

**2007 ▲ SHV**

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# SHV Holdings N.V.

Head office:

Rijnkade 1  
3511 LC Utrecht  
The Netherlands  
Telephone 31 30 233 8833  
Fax 31 30 233 8304  
Internet [www.shv.nl](http://www.shv.nl)  
e-mail [info@shv.nl](mailto:info@shv.nl)

Chamber of Commerce  
Utrecht nr. 30065974

Statutory seat:

Philipsburg, Sint Maarten, N.A.

Antilles office:

Schottegatweg Oost 44  
Willemstad  
Curaçao  
Telephone 559 9 461 6584  
Fax 559 9 732 2500  
Chamber of Commerce  
Curaçao nr. 1565

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## Five year summary

	2003	2004	2005	2006	2007
<b>Results, in millions of euros</b>					
Net sales	10,272	13,687	15,151	15,113	15,245
Income from operations	498	630	625	650	776
Income	267	317	358	416	569
Amortisation, depreciation and depletion	316	307	335	310	368
Income taxes	154	176	212	206	246
Dividend	101	123	136	158	183
<b>Cash flows, in millions of euros</b>					
Operational cash flow	593	801	883	856	1,147
Investment cash flow	( 413)	( 320)	( 507)	( 1,166)	( 601)
Financing cash flow	( 339)	( 738)	( 180)	57	( 244)
<b>Financial position, in millions of euros</b>					
Shareholders' equity	1,402	1,572	1,905	1,751	2,153
Equity of the Group	1,711	1,863	2,187	2,003	2,367
Total assets	5,822	5,791	6,403	6,108	7,085
<b>Ratio information</b>					
Net income as a percentage of shareholders' equity	19%	20%	19%	24%	26%
Equity of the Group as a percentage of total assets	29%	32%	34%	33%	33%
Current assets in relation to short-term liabilities	1.11	1.14	1.18	0.98	1.19
<b>Employees, at December 31</b>					
Nominal number	28,200	30,800	31,400	34,600	40,000
<b>Amounts per share</b>					
Net income	36.95	43.82	49.39	57.43	78.51
Dividend	14.00	17.00	18.75	21.75	25.25

## SHV at a glance

### SHV

SHV is a privately-held family company which aims to maintain its strong position in a number of operational activities and selected investment activities. We invest for the long term, expand and develop businesses and provide our customers with excellent value services. We do all of this with a team of people who are proud to be part of SHV.

The company was founded in the Netherlands in 1896, as a result of the merger between a number of large coal trading companies. After the decline of coal as the primary source of energy, halfway through the twentieth century, SHV decided to move into other business areas.

Today we are present in 41 countries on all continents and employ about 40,000 people. We are active in LPG trade and distribution, cash and carry wholesale, metals recycling, heavy lifting and transport activities and renewable energy. As an investor, we provide private equity to mainly Dutch companies and invest in the exploration, development and production of oil and gas, primarily in the North Sea.

### SHV Gas

#### LPG trade and distribution

With subsidiaries in 24 countries, SHV Gas is one of the largest LPG retailing companies in the world. Its presence in the market is organised through a range of fully-owned and majority interests in LPG companies. Well-known brand names include Primagaz, Calor Gas, Liquigas, Super Gas, Ipragaz, Supergasbras, Minasgás, Gaspol, Probugas and Butan Plin.

### makro Cash & Carry

#### Cash and carry wholesale

Makro is a focused cash and carry wholesaler with 178 stores in Asia and South America. It distributes food and non-food products with excellence in price, quality and variety, to professional customers.

### The David J. Joseph Company

#### Metals recycling

The David J. Joseph Company (DJJ) is active in metals recycling in the USA. The processing of and trading in scrap and scrap substitutes is the largest part of DJJ's business. DJJ operates 11 brokerage offices and has a number of large scrap processing sites active in four areas of the USA. Early 2008, SHV has sold this activity.

### MAMMOET

#### Heavy lifting and transport

Mammoet is a world class, leading company specialising in heavy lifting and transport solutions worldwide. Mammoet provides services to the petrochemical, power generation, civil and offshore sectors.



▲ **Private equity investments**

NPM Capital provides private equity to companies with above average growth opportunities and focuses mainly on unlisted, medium-sized Dutch businesses. NPM Capital, as a reliable and long-term investor, has built up a strong market position over the years and has holdings in over 60 companies.



▲ **Oil and gas investments**

Dyas invests in joint ventures in oil and gas exploration, development and production. Dyas acts as a non-operator, with a primary focus on the North Sea.



▲ **Renewable energy**

Early 2007, The Clean Energy Company was established. This company aims to gradually build a market presence in the field of renewable energies on a worldwide scale.

## Supervisory Board of Directors

Between ( ) age at  
December 31, 2007

Mrs. A.M. Fentener van Vlissingen (46), Chairman

J.A. Fentener van Vlissingen (68), Vice-chairman

J.R. Behlau (59)

Mrs. L.A.A. Van den Berghe (56)

A. Burgmans (60), effective June 1, 2007

P.A.F.W. Elverding (59), effective June 1, 2007

R.W.J. Groenink (58)

P.C. Klaver (62)

M.L. Mautner Markhof (55)

P.A. Verburgt (72), until May 25, 2007

H.H.F. Wijffels (65)

## Executive Board of Directors

Between ( ) age at  
December 31, 2007

P.J. Kennedy (54), Chairman

F.E. Bruneau (48)

S.R. Nanninga (50), effective November 1, 2007

J.J. de Rooij (46)

H. Scheffers (59), until May 25, 2007

## Staff

Company Secretary

J. van Klink (41)

Financial and Economic Affairs

W.H. van Leeuwen (58)

Fiscal Affairs

E. Everaerd (37)

Information Technology

M.J. de Hoop (46)

Internal Audit

C. Dekker (40)

Legal Affairs

F.H. Rebel (49)

Personnel Affairs

T.J. Buursema (62), until October 1, 2007

W. van der Woerd (49)

Treasury

W.N. Pals (47)

## Report of the Supervisory Board of Directors

The 2007 financial statements, drawn up by the Executive Board of Directors at and for the year ended December 31, 2007, have been examined by the auditors, PricewaterhouseCoopers Accountants N.V., and have been found to be in order. We propose that:

- the financial statements be adopted as presented herewith;
- the Executive Board of Directors be discharged of further responsibility in respect of the management of the company during 2007, and we in respect of the supervision thereof;
- the distribution of income and the manner of dividend distribution, as proposed by the Executive Board of Directors and approved by us, be accepted.

During 2007, the Supervisory Board held six meetings and was in regular contact with the Executive Board. In these meetings the Board devoted attention to the strategy of SHV Holdings and its different activities. In particular, we discussed the challenges facing the SHV Gas countries, the positioning of Makro Asia and Makro South America, the human resources strategy and the development of the company's activities in renewable energy.

Plans for each of the activities for the coming year were discussed and approved, including a budget for investments. During the course of the year, specific proposals for investments or divestments for each of the activities, above an agreed limit, were submitted for approval to the Supervisory Board. The actual results of larger investments were evaluated after three years.

At each meeting, the Executive Board informed the Supervisory Board in detail about the performance of each business, the developments in their markets, and the progress on approved investments. The Supervisory Board was informed of the financial performance of the company on a monthly basis and, immediately, of any special events concerning the company. Also, in a meeting in which the auditors were present, considerable attention was given to the findings of the annual audit and possible improvements in risk management.

In September the Supervisory Board visited Makro South America. They were given presentations by each of the business unit managers and informed about the possibilities for future growth. An induction course was organised for new Supervisory Board members involving presentations on the history of SHV, the company's various activities and visits to Mammoet and SHV Gas activities in the Benelux.

At the end of the General Meeting of Shareholders, held on May 25, 2007, Mr. P.A. Verburgt retired as member of the Supervisory Board. Mr. A. Burgmans and Mr. P.A.F.W. Elverding were appointed as members of the Supervisory Board at the same meeting. Mr. S.R. Nanninga was appointed as member of the Executive Board as from November 1, 2007, succeeding Mr. H. Scheffers who retired at the end of May. We warmly welcome them, and wish them every success in their different roles.

Mr. Verburgt was a member of the Supervisory Board for 25 years and part of a changing SHV. His contributions to the decisions leading to these changes were very effective and are much appreciated by the Supervisory Board. We would like to thank Mr. Verburgt for his help in taking SHV into yet another new phase of its existence.

We also wish to sincerely thank Mr. Scheffers for his contribution to SHV during the eight years he was part of the Executive Board. Mr. Scheffers was the first Executive Board member to join directly from outside SHV. He was able to embrace the culture and spirit of SHV in a short period of time. His contributions, amongst others, to a strengthened and focused financial organisation were very valuable.

At the end of the General Meeting of Shareholders to be held on April 18, 2008, the term of Mr. H.H.F. Wijffels will expire. He is available for re-election.

During its long history, SHV has repeatedly demonstrated its capacity to change without losing the core values upon which the company is based. The ability to change and be entrepreneurial does not only consist of investment decisions, of which many were made during 2007, but also of decisions to divest, if, for example, the opportunity for the sustainable growth of a business is too remote. For this reason, in 2007, the company sold its interests in Makro Philippines and Makro China and the sale of Makro Malaysia and TSR were concluded. When late 2007 SHV was approached by Nucor Steel with an offer to acquire The David J. Joseph Company, the Supervisory Board considered it the best interest of both SHV and The David J. Joseph Company to enter into negotiations, which were concluded early 2008 with an agreement to divest The David J. Joseph Company effective January 1, 2008.

In the light of continuous change, there are growth plans for each of our activities and plans to secure financial performance in the longer term. This growth can only become a reality if we continue to attract and retain good people. Therefore, investing in people is still one of our main priorities.

The Supervisory Board expresses its appreciation to the Executive Board and to our employees in the many different countries and businesses, for all their efforts. These efforts clearly contributed to the result for the year 2007 and helped to ensure that SHV is a great company to work for.

Have fun in 2008!

March 14, 2008

On behalf of the Supervisory Board of Directors,

A handwritten signature in black ink, appearing to read 'A. H. Wissinger', is written over a light gray rectangular background.

Chairman

# Report of the Executive Board of Directors

## General

SHV comprises a variety of business activities, each of which is exposed to different external influences. During 2007, these external influences included – amongst others – high and volatile commodity prices, political uncertainties, rapidly changing financial markets, fears of economic slowdown, increasing governmental interference and regulations, and rising awareness of the issue of climate change. It is the challenge of management to make strategic decisions based on the best possible assessment of the potential impact of these changing conditions and realities, in the environments in which our businesses compete.

As the pace of change accelerates, it becomes ever more crucial to have talented people in key positions in our businesses. SHV is a decentralised organisation, built upon the key values stated in the company's Corporate Philosophy. A cornerstone of this philosophy is placing trust in the teams of people who lead the different businesses in various parts of the world. Among SHV's core values are mutual respect among all the company's workforce, the fostering of an entrepreneurial spirit, a relentless focus on satisfying customers' needs, and the pursuit of future growth by enhancing present performance. It is our value system that defines our cherished corporate culture and bonds together our diversified business activities.

SHV comprises both operational and investment activities. Growth opportunities are sought in niche markets in which a strong and sustainable position can be established. The company has a long-term horizon for its investments. Divestment decisions are only taken when growth prospects do not merit the effort involved, or market positions are considered unsustainable in the future. SHV ensures that sufficient time is taken to reach such conclusions and we are determined that our staff, customers and partners should have complete trust in our intrinsic commitment to stability and patience. This philosophy applies equally to operational activities and also, uniquely, to investment activities, specifically in the field of private equity through NPM Capital.

SHV will remain a decentralised organisation. In fact, the aim is to strengthen this principle in the company through the ever-increasing focus on the development of leadership talent at local level. Nevertheless, the sharing of centralised services in a number of fields has also proved to be advantageous, for example in risk assessment, internal audit methodologies, and various compliance programmes. Management is also active in facilitating the exchange of knowledge within and across the different activities, in areas such as the pursuit of operational efficiencies and the application of standardised IT tools in support of improved business intelligence. Where possible, standardised applications are also developed and rolled out in support of financial reporting, taxation, legal, treasury and HR processes. The sharing of knowledge and ideas is encouraged as a means of stimulating entrepreneurialism and creative thinking and, most importantly, of providing our people with the opportunity to participate in goal-oriented networking among their colleagues.

The opportunity to grow businesses is essential to SHV. As well as aiming for a strong position in niche markets, the company's growth strategy is primarily focused on activities requiring distribution skills and on building sound customer relationships.

Innovation plays a key role in the day-to-day management of existing activities. In SHV Gas, for instance, various technologies are applied to both gas level monitoring in customers' tanks and to the organisation of the most efficient distribution and customer billing systems. These innovative technologies are essential for improving the quality, cost efficiency and reliability of customer service. In a rapidly changing business environment, markets have



NOET



SUPEI Gas

液化气罐  
危险  
灭火方法：二氧化碳、干粉、泡沫  
东莞市嘉达运输有限公司  
应急电话：1380940333 1380940333

禁烟

SUPEI Gas

嘉达石油  
门市：广东新会  
姓名：李海强  
工号：10  
江顺 服务热线：22171717

become increasingly competitive. Innovation therefore means focusing continually on enhancing customer satisfaction. It also fosters the creation of an environment in which the talents and ideas of SHV's people are given exposure. This way, ideas become shared property benefiting the entire organisation.

The changing environment has, of course, implications for investment strategies. For example, climate change concerns are leading to increased awareness of and demand for renewable energies. SHV is seeking investment opportunities in this area that fit with the company's distribution and customer relationship strengths. We have already invested in the rapidly-growing company Econcern, an innovative and diversified renewable energy business with the mission to provide "a sustainable energy supply for everyone". In addition, during 2007 we took our first steps into the wood pellets biomass market. SHV's position in LPG provides another solution for a society that will continue to be very reliant upon fossil fuels in the foreseeable future, but is, at the same time, anxious to choose the cleanest available energy sources and use them wisely. LPG fulfils this role, being a clean, versatile source of energy. SHV Gas is increasingly offering customers energy advisory services, including hybrid LPG and renewable energy packages, as energy solutions for domestic and industrial applications.

The climate change debate coincides with an era of high commodity prices, driven by the enormous growth in a number of emerging economies. The fears of a recession in the United States that have surfaced during the year, are at odds with the continuing growth in China, India and other fast-growing economies. Traditionally, a weakening US economy has had severe negative consequences for the economies of most other nations. However, it is not certain to what extent this former pattern still survives in today's world. If the industrialisation of China and India continues as generally expected, it will ensure that commodity prices remain high for still some time to come. Among the group of commodities relevant to SHV the most significant is energy products, followed by ferrous and non-ferrous scrap. SHV's exposure to the impact of record high oil prices has different effects on the various businesses. For example, LPG, like oil, reached its highest price ever in 2007. The full impact of this has been difficult to judge owing to extremely mild weather conditions in Europe in general, which have kept average energy consumption for heating at record low levels in 2007.

Though disadvantageous for LPG sales, high energy prices have, on the other hand, benefited other SHV activities. Dyas, SHV's oil and gas company, has benefited from previous years' investments, made at substantially lower energy prices than those prevailing today. Now, however, it faces and accepts the risks of investing in further acquisitions at current pricing levels. The petrochemical sector is going through a period of major additional investments in infrastructure, stimulated by higher energy prices and growing demand in both developed and developing economies. As a result of this investment boom, Mammoet, the heavy lifting and transport company, is busier than ever. Likewise, the demand for scrap to fuel the growing steel industry remains buoyant, both in developing regions of the world and in the USA and Europe. High and volatile ferrous and non-ferrous scrap prices were sustained throughout the year. This is in sharp contrast to the flat, struggling market of the early 2000's.

Makro is one of SHV's core activities and has ambitious growth plans in a number of markets. However, in 2007, following a strategic review, we decided to divest Makro Philippines and Makro China as part of a retrenchment programme that will focus on markets considered to have attractive growth prospects.

In private equity, NPM Capital enjoys an excellent reputation in the Netherlands. Once again, NPM Capital performed very well in terms of both investments and divestments in 2007. The tightening of liquidity markets in the latter half of the year will have an impact on the private equity sector. While this could limit divestment opportunities it could, more importantly, provide interesting investment opportunities for NPM.

Government intervention and regulation is steadily increasing in most places, including the European Union. It is adding dramatically, and in some instances unfairly, to business costs. A key consequence of this is the absorption of more and more management time in dealing with regulatory authorities, including campaigns aimed at the avoidance of impractical or ill-considered proposals for government intervention in the different businesses.

Regardless of all the uncertainties, SHV continues to invest in the further growth of existing businesses where value creation can reasonably be foreseen. Total investment in existing activities in 2007 amounted to € 576 million. SHV foresees more substantial opportunities for growth in its activities in the future. We are ready to explore suitable opportunities in new or related activities as they arise.

## People

It is clear from the above, that reliance upon trusted and talented people at all levels in SHV is a cornerstone of the company's philosophy. Management development is a top priority for the Executive Board of Directors. Our mission is to have a professional and organised approach to recruitment, development and succession planning throughout the whole company. The search for and cultivation of talented individuals require appropriate processes and structures. This was a focus point during 2007 and we made progress towards achieving our goal. Our objective was to accelerate the pace at which alignment can be achieved across the organisation via an agreed process for matching management requirements and management talent.

An SHV leadership model was developed and is gradually being rolled out across the organisation. The ultimate aim is to be able to promote from within the company for most positions, although we are also well-aware that it is healthy for the organisation to recruit from outside from time to time.

## Health, safety and environment

SHV's number one priority in all of its business activities is to ensure full compliance with all health, safety and environmental regulations and legislation pertaining to the jurisdictions in which the company operates. In addition to such legislative requirements, we also promote our own minimum health, safety and environmental standards based on our knowledge and experiences from our day to day activities. This, in effect, is the outcome of sharing best practices among the businesses. In all activities, procedures and policies are in place and are rigorously enforced through ongoing training and education programmes for the staff responsible. We consider that safety is a state of mind and that repetition of basic messages is essential in order to ensure consistent compliance with safe practices. Full reporting systems are in place in which accidents and incidents are reported and investigated. Recommendations for altered or new procedures are consistently applied in cases where standards can be improved. We regard the health and safety of each employee and individual with whom the various businesses interact in their day-to-day activities, as part of our organisation's inalienable responsibility.

## Community

Operating in such diverse regions of the world, SHV clearly sees the need to help communities overcome poverty and illiteracy. Our focus is on education projects for underprivileged children and adults. These sometimes include the direct involvement of some of our own people, who have grown up unable to read and write. The challenge to world society of providing education, especially to the millions of deprived children in many parts of the world, is enormous. SHV's approach is to help with specific projects where tangible results can be seen, through direct involvement by our own people. More details on SHV's work in this area can be found on our global website [www.shv.nl](http://www.shv.nl).

## SHV Gas

SHV Gas is one of the leading LPG retailers in the world. With a presence in 24 countries spread over 3 continents, SHV Gas manages a diversified portfolio of LPG distribution companies. LPG is a versatile fuel used for domestic, industrial, commercial, agricultural and automotive applications.

There are several issues which impact SHV Gas, given the evolving situation in the global energy market. These range from concerns regarding climate change to political regulation of energy supply.

There is growing concern that climate change is a consequence of greenhouse gas emissions. The fact that in the northern hemisphere ten of the last fourteen winters have been among the warmest ever, is an indication that climatic conditions are evolving. These climatic trends have led to a global debate about securing a balance in consumption of hydrocarbon and renewable energies, in an environment in which worldwide demand for energy is growing at a rate of 4% per year. Since LPG is a clean hydrocarbon fuel and a readily available energy source, it offers one solution to meeting the world's energy and environmental requirements. SHV Gas is committed to playing a leading role in this regard, through an ongoing dialogue with policy makers in various parts of the world.

The growth in energy demand originates primarily from emerging markets like China, India and Brazil. A tighter balance between supply and demand is leading to volatile and high energy prices, with crude oil prices doubling in the course of the year. Oil demand and prices are expected to remain at or near historic highs in the immediate future. Against this background LPG prices rose to levels which were unthinkable a few years ago, reaching USD 890 per ton in North-West Europe. There may be some relief in the short to medium term however, as additional quantities of LPG are expected to become available from new LNG production mainly in the Gulf, Algeria, West Africa and Kazakhstan. As a result of this anticipated increase in supply, we expect LPG to become more competitive vis-a-vis other energies.

These developments lead to a change in customer behaviour. Customers, especially in Europe, favour more energy conservation but are uncertain how to achieve this in a cost-effective way. Hence they are increasingly receptive to advice on the best energy solution suited to their needs.

In this context, 2007 was a difficult year for SHV Gas. The winter of 2006/2007 was unseasonably warm, negatively impacting sales volume in the critical heating markets. Hedging instruments and improved cost efficiencies were not sufficient to compensate for these volume losses.

Western Europe suffered the biggest shortfall in terms of volumes. In France, all business segments were under pressure. Several hypermarket chains have introduced in recent years their own-branded cylinders and continued to promote them aggressively. The rate of growth in the creation of new bulk customers decreased sharply due to an aggressive campaign from EDF, the French electricity company, which is promoting heat pumps as a renewable energy and offering relatively low electricity prices. In response, a major cost reduction programme is under way in Primagaz and the company is positioning itself as an energy advisor to its customers. It aims to capture a higher share of new customers in the LPG bulk market and to offer a wider range of services.

Following allegations made by some hypermarket chains, the French competition authority is continuing with its investigation into the French cylinder market. Primagaz is among the companies being investigated.

In Great Britain, Calor Gas had a good year. The business mix in Calor is well-balanced across several market segments in both the cylinder and bulk categories. Calor continued to reorganise its network of Calor Cylinder Distribution Centres, increasing direct deliveries of LPG to end-users, while at the same time improving the quality of customer service. Calor Gas in Ireland continues to show good results despite a slowdown in the economy, and particularly the housing sector, which impacts new bulk customer creation.

The German LPG business is largely based on the bulk business of residential central heating and therefore highly sensitive to temperature variations. Volume was severely impacted and thus the profitability of the business declined compared with previous years. A cost savings programme was initiated leading to the closure of a regional administration centre. The German competition authority, the Bundeskartellamt, has been investigating the LPG sector. It has imposed heavy fines on a number of LPG players, including Primagas, our jointly owned and managed LPG operation in that country.

In Italy, sales volumes were substantially below 2006 levels. However, the impact on results was mitigated by the cost savings achieved through continuing reorganisation of the company's logistic infrastructure, including the closure of some filling plants and bulk depots. Liquigas opened a number of shops in key cities in order to develop direct sales of cylinders and appliances. Also, as part of its customer service and operational efficiency enhancement programme, the company invested heavily in the installation of metering and telemetry equipment on its tanks at customer sites.

Performance in Slovenia was good in respect of new customer creation. We are in the initial phase of operations in Bosnia and Croatia, with very modest market shares. Both the cylinder and bulk volumes in these two countries grew during the year, but margins were under severe pressure, owing to the need to import product from Italy, following problems of access to supply from the local refinery.

In Poland, Gaspol continued its growth strategy in the cylinder segment. The domestic heating bulk market was also impacted by the higher temperatures during the winter, similar to our business in Hungary, Czechia and Slovakia. Our import terminal in Gdansk facilitated the supply of additional quantities of product to the Central European businesses, compensating for erratic overland supply from Russia during the year. Primagaz Austria also suffered from high temperatures and competition from renewable energies like wood pellets.

PRIMAGAS





In the Benelux, Primagaz put in place a new organisation structure centralising back-office functions while keeping two customer-serving functions in Belgium and the Netherlands. Under the umbrella of our Danish operation, we acquired a company in the southern part of Sweden focusing on commercial and industrial customers. Our Spanish operations continued to grow, focusing on the commercial and industrial bulk sectors in the north of the country.

The LPG market in Turkey continued to decline, particularly due to the penetration of natural gas in the bigger cities. This is leading to more intense competition. Our companies, Ipragaz and Bizimgaz, are working at strengthening brand image through intensified promotional activities to end-users, and additional support for the dealer network. Ipragaz is successfully commercialising LNG for bulk applications outside the natural gas grid. Given the market circumstances, our LPG businesses in Turkey are performing satisfactorily.

Sales volumes continued developing well in Brazil. However, cylinder margins have been under extreme pressure which in turn reduced profitability compared to the previous year. SHV Gas Brasil continued developing its direct cylinder sales channels to end-users. Growth in the bulk gas segment remained satisfactory. During the year, a reorganisation at regional and head office levels was carried out, leading to a reduction in costs.

In the south of China, we continued to organically grow our business in the Pearl River Delta. We also started a new joint venture in the Shanghai area. Margins, however, remain under pressure. Automotive gas sales showed an increase. A gradual improvement in the legislative environment is becoming more evident with the enforcement of a cylinder decree aimed at protecting our exclusive filling rights to our cylinders. More stringent product quality specifications are also being enforced.

Our business in India performed well in an environment of continued discrimination through subsidies limited to local state oil companies involved in the distribution of bottled LPG. Results in the Philippines showed a good improvement over the previous year, owing to continuing strong wholesale performance. Pakistan had a difficult year owing, among other reasons, to supply problems.

We remain optimistic for the future of LPG. Thanks to its specific characteristics, LPG is well positioned as an energy of choice both in mature and developing markets.

Thus, our intention is to continuously improve the efficiency of our existing operations, adapt our services and commercial approach in order to better meet evolving customers' needs, consolidate our position wherever and whenever possible by acquiring companies in order to increase customer density and grow into new areas.

## **Makro**

Makro is a cash & carry wholesale company, with stores ranging in size from 4,000 m<sup>2</sup> to 12,000 m<sup>2</sup>, offering food and non-food products to professional customers. These customers include small and medium-sized independent retailers, institutional customers like schools and hospitals and all varieties of professionals involved in the catering sector. Makro's customers are themselves mainly service providers requiring quality products, consistency in supply and availability as well as competitive prices. We endeavour therefore to provide excellent customer service with the aim of developing long-term mutually beneficial relationships with our client base.

All professional customer segments are important to Makro and all possible development potential is being pursued in each of them. The biggest opportunity for growth is believed to be in the catering sector, and Makro is constantly adapting both its food and non-food ranges to meet the needs of this customer category. Among the business segments, the area of non-food is the most challenging from a commercial point of view. Competition from a myriad of retail formats, such as hypermarkets and category killers, has intensified in all markets in which Makro is present. This competitive pressure is felt to different degrees by all the participants in the retail and wholesale sectors. Makro has been working hard at reviewing and amending the non-food assortment, and has scored some notable successes. This remains, however, one of the ongoing tasks for special attention.

Customer relationship management has been greatly enhanced in Makro. Specialised teams have been established with the goal of focusing on this area, and the impact can be seen in some places in both improved customer loyalty and increased average spending per transaction. Makro will continue to professionalize its competency in the area of customer interaction.

Investment in new stores, and store upgrades, continues to be a priority. Makro is organised for increased investment in expansion and continuous renovation of existing stores in markets identified for long-term development. Securing suitable sites for new stores is a demanding task, especially as competition among wholesalers and retailers for locations has intensified. In response to this situation, SHV has given approval for investment in land banks in a number of countries.

Reflecting the intensification of competitiveness in the global retailing sector, there has been an increase in retrenchment and consolidation activity in several markets which will continue in the coming years. Several major international players have exited what have been for them non-performing businesses. Swapping of assets has been a feature from time to time in this process. Makro is also focused on building stronger positions in selected markets as opposed to seeking a presence in an extended number of countries. As a consequence of this, during 2007 the decision was taken to divest Makro's operations in China and the Philippines. In China, Makro had not developed at sufficient speed in that fast-moving market. In the Philippines, the legal, fiscal and economic environment proved difficult for the sustainability of the business, despite major efforts to overcome the obstacles they presented.

### **Makro South America**

In general, it was a good year for the region. Argentina, Brazil and Colombia performed better than the previous year. In local currency, performance in Venezuela was extremely good. However, owing to the devaluation of the Venezuelan bolivar, the result was impacted when converted to euros. In all countries, a revised approach to the development of non-food sales has been implemented. In anticipation of a major expansion programme, the company decided to invest in land banks in Brazil and Argentina, thus securing suitable locations in which to construct new stores in the future. Makro South America currently operates 108 Makro and 3 Mikro stores.

Makro Argentina was successful in achieving results that were well above the previous year. All stores were profitable. In metropolitan Buenos Aires, an optional delivery service for newly-recruited customers in the hotel and catering sector was launched. Operational discipline was greatly improved and the product range was adapted in order to better reflect the requirements of a diverse professional customer base. However operational costs increased well above inflation, owing primarily to government intervention in the area of labour costs.

Makro Brazil performed satisfactorily on a like-for-like basis with the previous year. However, in the early part of the year, delays were experienced in the store expansion programme, which impacted overall performance. Four new stores were opened. The Brazilian currency, the real, continued to strengthen during the year. This depressed margins in a range of key commodities and imported products, whose pricing is linked to movements in the real-dollar exchange rate. A targeted exhibition and fair was successfully organised by Makro Brazil to strengthen its brand and market position among hotel and catering customers. The non-food range was adapted in order to focus more on the professional customer base.

Makro Colombia continued to make progress, with performance in all the stores up on the previous year. Sales to professional customers improved and sites for further expansion were identified. However, the market for the non-food range is encountering increased competition in the country.

Makro Venezuela performed very well in all segments of the business. This has been achieved despite frequent disruption to the supply of key products, due mainly to price controls and import restrictions. During the year, one new Makro store was opened. In January, Makro Venezuela launched the new Mikro store concept – a hybrid between a supermarket and a hard discount store – and opened three of these stores in the course of the year.

## **Makro Asia**

Makro has reported a mixed performance in a number of its Asian businesses for some time. This is due to a combination of factors which has ultimately led to less than satisfactory performance in some, but not all, of the operations there. The Asian market has attracted very intense competition from many local and international players with a wide variety of formats over recent years. Almost all retail and wholesale participants in the Asian region have re-aligned their operations in one way or another, with a number of market withdrawals, and some swapping of assets both locally and with other regions of the world. During 2007, Makro successfully concluded the sale of its shareholdings in the businesses in Malaysia and the Philippines. The divestment of Makro China will be concluded in 2008. Great care was taken to ensure that all the people involved in these businesses were treated fairly. In this regard, SHV is deeply appreciative of the loyalty, composure and professionalism of those former colleagues entrusted with maintaining and even growing the businesses during the divestment processes.

Of the remaining operations in Asia, Makro Thailand is performing extremely well. Makro Indonesia improved performance significantly in 2007 and Makro Pakistan is making progress in its start-up phase.

Makro Thailand had a remarkable year in several respects. Performance was very good, but even more impressive was the opening of 12 new stores, all on time and within budget, taking the total number of stores to 41. Performance in all categories showed improvement on a like-for-like basis.

Makro Indonesia made a very good turnaround following a poor year in 2006. However, there is still some way to go before performance delivers a satisfactory return on investment. Management was substantially strengthened, supplier relations improved, and considerable investment made in an ongoing store remodelling programme. Management is also currently seeking new sites for further growth of the operation.

Makro Pakistan had three stores operational at year end, with a further three locations ready for development. A tremendous amount of work was undertaken to recruit and train personnel, and introduce a full range of products, with supply channels in this country, where Makro is the first mover with a modern distribution concept. Of course, the political situation, particularly towards year-end, had an impact on consumer confidence, especially with regard to non-food sales.

### **The David J. Joseph Company**

The David J. Joseph Company is a ferrous and non-ferrous scrap processing and brokerage company operating in various regions throughout the USA. Materials for processing are derived from different sources ranging from door-to-door peddlers to large manufacturing companies who auction left-over materials from their production processes. DJJ markets processed ferrous scrap to steel mills in the USA and overseas. Non-ferrous scrap metals are also marketed world wide and represent an important element in the company's overall result. In addition, the company provides brokerage, transport and other services to its customers. The activity known as U-Pull-and-Pay (UPAP), which was launched in 2006, is progressing according to plan. Its business is self-service retailing to end-users of spare parts from used cars, which are displayed in enclosed compounds prior to shredding. With six stores operating by the end of the year and a seventh opening early in 2008, the UPAP business has reached critical mass allowing recruitment, training and exchange of good practices among the stores.

Despite a slowdown in the US economy, the ferrous and non-ferrous scrap prices remained strong and volatile during the year. Strong demand in the export market, and a weak dollar versus other currencies, helped to sustain demand for scrap materials.

DJJ continued with its programme of strengthening its position in the scrap sector. There is a particular focus on developing and applying technological advances both in the production processes and in the delivery of services to customers, including inventory management and scrap quality improvements.

Results in all segments of the business were good in 2007. The processing results in all regions were positive, with a very strong performance in Western Metals, covering mainly Colorado and Utah. The operations in Florida had another excellent year. Processing volumes and margins in the Ohio and Kentucky area suffered from more intense competition coming from newly installed shredding capacity. A new megashredder was installed in Houston, Texas, as part of the plan for further growth in this recently-entered region. Brokerage operations, including ferro-alloy and non-ferrous metals marketing, had another strong year. The railcar leasing and trading activities performed strongly with sustained demand throughout the year.

The operating performance of the UPAP stores is gradually improving, with an increase in customer admissions and higher average sales value per transaction.

During 2007, moves towards more consolidation in the steel and the scrap industries were evident. Two major scrap competitors in the US market engaged in merger discussions. In addition, another large scrap operator was acquired by a steel company, signalling a trend towards vertical integration of raw material supply sources in the steel industry.

It is in the context of these circumstances that late 2007 SHV was approached by DJJ's single largest brokerage customer, Nucor Steel, with an offer to acquire the company in its entirety. Following a strategic review, it was decided to enter into negotiations with Nucor for the sale of DJJ. These negotiations were concluded with an agreement to divest DJJ effective January 1, 2008.

## **NPM Capital**

NPM Capital is committed to being the preferred private equity investor for successful entrepreneurs, who are typically active in medium-sized Dutch and Belgian companies. The companies in which NPM Capital invests generally have an enterprise value of up to € 500 million. Investments aim to obtain returns of 15% and higher. Several of NPM Capital's portfolio companies either are already or are set to become market leaders in their niche. For the companies in the portfolio, critical mass is crucial for achieving cost competitiveness and for creating a profitable platform for the development and marketing of products and services. NPM Capital supports the growth ambitions of these entrepreneurs by providing knowledge and financing and by making its network available to them.

NPM Capital's strong position in the Dutch private equity market is backed by its solid reputation as an active shareholder and its long term investment horizon. Risk is mitigated by aligning the interests of shareholders and management. NPM Capital's representatives on the boards of portfolio companies are selected on the basis of their specialist knowledge and ability to support value creation in the companies.

NPM Capital also continues to focus strongly on operational improvement in the companies in which it invests. Shareholder value creation in the portfolio companies is achieved in part through the transfer of knowledge in the area of efficiency and quality enhancements. In this way, several of NPM's investments achieved substantial improvements in performance.

2007 was a remarkable year for the private equity sector. Aggressive debt financing, leading to highly leveraged transactions, created a peak in price levels during the summer. In the second half of the year, tightening credit markets and insecurity in the banking environment affected the private equity market with a downturn in activity. The impact was also felt in the private equity market for medium-sized companies, though to a much lesser extent than in the market segment of large transactions for bigger companies. This situation will also have an influence on the private equity market for the year 2008. Given the nature of NPM's activity, results can vary significantly from year to year, depending especially on the timing and opportunity for exits. This can have a substantial impact on SHV's financial results.

In 2007 NPM Capital successfully expanded its portfolio, through investment in both existing and new enterprises. A total of six new acquisitions were made in 2007.

NPM Capital supported the management buy-out of Abird and now holds 47% of the shares in this industrial equipment rental company.

Royaan, formally Buitenfood, was created through a merger between Buitenhuis Snacks and Cold Food. NPM supported this merger and acquired 49% of the shares in the

merged company. In the Netherlands, the company holds the well known Van Dobben and Kwekkeboom brands.

NPM Capital also acquired Desso, a carpet, textile tiles and artificial sports grass producer. NPM Capital holds 73% of the shares, with the remainder held by the management.

NPM acquired a 23% stake in Dujardin Foods, a Belgian family-owned company. Their aim is to grow in Europe through both autonomous growth and acquisition in the consolidating frozen food, herbs and vegetable industry.

During the summer, NPM acquired 80% of Prins Autogassystemen. Prins is a provider of LPG and CNG retrofit conversion systems for the automotive market. NPM will support Prins in exploiting its current position as a leading supplier of alternative fuel systems.

Independend.nl, in which NPM took a 53% stake, is the leading independent online channel for the comparison and distribution of information regarding financial services and personal finance. Independend is focused on further accelerating the growth of its current market share. In addition to personal finance, the company is also building a business model for the personal health care market.

During the year 2007, NPM Capital also provided growth capital to many of its existing investments in order to help them pursue their growth objectives. Continental Bakeries acquired both Stieffenhofer and The Rice Cake Factory, while CARE Schadeservice acquired Carflex and JB Carrosserie.

In very favourable market circumstances, NPM Capital exited from seven companies in its MidCap portfolio. They were Kempen & Co, TMI, Swets & Zeitlinger, Amedia, DPA, Diamond Tools Group and JSI. MRO Industries, in which NPM Capital had a stake, unfortunately went into bankruptcy during the year, despite previous support to grow the operation. The exit of the companies in our SmallCap portfolio is progressing according to plan.

## Dyas

Dyas is an active investor, as a non-operator, in joint ventures for oil and gas exploration, development and production. Its primary focus is on the North Sea. Dyas has shares in 30 ventures in Dutch and British fields.

During 2007, Dyas asset base was extended with equity stakes in two companies. Dyas acquired a 23% stake in the recently established Delta Hydrocarbons company and is now one of four major shareholders in that operation. Delta's focus is on opportunities to enhance production from mature fields, as well as on active, worldwide participation in auctions for producing assets. Several opportunities were reviewed in the latter half of 2007, but as yet no firm bids were made.

In August 2007, Dyas acquired a 10% interest in Capricorn, an exploration investment vehicle established by Cairn Energy and with assets in Bangladesh, Nepal and Greenland. Capricorn successfully acquired Plectrum and MedOil, two previously listed companies on London's AIM, with exploration assets predominantly in Tunisia.

Dyas aims to at least maintain its level of oil and gas reserves in the North Sea through the acquisition of development and production assets, as well as selective exploration of new fields. Dyas may eventually acquire reserves outside the North Sea through its stakes in both Delta and Capricorn.





CONTINENTAL BAKERIES

In 2007, hydrocarbon product prices continued to increase, with oil prices reaching USD 99/bbl in November. Mainly due to the weakening of the dollar against the euro, Dutch gas prices increased more modestly. UK gas prices remained volatile during the year but were on average lower than the previous year, owing to improved interconnector pipeline supply to the British market.

Robust product prices and production volumes resulted in a good year for Dyas. The downside of the high oil prices is reflected through the ever-increasing premiums being paid by companies to acquire new reserves. Dyas was extremely active in bidding for North Sea assets. Two of the smaller bids were successful, adding reserves equivalent to those produced and sold during the year.

The North Sea Buzzard field continued to successfully ramp up production and is now producing at its designed plant capacity. First production from the Enoch field was significantly delayed, but is now producing at better than expected rates. The development of the Dutch A&B block gas fields made good progress and its first gas production should start in early 2008.

## **Mammoet**

In 2007, Mammoet completed its first year as a consolidated activity within SHV. Mammoet is known worldwide as a first class company specialising in the provision of heavy lifting and complex transportation solutions. Its main focus is on providing services to the petrochemical, power, civil and off-shore sectors. In addition, it is expanding activity in the salvaging of ship wreckage, for which it is acquiring a growing reputation. Mammoet is a project-driven company, operating throughout the world and focusing on both new-build and maintenance contracts in the above sectors. The wide variety of cranes, transport equipment and associated fittings that comprise its main asset base are all mobile and can therefore be operational in any number of combinations, as and when the need arises. The company focuses strongly on innovation, health, safety and environment. Mammoet's reputation for excellence in these areas is respected by the world's contracting firms, as well as by oil majors and others.

2007 saw a continuation of major investments in all sectors to which Mammoet provides services. Business in all the regions where the company operates performed very satisfactorily, with the main areas of activity being Europe and Canada. Mammoet was an early entrant in the tar sands development projects in Alberta, Canada. As a result, today it is a major supplier to investors in that specific region. The company's operations in the Middle East, Far East, United States, South America and Australia also performed well.

Mammoet's investments are focused on both organic growth and acquisitions. The company aims to double in size over the next five years. During the year, two small acquisitions were completed. At year end, two larger acquisitions were being finalised. In addition a major programme of equipment additions and renewal was undertaken. When pursuing acquisition opportunities, a key consideration is the fit in culture between the target company and Mammoet.

We fully recognise that the nature of Mammoet's activity is cyclical. Management takes this into account in its strategic decision-making. There is constant focus on the recruitment, training and development of the right people to meet the company's growth objectives.

## The Clean Energy Company

High oil prices, concerns over global warming and CO<sub>2</sub> emissions, as well as the security of energy supply, continue to support the further development of renewable energies. Investment in this sector is rapidly increasing, with an estimated USD 95 billion invested in 2007 alone. The sector is still very much driven by government policies, which today include a broadening range of feed-in tariffs and fiscal support schemes in many countries. The sectors which attract the highest level of investment are wind, solar and bio-fuels.

The Clean Energy Company (TCEC) was recently established by SHV and is charged with identifying and securing a long-term meaningful position in the distribution of renewable energy to residential customers and small to medium industrial and commercial customers. TCEC made a first step in the solid biomass sector by investing in Green Fuels Energy, a small biomass brokerage company based in Rotterdam. The company also acquired a stake in Balcas, the leading wood pellet producer and distributor operating in Ireland. This company has plans to further develop the market in Ireland as well as to expand in the United Kingdom. TCEC is currently working on various other acquisition opportunities in Europe.

## Econcern

In 2007, SHV increased its minority interest in the fast-growing renewable energy company Econcern from 23% to 39% through the conversion of a loan. Econcern, a pioneer in its field, is involved in the development of large-scale projects in the solar, wind and biomass sectors, as well as in the provision of advisory services to government and industry. The company operates in several parts of the world and possesses wide-ranging knowledge of technological and market developments in this fast-developing sector. Econcern showed impressive growth during the year.

## Financial developments

### Sales

In 2007, total net sales stood at € 15.2 billion, the same level as in 2006. However, with the divestment of TSR, our former German metals recycling subsidiary, and of Makro Malaysia and Philippines, a total of € 1.1 billion of sales were transferred to the respective new owners and are not (fully) included in SHV's 2007 figures. Furthermore, the appreciation of the euro against a number of foreign currencies resulted in negative currency translation effects of € 765 million. On the other hand, sales of the newly acquired subsidiary, Mammoet Holding, were included for the first time in the 2007 figures. On a like-for-like basis, sales increased by 11% compared to last year.

SHV Gas sales increased by 3% compared to 2006. The total retail volumes of LPG sold by SHV Gas during 2007 were the same as the previous year. A 3% drop in volumes in Western and Central Europe – mainly as a result of an unseasonably warm 2006/2007 winter – was offset by additional volumes in Turkey, Brazil and China.

In South America, Makro increased sales above inflation in all the countries where it operates, with significant increases in Makro Argentina and Makro Venezuela.

Makro Asia saw same-store-sales increases, in particular in Thailand and Indonesia.

The David J. Joseph Company, our metals recycling activity in the USA, increased sales as a result of higher scrap prices.

Gas volumes sold by Dyas in 2007 were equal to the previous year. Crude oil sales increased as newly-acquired assets in the UK came on-stream.

#### Results from operations

SHV Gas gross profit margins were below the levels of 2006 as volume increases were realised in regions with lower margins, in particular Brazil and Asia, whereas some countries with higher margins saw volume reductions. Costs in SHV Gas are fixed to a large extent and remained similar compared to 2006. This resulted in a significant fall in income from operations.

In Makro South America, sales increases in local currencies were accompanied by an overall improvement in gross margins. Costs remained under control, resulting in higher income from operations.

Margins in Makro Asia increased compared to 2006. Operating costs – as a percentage of sales – fell, resulting in a higher income from operations in 2007.

In US dollars, our US-based metals recycling subsidiary The David J. Joseph Company reported excellent operating results, comparable to 2006. Translated into a stronger euro, however, the result was below last year.

Dyas improved its income from operations. Higher crude oil prices and higher volumes, as a result of new production coming on-stream, offset lower gas selling prices.

At € 776 million, total income from operations was 19% higher than in 2006. Excluding the effects of currency translation and first time consolidation of Mammoet, income from operations increased by 17%. This excludes the income from NPM Capital's private equity investments, which is reported under financial results.

#### Financial results

At € 34 million, net financing costs were considerably higher than in 2006. This was partly caused by the first time consolidation of Mammoet and by a lower revaluation of two interest rate swaps at market value. The change in value of these swaps in 2007 was € 8 million (2006: € 18 million). NPM Capital took advantage of the favorable circumstances in the private equity market during the first half year and made some important divestments. Furthermore, write-downs on investments were lower than in 2006. Income from private equity investments amounted to € 231 million (2006: € 147 million).

#### Exceptional items

Exceptional items include capital gains made on the divestments of certain SHV subsidiaries, such as Makro Malaysia, Makro Philippines and the scrap recycling company TSR in Germany, net of provisions to cover any warranties given to the respective buyers.

Also included, is the result of impairment of some structurally underperforming assets, provisions for claims made against the company and a further addition to the provision for special risks.

#### Taxes

The average tax rate decreased from 32% in 2006 to 28% in 2007. This was mainly due to higher results in the Netherlands that could be offset against available tax losses and higher – tax exempt – results of NPM Capital. However, this positive effect was mitigated by provisions made in 2007 that were not tax deductible.

#### Net income

Compared with 2006, total net income increased by 37% to € 569 million from € 416 million. Return on shareholders' equity was 26% (24% in 2006). The return on economic equity (eliminating the effect of goodwill charged against shareholders' equity) is 12% (2006: 10%).

#### Foreign currency exchange

Many of SHV's businesses operate in non-euro countries. During 2007, the euro appreciated against some of these foreign currencies, such as the Venezuelan bolivar and depreciated against others like the Brazilian real. The net result of these currency fluctuations had a negative effect on our net income of € 26 million.

#### Investments and divestments

During 2007, the sale of the German based metals recycling company TSR was completed. In 2007, SHV also sold interests in the Makro operations in Malaysia and the Philippines. Total net investments in operational fixed assets were € 680 million, exceeding depreciation and depletion by € 312 million. Operational cash flow was € 1,147 million. Makro South America opened five new stores, four in Brazil and one in Venezuela. Makro Asia opened sixteen new stores, twelve in Thailand, ten of which in the second half of the year, two in China and two in Pakistan.

SHV Gas invested in cylinders and tanks, both for replacement and for the development of new markets. Furthermore, SHV Gas acquired new operations in China and Germany. The David J. Joseph Company continued to invest in the UPAP self-service auto parts stores. Dyas acquired a 10% holding in Capricorn Energy Ltd., bought a stake in oil and gas reserves still to be developed from Northern Petroleum and invested further in the development of already acquired fields.

NPM Capital made significant investments in new and existing holdings as well as some important divestments.

#### Financing and liquidity

During 2007, we redeemed the sum of € 220 million, drawn on the syndicated stand-by facility at the end of 2006 to partly finance the Mammoet acquisition. After an extension negotiated in 2007, the full amount of the facility of € 800 million remains at SHV's disposal until 2012. This will give SHV the necessary flexibility to finance further investments. Total cash and cash equivalents at year-end amounted to € 859 million (year-end 2006: € 594 million).

#### Solvency

At the end of 2007, SHV's group equity amounted to € 2,367 million, an increase of € 364 million compared to 2006. It is SHV's policy to charge goodwill paid on acquisitions directly to equity. In 2007, a net amount of goodwill of € 7 million was charged to shareholders' equity. A large part of shareholder's equity was invested in countries with currencies other than the euro. In 2007, the total positive effect of converting these currencies into the euro, credited directly to equity, was limited and amounted to € 17 million. The solvency rate at the end of 2007, defined as group equity as a percentage of total assets, was 33% (2006: 33%).

## Risk management

Risk-taking is an essential part of doing business and a precondition for achieving adequate returns. Continuous assessment of the type of risks and the extent to which they can be accepted is, however, essential. The risk environment within which SHV creates value and generates income is determined, on the one hand by the commercial and operational risks in its portfolio of activities and, on the other, by a number of non-operational risks. Within the decentralised business model utilised by SHV an important part of risk management is delegated to the management of the subsidiaries, as an integral part of their day-to-day responsibilities. SHV also expects its subsidiaries to comply with both external rules and regulations as well as with internal policies and guidelines. Active supervision by SHV Holdings

is in place and clear guidance is given e.g. through risk (self) assessment and internal audit. Management of our subsidiaries is expected to identify the specific risks that might prevent them from achieving their stated objectives. Within a framework of centrally-defined policies and guidelines, management is also expected to form an opinion regarding the extent to which these risks are acceptable and to develop procedures and systems to manage them adequately. Finally, management is expected to decide which instruments will be used to limit these risks.

The main operational and commercial risks are as follows:

- The results of SHV Gas are influenced by the weather (a cold winter or the lack of it in countries where LPG is used for heating). Also government policies (e.g. on pricing or illegal filling of cylinders) are affecting results. The purchase price of LPG fluctuates with the price of oil and is quoted in US dollars. The related product price risk and currency risk need to be managed actively using hedging instruments. This is – to a large extent – done centrally. Management of health and safety risks is of paramount importance in the LPG business.
- The result of the Makro operations depends to a large extent on consumer spending and is therefore influenced by the development and stability of the economies in the countries in which Makro operates. This applies to a lesser extent to the food sales that make up a significant part of the total Makro sales. Active management of the shrinkage and obsolescence risk related to inventories will also contribute to the bottom line. Identification of adequate sites to build the stores is extremely important.
- NPM Capital's results are mainly determined by the profitable sale of companies in which it has invested. Buying or selling depends largely on the economic and financial climate in a given period. The results achieved can, therefore, fluctuate considerably over the years. In the longer term, NPM Capital's success depends on its capacity to identify profitable investment opportunities and to monitor them adequately until the moment of divestment.
- The result of our metals recycling activity in the US depends heavily on developments in the steel industry, on tariffs imposed on the import and export of steel and on the development of the US dollar. A change in the demand for scrap from the steel industry has direct consequences for the result of The David J. Joseph Company. Supplying large customers, there is also an important credit risk that needs active management. Working with heavy equipment and machinery also means careful handling of significant health and safety risks.
- The results of Dyas are influenced by the price of crude oil and by the US dollar exchange rate. To limit these risks part of the oil and gas production, as well as part of the related US dollar income stream, is hedged.
- The heavy lifting and transport activity of Mammoet relies for its profitability on the overall investment climate and – more specifically – on segments such as civil engineering, power plants, and the oil and chemical industry. Cyclical risks are spread by operating in both the project market and in the (less cyclical) rental market and also in different market segments. At Mammoet, too, managing health and safety risks is extremely important.

SHV's profitability is further influenced by several other external risk factors. Political risks exist where we own assets in politically unstable countries. Government intervention can be detrimental to results. The effects of inflation, interest rates and stock market returns on pension liabilities also come to mind. If necessary, these risks will be provided for.

With respect to interest and currency risks SHV has defined the following policies:

- Interest rate exposures are being monitored closely and managed using instruments available in the market.
- Short term currency risks are hedged using financial instruments such as forward contracts, currency swaps and options.
- Long term currency and political risks result from our investments in different countries and currencies and are, therefore, dependent on the economic and political stability of these countries. These long term risks are, in specific cases, mitigated by the use of local debt financing.

In recent years SHV has, in co-operation with the external auditor, analysed the various risks to which our activities are exposed and the way in which our companies deal with these risks. This analysis has formed a basis for improvements to our risk management. Since 2004, risk self-assessment has been formalised as an annual procedure, in order to further promote risk awareness throughout the organisation. The external auditor is involved in the verification of the results.

To reinforce our internal control framework, this year we created an internal audit function at corporate level. The corporate internal auditor aims to ensure that the integrity and effectiveness of the internal control framework is maintained and continuously improved through regular, independent, objective and critical assessments and through a disciplined process of evaluation and monitoring of corrective actions.

Furthermore, this year SHV started a programme of self-assessments in the area of IT security and business continuity. This programme is combined with periodic audits by external IT auditors.

### Special thanks

I would like to thank all our employees for their dedication to our company during 2007. Their loyalty is greatly appreciated. It is through their efforts that SHV continues being a successful enterprise in so many diverse activities, and in so many different countries.

March 14, 2008

On behalf of the Executive Board of Directors

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a series of loops and a long horizontal stroke extending to the right.

Chairman



BALCAS

BALCAS

brites

the natural answer  
to a burning issue  
clean and convenient heat fuel



MAMMOET

MAMMOET

## Basis for consolidation, valuation of assets and liabilities and determination of income

### General

The consolidated financial statements are in conformity with the legal provisions applicable in the Netherlands concerning the accounting principles to be applied. The historical purchase price of acquisition is used as the basis for the valuation of assets and liabilities, and for the determination of income. Income resulting from transactions is recognised in the year of realisation; losses and risks are taken into account when known. Assets and liabilities are included at their face value unless otherwise stated.

The principles for valuation and determination of income remained unchanged compared with the prior year.

### Consolidation

The consolidated financial statements include the separate financial statements of:

- SHV Holdings N.V.;
  - companies in which SHV exercises predominant management influence;
- Total assets, liabilities and results of operations of these companies are included in the consolidation. Third party equity and income to third parties from consolidated companies are presented separately. Newly acquired companies are consolidated from the date of acquisition and divested companies are consolidated until the date they are sold. Intercompany profit resulting from transactions between consolidated companies has been eliminated.
- joint ventures in which SHV exercises influence on the management equal to its partner.
- Only SHV's share in assets, liabilities and results of operations of these companies is included in the consolidation.

Investments in affiliates include companies in which SHV:

- does not exercise predominant management influence, and
- owns an interest of 20% or more, and
- intends to maintain a long-term relationship for the benefit of SHV's own activities.

Interests in companies resulting from private equity activities are included in private equity investments. Interests in other companies are included in trade investments.

The major operating companies of the SHV Group are presented on pages 61 through 68 of this annual report. A complete list of shareholdings has been filed with the Chamber of Commerce in Utrecht.

### Goodwill

Goodwill represents the difference between the acquisition price of acquired companies, which are included in the consolidation, and our share in net asset value of these companies at the date of acquisition, increased by the external costs directly related to the acquisition. Goodwill amounts are recognised directly in other reserves within shareholders' equity and in third party equity.

Upon the sale of a company any related goodwill thereto, which in prior years was charged directly to shareholders' equity and third party equity, is reversed and charged to the profit from the sale.

## Foreign currency

### Individual companies

Transactions in foreign currencies are translated into the currency of the reporting company involved using the exchange rate prevailing at the time of the transaction, or in case the exchange rate has been fixed through the use of financial instruments, the contractually agreed fixed rate.

Assets and liabilities in the financial statements of individual companies, which are denominated in a foreign currency, are translated at the exchange rate prevailing at the end of the year, or in case the exchange rate has been fixed through the use of financial instruments, the contractually agreed fixed rate. Exchange rate differences are added to or charged against income of individual companies; provisions are made for unrealised exchange rate gains with regard to long-term receivables and long-term debts to third parties. Gains and losses resulting from hedging of currency risks related to operating or financing transactions are included in income to offset the foreign exchange results on the underlying assets and liabilities.

Gains and losses, relating to the translation of investments in affiliates, are included in the reserve for currency exchange differences within shareholders' equity of the individual companies. A similar procedure is followed with respect to loans and other financial instruments entered into to cover the foreign currency position in foreign affiliates and cash and cash equivalents maintained in foreign currency for future long-term investments.

### Translation of financial statements into euros

The translation into euros of the financial statements of consolidated foreign companies is based on the exchange rate prevailing at the end of the year. The resulting translation differences are included in the reserve for currency exchange differences within shareholders' equity.

Upon the sale of a company unrealised gains and losses are transferred from the reserve for currency exchange differences to other reserves.

## Hyperinflation

The financial statements of companies operating in countries with hyperinflation, which is generally understood to mean inflation of over 100% over a three year period, are adjusted to give effect to price fluctuations.

## Operational fixed assets

Operational fixed assets are carried at cost of acquisition less depreciation and depletion. Interest paid to third parties during construction is included in the cost of acquisition.

Depreciation is recognised by the straight-line method over the following estimated economic lives:

- commercial buildings 20 – 40 years
- gas cylinders and tanks 5 – 20 years
- machines and installations 8 – 16 years
- transport equipment 3 – 12 years
- office and plant equipment 2 – 10 years

Land is not depreciated.

Accelerated depreciation is recognised when required by market circumstances. Depreciation and depletion of oil and gas interests is based on the units produced in relation to the estimated reserves (unit of production method).

#### Exploration costs

Costs of drilling exploratory wells and license acquisition costs are initially expensed. When recoverable reserves have been demonstrated within twelve months, these costs are capitalised and depleted. Other exploration costs are charged to income from operations when incurred.

### **Financial fixed assets**

#### Investments in affiliates

The accounting principles applicable to investments in affiliates are as follows:

- valuation is based on the share in the affiliate's net asset value after deducting necessary provisions;
  - the share in income or loss is included in the consolidated statements of income.
- Loans to investments in affiliates are included in the valuation.

#### Private equity investments

Private equity investments are valued at cost or their lower market value.

If the aggregate market value of listed shares is lower than their aggregate cost, the valuation is based on the lower market value. For unlisted shares, a provision is made when circumstances at the respective company require this. Loans to private equity investments are included in the valuation. Loans are written off or provided for when the private equity investments are considered permanently impaired.

#### Other financial fixed assets

Trade investments are valued at cost of acquisition or lower market value, when it is expected that they are subject to a permanent impairment in value.

Bonds are valued at cost of acquisition or lower market value.

Long-term accounts receivable and loans are carried at nominal value, after deducting necessary provisions, net of the amounts to be redeemed within one year.

### **Inventories**

Inventories are carried at cost of acquisition or lower market value. Obsolete inventory is adjusted to estimated realisable value.

### **Accounts receivable**

Accounts receivable are carried at nominal value after deduction of an allowance for doubtful accounts.

### **Cash and cash equivalents**

Cash and time deposit accounts are carried at nominal value.

Securities are carried at cost of acquisition or lower market value.

## Provisions

Provisions are made for obligations and losses existing at year-end when the exact amounts are not known, but can be estimated with a reasonable degree of certainty. In addition, provisions are made for probable future commitments resulting from risks that were present at year-end.

The provision for deferred income tax represents timing differences between the valuation of assets and liabilities for income tax and consolidated financial statement purposes. Deferred income tax is recorded at nominal value, calculated using tax rates at the balance sheet date or tax rates applicable in future years, to the extent enacted by law. Deferred tax assets, including the tax loss carry forward position, are recognised when it is certain that they can be offset against future taxable income, or previously recognised deferred tax liabilities, which will be settled in a similar term.

Insofar as liabilities for pension plans for the benefit of employees have not been transferred to independent pension institutions, provisions have been made based on actuarial calculations.

## Long-term debt

Long-term debt is carried at nominal value, net of the amounts to be redeemed within one year.

## Leases

### Finance leases

Leases of operational fixed assets under which the company assumes substantially all of the risks and benefits related to the ownership of these fixed assets are classified as finance leases. Finance leases are capitalised at the present value of the lease payments and amortised on a straight-line basis over their remaining economic life or, if shorter, the lease term. The lease liabilities are accounted for under long-term liabilities.

### Operating leases

Lease contracts under which the lessor assumes substantially all of the risks and benefits related to the ownership of the assets are classified as operating leases. Costs from operating leases are accounted for in the consolidated statements of income over the contract period.

## Financial instruments

### Used to hedge underlying assets or liabilities

Financial instruments are valued the same way as the underlying assets or liabilities. Gains and losses related to changes in value are recognised the same way as those related to changes in value of the underlying assets or liabilities.

### Used to hedge a future cash flow

Financial instruments are carried at cost. Gains and losses are recognised upon realisation.

### Other

All other financial instruments are considered to be held for sale and are valued at lower of cost or market value. Changes in value are taken to the statement of income.

**Net sales**

Net sales represent the value of goods delivered and services rendered to third parties excluding value added taxes and discounts given.

**Cost of goods sold**

Cost of goods sold includes the cost of all raw materials, supplies and trade goods related to the goods sold, including transportation and import duties.

For SHV Gas and DJJ the cost of goods sold is based on the weighted average purchase price. For Makro this is based on the latest purchase price. Because of the high inventory turnover ratio the latest purchase price is considered equivalent to the acquisition price.

**Costs**

Costs are allocated to the same period in which the related net sales are recognised. Costs that are not related directly to net sales are recognised in the period they occur.

Pre-opening and start-up costs, costs of trademarks, patents, licenses and similar intangible assets are charged to income from operations in the year incurred.

**Tax on income**

Tax on income includes:

- tax computed at rates applicable at year-end in the various countries;
- tax withheld at the source for dividends received.

Taxes not immediately due are included in the provision for deferred income tax.

Tax benefits from operating losses are only recognised if it is certain that such benefits will be realised within the applicable carry forward period, regardless of SHV's future results.

## Consolidated balance sheets at December 31

(after proposed distribution of income)

In millions of euros

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Operational fixed assets	2,910.0	2,483.1
Financial fixed assets	1,110.2	1,327.7
<b>Fixed assets</b>	<b>4,020.2</b>	<b>3,810.8</b>
Inventories	714.6	666.5
Accounts receivable – net	1,490.9	1,036.0
Cash and cash equivalents	858.9	594.4
<b>Current assets</b>	<b>3,064.4</b>	<b>2,296.9</b>
<b>Total</b>	<b>7,084.6</b>	<b>6,107.7</b>
<b>Liabilities</b>		
Shareholders' equity	2,152.8	1,751.1
Third party equity	213.8	251.8
<b>Equity of the Group</b>	<b>2,366.6</b>	<b>2,002.9</b>
<b>Provisions</b>	<b>1,348.0</b>	<b>1,120.2</b>
<b>Long-term liabilities</b>	<b>796.5</b>	<b>649.8</b>
<b>Short-term liabilities</b>	<b>2,573.5</b>	<b>2,334.8</b>
<b>Total</b>	<b>7,084.6</b>	<b>6,107.7</b>

## Consolidated statements of income

In millions of euros

	<u>2007</u>	<u>2006</u>
<b>Net sales</b>	<b>15,244.8</b>	<b>15,113.4</b>
Cost of goods sold	(12,290.2)	(12,561.1)
Salaries and wages	( 739.9)	( 603.3)
Other operating expenses	( 1,070.7)	( 989.6)
Depreciation and depletion	( 368.3)	( 309.8)
Total operating expenses	(14,469.1)	(14,463.8)
<b>Income from operations</b>	<b>775.7</b>	<b>649.6</b>
Exceptional items	( 109.8)	( 149.6)
<b>Income from operations after exceptional items</b>	<b>665.9</b>	<b>500.0</b>
Income from private equity investments	231.0	146.7
Income from investments in affiliates	16.3	17.6
Interest – net	( 33.9)	( 2.7)
Other financial income – net	( 13.1)	( 13.5)
Total financial income – net	200.3	148.1
<b>Income before income taxes</b>	<b>866.2</b>	<b>648.1</b>
Income taxes	( 245.6)	( 205.7)
<b>Income of the Group</b>	<b>620.6</b>	<b>442.4</b>
Income to third party shareholders	( 51.5)	( 26.4)
<b>Net income</b>	<b>569.1</b>	<b>416.0</b>

## Consolidated statements of cash flow

In millions of euros

	<u>2007</u>	<u>2006</u>
<b>Operational cash flow</b>		
Net income	569.1	416.0
Income to third party shareholders	51.5	26.4
Adjustments to reconcile income with net operational cash flow:		
– Depreciation and depletion	368.3	309.8
– Investments in affiliates		
– difference between dividends received and share in net income	( 6.3)	( 5.8)
– Changes in working capital	( 155.6)	( 68.8)
– Changes in provisions	220.6	167.1
– Write-downs of investments in affiliates and private equity investments	18.1	42.9
– Other changes	81.2	( 31.6)
<b>Net operational cash flow</b>	<b>1,146.9</b>	<b>856.0</b>
<b>Investment cash flow</b>		
Investments:		
– Operational fixed assets	( 680.4)	( 465.2)
– Consolidated companies	( 25.2)	( 60.9)
– Investments in affiliates, private equity investments and trade investments	( 342.9)	( 900.3)
Disposals:		
– Operational fixed assets	38.7	52.2
– Consolidated companies	33.4	–
– Investments in affiliates, private equity investments and trade investments	375.2	208.2
<b>Net investment cash flow</b>	<b>( 601.2)</b>	<b>( 1,166.0)</b>
<b>Financing cash flow</b>		
Issuance of long-term debt	242.8	71.6
Redemption of long-term debt	( 203.7)	( 98.1)
Dividends to own shareholders	( 161.3)	( 139.4)
Dividends to third party shareholders	( 27.3)	( 23.8)
Capital changes by own and third party shareholders	6.1	7.0
Changes in payable to banks	( 100.5)	239.3
<b>Net financing cash flow</b>	<b>( 243.9)</b>	<b>56.6</b>
<b>Balance of cash flows</b>	<b>301.8</b>	<b>( 253.4)</b>
Changes in consolidation	10.0	( 10.7)
Currency exchange differences	( 47.3)	( 45.5)
<b>Change in cash and cash equivalents</b>	<b>264.5</b>	<b>( 309.6)</b>

## Additional information to the consolidated statements of cash flow

In millions of euros

The consolidated cash flow statements have been prepared in accordance with the indirect method.

Changes in working capital include the cash flow movement in inventories, accounts receivable and short-term debt, excluding amounts related to:

- redemption of long-term debt;
- dividends to be paid;
- payable to banks.

Investments in consolidated companies are stated at the acquisition price. Disposals are stated at sales price. The effect on cash and cash equivalents is separately presented as changes in consolidation.

Currency exchange differences represent the effect of translating the cash and cash equivalents in foreign currency at the beginning of the year using the exchange rate prevailing at the end of the year.

	Currency exchange differences	Changes in consoli- dation	Cash flow movement	Non-cash flow movement	Balance sheet movement
<b>Reconciliation of cash flows and balance sheet changes</b>					
Operational fixed assets	( 80.7)	250.3	641.7	( 384.4)	426.9
Financial fixed assets	( 8.2)	( 170.3)	( 49.6)	10.6	( 217.5)
Working capital	25.9	82.7	155.6		264.2
Cash and cash equivalents	( 47.3)	10.0	301.8		264.5
Redemption of long-term debt	( 1.3)	34.0	( 203.7)	254.6	83.6
Provisions	( 14.9)	28.4	( 53.7)	268.0	227.8
Long-term debt	( 20.4)	186.9	242.8	( 262.6)	146.7
Payable to banks	( 8.3)	3.8	( 100.5)		( 105.0)

The non-cash flow movements are primarily related to write-downs on operational and financial fixed assets, depreciation and depletion and creating or releasing of provisions.

## Notes to the consolidated financial statements

In millions of euros, unless otherwise indicated

### General

End 2006 SHV acquired 75% of Mammoet Holding B.V. Per December 31, 2006 our share in the net equity value of Mammoet was included in the consolidated balance sheet under investments in affiliates. As from January 1, 2007 Mammoet is considered an SHV operating company and as a consequence assets, liabilities and results of operations are fully consolidated in the SHV accounts.

During 2006 agreement had been reached to sell SHV's interests in Makro Malaysia and TSR Germany. As a result these companies were deconsolidated per December 31, 2006. Both transactions have been concluded in 2007.

At the end of July 2007 the Makro operation in the Philippines has been sold. The consolidated statement of income includes the first seven months results of operations of Makro Philippines.

Also during 2007 an agreement has been reached with respect to the sale of our Makro operation in China. Expectations are that the transaction will be concluded in March 2008. As a consequence, the results of operations of Makro China have been fully consolidated in the 2007 income statement. The assets and liabilities of Makro China have been deconsolidated per December 31, 2007 and our share in the net equity value has been included in investments in affiliates. The result on this transaction will be recognised at the moment of final conclusion.

	Total	Commercial land and buildings	Gas- cylinders and tanks	Oil and gas interests	Other
<b>Operational fixed assets</b>					
Balance, December 31, 2006:					
Cost of acquisition	5,896.7	1,381.3	2,352.1	705.7	1,457.6
Accumulated depreciation and depletion	( 3,413.6)	( 425.8)	( 1,623.6)	( 371.4)	( 992.8)
Book value	2,483.1	955.5	728.5	334.3	464.8
Movements in book value:					
Additions	680.4	144.0	135.7	78.1	322.6
Disposals	( 38.7)	( 9.3)	( 6.7)	( 0.7)	( 22.0)
Depreciation and depletion	( 368.3)	( 39.0)	( 112.6)	( 61.7)	( 155.0)
Changes in consolidation	250.3	( 61.1)	3.6		307.8
Foreign currency translation	( 80.7)	( 53.2)	3.7	( 19.1)	( 12.1)
Other changes	( 16.1)	( 52.7)	3.0		33.6
Net movements	426.9	( 71.3)	26.7	( 3.4)	474.9
Balance, December 31, 2007:					
Cost of acquisition	6,676.1	1,320.7	2,479.6	749.3	2,126.5
Accumulated depreciation and depletion	( 3,766.1)	( 436.5)	( 1,724.4)	( 418.4)	( 1,186.8)
Book value	2,910.0	884.2	755.2	330.9	939.7

Other operational fixed assets include office and plant equipment, machines and installations and transport equipment. Additions represent mainly the investments in lifting and transport equipment of Mammoet and the equipment of new Makro stores.

The total of changes in consolidation mainly represents the consolidation of Mammoet and the deconsolidation of Makro Philippines and Makro China.

Finance leases represent € 199 million of the book value, predominantly in commercial land and buildings and in machines and installations.

	<u>2007</u>	<u>2006</u>
<b>Financial fixed assets</b>		
Investments in affiliates	264.9	584.7
Private equity investments	653.0	610.7
Other financial fixed assets	<u>192.3</u>	<u>132.3</u>
	<u>1,110.2</u>	<u>1,327.7</u>

#### Investments in affiliates

Movements in investments in affiliates were as follows:

	<u>Total</u>	<u>Share in</u>	
		<u>equity</u>	<u>Loans</u>
Balance, December 31, 2006	584.7	496.7	88.0
Changes in consolidation	( 155.1)	( 115.0)	( 40.1)
Additions	25.4	54.5	( 29.1)
Disposals	( 196.9)	( 180.9)	( 16.0)
Share in income	16.3	16.3	
Income taxes	( 1.6)	( 1.6)	
Dividends received	( 8.4)	( 8.4)	
Foreign currency translation	( 1.8)	( 1.7)	( 0.1)
Other changes	<u>2.3</u>	<u>2.4</u>	<u>( 0.1)</u>
Balance, December 31, 2007	264.9	262.3	2.6

The changes in consolidation represent mainly the consolidation of Mammoet as per January 1, 2007 and the deconsolidation of Makro China per December 31, 2007.

Additions of our share in equity include the increase of our interest in Econcern from 23% to 39% through the conversion of a loan, granted in 2006.

Disposals include the sale of TSR and Makro Malaysia, deconsolidated as per December 31, 2006.

Share in income is presented in the consolidated statements of income, before deducting income taxes, under income from investments in affiliates.

Private equity investments

Movements in private equity investments were as follows:

	Total	Shares	Loans
Balance, December 31, 2006	610.7	523.1	87.6
Additions	224.0	186.8	37.2
Disposals	( 162.0)	( 143.6)	( 18.4)
Write-downs	( 18.1)	( 15.4)	( 2.7)
Foreign currency translation	( 1.6)	( 0.9)	( 0.7)
Balance, December 31, 2007	653.0	550.0	103.0

Other financial fixed assets

Movements in other financial fixed assets were as follows:

	Total	Trade investments	Bonds	Long-term accounts receivable and loans	Miscel- laneous
Balance, December 31, 2006	132.3	39.1	30.2	22.6	40.4
Changes in consolidation	( 15.2)			( 1.0)	( 14.2)
Additions	95.0	73.1	0.3	11.5	10.1
Disposals	( 16.1)	( 2.9)	( 0.4)	( 10.1)	( 2.7)
Foreign currency translation	( 4.8)	( 3.5)		0.2	( 1.5)
Other changes	1.1	0.3	( 0.1)	2.9	( 2.0)
Balance, December 31, 2007	192.3	106.1	30.0	26.1	30.1

Additions under trade investments include the purchase of a 10% interest in Capricorn Energy Ltd.

Bonds consist mainly of government securities that are required to be held by LPG companies.

Miscellaneous consists mainly of advances.

<b>Inventories</b>		<b>2007</b>	2006
	Trading inventory	676.9	619.7
	Other inventory	32.3	34.6
	Prepayments	5.4	12.2
		714.6	666.5
<b>Accounts receivable</b>		<b>2007</b>	2006
	Trade receivables	1,217.6	906.8
	Other receivables	213.3	139.8
	Prepaid expenditures	137.6	75.7
		1,568.5	1,122.3
	Less: allowance for doubtful accounts	( 77.6)	( 86.3)
	1,490.9	1,036.0	

Receivables include € 81 million and € 53 million at December 31, 2007 and 2006 respectively, for bills of exchange and installment purchases.

		<u>2007</u>	<u>2006</u>
<b>Cash and cash equivalents</b>	Cash on hand, in bank, and in postal checking accounts	272.6	255.5
	Time deposit accounts	586.3	330.7
	Securities	0.0	8.2
		<u>858.9</u>	<u>594.4</u>

Time deposit accounts have a maturity of less than one year.

<b>Shareholders' equity</b>	Movements in shareholders' equity were as follows:		
	Balance, December 31, 2006		1,751.1
	New shares issued		1.7
	Net income		569.1
	Dividends	( 183.1)	
	Goodwill	( 6.5)	
	Foreign currency translation		17.4
	Other changes		<u>3.1</u>
	Balance, December 31, 2007		2,152.8

Goodwill includes amounts with regard to the acquisition of LPG companies in China, and various European countries, UPAP activities in the USA, renewable energy activities and the reversed goodwill in relation to the sale of TSR.

The composition of shareholders' equity is presented on page 55.

**Third party equity** Third party equity represents their share in net assets of consolidated companies.

<b>Third party equity</b>	Movements in third party equity were as follows:		
	Balance, December 31, 2006		251.8
	Changes in consolidation	( 44.6)	
	Share in income		51.5
	Dividends	( 29.0)	
	Capital increase		4.4
	Goodwill	( 3.4)	
	Foreign currency translation	( 16.9)	
	Balance, December 31, 2007		<u>213.8</u>

Dividends represent:

- the amount expected to be payable to third party shareholders at December 31, 2007 (included in other short-term debt);
- the difference between payments made in 2007 and the expected amount payable at December 31, 2006.

## Provisions

Movements in provisions were as follows:

	Total	Liabilities for deposits	Pension liabilities	Deferred income tax	Other
Balance, December 31, 2006	1,120.2	261.2	156.8	110.4	591.8
Changes in consolidation	28.4	0.7		24.4	3.3
Additions	289.7	19.6	20.4	26.4	223.3
Appropriation	( 72.7)	( 20.9)	( 20.1)		( 31.7)
Release	( 2.7)		( 0.5)		( 2.2)
Foreign currency translation	( 14.9)	( 1.7)	( 8.7)	( 6.4)	1.9
Balance, December 31, 2007	1,348.0	258.9	147.9	154.8	786.4

Liabilities for deposits represent deposits paid by customers for gas cylinders and tanks.

Other consists of provisions for:

	2007	2006
Special risks	474.6	374.6
Current or terminated contracts	61.2	47.7
LPG repositioning	33.0	33.0
Claims and other disputes	124.2	67.0
Reorganisations	9.3	14.1
Maintenance of gas cylinders and tanks	11.8	8.4
Miscellaneous	72.3	47.0
	786.4	591.8

The provision for special risks is set up for a number of risks, identified at the end of the year, which could potentially result in a liability and cash outflow in the future. These risks result from the nature and geographic spread of SHV's operations. SHV continues to run risks with suppliers and customers in the market for oil and gas and LPG as a result of high price volatility. Both governments and tax authorities in some of the countries in which we operate (in Europe, South America as well as in some Asian countries) increasingly take unexpected positions that potentially impact the financial situation, the valuation of assets, and the profitability of our operations. As a result the provision for special risks has been increased by € 100 million to € 474.6 million.

Provisions generally are of a long-term nature.

## Long-term liabilities

	2007	2006
Privately placed loans from financial institutions	662.1	620.4
Other	134.4	29.4
	796.5	649.8

Privately placed loans from financial institutions

These loans consist of:

- a private placement of USD 280 million. Maturities of this loan from 2003 vary from 5 to 12 years, with interest rates fixed from 3.6% to 5.0%. Through interest rate swaps these fixed interest rates have been swapped to floating interest rates. The total amount of USD 280 million has been swapped into euros for the amount of € 239.4 million. In 2008 an amount of USD 65 million (€ 55.6 million) will be redeemed;
- a private placement of USD 320 million. Maturities of this loan from 2004 vary from 5 to 15 years, with interest rates fixed from 5.2% to 6.5%. Through interest rate swaps these

fixed interest rates have been swapped to floating interest rates. In 2005 and 2006, an amount of USD 25 million and USD 28 million respectively was swapped into euros for the amount of € 21.2 million and € 22.8 million respectively. In 2007 an other amount of USD 37 million was swapped into euros for € 27.6 million. The part of the loan not swapped into euros, amounting to USD 230 million at the end of 2007, serves as a hedge of the currency exposure on long-term investments in USD;

- a syndicated loan of initially BRL 200 million (€ 72.2 million) in Brazil. Maturity of this loan from 2004 is five years. During 2008 an amount of BRL 53.3 million (€ 20.5 million) will be redeemed. At December 31, 2007 the syndicated loan was BRL 120 million (€ 46.1 million). The interest rate on this loan is floating;
- 12 loans, with an average interest rate of 5.8% and an average remaining term of 5 years at December 31, 2007.

The syndicated bank stand-by facility of € 800 million was extended with one year. The facility matures on November 14, 2012. In 2006 an amount of € 220 million has been drawn on this facility. This amount was redeemed in 2007.

#### Other

Other long-term debt consists of:

- industrial revenue bonds with an average interest rate of 3.4% at December 31, 2007;
- finance lease liabilities with an average interest rate of 7.3% at December 31, 2007;
- liabilities as a result of the valuation at market value of two interest rate swaps, maturing in 2010, of € 10.7 million;
- 9 loans, with an average interest rate of 5.6% at December 31, 2007.

The average remaining term of the other long-term debt at December 31, 2007 is 5 years.

Redemption schedule of long-term debt	2008	2009/2012	After 2012
Privately placed loans from financial institutions	110.5	419.4	242.7
Other	27.7	93.2	41.2
	<u>138.2</u>	<u>512.6</u>	<u>283.9</u>

The portion of long-term debt that will be redeemed in 2008 is included in short-term liabilities.

At December 31, 2007, long-term debt of € 94 million (2006: € 31 million) was secured.

<b>Short-term liabilities</b>	2007	2006
Trade accounts payable	1,347.2	1,168.5
Accrued liabilities	220.8	214.7
Payable to banks	358.4	463.4
Redemption of long-term debt	138.2	54.6
Dividends to own and third party shareholders	164.3	143.0
Income taxes payable	102.3	64.9
Other taxes and social security premiums	65.7	78.1
Other short-term debt	176.6	147.6
	<u>2,573.5</u>	<u>2,334.8</u>

At December 31, 2007, other short-term debt of € 22 million (2006: € 4 million) was secured.

## Financial instruments

### Foreign currency contracts

At December 31, 2007, foreign currency contracts were outstanding to hedge the currency risk on funds invested in foreign subsidiaries and furthermore risks on long-term debt, other assets and liabilities and future cash flows in non-euro currencies:

- foreign currency contracts to hedge funds invested in foreign subsidiaries amount to € 288.0 million. The net market value of these contracts amounts to positive € 16.8 million and is included in current assets and liabilities. The unrealised change in value during the year of € 22.0 million (profit) is included in the reserve for currency exchange differences within shareholders' equity;
- foreign currency contracts to hedge the currency risk on long-term debt amount to € 311.0 million. The negative market value of these contracts is € 57.9 million and is included in the valuation of the outstanding long-term debt. The unrealised change in value during the year of € 27.1 million (loss) is included in the other financial income;
- foreign currency contracts to hedge the currency risk on other assets and liabilities amount to € 18.2 million. The positive net market value of these contracts is € 0.5 million and is included in the valuation of the individual assets and liabilities. The unrealised change in value during the year of € 0.5 million (profit) is included in the statement of income;
- foreign currency contracts for a total amount of € 68.7 million were outstanding to protect the company against currency risk on future cash flows. The positive net market value of these contracts amounts to € 3.1 million. Gains and losses are recognised upon realisation.

### Interest rate swaps

Interest rate risk has been hedged through a number of interest rate swaps, at both Corporate and business unit level. At December 31, 2007, the following interest rate swaps were in effect:

- Corporate:
  - a number of interest rate swaps for the notional amount of USD 280 million, whereby fixed USD interest payments have been converted to floating euro interest payments. The resulting average interest rate is 5.9% at December 31, 2007. The swaps mature over a period of 1 to 8 years. The negative market value of these contracts amounts to € 7.7 million;
  - a number of interest rate swaps for the notional amount of USD 320 million, whereby fixed USD interest payments have been converted to floating USD interest payments. The resulting average interest rate is 5.4% at December 31, 2007. The swaps mature over a period of 2 to 12 years. The positive market value of these contracts amounts to € 7.9 million;
  - a number of interest rate swaps for the notional amount of GBP 180 million, whereby fixed GBP interest receivables have been converted to fixed euro interest receivables. The resulting average interest rate is 4.2% at December 31, 2007. The swaps mature over a period of 1 to 7 years. The positive market value of these contracts amounts to € 4.7 million;
  - three interest rate swaps for the notional amount of USD 90 million, whereby floating USD interest payments have been converted to floating euro interest payments. The resulting average interest rate is 5.4% at December 31, 2007. The swaps mature in 2009. The negative market value of these contracts amounts to € 0.1 million;
  - two interest rate swaps with a total notional amount of € 300 million. Floating interest rates have been swapped to an average fixed rate of 5.9%. The swaps mature in 2010. These swaps were contracted in 2000 in connection with a syndicated loan of originally € 1,000 million. As the syndicated loan was fully redeemed on December 29, 2004, the swaps are valued at market value, resulting in a liability of € 10.7 million (2006: € 18.7 million). This liability is included in other long-term debt. The change in value during the year is included in interest-net.

- Business units:
  - a number of interest rate swaps with a notional value of € 108.0 million were in effect at December 31, 2007. Floating interest payments have been converted to fixed interest payments. The market value of these contracts is nil.

#### Other financial instruments

Other financial instruments used in operations at December 31, 2007:

- of the future oil and gas production of Dyas, the equivalent of 2.5 million barrels of oil has been hedged to reduce price risk. The negative market value of these contracts is € 13.2 million;
- SHV Gas has net outstanding hedge contracts for the purchase of 285,000 metric tons of LPG. The positive market value of these contracts is € 2.9 million.

### Capital commitments

Commitments for construction or acquisition of operational and financial fixed assets amounted to € 421 million and € 121 million at December 31, 2007 and 2006, respectively.

### Long-term commitments

Under operating leases and leasehold commitments, € 69 million will be due in 2008. For the years 2009 until 2012 the amount will be € 154 million and the total after the year 2012 will be € 218 million. The average remaining term at December 31, 2007 is six years.

### Contingent liabilities

#### Guarantees

SHV is contingently liable with respect to guarantees given in an amount aggregating € 37 million and € 27 million at December 31, 2007 and 2006, respectively. Insofar as claims are probable from guarantees given, provisions have been made.

#### Litigation

There are several pending legal actions arising in normal business for which adequate insurance coverage exists or for which adequate provisions have been made.

### Net sales

Analysis of net sales per activity:	2007	2006
SHV Gas	5,891.7	5,587.3
Makro	4,134.4	4,065.7
Metals recycling	4,361.2	5,249.4
Mammoet	573.2	
Dyas and other	284.3	211.0
	<u>15,244.8</u>	<u>15,113.4</u>

#### Geographical distribution of net sales:

Europe	4,909.0	5,341.3
North America	4,588.0	4,370.2
South America	3,287.9	3,091.7
Asia	2,439.5	2,310.2
Australia and Africa	20.4	
	<u>15,244.8</u>	<u>15,113.4</u>

For NPM Capital, due to the nature of its activities, no sales are recorded. The results of NPM Capital's activities are reflected through the changes in its private equity investments.

**Salaries and wages**

Salaries and wages consist of:	<u>2007</u>	<u>2006</u>
Salaries, wages, gratuities and bonuses	( 604.5)	( 493.1)
Social security premiums	( 118.1)	( 98.6)
Pension fund premiums	( 17.3)	( 11.6)
	<u>( 739.9)</u>	<u>( 603.3)</u>

Analysis of average number of full-time equivalent employees per activity:

SHV Gas	13,133	11,931
Makro	20,686	18,855
Metals recycling	1,624	1,854
Mammoet	2,259	
NPM Capital, Dyas and other	92	92
	<u>37,794</u>	<u>32,732</u>

**Other operating expenses**

Other operating expenses represent those operating expenses not included in cost of goods sold, salaries and wages, or depreciation and depletion. Changes in allowances for doubtful accounts receivable and provisions for future expenditures that are considered to be part of normal business operations are also included. The remuneration of the Supervisory Board of Directors, which is included in other operating expenses, was € 738,000 in 2007 and € 660,000 in 2006. The Supervisory Board of Directors had ten and nine members at the end of 2007 and 2006, respectively.

**Exceptional items**

	<u>2007</u>	<u>2006</u>
Exceptional income	79.4	16.3
Exceptional expense	( 189.2)	( 165.9)
	<u>( 109.8)</u>	<u>( 149.6)</u>

The exceptional items in 2007 consist of:

Provision for special risks	( 100.0)
Pension provision	( 14.7)
Impairments	( 23.8)
Claims and other disputes	( 49.5)
Sale of subsidiaries	73.9
Miscellaneous	4.3
	<u>( 109.8)</u>

The sale of subsidiaries represents capital gains realised on the sale of the Makro operations in Malaysia and the Philippines and of the metals recycling activity TSR in Germany.

**Income from private equity investments**

Income from private equity investments consists of:	<u>2007</u>	<u>2006</u>
Dividends	54.2	45.0
Realised capital gains and losses	183.3	135.4
Interest	11.6	9.2
Write-downs	( 18.1)	( 42.9)
	<u>231.0</u>	<u>146.7</u>

		<u>2007</u>	<u>2006</u>
<b>Interest – net</b>	Interest income	47.8	57.3
	Interest expense	( 81.7)	( 60.0)
		( 33.9)	( 2.7)

		<u>2007</u>	<u>2006</u>
<b>Other financial income – net</b>	Bank charges	( 17.4)	( 14.4)
	Cost of loans	( 2.4)	( 1.9)
	Currency exchange differences	( 3.6)	( 4.0)
	Other income – net	10.3	6.8
		( 13.1)	( 13.5)

Bank charges include the financial transfer tax in South America.

### Income taxes

The average tax burden decreased from 31.7% in 2006 to 28.4% in 2007. This is caused by a combination of factors. The decrease was mainly the result of use of tax losses available in the Netherlands and higher results of NPM Capital which are tax exempt. Provisions made in 2007, which are not tax deductible, affected the average tax burden negatively.

At the end of 2007 the total amount of accumulated tax losses in several countries amounts to approximately € 180 million. Since it is not certain that these tax losses will be used in the near future no tax benefit is recognised.

### Currency rates

The following rates, effective at year-end, have been used in computing the principal foreign currency conversions:

			In euros	
			<u>2007</u>	<u>2006</u>
1	ARS	Argentine peso	0.22	0.25
1	BRL	Brazilian real	0.38	0.35
1	CAD	Canadian dollar	0.69	0.65
1	GBP	Pound sterling	1.36	1.48
1	MYR	Malaysian ringgit	0.21	0.21
1	PLN	Polish zloty	0.28	0.26
1	USD	US dollar	0.68	0.76
1	TRL	Turkish lira	0.58	0.54
100	CHF	Swiss francs	60.41	62.12
100	CNY	Chinese renminbi yuan	9.36	9.72
100	COP	Colombian pesos	0.03	0.03
100	HUF	Hungarian forints	0.40	0.40
100	PHP	Philippine pesos	1.66	1.55
100	PKR	Pakistan rupiah	1.11	1.25
100	THB	Thailand baht	2.03	2.10
100	VEB	Venezuelan bolivars	0.01	0.02
10,000	IDR	Indonesia rupiah	0.73	0.84

## Parent company balance sheets at December 31

(after proposed distribution of income)

In millions of euros

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Operational fixed assets	1.6	0.9
Financial fixed assets	2,742.6	2,223.9
<b>Fixed assets</b>	<b>2,744.2</b>	<b>2,224.8</b>
Accounts receivable – net	30.1	36.6
Cash and cash equivalents	17.1	10.0
<b>Current assets</b>	<b>47.2</b>	<b>46.6</b>
<b>Total</b>	<b>2,791.4</b>	<b>2,271.4</b>
<b>Liabilities</b>		
Capital stock	326.2	326.0
Additional paid-in capital	19.4	17.9
Legal reserves	30.7	14.0
Other reserves	1,776.5	1,393.2
<b>Equity</b>	<b>2,152.8</b>	<b>1,751.1</b>
<b>Provisions</b>	<b>478.6</b>	<b>380.2</b>
Final dividend to own shareholders	148.6	126.8
Other short-term debt	11.4	13.3
<b>Short-term liabilities</b>	<b>160.0</b>	<b>140.1</b>
<b>Total</b>	<b>2,791.4</b>	<b>2,271.4</b>

## Parent company statements of income

In millions of euros

	<u>2007</u>	<u>2006</u>
Income from consolidated companies, after taxes	656.3	519.9
Other results, after taxes	( 87.2)	( 103.9)
<b>Net income</b>	<b>569.1</b>	<b>416.0</b>

## Notes to the parent company financial statements

In millions of euros, unless otherwise indicated

### General

#### Accounting and valuation

The same accounting principles are used for the parent company balance sheets and statements of income as for the consolidated financial statements. Therefore, reference is made to the notes to the consolidated financial statements.

With regard to the parent company statements of income, the exemption provided by article 402 of Book 2 of the Dutch civil code has been used.

SHV Holdings N.V. forms a fiscal unit, for the corporate income tax, with a number of Dutch subsidiaries.

### Financial fixed assets

	2007	2006
Consolidated companies	2,742.5	2,223.8
Other	0.1	0.1
	<u>2,742.6</u>	<u>2,223.9</u>

Consolidated companies are valued at net asset value.

Movements in value of consolidated companies were as follows:

Balance, December 31, 2006	2,223.8
Net income	656.3
Dividends	( 160.0)
Goodwill	( 6.5)
Foreign currency translation	17.4
Other changes	11.5
Balance, December 31, 2007	<u>2,742.5</u>

### Equity

	Total	Capital stock	Additional paid-in capital	Legal reserves	Other reserves
Balance, December 31, 2005	1,905.2	325.8	17.0	105.7	1,456.7
New shares issued	1.1	0.2	0.9		
Net income	416.0				416.0
Dividend	( 157.6)				( 157.6)
Goodwill	( 320.5)				( 320.5)
Foreign currency translation	( 91.7)			( 91.7)	
Other changes	( 1.4)				( 1.4)
Balance, December 31, 2006	1,751.1	326.0	17.9	14.0	1,393.2
New shares issued	1.7	0.2	1.5		
Net income	569.1				569.1
Dividend	( 183.1)				( 183.1)
Goodwill	( 6.5)				( 6.5)
Foreign currency translation	17.4			9.5	7.9
Other changes	3.1			7.2	( 4.1)
Balance, December 31, 2007	<u>2,152.8</u>	<u>326.2</u>	<u>19.4</u>	<u>30.7</u>	<u>1,776.5</u>

#### Capital stock

SHV Holdings N.V. has a nominal capital divided into shares of € 45 each.

At December 31, 2007 the number of issued shares is 7,248,616. They are fully paid and have the same rights.

There are no shares of capital stock held in the treasury.

#### Legal reserves

Effective from 2005, the differences from translation of consolidated and non-consolidated foreign companies are accounted for under reserve for currency differences as part of the legal reserves. Before 2005 these differences were part of the other reserves.

#### Other reserves

Other reserves consist of retained net income, goodwill and – up to 2004 – the differences from translation of consolidated and non-consolidated foreign companies.

#### Provisions

Provision for special risks  
Other liabilities

	<u>2007</u>	<u>2006</u>
	474.6	374.6
	<u>4.0</u>	<u>5.6</u>
	478.6	380.2

#### Contingent liabilities

SHV Holdings N.V. has guaranteed loans of its subsidiaries for a total amount of € 576 million. Further, SHV Holdings N.V. has guaranteed the debts arising from transactions entered into by a number of Dutch subsidiaries. A list is available for inspection at the office of the Chamber of Commerce in Utrecht.

March 14, 2008  
Supervisory Board of Directors

Executive Board of Directors

## Other information

### Report of the auditors

#### Report on the financial statements

We have audited the accompanying financial statements 2007 of SHV Holdings N.V., Netherlands Antilles as set out on pages 35 to 56 which comprise the consolidated and company balance sheet as at 31 December 2007, the consolidated and company profit and loss account for the year then ended and the notes.

#### The Executive Board of Directors' responsibility

The Executive Board of Directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the Report of the Executive Board of Directors, both in accordance with accounting principles generally accepted in the Netherlands. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

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

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

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

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of SHV Holdings N.V. as at 31 December 2007, and of its result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the Dutch legal requirements for financial reporting concerning principles of valuation and determination of result.

## Report on other legal and regulatory requirements

Pursuant to the legal requirement in the Netherlands, we report, to the extent of our competence, that the Report of the Executive Board of Directors is consistent with the financial statements.

March 14, 2008

PricewaterhouseCoopers Accountants N.V.

P. Tieleman RA

## Distribution of income

In millions of euros

### Statutory requirements

#### Article 16

1. Of the profit shown in the profit and loss account and approved by the General Meeting, shareholders shall receive nine per cent (9%) of the nominal value of their shares. From the amount of that profit then remaining, such amounts shall be reserved as are decided by the General Meeting acting on a proposal by the managing board submitted with the approval of the supervisory board.
2. The amount of profit then remaining is at the disposal of the General Meeting.

Proposed distribution of net income	2007	2006
Primary dividend	29.3	29.3
Increase in other reserves	386.0	258.4
Additional dividend	153.8	128.3
	<u>569.1</u>	<u>416.0</u>
Manner of dividend distribution		
Interim dividend	34.5	30.8
Final dividend	148.6	126.8
<b>Total dividend</b>	<b>183.1</b>	<b>157.6</b>

The interim- and final dividend for 2007 are € 4.75 and € 20.50 respectively, per share of € 45 nominal value. The comparable amounts for 2006 were € 4.25 and € 17.50.

## Major events after balance sheet date

Early 2008 SHV has signed an agreement to sell the shares of SHV North America Corporation for an amount of approximately USD 1.44 billion to Nucor Corporation, a company listed at the New York Stock Exchange.

SHV North America Corporation owns 100% of The David J. Joseph Company, one of the leading U.S. scrap companies. Since 1969 Nucor has been an important customer of DJJ. In 2007 DJJ's revenues and income from operations before depreciation and amortisation amounted to approximately € 4.4 billion and € 131 million respectively.

## Corporate philosophy

### ▲ **Being part of SHV**

SHV is a privately-held company and wishes to remain so.

SHV is a decentralised company. Great trust is placed in our people in the field. This decentralisation provides an excellent opportunity for individual development. Mutual respect and trust provides the basis for happiness at work.

SHV's most important values are integrity and loyalty. Integrity means being honest, genuine and totally open in communications about all matters that concern the company. Good news may travel slowly, bad news should travel quickly. Loyalty means putting your best effort into your work for the company and its development.

Based on the integrity and loyalty of our people, SHV wishes to continue to grow both for the benefit of our shareholders, our employees and for the well-being of the society in which we live and work.

### ▲ **Growth through performance**

We optimise our business and keep an eye open for opportunities. We work as a team for better results. We keep hierarchy and bureaucracy to a minimum.

Shareholders are not looking for 'puffed up' quarterly or annual results, but for sustainable profit growth.

Shareholders accept the risks of new endeavours.

### ▲ **Go for niche and market share**

In looking for niche markets, we will not dabble in general trends or fashions. We will establish ourselves as a leading participant in our markets.

### ▲ **Invest in people**

Success comes through our people.

Investing in people means:

- trusting our people
- giving our people responsibility
- stimulating creativity and own initiative
- coaching and training our people
- rewarding excellence

Motivate by example, smile and find happiness in your work. It is important not to blame people. We all make mistakes. To blame is to be negative. If integrity and loyalty are undisputed, a mistake might be the start of better management.

▲ **Manage change**

Change is all around us always. Do not be blind or deaf to change. Change creates opportunities.

Analyse change, discuss it with others, evaluate and challenge your own thoughts. See change as oxygen for our company and manage it with understanding and wisdom.

▲ **Look for the unusual**

The unusual is interesting. The unusual challenges our intellect and our creative spirit. At all levels our people are invited to look for the unusual and see how it can help our business. This is essential to our success. The unusual may be exactly what can differentiate us.

▲ **Listen, learn and react**

No one knows everything, we all know something. By listening to other people's ideas and thoughts we widen our horizon. To listen before speaking is to learn. The wise man or woman will benefit from the knowledge of others.

After listening and learning we should decide to react. Never forget that to do nothing is also a decision.

▲ **Keep things simple**

Life only seems to be complicated. Technicalities are complicated, good business is not. Choices and decisions are difficult at times, not complicated. Put your thoughts on any subject on a single piece of paper – it helps clarify the mind.

## Major operating companies

Between [ ] ownership percentage at  
December 31, 2007

Between ( ) age at  
December 31, 2007

### SHV Gas

SHV Gas  
Siriusdreef 70-72  
2132 WT Hoofddorp  
Telephone 31 23 5555700  
Fax 31 23 5555701  
e-mail info@shvgas.com

**the Netherlands**  
L.A.B.M. Driebeek (56)  
A.P. Huijgen (56)  
H.R. Kerr (48)  
until February 2008  
T.A.F. Oláh (57)  
until February 2008

SHV Gas includes the following companies:  
(in alphabetical order by country)

---

Primagaz GmbH [100%]  
St. Johanner Strasse 11  
6370 Kitzbühel  
Telephone 43 5356 6992  
Fax 43 5356 6992 9000  
e-mail office@primagaz-austria.at

**Austria**  
U.J. Andres (47)

Primagaz Central Europe GmbH [100%]  
Salztorgasse 2/5  
1010 Vienna  
Telephone 43 1 5320546  
Fax 43 1 53205469  
e-mail info@primagaz-trading.com

**Austria**  
E. Brandstätter (48)

Primagaz Belgium N.V. [100%]  
Ravenshout 3310  
Kanaalweg 87  
3980 Tessenderlo  
Telephone 32 13 618200  
Fax 32 13 618299  
e-mail info@primagaz.be

**Belgium**  
R. Kandelman (40)

Liquivex doo [90%]  
Žabljak  
74230 Usora  
Telephone 387 32895203  
Fax 387 32893220  
e-mail liquivex@tel.net.ba

**Bosnia and Herzegovina**  
A. Arzà (49)

SHV Gas Brasil Ltda. [100%]  
Av. Presidente Wilson, nr. 231 – 19<sup>th</sup> floor  
Edifício Palácio Austregésilo de Athayde – Centro  
20030-95 – Rio de Janeiro – RJ  
Telephone 55 21 39745151  
Fax 55 21 22629075  
e-mail amgomes@shvgas.com.br

**Brazil**  
L.M.M. Barretto Cotta (55)

## Major operating companies

Between [ ] ownership percentage at  
December 31, 2007

Between ( ) age at  
December 31, 2007

### SHV Gas

SHV Gas includes the following companies:  
(in alphabetical order by country)

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SHV (China) Investment Company Limited [100%]  
21F, Ping An Building  
No. 160, Ti Yu Dong Road, Tian He District  
Guangzhou, Guangdong Province  
Telephone 86 20 87520618  
Fax 86 20 87520658  
e-mail sfranken@xiweigas.com

**P.R. China**  
S.M. Franken (42)

Butan Plin d.o.o. [70%]  
Mletácka 12  
52100 Pula  
Telephone 385 52211895  
Fax 385 52382438  
e-mail mburger@butanplin.si

**Croatia**  
M. Burger (45)

Primagas s.r.o. [100%]  
Na Pankráci 30  
140 00 Prague 4  
Telephone 420 2 61001560  
Fax 420 2 61001564  
e-mail info@primaplyn.cz

**Czech Republic**  
A. Petrů (59)

Primagaz Danmark A/S [100%]  
Sandvadsvej 11  
4600 Køge  
Telephone 45 56 631220  
Fax 45 56 634119  
e-mail office@primagaz.dk

**Denmark**  
K. Krogh (51)

Compagnie des Gaz de Pétrole Primagaz S.A. [100%]  
4, rue Hérault de Séchelles  
BP 97  
75829 Paris cedex 17  
Telephone 33 1 58615000  
Fax 33 1 58615050  
e-mail info@primagaz.fr

**France**  
M.Y. Maestroni (40)

SHV Gas Supply & Risk Management SAS [100%]  
Espace 21  
La Défense 7  
31, place Ronde  
92800 Puteaux  
Telephone 33 1 49039587  
Fax 33 1 49037087  
e-mail ccasabonne@shvgas.com

**France**  
C. Casabonne (43)

## Major operating companies

Between [ ] ownership percentage at  
December 31, 2007

Between ( ) age at  
December 31, 2007

### SHV Gas

SHV Gas includes the following companies:  
(in alphabetical order by country)

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Primagas GmbH [72.7%]  
Luisenstrasse 113  
47799 Krefeld  
Telephone 49 2151 8520  
Fax 49 2151 852270  
e-mail info@primagas.de

**Germany**  
J.D. Diercks (52)

Calor Group Ltd. [100%]  
Athena House  
Athena Drive  
Tachbrook Park  
Warwick CV34 6RL  
Telephone 44 1926 330088  
Fax 44 1926 318718  
e-mail enquiry@calorgas.co.uk

**Great Britain**  
A. Davis (59)

Prímagáz-Hungária Zrt. [100%]  
Irinyi József u. 4-20  
1117 Budapest  
Telephone 36 1 2099900  
Fax 36 1 2099999  
e-mail primagaz@primagaz.hu

**Hungary**  
Z. Szirmai (53)

SHV Energy India Private Ltd. [100%]  
Super Gas House  
IV Floor, Serene Chambers, #8-2-334  
Road No. 7, Banjara Hills  
Hyderabad 500 034  
Telephone 91 40 23540079  
Fax 91 40 23540082  
e-mail shvindia@supergas.com

**India**  
A. Kumar (48)

Calor Gas Northern Ireland Ltd. [100%]  
Airport Road West  
Sydenham  
Belfast BT3 9EE  
Telephone 44 2890 458466  
Fax 44 2890 732749  
e-mail sales@calorgas.ie

**Northern Ireland**  
S.G. Cooke (49)

Calor Teoranta [100%]  
Long Mile Road  
Dublin 12  
Telephone 353 1 4505000  
Fax 353 1 4507852  
e-mail sales@calorgas.ie

**Republic of Ireland**  
S.G. Cooke (49)

## Major operating companies

Between [ ] ownership percentage at  
December 31, 2007

Between ( ) age at  
December 31, 2007

### SHV Gas

SHV Gas includes the following companies:  
(in alphabetical order by country)

---

Liquigas S.p.A. [70%]  
Via Tucidide 56  
20134 Milan MI  
Telephone 39 02 70168801  
Fax 39 02 70168850  
e-mail pdallago@liquigas.com

#### **Italy**

P. Dal Lago (60)

Primagaz Nederland B.V. [100%]  
Coenensparkstraat 25  
7202 AN Zutphen  
Telephone 31 575 582200  
Fax 31 575 582230  
e-mail info@primagaz.nl

#### **the Netherlands**

R. Kandelman (40)

SHV Energy Pakistan (Private) Limited [100%]  
House 98A  
Margalla Road  
Sector F-6/2  
Islamabad  
Telephone 92 51 2274400  
Fax 92 51 2275576  
e-mail supergas@shvpk.com

#### **Pakistan**

P.J. Gregory (66)  
until October 2007  
S.A. Quraishi (52)

Liquigaz Philippines Corporation [100%]  
3<sup>rd</sup> Floor, NOL Tower  
Commerce Avenue, Madrigal Business Park  
Ayala Alabang, Muntinlupa City  
1780 Metro Manila  
Telephone 63 2 7710560  
Fax 63 2 7710569  
e-mail info@liquigaz.com

#### **the Philippines**

P.G. Libihoul (51)

Gaspol S.A. [88.3%]  
Al. Jana Pawla II 80  
00 – 175 Warsaw  
Telephone 48 22 5300000  
Fax 48 22 5300001  
e-mail kontakt@gaspol.pl

#### **Poland**

S. Smigiel (46)

Probugas a.s. [50%]  
Lieskovská cesta 3  
821 06 Bratislava  
Telephone 421 2 40201311  
Fax 421 2 40201308  
e-mail infomail@probugas.sk

#### **Slovakia**

L. Červenák (60)

## Major operating companies

Between [ ] ownership percentage at  
December 31, 2007

Between ( ) age at  
December 31, 2007

### SHV Gas

SHV Gas includes the following companies:  
(in alphabetical order by country)

---

Butan Plin d.d. [70%]  
Verovskova 70  
1001 Ljubljana  
Telephone 386 1 5889813  
Fax 386 1 5889806  
e-mail info@butanplin.si

Primagas Energía S.A.U. [100%]  
C/ Entenza, 332-334, 1º, 1a  
08029 Barcelona  
Telephone 34 93 3633770  
Fax 34 93 4106782  
e-mail info@primagaz.es

Primagaz Sverige AB [100%]  
c/o Sandvadsvej 11  
4600 Køge  
Telephone 45 56 631220  
Fax 45 56 634119  
e-mail office@primagaz.dk

Ipragaz A.S. [100%]  
Nova Baran Plaza  
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34360 Sisli – Istanbul  
Telephone 90 212 2345259  
Fax 90 212 2404790  
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Bizimgaz Ticaret Ve Sanayi A.S. [99.2%]  
Nova Baran Plaza  
19 Mayıs Cad. N° 4  
34360 Sisli – Istanbul  
Telephone 90 212 2240034  
Fax 90 212 2333396  
e-mail info@bizimgaz.com

**Slovenia**  
A. Arzà (48)  
until December 2007  
T. Grm (39)

**Spain**  
S. Mikulski (38)

**Sweden**  
K. Krogh (51)

**Turkey**  
S. Siper (50)

**Turkey**  
G. Nebol (36)

## Major operating companies

Between [ ] ownership percentage at  
December 31, 2007

Between ( ) age at  
December 31, 2007

### Makro

Makro South America  
Rua Carlos Lisdegno Carlucci, 519  
05536-900 São Paulo-SP  
Telephone 55 11 37452814  
Fax 55 11 37421010  
e-mail general@makrosouthamerica.com

**Brazil**  
A.A. Colmenares (47)  
R. Batista (43)  
until February 2008  
E.A. Leijnse (40)

Makro South America includes the following companies:  
(in alphabetical order by country)

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Supermercados Mayoristas Makro S.A. [89.0%]  
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1605 Munro  
Buenos Aires  
Telephone 54 11 47560081  
Fax 54 11 47562154  
e-mail mrodriguez@makro.com.ar

**Argentina**  
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Makro Atacadista S.A. [99.9%]  
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Telephone 55 11 37452700  
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**Brazil**  
L.A.C.N. Viana (60)  
until February 2007  
A.A. Colmenares (47)  
ad interim until April 2008  
R. Batista (43)

Makro Supermayorista S.A. [56.5%]  
Carretera 39 193-63  
Autopista Norte  
Bogotá  
Telephone 57 1 6781616  
Fax 57 1 6780192  
e-mail edith.riano@makro.com.co

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Makro Comercializadora S.A. [75%]  
Prolongación Avenida Rómulo Gallegos  
c/Carretera Petare-Guaremas  
La Urbina  
Caracas 1061  
Telephone 58 212 2422611  
Fax 58 212 2427994  
e-mail bu@makro.com.ve

**Venezuela**  
A.A.H. Alonzo (57)

## Major operating companies

Between [ ] ownership percentage at  
December 31, 2007

Between ( ) age at  
December 31, 2007

### Makro

Makro Asia  
2<sup>nd</sup> Floor, 3498 Lard Prao Road  
Klongchan, Bangkok, Bangkok 10240  
Telephone 66 2 7047266  
Fax 66 2 7047267  
e-mail info@makroasia.co.th

**Thailand**  
D.P. Casey (56)  
E.A. Leijnse (40)  
until February 2008

Makro Asia includes the following companies:  
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Chaoyang District  
Beijing 100016  
Telephone 86 10 64361600  
Fax 86 10 64336247  
e-mail info@ctamakrobj.com.cn

**P.R. China**  
A.L.M. van Gorp (48)

PT Makro Indonesia [83.6%]  
Jl. Lingkar Luar Selatan Kav. 6  
Circacas, Jakarta Timur 13750  
Telephone 62 21 8404080  
Fax 62 21 8404075  
e-mail ho@makro.co.id

**Indonesia**  
G. Kuswanto (45)

Makro-Habib Pakistan Ltd. [70%]  
5-B/3 Gulberg III  
Lahore 54660  
Telephone 92 42 5716451-55  
Fax 92 42 5717900  
e-mail shireen@makropakistan.com

**Pakistan**  
M. Minkiewicz (43)

Listed on the Stock Exchange  
of Bangkok

Siam Makro Public Company Limited [49%]  
2<sup>nd</sup> Floor, 3498 Lard Prao Road  
Klongchan, Bangkok  
Bangkok 10240  
Telephone 66 2 7231000  
Fax 66 2 3752789  
e-mail info@siammakro.co.th

**Thailand**  
S. Ithjarukul (55)

## Major operating companies

Between [ ] ownership percentage at  
December 31, 2007

Between ( ) age at  
December 31, 2007

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### Metals recycling

The David J. Joseph Company [100%]  
300 Pike Street, Cincinnati, OH 45202  
Telephone 1 513 6218770  
Fax 1 513 3454397  
e-mail info@djj.com

### United States of America

K.B. Grass (51)  
R. Angotti (46)  
T. Baker (58)  
C. Feldman (43)  
J.H. Goetz (51)

### NPM Capital

NPM Capital N.V. [100%]  
Breitnerstraat 1  
1077 BL Amsterdam  
Telephone 31 20 5705555  
Fax 31 20 6710855  
e-mail mails@npm-capital.com

### the Netherlands

J.W. Baud (56)  
R.O. Prins (50)

### Dyas

Dyas B.V. [100%]  
Rijnkade 1  
3511 LC Utrecht  
Telephone 31 30 2338434  
Fax 31 30 2338418  
e-mail dyas@shv.nl

### the Netherlands

J. Tijssen (60)  
until April 2007  
A.F.D. Berger (41)

### Mammoet

Mammoet Holding B.V. [75%]  
Karel Doormanweg 47, Haven 580  
3115 JD Schiedam  
Telephone 31 10 2042424  
Fax 31 10 2042442  
e-mail info@mammoet.com

### the Netherlands

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S. Kranenburg (57)  
J. van Seumeren (31)  
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### Renewable energy

The Clean Energy Company B.V. [100%]  
Rijnkade 1  
3511 LC Utrecht  
Telephone 31 30 2338281  
Fax 31 30 2338433  
e-mail dinh@shv.nl

### the Netherlands

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J.A. Samsom (38)

### Corporate

SHV Interholding A.G. [100%]  
Aspermontstrasse 24  
7000 Chur  
Telephone 41 81 3549070  
Fax 41 81 3549061  
e-mail admin@shv-orkam.ch

### Switzerland

M.A. Baselgia (49)

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