend [2]	–	–	–	–	–	–	–	11.0	**11.0**
- Dividend in ordinary shares	–	–	–	- 25.8	–	–	–	–	**- 25.8**
- Dividend in cash	–	–	–	–	–	–	–	- 4.1	**- 4.1**
- Redemption of financing preference shares									
and repayment of share premium	–	- 6.0	–	- 44.3	–	–	–	–	**- 50.3**
- Dividend on financing preference shares	–	–	–	–	–	–	–	- 6.9	**- 6.9**
- Exchange differences on foreign group									
companies and participating interests	–	–	–	–	- 12.0	–	–	–	**- 12.0**
- Transferred from other reserves to									
statutory reserves	–	–	5.8	–	–	–	–	- 5.8	**–**
- Personnel options	–	–	–	–	–	–	–	0.1	**0.1**
- Issued to option holders	–	–	–	–	–	–	–	9.2	**9.2**
Balance at 31 December 2004	61.0	19.4	62.4	206.0	- 12.0	–	–	163.5	**500.3**
Effect of adoption IAS 32 and IAS 39	–	–	–	–	–	- 15.7	–	6.9	**- 8.8**
Balance at 1 January 2005	61.0	19.4	62.4	206.0	- 12.0	- 15.7	–	170.4	**491.5**
Movements:									
- Addition from profit	–	–	–	–	–	–	–	93.2	**93.2**
- Increase in issued capital due to stock dividend [3]	1.5	–	–	24.8	–	–	–	–	**26.3**
- Treasury stock used for stock dividend [4]	–	–	–	–	–	–	–	0.3	**0.3**
- Dividend in ordinary shares	–	–	–	- 26.6	–	–	–	–	**- 26.6**
- Dividend in cash	–	–	–	–	–	–	–	- 4.5	**- 4.5**
- Redemption of financing preference shares									
and repayment of share premium	–	–	–	- 13.0	–	–	–	–	**- 13.0**
- Exchange differences on foreign group									
companies and participating interests	–	–	–	–	27.9	–	–	–	**27.9**
- Movements in effective part of cash flow hedges	–	–	–	–	–	3.4	–	–	**3.4**
- Revaluation of assets	–	–	–	–	–	–	3.1	–	**3.1**
- Release revaluation reserve	–	–	–	–	–	–	- 0.1	0.1	**–**
- Transferred from other reserves to									
statutory reserve	–	–	7.8	–	–		–	- 7.8	**–**
- Personnel options	–	–	–	–	–	–	–	0.1	**0.1**
- Issued to option holders	–	–	–	–	–		–	1.8	**1.8**
Balance at 31 December 2005	62.5	19.4	70.2	191.2	15.9	- 12.3	3.0	253.6	**603.5**

[1] *Relates to 1,083,335 ordinary shares*

[2] *Relates to 805,889 ordinary shares*

[3] *Relates to 1,439,349 ordinary shares*

[4] *Relates to 17,943 ordinary shares*

The share premium can be distributed in full, free of tax.

The exchange differences include all exchange differences resulting from the translation of the financial statements of foreign entities and exchange differences resulting from the translation of liabilities and the effective part of the fair value movements in derivatives, net of tax, that hedge the net investment of the company in foreign entities.

The derivatives revaluation reserve contains the effective part of the accumulated net change in the fair value of the cash flow hedges (less tax) with regard to fixed interest flows in the future.

After adjustment for the negative derivative revaluation reserves (EUR 12.3 million) is at 31 December 2005, a total of EUR 241.3 million distributable out of other reserves.

5. Interest-bearing loans

	Nominal value		More than 5 years		Average term in years		Average interest in %	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
Private placements and bank loans	**431.6**	504.3	**274.4**	285.4	**4.6**	5.2	**8.0**	7.9

6. Derivatives

The market value of the derivatives as at 31 December 2005 is shown below in order of maturity date:

	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total	Assets	Liabilities
Currency risks									
Forward exchange contracts	- 2.4	–	–	–	–	–	- 2.4	0.9	3.3
Cross currency interest rate swaps	–	- 34.9	- 12.0	–	–	- 15.1	- 62.0	–	62.0
Interest rate risks									
Interest rate swap	–	–	- 0.9	- 2.0	–	–	- 2.9	4.6	7.5
Total	**- 2.4**	**- 34.9**	**- 12.9**	**- 2.0**	**–**	**- 15.1**	**- 67.3**	**5.5**	**72.8**
Current assets and current liabilities	- 2.4	–	–	–	–	–	- 2.4	0.9	3.3
Non-current assets and long-term liabilities	–	- 34.9	- 12.9	- 2.0	–	- 15.1	- 64.9	4.6	69.5
Total	**- 2.4**	**- 34.9**	**- 12.9**	**- 2.0**	**–**	**- 15.1**	**- 67.3**	**5.5**	**72.8**

7. Provisions

Movements in provisions are as follows:

	Employee benefits	Reorganisa-tion	Deferred taxes	Other	Total
Balance at 31 December 2003	6.9	4.2	–	–	**11.1**
Effect of adoption IFRS	–	–	–	0.7	**0.7**
Balance at 1 January 2004	6.9	4.2	–	0.7	**11.8**
Movements in 2004:					
- Additions	0.5	0.7	–	0.2	**1.4**
- Withdrawals	- 7.1	- 2.8	–	–	**- 9.9**
Balance at 31 December 2004	0.3	2.1	–	0.9	**3.3**
Long-term liabilities	0.1	1.0	–	–	**1.1**
Current liabilities	0.2	1.1	–	0.9	**2.2**
Balance at 31 December 2004	0.3	2.1	–	0.9	**3.3**
Movements in 2005:					
- Additions	2.4	0.1	7.9	–	**10.4**
- Withdrawals	- 2.7	- 1.0	–	- 0.9	**- 4.6**
Balance at 31 December 2005	–	1.2	7.9	–	**9.1**
Long-term liabilities	–	0.6	7.9	–	**8.5**
Current liabilities	–	0.6	–	–	**0.6**
Balance at 31 December 2005	–	1.2	7.9	–	**9.1**

8. Remuneration of Supervisory Board members and Executive Board members

See note 31 to consolidated financial statements.

9. Options

See note 32 to consolidated financial statements.

10. Contingent liabilities

Royal Vopak is at the head of a tax entity with almost all Dutch wholly owned group companies. The company is consequently jointly and severally liable for the tax liabilities of the tax entity as a whole.

Guarantees and security provided on behalf of participating interests and third parties amounted to EUR 124.1 million (2004: EUR 87.3 million). Guarantees and security provided on behalf of group companies amounted to EUR 70.0 million (2004: EUR 156.0 million).

Joint and several liability declarations were issued to an amount of EUR 131.3 million (2004: EUR 156.3 million) for bank credits granted to Royal Vopak and its subsidiaries, of which an amount of EUR 1.1 million (2004: EUR 1.0 million) relates to bank credits granted to foreign subsidiaries.

The company has filed joint and several liability undertakings for a number of its Dutch group companies at the office of the Company Registry in whose area of jurisdiction the group company concerned has its registered office. The list of participating interests filed at the office of the Company Registry for inspection states for which group companies Royal Vopak has issued joint and several liability undertakings.

Rotterdam, 9 March 2006

The Executive Board
J.P.H. Broeders (CEO)
J.P. de Kreij (CFO)
F.D. de Koning

The Supervisory Board
J.D. Bax (Chairman)
M. van der Vorm (Vice-chairman)
F.J.G.M. Cremers
R. den Dunnen
R.M.F. van Loon

Other information

Auditors' report

To the shareholders of Koninklijke Vopak N.V. (Royal Vopak)

Instruction
In accordance with your assignment, we have audited the 2005 financial statements of Koninklijke Vopak N.V., Rotterdam as set out on pages 49 to 109. These financial statements consist of the consolidated financial statements and the company financial statements. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope
We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of the company as at 31 December 2005 and of the result and the cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Furthermore, we have to the extent of our competence, established that the annual report is consistent with the consolidated financial statements.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of the company as at 31 December 2005 and of the result for the year then ended, in accordance with accounting principles as generally accepted in the Netherlands, and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Furthermore, we have to the extent of our competence, established that the annual report is consistent with the consolidated financial statements.

Rotterdam, 9 March 2006

PricewaterhouseCoopers Accountants N.V.

J.A.M. Stael RA

Articles of Association provisions governing profit appropriation

The Articles of Association provisions governing profit appropriation are contained in articles 19 and 27.

The relevant paragraphs of these articles are as follows:

19.2. At the meeting:

b. the financial statements prepared by the Executive Board are presented to the Annual General Meeting for adoption and the appropriation of profit is adopted in accordance with article 27 of these Articles of Association.

27.12. The profit remaining after the application of the provisions in the preceding paragraphs is at the free disposal of the Annual General Meeting, on the understanding that no dividend may be distributed if at the time of the intended distribution the balance of the dividend reserve for the financing preference shares is positive, and subject to the conditions that no further dividend is distributed on the defensive preference shares or the financing preference shares and that with respect to the financing preference shares no reserve will be formed and no addition made to an existing reserve.

Proposed profit appropriation

The proposal to the Annual General Meeting will be to distribute a dividend on the financing preference shares of EUR 3.0 million (2004: EUR 6.9 million) and a dividend in cash of EUR 0.60 per ordinary share, with a nominal value of EUR 1.00 each (2004: EUR 0.50 in cash or in ordinary shares). Provided that the Annual General Meeting adopts the income statement, balance sheet and dividend proposal, the dividend for the 2005 financial year will be made payable on 11 May 2006.

Stichting Vopak

The objects of the Stichting Vopak, established in Rotterdam, are to promote the interests of Koninklijke Vopak N.V. (Royal Vopak) and of all those involved with this company or any of its affiliated companies in order to safeguard, amongst other things, Royal Vopak's and these companies' continuity, identity and independence.

During the year under review, the Board of Stichting Vopak convened twice. At these meetings, the Board was extensively briefed by the Chairman of the Executive Board of Royal Vopak on the developments in the company.

In addition, the composition of the Board was discussed due to the stepping down of Mr De Vin as at 1 January 2006. The Board has appointed Mr Timmermans Chairman of Stichting Vopak as at 19 October 2005. With regard to the Officer B vacancy we expect to announce the appointment in the near future.

We are very grateful to Mr De Vin for his inspiring chairmanship of the Board of Stichting Vopak.

Due to the aforesaid changes in the composition of the Board, the current members are:

- A.P. Timmermans, Chairman and Officer B
- J.D. Bax, Officer A
- J.H.M. Lindenbergh, Officer B
- R.E. Selman, Officer B
- Vacancy, Officer B

No cumulative preference shares in Royal Vopak had been issued as at the balance sheet date.

Defensive preference shares will be issued if Stichting Vopak exercises its option. On 18 October 1999, the Annual General Meeting decided to grant the right to Stichting Vopak to acquire defensive preference shares to a maximum amount of the full nominal value of the issued capital issued to third parties in the form of ordinary and financing preference shares, less the nominal value of one ordinary share. Royal Vopak and Stichting Vopak have specified their mutual relationship with regard to the option in an option agreement dated 1 November 1999, which was amended on 5 May 2004 such that the original put option granted to Royal Vopak was cancelled.

The Board of Stichting Vopak decides whether and when there is a need to issue defensive preference shares to Stichting Vopak.

Rotterdam, 9 March 2006

Stichting Vopak

Declaration of independence

In the opinion of the Board of Stichting Vopak and the Executive Board of Royal Vopak, the requirements of Appendix X of the Listing and Issuing Rules of Euronext N.V, Amsterdam, have been satisfied in respect of the independence of the Officers of Stichting Vopak.

Rotterdam, 9 March 2006

Stichting Vopak **Koninklijke Vopak N.V. (Royal Vopak)**

Stichting Administratiekantoor Financieringspreferente Aandelen Vopak ('the Foundation')

As at 31 December 2005, the Foundation administered 19,451,000 registered financing preference shares with a nominal value of EUR 1.00 each in Royal Vopak, for which an equal number of depositary receipts for shares had been issued.

During the year under review, the Board of the Foundation convened twice. During these meetings, items on the agenda included the manner in which the Foundation would vote at the Annual General Meeting, as well as the composition of the Board.

As at 1 January 2006, the Board of the Foundation is composed of two Officers A, Mr J.H. Ubas and Mr H.J. Baeten, appointed by the meeting of depositary receipt holders, and an Officer B, Mr L.P.E.M. van den Boom, appointed by the Board, who is also the Chairman.

The Board of the Foundation will grant proxies to the holders of depositary receipts if they request this. The Board of the Foundation will also comply with all voting instructions from the holders of depositary receipts. The granting of proxies and the acceptance of voting instructions will always be in accordance with a limit of two-hundred-and-twelve votes for every thousand financing preference shares.

Rotterdam, 9 March 2006

Stichting Administratiekantoor Financieringspreferente Aandelen Vopak

Information on the Executive Board members

Personal details regarding Mr J.P.H. Broeders (Chairman)

Nationality	:	Dutch
Year of birth	:	1964
Previous important position held	:	Division President of Vopak Asia
Supervisory directorships	:	none
Number of Vopak shares held	:	none
Date of appointment	:	1 June 2004

Personal details regarding Mr J.P. de Kreij

Nationality	:	Dutch
Year of birth	:	1959
Previous important position held	:	Senior Partner PricewaterhouseCoopers N.V. Managing Partner Transaction Services
Supervisory directorships	:	Cableship Contractors Holding N.V.
Number of Vopak shares held	:	24,008 and 600 written put option contracts [1]
Date of appointment	:	1 January 2003

Personal details regarding Mr F.D. de Koning

Nationality	:	Dutch
Year of birth	:	1949
Previous important position held	:	Director Shell Moerdijk, Shell Pernis and Shell Nederland Senior Vice President, Unconventional Resources Shell Exploration & Production Company Houston (USA)
Supervisory directorships	:	none
Number of Vopak shares held	:	none
Date of appointment	:	1 June 2005

[1] *All transactions involved were performed at the own expense and risk of the Executive Board member concerned*

Information on the Supervisory Board members

Personal details regarding Mr J.D. Bax (Chairman)

Age	: 70 (26 March 1936)
Nationality	: Dutch
Previous important position held	: President of the Executive Board of SBM Offshore N.V.
Other positions/ Supervisory directorships	: AON Groep Nederland B.V. IHC Holland Merwede, Chairman Koninklijke Frans Maas Groep N.V. Mammoet Holdings N.V., Chairman Oranjewoud Beheer B.V., Chairman SBM Offshore N.V. TBI Holdings B.V., Chairman
Number of Vopak shares held	: none
Date of first appointment	: 6 November 2002
Current term	: 2002 – 2006

Chairman of the Selection and Appointment Committee

Personal details regarding Mr M. van der Vorm (Vice-Chairman)

Age	: 47 (20 August 1958)
Nationality	: Dutch
Profession/Main position	: Chairman of the Executive Board HAL Holding N.V.
Other positions/ Supervisory directorships	: Anthony Veder Group N.V. Koninklijke Boskalis Westminster N.V.
Number of Vopak shares held	: none
Date of first appointment	: 3 November 2000
Current term	: 2004 - 2008

Member of the Audit Committee
Member of the Remuneration Committee

Personal details regarding Mr F.J.G.M. Cremers (member)

Age	: 54 (7 February 1952)
Nationality	: Dutch
Previous important position held	: Member of the Executive Board and CFO of VNU N.V.
Other positions/ Supervisory directorships	: N.V. Nederlandse Spoorwegen Rodamco Europa N.V. Fugro N.V. Commissie Kapitaalmarkt AFM
Number of Vopak shares held	: none
Date of first appointment	: 1 October 2004
Current term	: 2004 - 2008

Chairman of the Audit Committee
Member of the Remuneration Committee

Personal details regarding Mr R. den Dunnen (member)

Age	: 66 (9 August 1939)
Nationality	: Dutch
Previous important positions held	: Secretary-General of the Ministry of Housing, Spatial Planning and the Environment Alderman responsible for the harbour of the Municipality of Rotterdam
Other positions/ Supervisory directorships	: SHB Personeelsplanning B.V. Stichting Beoordeling Integriteit Bouwnijverheid, Chairman Regieraad Bouw
Number of Vopak shares held	: none
Date of first appointment	: 4 November 1999
Current term	: 2002 – 2006

Member of the Selection and Appointment Committee

Personal details regarding Mr R.M.F. van Loon (member)

Age	: 64 (6 March 1942)
Nationality	: Dutch
Previous important position held	: Vice-President Shell Chemicals Ltd.
Other positions/ Supervisory directorships	: Synbra Group BV Koninklijke Boskalis Westminster N.V.
Number of Vopak shares held	: none
Date of first appointment	: 23 April 2003
Current term	: 2003 - 2007

Member of the Audit Committee
Chairman of the Remuneration Committee
Member of the Selection and Appointment Committee

Most important company officers

Chemicals Europe, Middle East & Africa

Division Management

Kees van Seventer	Division President
Frank Erkelens	Commercial/Benelux
Colin Scott	Operations & SHEQ/ United Kingdom
Ferry Lupescu	Finance & Control
Albert Meijer	Human Resources

Business Units

Luc Soly	Belgium
Ronald Okker	Vegoil
Richard Smith	Finland
Rob Kasteel	Inland Shipping
Paul Leurink	Shared Services Netherlands
Mark Noordhoek-Hegt	South Africa
Klaus Günther	DUPEG, Germany
Thijs-Jan Huizer	Standic, Netherlands

Joint ventures

Antonio Cano	Terquimsa, Spain until 31 Jan 2006
Jose Callejas Sanches	Terquimsa, Spain from 1 Feb 2006

Oil Europe, Middle East & Africa

Division Management

Rob Nijst	Division President
Ted van Dam Merrett	Business Development
Hari Dattatreya	Sales & Marketing
Ard Huisman	Finance & Control
Rien de Jong	Human Resources

Business Units

Juergen Franke	Germany
Piet Hoogerwaard	Agencies
Igor Lepetukhin	Moscow, Representative office
Feiko Jager	Sweden
Koos Schaberg	Switzerland

Joint ventures

Aernout Boot	Vopak Horizon Fujairah, UAE
Ian Cochrane	Saudi Arabia
Anne Bruggink	Pakterminal, Estonia
Bert Jaski	MOT, Netherlands
Jan Buiter	Cross-Ocean, Netherlands

Asia

Division Management

Paul Govaart	Division President
Chris Badenhorst	Business Development
Rob Dompeling	Singapore
Wim Samlal	Finance & Control
Lee Marn Seng	Human Resources
C.G. Tan	China

Business Units

Len Daly	Australia

Joint ventures

Javed Akbar	Engro Vopak, Pakistan
Eric Arnold	Shanghai, China
Brian Davies	Lanshan, China
Tawatchai Chittavanich	Thai Tank Terminal, Thailand
Wilfred Lim	Ningbo, China
J.I. Lee	Ulsan, Korea
A. Furuuchi	Nippon Vopak, Japan
Bon de Jonge van Ellemeet	Xiamen, China
Teng Bo	Tianjin, China
Jan Bert Schutrops	Zhangjiagang, China
Law Say Huat	Kertih Terminals, Malaysia
Jason Tang	Cosco Vopak Logistics, China

North America

Division Management

Pieter Bakker	Division President
John J. Baker	Sales & Marketing
Michael Dilick	Gulf Coast
Dan McCunn	East Coast
Mike Lacavera	West Coast
Dennis Lubojacky	Finance & Control

Latin America

Division Management

Eelco Hoekstra	Division President
Dick Oskam	Marketing & Sales
Esteban Kepcija	SHEQ, Operations & Maintenance
Bert Vermeer	Finance & Control until 31 Jan 2006
Michiel van Cortenberghe	Finance & Control from 1 Feb 2006
Jose Ramos	Human Resources

Business Units

Martijn Notten (*)	Andean region
Casper Pieper (*)	Mexico
Frank Wisbrun (*)	Brazil from 1 Jan 2006
Ignacio Gonzales	Chili
Kees Bergmans	Peru

(*) Also member of the Division Management

Corporate Staff

Montiano Blom	Internal Audit
Hugo Brink	Tax & Insurance
Michiel Gilsing	Control & Business Analysis
Henk Mol	External Reporting & Compliance
Michiel van Ravenstein	Human Resources
Dick Richelle	Communication & Investor Relations until 1 Sep 2005
Rolf Brouwer	Communication & Investor Relations from 1 Sep 2005
Wim Rietveld	Information Services
Paul Runderkamp	Legal and Corporate Secretary
Dirk van Slooten	LNG project
Niek Verbree	Operational Excellence
Cees Vletter	Treasury

Consolidated companies, joint ventures and associates

A. Most important consolidated companies

Europe, Middle East & Africa

Belgium
Vopak Agencies Antwerpen NV
Vopak Barging Belgium NV
Vopak Chemicals Logistics Belgium NV
Vopak Logistics Management Antwerp NV
Vopak Terminal ACS NV
Finland
Vopak Chemicals Logistics Finland Oy
France
Vopak Agencies France Sarl
Germany
Vopak Terminal Hamburg GmbH
DUPEG Tank Terminal (since 1 Nov 2005 100%, before 50%)
The Netherlands
Vopak Nederland B.V.
Vopak Terminal Vlissingen B.V.
Vopak Terminal Amsterdam B.V.
Vopak Agencies Amsterdam B.V.
Vopak Agencies Rotterdam B.V.
Vopak Agencies Terneuzen B.V.
Vopak Barging Europe B.V.
Vopak Chemicals EMEA B.V.
Vopak Chemicals Logistics Netherlands B.V.
Vopak Logistic Services Dordrecht B.V.
Vopak Logistic Services OSV B.V.
Vopak Mineral Oil Barging B.V.
Vopak Oil EMEA B.V.
Vopak Shared Services B.V.
Vopak Terminal Botlek B.V.
Vopak Terminal Botlek-Noord B.V.
Vopak Terminal Chemiehaven B.V.
Vopak Terminal Europoort B.V.
Vopak Terminal Laurenshaven B.V.
Vopak Terminal TTR B.V.
Vopak Terminal Vlaardingen B.V.
Vopak Vegoil Logistics B.V.
Russia
Koninklijke Vopak N.V., Moscow Representative office
South Africa
Vopak Terminal Durban (Pty) Ltd.
Sweden
Vopak Logistics Nordic AB
Switzerland
Vopak (Schweiz) AG
Vopak Brag AG (75%)
United Kingdom
Vopak Terminal Ipswich Ltd.
Vopak Terminal London Limited B.V.
Vopak Terminal Purfleet Ltd.
Vopak Terminal Teesside Ltd.
Vopak Terminal Windmill Ltd.

Asia & Australia

Australia
Australian Petro Chemical Storage Pty Ltd. (55%)
Vopak Terminals Australia Pty Ltd.
Vopak Terminals Sydney Pty Ltd.
Vopak Terminal Darwin Pty Ltd.
China
Vopak China Management Company Ltd.
Vopak Logistics Asia Pte. Ltd., Shanghai Representative office
Vopak Terminals Shandong Lanshan (60%) [1]
Singapore
Vopak Holding Singapore Pte. Ltd.
Vopak Terminals Singapore Pte. Ltd. (69.5%) [2]
Vopak Terminal Penjuru Pte. Ltd. (69.5%) [3]

North America

Canada
Vopak Terminals of Canada Inc.
United States
Vopak Latin America LLC
Vopak North America Inc.
Vopak Terminals North America Inc.
Vopak Terminal Deer Park Inc.
Vopak Terminal Galena Park Inc.
Vopak Terminal Savannah Inc.
Vopak Terminal Westwego Inc.
Vopak Terminal Wilmington Inc.
Vopak Logistic Services USA LLC
Vopak Terminal Los Angeles Inc.
Vopak Terminal Long Beach Inc.

Latin America

Brazil
Vopak Brasterminais Armazens Gerais SA
Chili
Vopak Terminal San Antonio Limitada
Colombia
Compania Colombiana de Terminales SA
Mexico
Vopak Terminals Mexico SA de CV
Peru
Vopak Serlipsa S.A. (since 1 Nov 2005 full control, before 49%)
Venezuela
Compania Venezolana de Terminales SA

[1] Vopak Terminal Penjuru Pte. Ltd. 60% ownership of Vopak Terminals Shandong Lanshan
[2] Vopak Holding Singapore Pte. Ltd. 69.5% ownership in Vopak Terminals Singapore Pte. Ltd.
[3] Vopak Terminals Singapore Pte. Ltd. 100% ownership in Vopak Terminal Penjuru Pte. Ltd.

B. Joint ventures and associates

Europe, Middle East & Africa

Estonia
Pakterminal Ltd. (50%)
Germany
DUPEG Tank Terminal (50% until 31 October 2005, after that 100%)
Interstream Barging GmbH (50%)
VOTG Tanktainer GmbH (41.67%)
The Netherlands
Cross-Ocean B.V. (50%)
Cosco Container Lines B.V (50%)
Interstream Barging B.V. (50%)
Maasvlakte Olie Terminal N.V. (16.67%)
MultiCore CV (25%)
Spain
Terminals Quimicos SA (Terquimsa) (50%)
United Arab Emirates
Vopak Horizon Terminal Fujairah Ltd. (30%)

Asia

China
Xiamen Paktank Company Ltd. (40%)
Vopak Terminals Ningbo Co. Ltd. (37.5%)
Vopak Shanghai Logistics Company Ltd. (50%)
Vopak Nanjiang Petrochemicals Terminal Tianjin Company Ltd. (50%)
Vopak Ethylene Terminal Tianjin Co. Ltd. (50%)
Cosco Vopak Logistics Co. Ltd. (50%)
Japan
Nippon Vopak Co. Ltd. (39.77%)
Korea
Vopak Terminals Korea Ltd. (49%)
Malaysia
Kertih Terminals Sdn. Bhd. (30%) [4]
Pakistan
Engro Vopak Terminal Ltd. (50%)
Thailand
Thai Tank Terminal Ltd. (49%)

Latin America

Brazil
Uniao-Vopak Armazens Gerais Limitada (50%)
Ecuador
Servicios SA (50%)
Peru
Vopak Serlipsa SA (49% until 31 October 2005, thereafter full control)

Netherlands Antilles

Curaçao
Cableship Contractors Holding NV (20%)

[4] Vopak Terminal Penjuru Pte. Ltd, 30% ownership in Kertih Terminals Sdn. Bhd.

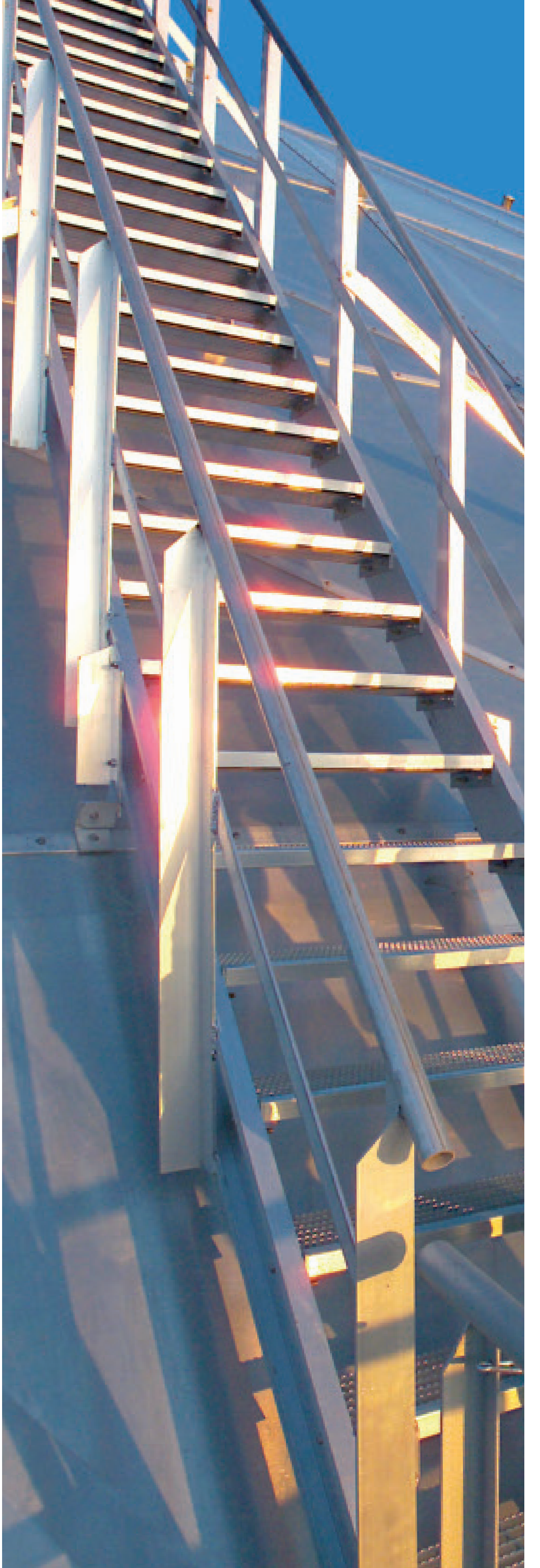
Five-year consolidated review

In EUR millions	2005 (IFRS)	2004 (IFRS)	2003 (Dutch GAAP)	2002 (Dutch GAAP)	2001[1] (Dutch GAAP)
Consolidated abridged income statement					
Income from rendering of services	**683**	648	750	796	811
Other operating income	**4**	12	3	2	27
Total operating income	**687**	660	753	798	838
Operating expenses	**- 470**	- 455	- 488	- 541	- 554
Depreciation, amortisation and impairment charges	**- 86**	- 87	- 115	- 121	- 112
Total operating expenses	**- 556**	- 542	- 603	- 662	- 666
Result of joint ventures and associates					
using the equity method	**39**	29	42	77	93
Group operating profit	**170**	147	192	213	265
Net financing charges	**- 39**	- 46	- 48	- 57	- 75
Profit before income tax	**131**	101	144	156	190
Income tax	**- 25**	- 1	- 27	- 30	- 35
Net profit	**106**	100	117	126	155
Attributable to:					
- Holders of ordinary shares	**90**	81	98	104	139
- Holders of financing preference shares	**3**	7	7	7	7
- Minority interest	**13**	12	12	15	9
Net profit	**106**	100	117	126	155
Income from rendering of services excluding disposed					
non-core activities	**677**	615	599	637	614
Group operating profit excluding disposed non-core activities	**177**	149	157	185	197
Consolidated abridged balance sheet:					
Intangible assets	**43**	37	7	6	6
Property, plant and equipment	**982**	850	995	1,107	1,219
Financial assets	**271**	321	333	414	476
Deferred taxes	**45**	24	5	6	6
Other	**26**	10	–	–	–
Total non-current assets	**1,367**	1,242	1,340	1,533	1,707
Total current assets	**398**	340	408	466	594
Total assets	**1,765**	1,582	1,748	1,999	2,301
Total equity	**659**	552	579	561	397
Total non-current liabilities	**774**	761	867	1,071	1,363
Total current liabilities	**332**	269	302	367	541
Total liabilities	**1,106**	1,030	1,169	1,438	1,904
Total equity and liabilities	**1,765**	1,582	1,748	1,999	2,301

[1] *Pro forma figures for 2001 unaudited*

Glossary

Agency	Representative of a shipping company at a port
Audit Committee	Committee within the Supervisory Board that assists the Executive Board in performing the supervisory tasks relating to, among other things, the integrity of the financial statements, the financial reporting, the internal audit procedures and the relationship with and the independence of the external auditors
Biofuels/Biodiesel/Bio-ethanol	Products of vegetable origin or from animal fats that are added to gasoline or diesel
Blending	Blending of different types of products
Capital employed	Total assets less current liabilities, excluding assets and current liabilities not related to operational activities
Cbm	Cubic metre
CDI-T	Chemical Distribution Institute – Terminals, a risk assessment system for the storage of liquid chemicals at independent terminals, set up by an independent international organisation
CEMEA	Vopak division Chemicals Europe, Middle East & Africa
CEO	Chief Executive Officer, Chairman of the Executive Board
CFO	Chief Financial Officer, Member of the Executive Board, specifically charged with Finance
CIO	Chief Information Officer, Information Technology Director
CO_2	Carbon dioxide, gas that can be stored in liquid form
Corporate Governance	The manner in which the company is managed and the supervision of management is structured
COSO	Committee of Sponsoring Organisations of the Treadway Commission, an international organisation whose aim is to create a model for information on and management of business risks
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ERMF	Enterprise Risk Management Framework, framework of processes and systems for recognising and controlling risks
Greenfields	Building a new terminal on undeveloped land
Homogenising	Mixing a product to create a specific quality
HR	Human Resources
Hub	Regional storage and transport centre
IFRS	International Financial Reporting Standard
Industrial terminal	Terminal whose services are integrated with a chemical complex or oil refinery
ICT	Information and Communication Technology
KPI	Key Performance Indicator, important operating indicator
LNG	Liquefied Natural Gas
Lost Time Injury Rate (LTIR)	Number of accidents entailing absence from work per million hours worked
LPG	Liquefied Petroleum Gas (propane/butane mix) used as fuel for cars, domestic equipment and in industry, as well as a feedstock for the petrochemical industry
Oleochemicals	Semi-finished chemical products derived from plants
OEMEA	Vopak division Oil Europe, Middle East & Africa
PEPI	Packaged Enabled Process Improvement, integrated software system
Put option contract	Right to sell, with the seller of a put option having the right, not the obligation, to sell the underlying value (e.g. 100 Vopak shares) at a pre-determined price within a specific period of time. The buyer of the put option is obliged to buy this value on the same conditions
ROCE	Return on Capital Employed, EBIT as a percentage of the average capital employed
SHEQ	Safety, Health, Environment and Quality
THA	Terminal Health Assessment, a standard for verifying compliance with internal operating rules
Throughput	Volume of a product handled by a terminal in a given period, calculated as (in + out)/2



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