Annual Report
2006

Energie Beheer Nederland B.V.

Key figures (amounts x € million)

	2006	2005
number of participations	116	118
of which exploration-related	17	19
sales volume, EBN share (billion m³)[1]	28	28
sales (from continuing operations)	6.264	4.883
profit from discontinued operations	-	2.154
net profit from continuing operations	2.378	1.637
total net profit	2.378	3.827
state income via EBN	5.350	7.326
capital expenditure	896	717
depreciation and amortization	403	374
number of employees	52	41

1) This includes the proportional part of sales from onshore production licenses in which EBN has no equity share but is entitled to a proportional part of the revenues.
All quantities in this report are expressed in billion m³ of natural gas (35.17 MJ at 0 degrees Centigrade) based on EBN's participation percentage.

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Corporate Statement

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The main mission of Energie Beheer Nederland B.V. (EBN) is to help:
- maximize Dutch oil and gas production. Its 'small fields policy' and the optimum, timely and responsible use of existing infrastructure (particularly on the continental shelf) are of vital importance here;
- optimize the Dutch State's revenue from these activities. The income the State receives via EBN from natural gas takes the form of EBN's net profit, tax and special mining levies.

To this end, EBN participates in:
- the exploration of natural gas and petroleum (Section 5.2.1 of Mining Act);
- the production of natural gas and petroleum (Section 5.2.2. of Mining Act);
- GasTerra B.V.;
- the purchase, sale, transport, storage and processing of natural gas and petroleum and in other activities that serve the purposes of exploration and production;

EBN also advises the Dutch Minister for Economic Affairs on Dutch energy policy, particularly on good management of Dutch hydrocarbons.

Profile

Profile

Energie Beheer Nederland B.V. (EBN) is a State-owned company. All of its shares are held by the Dutch State. The Dutch Ministry of Economic Affairs fulfils the role of shareholder. This Ministry is also responsible for Dutch energy policy which forms the basis for EBN's operations.

The Netherlands favours a stable mining climate - the aim being to extract from the underground all economically recoverable hydrocarbons. Oil and gas have been produced for decades in the Netherlands and on the Dutch part of the continental shelf in the North Sea - the most important source of production by far being the Groningen field.
After the discovery of this field at the end of the Fifties, the State's policy of participation in the production and sale of gas was set out in the "Nota de Pous" policy document of 1962.

Initially, the process involved in particular cooperation between the State, EBN's predecessor and the shareholders of Nederlandse Aardolie Maatschappij (NAM) in developing the Groningen field and subsequently the establishment of Nederlandse Gasunie NV as linchpin in the marketing of the gas from this field. EBN holds a 40% stake in this venture (the so named: 'gasgebouw').

Later, other small fields also came into production - the State developing the small fields policy for this purpose. The cornerstone of this policy is that gas production from the small fields takes priority over production from the Groningen field. This situation is achieved through a flexible arrangement by which gas production from the Groningen field is tailored to gas production from the small fields. The small fields policy is also referred to in Article 54 of the Gas Act which states - in short - that the company GasTerra B.V. (Gasunie's successor responsible for marketing the gas) must purchase the gas it is offered from the small fields at prices that are compatible with market conditions. Mining companies are free to sell gas produced from the small fields to any other party but the Gas Act offers them the security that they may sell the gas to GasTerra at prices at market conditions. This entails that mining companies find developing the gas from the small fields an attractive proposition.

It is moreover government policy - as regulated in the Mining Act - to allow EBN to participate in the exploration and production of oil and gas. EBN now participates in more than a hundred joint ventures involving a large number of oil and gas companies as operators or non-operators.

By looking after State interests, EBN contributes significantly to (Dutch) energy supplies through the exploration and production of Dutch oil and gas and to the benefits society derives from this. It has been agreed that EBN will not retain any financial reserves. Its entire net profit is made available to the State.

EBN's main 'stakeholders' are the Dutch Ministry of Economic Affairs (which is responsible for policy and represents the State as shareholder), its partners in various joint ventures, other business partners, and its employees.

EBN operates on the basis of a code of conduct whose key values are respect for every individual, integrity and professionalism. EBN adopts a non-discriminatory, transparent approach to its partners that is compatible with market conditions.

Foreword

In 2006, a new governance framework was introduced at EBN when DSM's management of EBN ended on 1 January 2006. A great deal of attention was devoted to altering and strengthening the company's internal organization and developing relations with our stakeholders. An important element of the company's internal organization is EBN's accommodation at two different locations. In addition to its head office in Heerlen, an office opened in Utrecht at the end of 2005 that started well. At the end of 2006, there were 15 employees at the Utrecht site, recruited largely from outside. This represented an important step in the process of strengthening and rejuvenating the company's internal organization.

In October 2006, we announced our intention to concentrate all EBN operations in Utrecht in the near future. This is a far-reaching decision for both the company and its employees. Although it means that EBN will be leaving Limburg after about 40 years, we feel that moving all our operations to Utrecht represents a significant step that will be beneficial to EBN's position on the labour market and to relations with our stakeholders. The office in Heerlen will continue to operate alongside the office in Utrecht for another 4 years. This will ease the transition and achieve a good balance between the company's interests and those of its employees.

The process of formalizing agreements between the Ministry of Economic Affairs and EBN on EBN's tasks and position also began in 2006. An amendment to the Mining Act setting out these tasks is planned for 1 January 2008.

Mining operations in the Netherlands saw a modest improvement in 2006. The increasing number of new, often smaller companies that wish to become involved in exploration and production operations within the Netherlands is a very positive development. This has led to an increase in the number of exploration licences issued. In our view, additional measures are however needed to improve the mining climate in such a way that all recoverable Dutch mineral resources are actually recovered. High oil and gas prices alone do not offer any guarantee of this. Money and manpower are scarce and when investment decisions are taken by companies operating for the most part worldwide, projects in the Netherlands are competing against a large number of projects elsewhere in the world.

For EBN, acquiring an interest in the redevelopment of the Schoonebeek oil field represents an important development. This was announced at the beginning of 2007. NAM and EBN expect to make a final decision on this joint project during the course of this year.

This year is the first time the financial statements have been drawn up on the basis of IFRS. The changeover has required a great deal of work on the part of the staff involved and has been completed successfully.

I would like to take this opportunity to express my appreciation for the commitment shown by our staff over the past year. We will be working with our employees and business partners to ensure that 2007 is another successful year.

Rob Atsma
Chairman of the Board of Directors

Report by the Board of Directors

Market developments

In 2006, world economic growth and particularly that in Asia produced a modest increase in demand for oil and gas estimated at around 2%. About halfway through the year, the price of crude oil reached a record level of $ 70 a barrel. Gas prices also increased significantly. As well as supply and demand, geopolitical relations worldwide are in particular affecting oil and gas prices. The world is increasingly reliant on a limited number of politically less stable regions for its supply of oil and gas.

European gas prices are in general linked to the price of crude oil and oil derivatives. In the United Kingdom (UK), gas prices are however for the most part linked to the spot price on the NBP (National Balancing Point). Until autumn 2006, this was higher than the level in Continental Europe. Prices on the NBP have in the meantime fallen for 2007 and subsequent years to well below continental levels. This is the result of a perceived (surplus) supply of gas in the United Kingdom in the years to come.

Between last summer and year end oil prices have fallen by around 20%. Hold-ups with many continental gas contracts meant this had little effect on continental gas prices in 2006 and therefore EBN's income.

Compared with 2005, selling prices for gas on the European market were better, even with a weaker dollar.

In 2006, the reality of an integrated European gas market came another step closer. Infrastructure such as pipelines was expanded and LNG terminals were completed or preparations commenced. The direct consequence of this was the aforementioned sharp drop in gas prices in the UK. Increased interconnection capacity in North-West Europe has resulted in some degree of convergence in spot prices in the various countries with liquidity also on the increase (that is to say the ratio between negotiated volume and volume actually supplied).

In the Netherlands, spot trading on the TTF (Title Transfer Facility) again increased significantly in 2006 with a negotiated volume in 2006 of around 21 billion m^3 and a net volume in 2006 of around 6 billion m^3. Despite the fact that the liquidity of the TTF remains limited, many suppliers and purchasers are now prepared to use the TTF price as the market value of the gas. The commissioning of the Balgzand Bacton Pipeline, the pipeline that connects the Netherlands with the UK, means that prices on the NBP and TTF are converging rapidly. It is anticipated that the presence of the Balgzand Bacton Pipeline and other interconnectors will also increase the supply of gas in the Netherlands in the coming years and put pressure on prices.

(source: Gaz de France)

Strategy

A Strategic Five Year Plan was drawn up in 2006 on the basis of the market developments outlined above and the gaining of independence by EBN. This plan outlines how the changes on the market will affect the way in which EBN will achieve its tasks.

Dutch energy policy plays a key role here and represents an important precondition. The Minister for Economic Affairs provided details of the policy in the Energy Report 'Nu voor later' [Now for later] dated 8 July 2005. Applicable also to EBN, this policy involves - briefly:
- continuing the small fields policy;
- strategic management of the Groningen field;
- having a good, stable mining climate;
- helping to ensure that the Netherlands becomes the gas hub of North-West Europe, thereby offering better safeguards for market operations and guaranteed supplies.

In 2006, EBN's Strategic Five Year Plan was translated into operational and financial targets. The main indicators here are as follows:
- level of exploration activities (expressed in terms of the number of exploratory and appraisal drilling operations in the Netherlands). In 2004, the Minister of Economic Affairs stated in the gas production paper that an average of at least 15 exploratory drilling operations per year was necessary to achieve maximum production of mineral resources;
- level of production from small fields. Although production has clearly peaked, EBN will continue to do all it can to maximize production from these fields. Level of production remains an important parameter here;
- the amount of government revenue EBN generates.

EBN has limited influence over these indicators. EBN will however exercise its influence to the full in its relations with stakeholders.

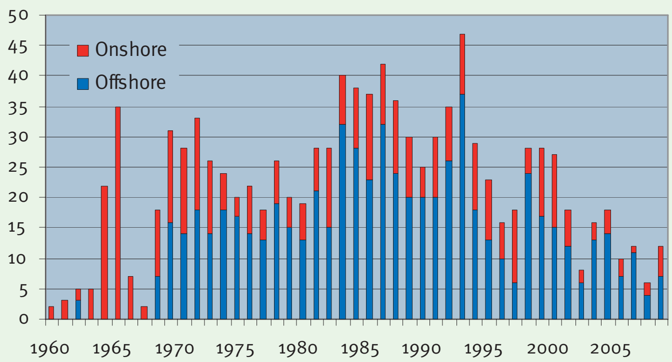
The Strategic Five Year Plan also looks at how to achieve an effective, efficient EBN that is able to achieve its aims and is attractive to (potential) employees.

Exploration and production

Introduction

A key element of EBN's mission is the maximization of production of Dutch gas. In recent years, production from small fields has however decreased significantly. The main reason for this is that the Netherlands is what is known as a "mature area" for gas production. A great deal is known about the subsurface and the most economic gas reserves have already been developed. The number of fields still to find - known as "futures" - is falling, as is the average size of these prospects. Over the next decade, existing infrastructure (particularly offshore) will also gradually be abandoned. The speed with which this will take place will increase as activity levels drop. It is therefore of enormous importance to EBN that licensees increase their activities, particularly in the area of exploration. If licensees fail to carry out any drilling operations in certain areas, they will have to return their (dormant) licences so that other companies can take advantage of them.

Number of exploration drilling operations



Mining climate

EBN feels it is necessary to make every effort in the short term to restore exploration activities to a higher level. This will ensure that as much economically recoverable oil and gas as possible is actually found and produced.

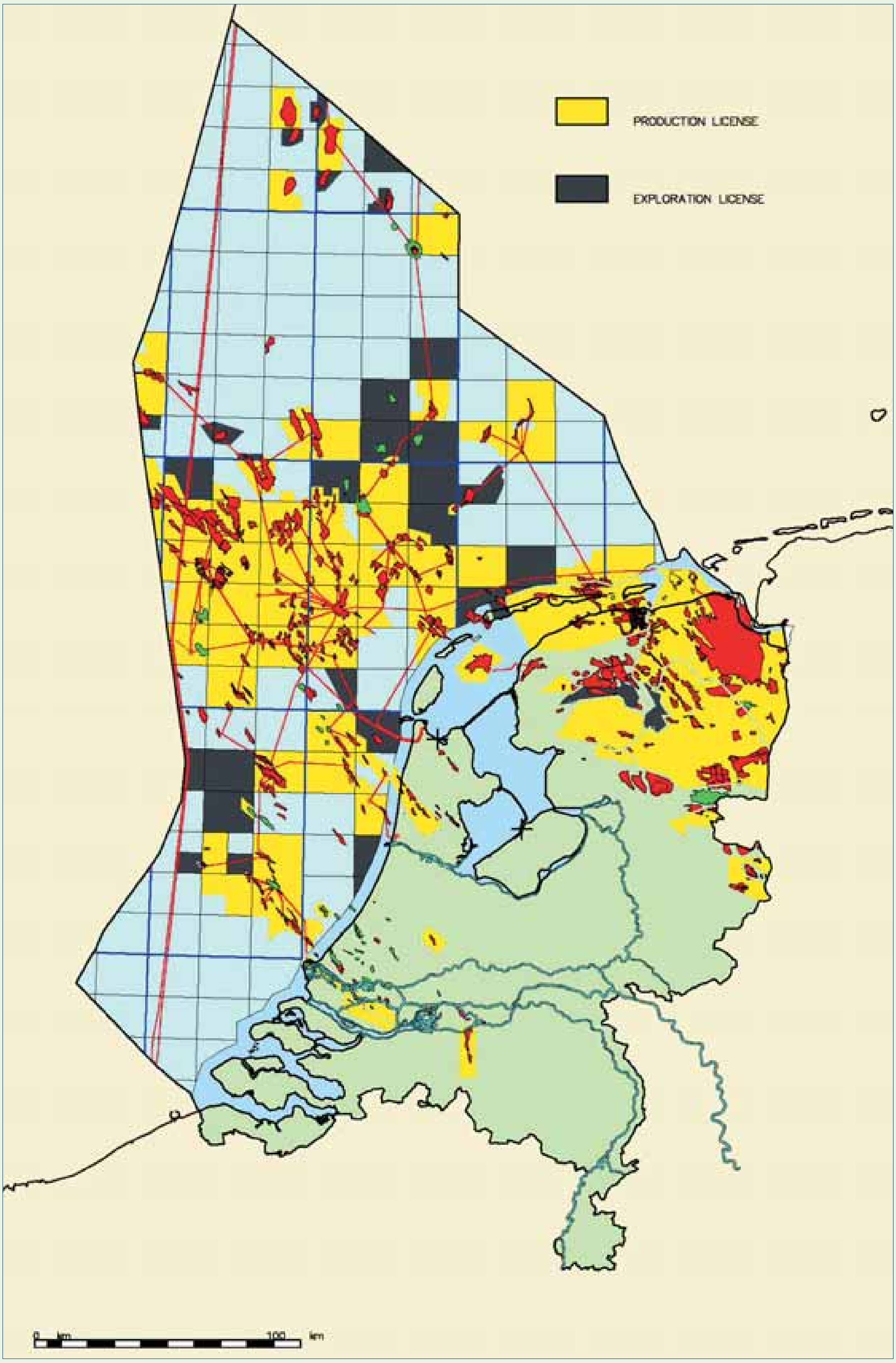
An improvement in the mining climate is necessary here. In 2006, EBN took action on many fronts to achieve this improvement.

- A package of measures was developed with the Ministry of Economic Affairs and the Dutch oil and gas exploration and production association NOGEPA. An important part of this package is a measure aimed at ensuring that 'dormant' licences become available once again to interested companies. The package of measures also includes tax measures specifically geared to the exploration and development of marginal fields. These marginal fields are now generally high-risk and not very profitable. Even with a smaller share of the income however it would still be worthwhile for the State, while it may also be a sufficient incentive for licensees to develop these fields.
- GasTerra, in which EBN has a share, has achieved an improvement in the terms for purchasing gas from small fields. These are the terms that GasTerra offers producers as part of its public role. The improvement relates in particular to the options available to speed up production.
- EBN and the Ministry of Economic Affairs have been able to interest new players in the opportunities available in the Netherlands and have wherever possible helped them to find their way.
- The European Commission has held a public consultation as part of a sector-wide investigation into the operation of the energy market in Europe. EBN made it known in a written response to the interim report that the company largely supported the aim of the investigation but was concerned about a number of elements that might have a detrimental effect on oil and gas production in Europe. Its response was published on the European Commission website with a number of other responses.

Participations

In 2006, EBN participated in operations arising from 99 production licences (of which 14 were onshore and 85 offshore) and 17 licences for the exploration of oil and gas. EBN also has interests in gas transport offshore and storage. In 2007, it is anticipated that the company's involvement in such operations will increase to double the number in 1997. The number of operators continues to increase, particularly the number of operators who are not part of companies operating worldwide. These operators often work in a different way to known operators - who often operate worldwide - and are organized differently both from a technical and a financial point of view.
The influx of new, low-cost players such as these has arisen due to a reduction in interest on the part of larger players. The latter prefer to invest in large-scale projects with a high 'risk & reward' ratio (particularly at the current oil and gas prices). In the Netherlands on the other hand, prospects often lie in marginal fields (fields that still need to be discovered and/or developed) which smaller operators can develop more cost-effectively.

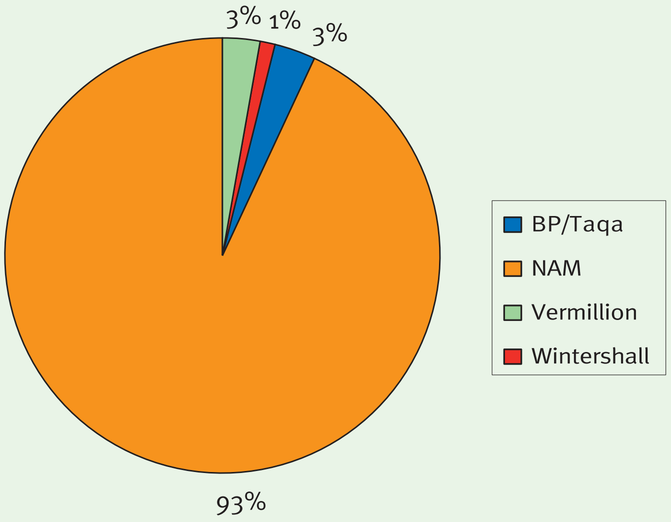
Overview of EBN participations



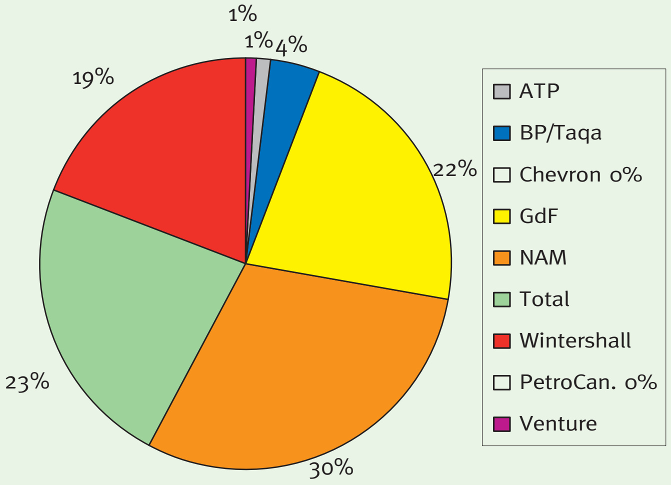
Existing operators

The charts below show the interests operators active in 2006 had in total production of small gas fields onshore and offshore.

Annual production small fields onshore



Annual production small fields offshore



New players include:

- Cirrus Energy Nederland B.V., a small Canadian oil company. This company has obtained an exploration licence for the L16 b block and Q14. It has also taken over M1 and M7. Cirrus already had an interest in block A15, where Wintershall is the operator.
- Following a merger, Unocal changed its name to Chevron Exploration and Production.
- Venture has purchased CH4 and has therefore acquired an interest in the Markham field which runs into the continental shelf of the United Kingdom.
- Northern Petroleum has been granted a production licence with EBN participation for the 'Papekop' area.
- Grove has acquired a production licence for P8 with EBN participation.
- First Oil has taken over a small interest in F15 from Oranje Nassau.
- Faroe Petroleum has taken over an interest in D15 from ConocoPhilips.
- Ascent has been granted a number of offshore exploration licences for blocks M8, M10, M11 and P4.
- Island Oil & Gas has acquired a production licence for part of block Q13 with EBN participation.
- Smart Energy has acquired a production licence for Oosterwolde with EBN participation.
- In December 2006, it became known that Taqa (Abu Dhabi National energy company) was taking over Dutch BP interests.

Drilling operations

In 2006, a total of 33 wells were completed in which EBN has an interest. Of these, 20 are what are known as development wells, 10 exploration wells and 3 appraisal wells.

The wells are distributed amongst operators as follows:

Operator	Exploration	Appraisal	Development	UGS	Total
NAM	3	1	9	1	14
Wintershall	2	2	3		7
GDF	3		3		6
TOTAL	1		2		3
Petro Canada			2 (oil)		2
BPNE	1				1
Total	10	3	19	1	33

Exploration

For 2006, the operators had included in their work plans and budgeted for 16 exploratory and appraisal wells. In the end however, only 13 wells were completed. The limited availability and high cost of large-scale equipment such as rigs played an important part in this. This number was still significantly higher than that for 2005 when 6 wells were drilled. In 2006, five of the ten exploration wells were not gas- bearing (dry). About 5 billion m^3 gas was found in the five gas-carrying wells.

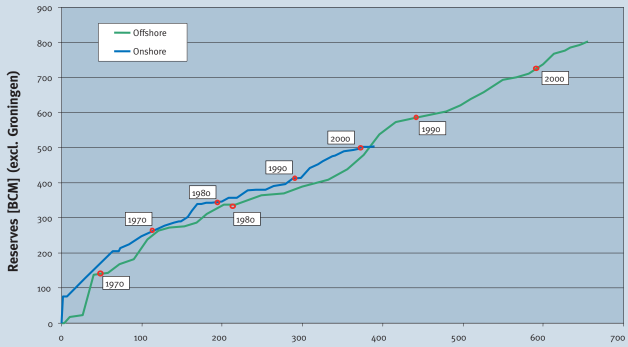
In general, the number of exploration and appraisal wells achieved falls short of the number scheduled by the various operators.

In 2007, the actual number of wells drilled may once again fall short of the number planned, particularly when spilling over into 2008. The planned number of eleven exploration and appraisal wells for 2007 is however too low given the aim of maximizing economically recoverable reserves in the Netherlands.

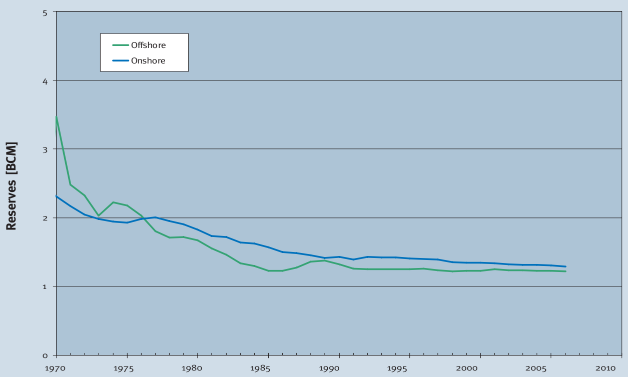
With a view to promoting exploration activities, EBN will in 2007 once again take part in various regional studies - a number of which began in 2006. There will also be a follow-up to the successful "tight gas reservoir symposium" that EBN organized in 2006 with TNO.

The following graphs ("exploration success" and "average quantity of reserves per well") show that recoverable gas is still being discovered during exploration drilling operations with an average of around 1.5 billion m^3 per well. EBN anticipates that it will still be possible to extract a total of around 150 billion m^3 reserves if there are adequate exploration activities.

Exploration succes



Average reserves per well

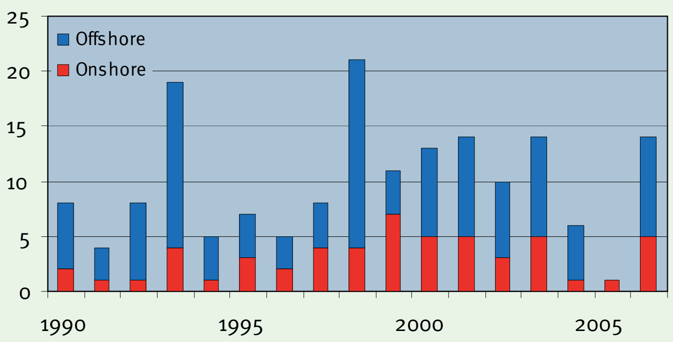


Production

In 2006, many new fields were developed in which EBN participated. A total of fifteen new gas fields were opened. NAM and GDF were the most active here with 6 and 4 fields, respectively. Wintershall, Total, BP, Petro Canada and ATP each started operating one new field.

At the end of 2006, there were still four large development projects running with EBN involvement, namely: A12A operated by Chevron, the fields under Waddenzee and L9-ADP operated by NAM and K5F operated by Total. These fields will come into production in 2007 or 2008.

Number of gas fields entering production

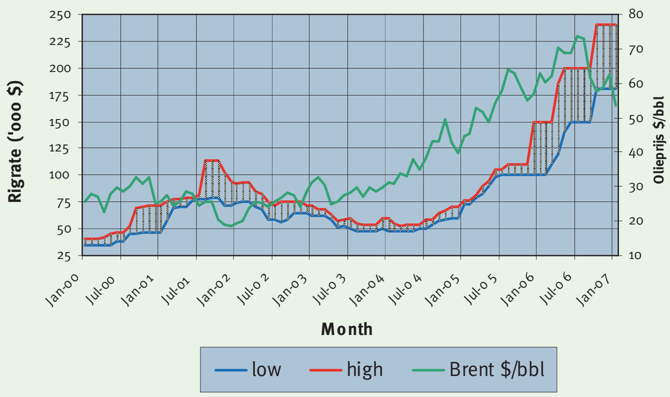


A large number of exploration and production licences were applied for in 2006, most by players new to the Netherlands. It is anticipated that activities arising from these licences will give rise to new developments.

EBN expects more than 20 new development drilling operations in 2007, most offshore. Around 7 'jackup' rigs are required for drilling the offshore wells (including exploratory drilling operations). The cost of this type of drilling equipment has risen significantly in recent years as the table below shows.

EBN also anticipates that in 2007 more than 20 new fields will start to be developed. Eight of these may be developed using existing installations or relatively cheap installations.

Development rig rate



Highlights upstream

The development of a few gasfields in the A/B blocks by Chevron (previously Unocal) continues. These fields were discovered a long time ago by NAM and transferred to Chevron in 2004. The A-12A production platform is under construction. It is anticipated that it will be ready at the beginning of the second quarter of 2007 and that production will commence during the last quarter of 2007.

The De Ruyter oil field was put into production by Petro Canada in September 2006 with EBN as partner. This is the first time that EBN has also been involved in oil production. Production started from three production wells which will supply up to 27,000 barrels of oil per day.
The oil is shipped by tanker. In addition to the oil, 500,000 m^3 gas will be produced per day. This is transported via the NGT pipeline.

In 2006, EBN took a closer look into involvement in the possible redevelopment of part of the Schoonebeek oil field in the Dutch province of Drenthe. This led to a cooperation agreement being concluded between NAM and EBN at the beginning of 2007.
Originally, the field contained approx. 1 billion barrels of oil - of which around 250 million barrels were recovered between 1960 and 1996. With the aid of the latest techniques - namely horizontal drilling combined with large-scale steam injection and generation of electricity - and helped by high oil prices, a significant proportion of the remaining oil can be recovered. Schoonebeek is still the largest onshore oil field in North-West Europe.
EBN and NAM hope to make a final investment decision at the end of 2007.

De Ruyter. (source: Petro Canada)

On 4 March 2006, NAM started production at gas field K17 - FA in the North Sea and produced the first gas. This field was discovered back in 1978 and a production licence was issued in 1989. The fact that this field has finally gone into production is due to close cooperation in technical analyses between NAM and EBN. The natural gas is produced via the new offshore production platform K17 - FA - 1 which is based on an innovative design. As far as we know, it is the first offshore production facility in the world to derive all of its electricity from sustainable energy sources: solar panels and wind turbines.

(source: NAM)

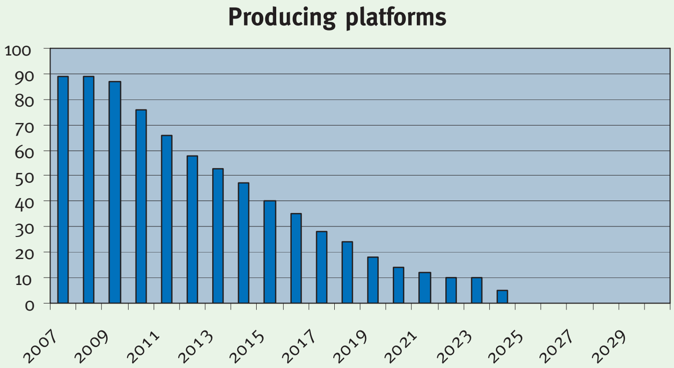
Gaz de France has started production in blocks G14 and G16 3. In addition, construction work has commenced with a view to developing another three deposits in the G blocks. It is anticipated that production will commence in 2007.

After years of public debate, production of gas from new fields under the Waddenzee started at the end of 2006. The Council of State recently gave the provisional go-ahead for gas production from Moddergat. Proceedings on the merits are still pending, with a decision expected at the end of 2007. If the decision is positive, production from Vierhuizen and Lauwersoog can also commence. Gas production is taking place on the basis of the ”hand-on-the-tap” principle. This means that the rate of subsidence occurring as a result of gas production is monitored accurately by means of such things as continuous gps checks. NAM is operating within safe natural limits set by scientists. The aim is for the number of millimetres of subsidence caused by gas production to be absorbed by the natural dynamics of the Waddenzee. If subsidence occurs more quickly than anticipated - and this cannot be absorbed by the dynamic system - the rate of production is reduced (”a hand goes on the tap”). To remain within safe natural limits, NAM will limit gas production to about two-thirds of the potential quantity from the moment gas production commences.

(source: NAM)

Dismantling work

There are currently around 90 active platforms and installations offshore. The graph below shows that without measures aimed at improving the mining climate, the number of platforms and installations that will be in use offshore will drop significantly over the next ten years.



It is anticipated that the number of platforms and installations that will be abandoned in the coming years will increase significantly, initially to around 10 per year. Up until now, the number has been limited to a total of 17, with a number being reused.

Before these platforms are finally removed, it is very important that the options for reusing these production facilities are properly evaluated. EBN will focus on the areas where the threat of the (production) infrastructure disappearing is most imminent in order to prevent gas from being "left behind" in the abandoned area.

An initial examination has revealed that it is already possible to identify a number of areas that need to be studied in the very short term, particularly within the offshore NGT and WGT pipeline regions. EBN will then use the results of its studies to encourage the relevant operators to take further action in these areas.

K12-A has been an unmanned platform for 23 years. After depletion, the platform would have been dismantled if it had not been used to develop the newly discovered gas field in block K12. Gaz de France has already reused five (5) platforms of this type. The main reasons for reuse are firstly that it is a quicker option than installing a newly built platform and secondly abandonment costs are avoided.




In 7 months Wintershall dismantled the K10 V platform and after refurbishment installed the L5C platform for the extraction of approx. 4.3 bln m^3 of Natural gas. The reuse of a platform can both be environmental friendly and economical.

Wintershal: route K10 V naar L5C.

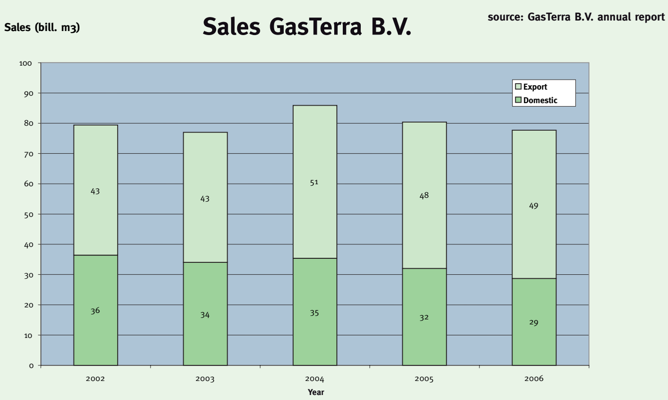
The 'gasgebouw' venture

Introduction

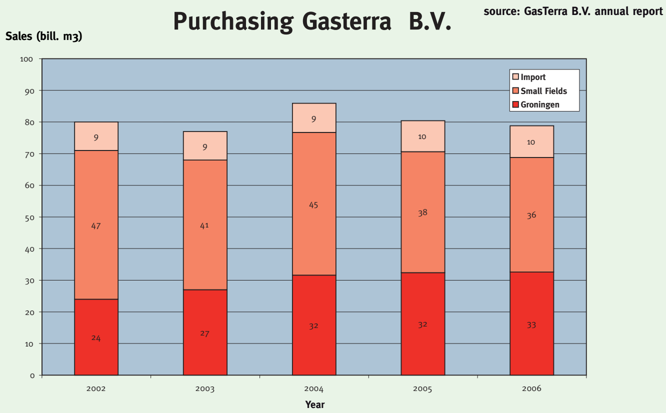
For EBN, involvement in the 'gasgebouw' venture - namely Maatschap Groningen and GasTerra (previously Gasunie) - is of the utmost importance to the performance of its mission. GasTerra plays an important role in the small fields policy and has a public role therein. Article 54 of the Gas Act states that GasTerra must purchase the gas it is offered by producers from small fields at a reasonable price compatible with market conditions. GasTerra provides the Minister for Economic Affairs with an annual report on these operations.
GasTerra also sells the gas from the Groningen field and forms an economic unit with Maatschap Groningen which is responsible for production from the Groningen field. For years, GasTerra has a fixed profit arrangement of around 36 million Euros. The proceeds of sales that GasTerra makes flow to the Maatschap Groningen.

The move from a national gas supply in which Gasunie played an important part at the end of the last century to a free European gas market has enormous implications for the 'gasgebouw' venture and GasTerra. GasTerra continues to play an important role on the Dutch gas market alongside an increasing number of other players. GasTerra also continues to hold an important position on the North-West European market.

The graph below shows that sales by GasTerra have remained at a level of around 80 billion m^3 in recent years, although in the domestic market they have been falling slowly since 2004. This is an indication of third-party access to the Dutch market.



Overall, gas purchasing by GasTerra has also remained reasonably stable in recent years. (See table below.) There is however a clear shift from purchases of gas from small fields to purchases from the Groningen field. Purchasing from small fields has fallen in recent years from 47 billion m^3 in 2002 to 36 billion m^3 in 2006. This is the result of a decline in activities in exploration and development.



To compensate for this reduction in small fields gas, GasTerra may acquire more gas from the Groningen field. Production from this field has been capped because the Minister for Economic Affairs has set a ceiling on the basis of the Gas Act. For the period 2006 to 2015, an average ceiling has been set of 42.5 billion m^3 per year.
At 33 billion m^3, 2006 production from Groningen fell short of this ceiling. One of the reasons for this was reduced demand for gas due to the mild winter.

Highlights in 'gasgebouw' involvement

In September, Gasunie Trade & Supply B.V. changed its name to GasTerra B.V. This change of name must be seen as a necessary consequence of Gasunie's split-up on 1 July 2005. The transport of gas (pipeline grid control) was taken over by GasTransportServices B.V., which is wholly owned by the State. EBN no longer has any involvement in this company.

An important milestone in 2006 was the commissioning of the pipeline that connects Balgzand in the Netherlands with Bacton in the United Kingdom. GasTerra exports around 8 billion m^3 gas a year through this pipeline.

Organisation and staff

Introduction

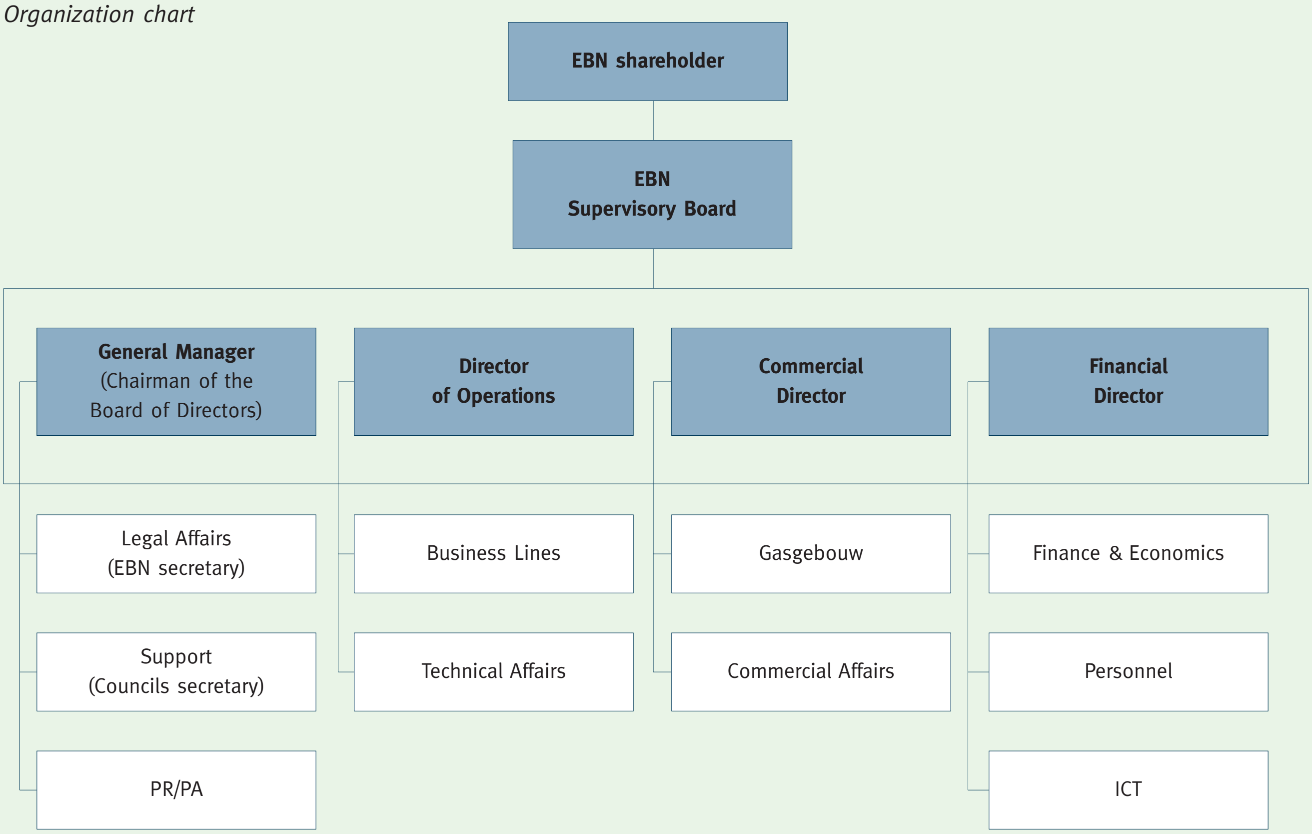
In 2005, the Dutch State and EBN determined the principles underlying an independent EBN, its mission and composition. One important principle was that EBN would have to retain its industrial profile after its 'demerger' from DSM. This industrial profile was essential if EBN was to continue to make a positive contribution to the efficient extraction of Dutch hydrocarbons. It was also clear that EBN would over the course of time no longer be able to take advantage of certain support services provided by DSM and would have to find a different way to meet these needs.
As an independent organization, EBN has had a new governance framework since 1 January 2006. An important part of this new framework is the Supervisory Board which, like the Board of Directors, is appointed by the State as shareholder.

Structure

In 2006, the company's internal organization underwent further changes and reinforcement following an increase in volume of work and an increase in the complexity of that work. This was the result in particular of the growing number of participations and partners. Also, EBN is no longer able to rely on DSM for the provision of various support services - services that cannot be contracted out to third parties but must be provided by the organization itself. Finally, new staff were taken on ahead of the retirement of a relatively large number of employees in order to guarantee the continuity of knowledge and know-how within the organization. The need for this came to light during the Business Risk Analysis carried out in the middle of 2005.

EBN's organization is geared to managing its interests in joint ventures in the fields of exploration, production, transport, storage and sale of gas. EBN is not an operator and does not seek to assume such a role.
To be able to utilize the know-how available within the organization to maximum effect, the company opted for a main structure organized along functional lines, with the operating activities in the various partnerships being brought together in what are known as business lines. Each business line consists of a manager and a team of employees from different functional departments. On the one hand, this ensures that knowledge and know-how are used in the best possible manner and that quality is assured, and on the other it ensures that day-to-day operations with partners in the various partnerships can be carried out quickly and with flexibility.
Input from the various departments is brought together in a similar manner for activities arising from the 'gasgebouw' venture.

Organization chart



Location policy

Since the end of 2005, EBN has been operating from two locations: its head office in Heerlen and a second location in Utrecht (both in the Netherlands). A great deal of attention was directed at ensuring that the Utrecht office was set up properly and that there was optimum cooperation between the two locations. This process went well.

The recent decision to concentrate all activities in Utrecht is sure to be a far-reaching one for both the company and its staff. The deciding factor in opting for Utrecht was however EBN's better future prospects there.

Conditions of employment

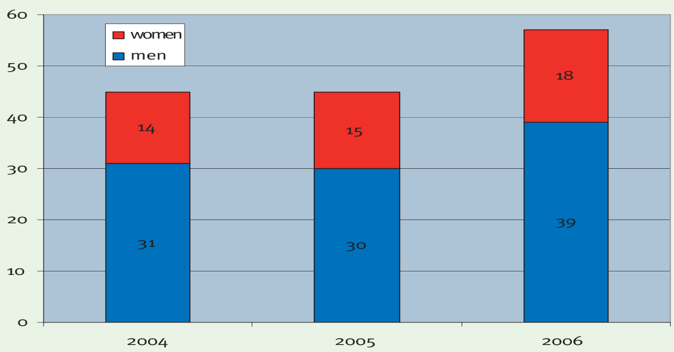
In 2006, EBN's employees were actually employed by DSM and made available to EBN on the basis of an agreement. DSM's social framework will continue to apply to EBN for the time being. In 2007, employees will be offered an EBN contract of employment as part of the 'demerger' from DSM.

A coherent framework has been established for the development of the company's own package of employment conditions and its own social policy, including amongst other things the adoption and evaluation of updated job descriptions that are in keeping with the company's new internal organization and corresponding work processes. It also incorporates the further introduction of performance management and succession planning.

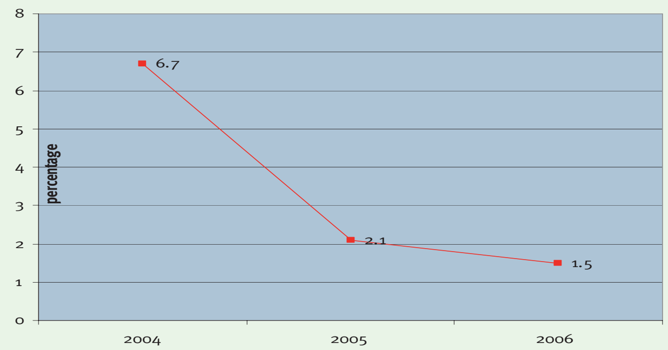
Staff

The appointment of new staff has brought an increase in FTEs in recent years with a slight drop in the average age of the workforce from 48 in 2004 to 47 in 2006. In 2006, absence through illness was lower than a few years ago when a number of employees were absent as a result of long-term sickness. The recruitment of new staff has in particular led to an increase in new, academically trained staff in Utrecht.

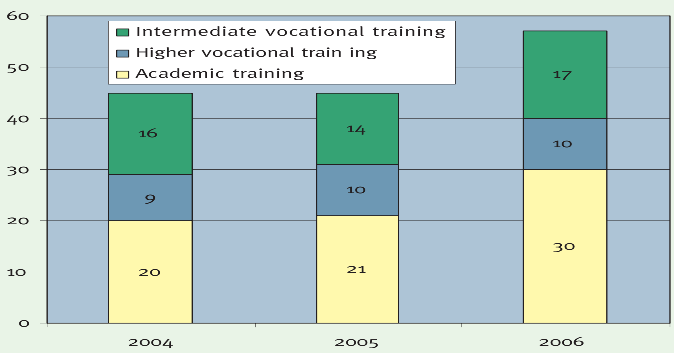
Number of employees



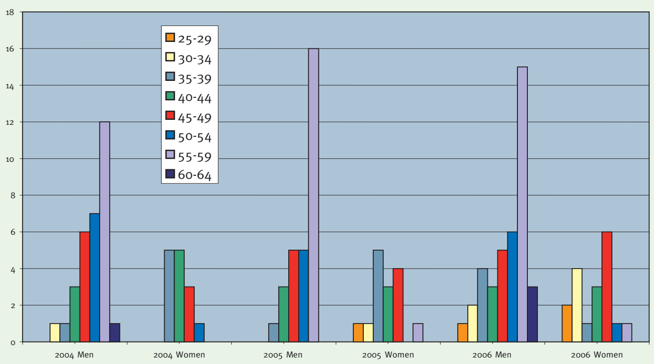
Absence through illness



Training



Ages Men/Woman



Staff Representation Committee and Works Council

EBN's consultative body is the Works Council at DSM's head office, as EBN is registered at DSM's head office. As a result of the 'demerger', the decision was taken, commencing 1 January 2006, to opt for a dual structure.

Since that date, EBN has also had what is called a Staff Representation Committee. This is a consultative body where staff from the offices in Heerlen and Utrecht look after the interests of the EBN workforce in meetings with a member of EBN's Board of Directors as Management representative.

In the middle of 2006, the Staff Representation Committee was increased from 3 to 5 members due to the increase in the workforce. Two of the five members were elected by the workforce in Utrecht.

Four consultative meetings took place in 2006. The most important subject matter covered was a request for information about the proposed decision to concentrate EBN's operations in Utrecht.

Safety, Health and Environment (SHE)

EBN revised its SHE Policy and SHE Organization following the introduction of its new governance framework on 1 January 2006, the opening of a new office in Utrecht and the introduction of an Integrated Management System. EBN focuses not just on SHE matters within its own organization but also those within the joint ventures in which it participates. As part of our own SHE policy, we are monitoring the SHE policy of joint ventures closely to ensure that operations take place in accordance with the required SHE standards. SHE activities are included in an annual SHE plan and are evaluated in the annual SHE report.

In 2006, staff acting as in-house emergency officers at the new office in Utrecht underwent training in first aid and the action to be taken in the event of a disaster. Regular SHE inspections also take place at both offices. In addition, SHE matters regularly appear on the agenda of various meetings - including those with industrial partners. In 2006, there were no lost-workday incidents at EBN. There were however a number of minor safety-related incidents which led to specific changes being made.

Risk Management and Internal Controls

With a relatively small workforce, EBN manages over 100 participations which achieved total sales of € 6.3 billion in 2006 and a net profit for EBN of € 2.4 billion. Of the total revenue from natural gas received by the State of the Netherlands in 2006, € 5.3 billion was received via EBN.

EBN is aware of the social importance of its tasks and therefore implements stringent requirements for the performance of its operations and financial management. The board of directors is responsible for financial management and the organization's efficiency and effectiveness.

In 2006, close attention was paid to the company's risk management and internal control system. This was prompted by amongst other things EBN's 'demerger', the Dutch Corporate Governance Code and changes to the company's internal organization. In anticipation of these developments, a Business Risk Analysis had been carried out in 2005 into the strategic risks that EBN runs during the conduct of its business. This analysis revealed that activities in the areas of financial control, knowledge management and the management of ICT systems and databases needed to be improved.

EBN's main work processes were reviewed and reassessed in the past year on the basis of this analysis. Priority was given to procedures with a financial element. Updated work processes have brought a further improvement in the operational performance of projects and the relevant responsibilities and powers. Work processes for the annual drafting of the work schedule and budget in joint ventures have for example been redefined.

Following the introduction of EBN's new external governance and updated work processes, the company's internal organizational structure was changed by reinforcing business line responsibilities. A start was also made on improving the management of EBN participation audits amongst operators. In regard to knowledge management, action taken to strengthen the organization was geared to achieving improvements in the way knowledge and information is documented and made available and to rejuvenating the organization (succession planning).

The manner in which the new organizational rules and procedures have been brought together has been improved and all employees are able to consult them via the intranet. Revised authorization and company representation arrangements have also been introduced. The management of ICT systems and databases was also improved significantly in the past year.

Finally, implementation of the International Financial Reporting Standards (IFRS) in the 2006 financial year has improved the transparency of the financial report.

The Board of Directors confirms that the internal financial reporting control system offers a reasonable guarantee that the financial report does not contain any material inaccuracies and states that the internal control system operated adequately in 2006. The operation and implementation of this system require constant attention in order to achieve an optimum level of operation.

The financial statements provide a true and fair view of the company's financial situation and the results of its activities and contain all of the requisite information. It should be mentioned here that the above does not imply that these systems and procedures offer an absolute guarantee of the achievement of the company's strategic and operational targets or that they are able to prevent completely any incorrect information, inaccuracies, errors, cases of fraud or unlawful or improper action.

In view of the above, the board of directors feels it is complying with *best practice* clause II.1.4. of the Dutch Corporate Governance Code (taking into account the recommendations on application thereof made by the Corporate Governance Code Monitoring Committee) - even though this clause does not formally apply to EBN.

Good corporate citizenship

As a State-owned company with a public role, EBN recognizes the importance of good corporate citizenship (GCC). EBN considers its role in the implementation of the small fields policy to be an important GCC element. Under the terms of this policy, production in small fields takes priority over production in the Groningen field. This ensures that as many of the reserves in the Netherlands as possible are extracted, thus optimizing the benefits for society as a whole. Gas is the cleanest fossil fuel and its use has the least effect on the environment relatively speaking.

As the State receives a significant proportion of its income via EBN - as also stated elsewhere in this report - EBN operates in accordance with stringent requirements. In accordance with the agreement made with the State, EBN does not retain any financial reserves: its entire net profit is made available to the State. As publications show, the State uses this income for such things as the Economic Structure Enhancing Fund.

At EBN, periodic attention is devoted to creating a responsible working environment for staff through SHE and occupational health and safety inspections. EBN has a SHE policy which it uses as a basis for drawing up an annual action plan and SHE report.

EBN will ensure that GCC plays a more detailed and structured role in company policy. To this end, the transparency of the reporting process has been increased compared with previous years. A distinction needs to be made between elements of GCC within EBN's participations on the one hand and its own organization on the other where - given EBN's profile - some elements of GCC cannot easily be translated into reality.

Good corporate citizenship in the participations

EBN's involvement in the exploration and production of oil and gas takes place in the form of joint ventures, where one of the partners, called the operator, carries out the work on behalf of the partners. Operators cannot start work until they have been granted a licence by the Minister for Economic Affairs. The operator uses his own or hired staff to build and operate installations. These operators are generally large oil/gas companies that comply with international standards. EBN calls these oil and gas companies stakeholders. EBN is able to exert influence over the content of the work schedules and budgets drawn up by these operators. In accordance with European directives, EBN does not however have any involvement in the selection of specific suppliers of goods and services by the operator. EBN's position in the chain is that it participates in projects but is not the operator. EBN has limited direct influence over this chain.
EBN does however hold periodic discussions with its partners on the effects the operator's operations are having on both people and the environment. Gas production, handling and transport operations must have as little effect on the environment as possible. The relevant standards are in the first instance set through environmental licences granted for the performance of these operations.
EBN also discusses the social aspects of the operations within its participations. EBN requires operators to treat their staff in accordance with current legislation and regulations.

EBN is involved in projects aimed at reusing depleted gas fields by for example using them to store CO_2. This helps to solve the CO_2 problem. A successful pilot project is currently under way that involves injecting CO_2 into one field.
EBN also plays an active role in the trading of emission rights through its share in various partnerships.
EBN is also promoting the reuse of redundant platforms in other developments and is participating in this. As well as saving time, EBN feels that reusing platforms wherever it is possible to do so is a more responsible option than building new platforms.

Results

General review
In terms of bottom-line results, 2006 was an excellent year for EBN. Developments in the price of gas on the European market - which are to a large extent linked to the price of oil - resulted in a substantial increase in sales and profits compared with those achieved from ordinary activities in 2005.

Sales
Sales totalled € 6,264 million as against € 4,883 million in 2005, representing an increase of 28%. Volume sales were down 1% from 2005, but this was more than compensated for by the increase in selling prices (29%).

Operating costs
Total operating costs were up from € 2,455 million in 2005 to € 2,950 million in 2006, an increase of 20%. A major part of this increase related to the levies payable by EBN which form part of the Dutch State's income from natural gas.

Operating profit
Operating profit totalled € 3,313 million, up 36% on 2005.

Net profit from continuing operations
In 2006, net profit totalled € 2,378 million, representing a 42% increase on profit from ordinary activities in 2005. This excludes extraordinary income of € 2,154 million that EBN received in 2005 as a result of the sale of transport interests in Gasunie.

Sensitivity to external factors
The purchase and therefore the sale of gas fluctuates depending on the outside temperature, with sales peaking in the colder winter months. The volume of sales is heavily dependent on the outside temperature. The mild winter of 2006 meant that relatively less gas was purchased than in previous colder winters.

In sales contracts, gas prices are often linked to the price of oil - the price of oil affecting the price of gas several months later. As gas prices depend on the price of oil which is quoted in dollars, they are also affected by developments in the rate of exchange between the dollar and the Euro.

Sales contracts based on spot transactions depend on the price achieved at the moment of sale on the market.

Financing
Each month, EBN transfers its distributable profits to the State. These profits do not therefore constitute a source of funding for the company. Current agreements with the shareholder on the distribution of profits determine to a large extent the company's balance sheet structure. As a result of these monthly transfers, EBN has relatively limited equity. It does however enjoy excellent cash flow throughout the year. EBN's financing policy is based on access to the public capital market for which EBN has a rating at Moody's and Standard & Poors. EBN's current rating is triple A, giving it optimum access to the capital market.

In 2006, a 7-year loan of 450 million Swiss Francs with an effective interest rate of 4.038% was converted into Euros.

Outlook

The company's prospects will be determined by amongst other things the anticipated drop in the production of gas from small fields in the coming years. EBN's share of this will drop by around 1 billion m^3 per year based on the operators' current plans.
The production ceiling imposed by the Minister of Economic Affairs in connection with the Groningen field will allow increased production from the Groningen field to provide some compensation for this drop in the coming years.

Developments in gas prices are uncertain. In the longer term, it would appear that the market will remain tight, but in the shorter term North-West Europe may also see a surplus in supply, thereby putting pressure on prices. There are already signs of this happening in the UK. This development will depend on such things as the speed with which new pipelines and LNG terminals are built and the utilization rates achieved after they have been put into operation. With an increasing share of LNG in Europe, it is anticipated that prices in Europe will also become increasingly dependent upon the prices paid for gas in the US and Asia.
The year 2007 started with a mild winter. This has had a negative effect impact on sales during the first few months and is one of the reasons why it is anticipated that profit for the year will be slightly lower than the figure for 2006.

D.G. Roest, J.W.P.M. Haenen, R.J. Atsma, J.D. Bokhoven.

Signature

R.J. Atsma

J.D. Bokhoven

J.W.P.M. Haenen

D.G. Roest

Heerlen, 10 April 2007

Composition of the Board of Directors

Mr. Rob J. Atsma (1946) is the General Manager.
Rob Atsma studied economics (MBA) at Rotterdam School of Economics. He began his career at *AKZO Nobel* in 1972 where he held a number of posts until 1988. In 1988, he moved to DSM starting in *Corporate Control & Accounting* as *Manager Economic Affairs*. In 1990, he joined the board of directors of *DSM's Chemicals & Fertilizers division* as *Director of Finance*. From 1995 to 1998, he was *Director* of the *DSM Sales Offices*. On 1 January 1998, he was appointed *Director of EBN B.V.* He became *Chairman of the Board of Directors* on 1 January 2006.

Mr. Jan Dirk Bokhoven (1957) is the Director of Operations.
Jan Dirk Bokhoven studied at Delft University of Technology, graduating in Petroleum Engineering in 1983. From 1982 to 1996, he held various positions at the companies *Conoco* and *Veba Oil*. In 1997, he joined *Clyde* as *Exploitation Manager* and subsequently became *Commercial Manager*. In this latter post, he was responsible for commercial and legal affairs, business planning and economic analyses. In 2001, he joined EBN as *Head of Technical Affairs*. He became *Director of Operations* on 1 January 2006.

Mr. Joost W.P.M. Haenen (1952) is the Commercial Director.
Joost Haenen obtained a Master's Degree in Econometrics in Rotterdam in 1979. After holding a number of posts at the *Ministry of Education and Science* and the *Ministry of Economic Affairs*, he turned to energy policy in 1996. At the *Ministry of Economic Affairs*, he became deputy director *Oil and Gas* and head of the Gas Policy department.
In 2000, he became deputy director *Energy Production* at the Ministry of Economic Affairs with specific areas of responsibility: *liberalization of the gas market, mining* and the *GasTerra shareholding*. He became *Commercial Director* at *EBN* on 1 January 2006.

Mr. Dick G. Roest (1948) is the Financial Director.
Dick Roest graduated in quantitative business economics from the University of Groningen in 1974. He started his career at DSM in the *Corporate Treasury Group* and later transferred to the Polymers & Hydrocarbons Division as *controller*. In 1988, he became *Head of Investor Relations* - responsible for the marketing side of DSM's flotation on the stock market and the development of relations with the investment world. In 1994, he became *Director of Finance* at the DSM Fibre Intermediates business group and in 2004 he was appointed *Financial Director* at *EBN*.

Report by the Supervisory Board

Financial statements

The Supervisory Board has noted the contents of the annual report, financial statements and the auditors' report drawn up by Ernst & Young. The Board agrees to the contents of these documents and recommends that the general meeting of shareholders therefore adopts the financial statements.

Supervisory Board's activities

EBN's legal structure was altered with effect from 1 January 2006 and the Supervisory Board became a new company body from that date. The Board meets the independence criteria and the profile as approved by the shareholder on the basis of Article 12 Para. 2 of the Articles of Association.

The Supervisory Board had its first meeting with EBN's Board of Directors in the middle of January. Agreements were made regarding matters such as:
- division of responsibilities,
- frequency of meetings,
- EBN's mission statement,
- the rules governing the Supervisory Board, the Board of Directors and EBN and application of the Dutch Corporate Governance Code.

A programme of induction into the areas of technology, finance and law as well as issues specific to EBN was put together to enable the Supervisory Board to acquire a proper picture of EBN's activities.

The chairman of the Supervisory Board is the first point of contact for EBN's Board of Directors. The entire Supervisory Board bears collective responsibility. All members of the Supervisory Board are also members of the Remuneration and Audit Committees. The decision was taken to combine the Remuneration Committee and the Nomination Committee and to refer to both for simplicity's sake as the Remuneration Committee. Mr. Kramer became chairman of the Remuneration Committee and Mr. Gratama van Andel chairman of the Audit Committee.

The Supervisory Board met four times in 2006. At these meetings, various presentations were given as part of the induction programme - covering such areas as EBN's role in the 'Gasgebouw' venture and the small fields policy.
The members of the Supervisory Board were present at all of the meetings.

The Supervisory Board gave its prior approval to resolutions proposed by the Board of Directors and covering such matters as:
- investment in the De Ruyter oil field
- development of K5F
- development of L9
- involvement in the redevelopment of part of the Schoonebeek oil field

The Supervisory Board discussed the revised Strategic Multi-Year Plan drawn up by the Board of Directors. It agreed to both this Plan and the location policy aimed at concentrating EBN's operations at one location in Utrecht.

In connection with the Budget and the Strategic Multi-Year Plan, the Supervisory Board also discussed the risks and the risk management systems set up for that purpose.

It was decided that the Dutch Corporate Governance Code did not apply to EBN because EBN was not quoted on the stock exchange. According to Government policy, State-owned companies must however observe the Code wherever possible. EBN has decided to comply with the Code wherever relevant. Elsewhere in this report, there is a "comply or explain" paragraph which provides details of the areas of the Code that have not been complied with or have only been complied with in part.

In the absence of the Board of Directors, the Supervisory Board discussed both its own operation and that of the Board of Directors.

Audit Committee's activities

The Audit Committee met twice in 2006 in the presence of the Board of Directors. The external auditor was present on one occasion.

During the meeting, the Audit Committee discussed such matters as:
- the annual report, the financial statements and the audit for the year 2005 - a year when the Supervisory Board and Audit Committee had not been formed
- the consequences for EBN of changing over to IFRS
- credit facilities
- authorization arrangements within EBN
- the situation with regard to the analysis of the implementation of the treasury function within EBN

From the left to the right: H.M.C.M. van Oorschot, A.H.P. Gratama van Andel, R.M.J. van der Meer, G-J. Kramer.

Remuneration Committee's activities

In 2006, the Board of Directors had no tenure of office with EBN. All members of the Board of Directors have formal contracts of employment with DSM - by reason also of the revised management agreement between the State, DSM and EBN. Directors and staff were made available to EBN by DSM.

The company's overall remuneration policy was discussed by the Remuneration Committee. The basic principle was that EBN must be able to attract and retain the knowledge and know-how required for the performance of its tasks. Directors' fees were also discussed. In 2006, the members of the Board of Directors held contracts of employment with DSM. EBN paid DSM a total fee of 1.3 million Euros for the provision of four Board members.

During the financial year, the Supervisory Board devoted a great deal of attention to a future remuneration policy for the Board of Directors to be approved by the General Meeting at the Supervisory Board's recommendation. This process had not been completed by the end of the year.

Supervisory Board, Utrecht (Netherlands), 10 April 2007

R.M.J. van der Meer (chairman)

G-J. Kramer

A.H.P. Gratama van Andel

H.M.C.M. van Oorschot

Composition

The Supervisory Board comprises the following members:

Mr. Rudy M.J. van der Meer (1945),
chairman of the Supervisory Board, holds Dutch nationality and was appointed for an initial period of 3 years ending 1 January 2009.
Until his retirement on 1 May 2005, Mr. van der Meer was a member of the Managing Board of Akzo Nobel N.V. - having been appointed to the Board in 1993.
At the end of 2006, Mr. van der Meer held the following posts:
- chairman of the Supervisory Board of Imtech N.V.
- member of the Supervisory Board of ING Bank Nederland N.V. and ING Verzekeringen Nederland N.V.
- chairman of the Supervisory Board of Norit International B.V.
- member of the Supervisory Board of Hagemeyer N.V.

Mr. Gert-Jan Kramer (1942),
chairman of the Remuneration Committee, holds Dutch nationality and was appointed for a period of 4 years ending 1 January 2010.
Mr. Kramer retired as chairman and managing director of Fugro N.V. on 31 December 2005.
At the end of 2006, Mr. Kramer held the following posts:
- chairman of the Supervisory Board of Koninklijk BAM Groep N.V.
- chairman of the Supervisory Board of Damen Shipyard Group
- member of the Supervisory Board of Mammoet Holding B.V.
- member of the Supervisory Board of ABN AMRO Bank N.V.
- member of the Supervisory Board of Fugro N.V.
- member of the Supervisory Board of TNO (Dutch organization for applied scientific research)

Mr. Kramer also holds a number of additional posts including membership of the Corporate Governance Code Monitoring Committee (the Frijns Committee).

Mr. Arnold H.P. Gratama van Andel (1946),
chairman of the Audit Committee, holds Dutch nationality and was appointed for a period of 3 years ending 1 January 2009.
Mr. Gratama van Andel retired as Chief Financial Officer of Royal DSM N.V. on 1 November 2006. During the period 1990 - 1998, he was General Manager of EBN.
At the end of 2006, Mr. Gratama van Andel held the following posts:
- chairman of the Supervisory Board of AZL Vastgoed Kantoren N.V.
- member of the Supervisory Board of AZL Vastgoed Woningen N.V.
- member of the Supervisory Board of AZL Vastgoed Winkels N.V.
- member of the Supervisory Board of Nedschroef Holding N.V.
- chairman of the Supervisory Board of University Maastricht Holding B.V.

Mr. Hein M.C.M. van Oorschot (1952), holds Dutch nationality and was appointed for a period of 4 years ending 1 January 2010.
Mr. van Oorschot has been chairman of the Executive Board of the University of Tilburg since 2004.
At the end of 2006, Mr. van Oorschot held the following posts:
- chairman of the Supervisory Board of the housing corporation Vitalis of Amersfoort,
- member of the Supervisory Board of Lysias Adviseurs B.V.

Commercial environment

The Dutch E&P industry, in which EBN operates as a State-owned participant, has a specific structure inspired by the role of the government and the performance of that role on the one hand and the way in which the industrial partners organize themselves on the other.

Licensees and EBN as the parties involved in exploration and production activities

EBN's involvement in exploration activities

If a mining company or a consortium of mining companies wants to look for mineral resources (hydrocarbons) in the Netherlands or the Dutch part of the continental shelf, it requires an exploration licence in accordance with the Mining Act. In Section 5.2.1 Articles 81-88 of the Mining Act, it is stated that EBN shall if so required by the licensee participate in exploration work offshore. In such an event, EBN and the licensee will carry out exploration work for their joint account. This arrangement is regulated in more detail in a Cooperation Agreement between EBN and the licensee which requires approval by the Minister of Economic Affairs.

EBN's involvement in production activities

If exploration work reveals evidence of the presence of hydrocarbons that are likely to be economically recoverable, the holder of the relevant exploration licence may apply for a production licence in accordance with the Mining Act. In Section 5.2.2. Articles 89 to 97 of the Mining Act, it is stated that the State may appoint a company (EBN) to participate in the mining activities arising from this production licence.

In addition to the above involvement on behalf of the State, EBN is also involved in infrastructure such as pipelines and other activities arising from for example the production of oil and gas.

Normally, a licensee is a consortium of mining companies from which an "operator" is appointed to carry out all operational activities for and on behalf of the licensee and - in the event that a Cooperation Agreement is concluded - EBN. The operator also acts as EBN's point of contact for the licensee.

EBN may on the basis of the above participate in oil and gas developments even without being specifically appointed to do so.

As well as industrial partners, the following players form part of EBN's business environment:

The Ministry of Economic Affairs as regulator and licensing authority

The Directorate-General Energy and Telecommunications (DGET) within the Ministry of Economic Affairs is responsible for energy policy, legislation and the granting of licences.

DGET's mission in regard to energy may be summarized as ollows:

Energy management is of vital importance to the Dutch economy and Dutch society. Energy must be clean, affordable and accessible. The Ministry of Economic Affairs seeks to achieve sustainable, practical energy management that scores well in terms of economic efficiency, environmental quality and national and international supply guarantees.

To this end, the Ministry of Economic Affairs is involved in:

- Promoting an optimum structure and optimum operation of the energy markets.
- Guaranteeing supplies in the short and long term. That is to say guaranteeing the supply of fossil fuels (nationally and internationally) and the quality of supply and delivery.
- Maintaining good energy management with the aim of supplying energy that is clean and ensuring that there are sufficient supplies for future generations. The Ministry does this by promoting sustainable energy, energy saving, a reduction in greenhouse gases and energy innovation.
- With specific reference to gas production, the aim of the policy is to ensure that conditions for mining activities are created in such a way that a maximum quantity of gas is produced in the long term with optimum benefits for society.

Each year, the Ministry publishes a report on oil and gas exploration and production activities in the Netherlands. These reports are available online at www.nlog.nl; more information on the Ministry of Economic Affairs can be found at www.minez.nl.

The Dutch Mining Advisory Council as advisers to the Ministry of Economic Affairs

The Dutch Mining Advisory Council was formed under the terms of the Mining Act.
Its role is to advise the Minister on decisions relating to the exploration and production of minerals and provide the information required to evaluate the feasibility of planned legal provisions and general policy plans.
Its chairman is Mr. W. Meijer and the Ministry provides its secretarial function. The Council has 8 further members, each with their own specific area of expertise.

The Dutch State Supervision of Mines as supervisory authority and upholder of the law

The Dutch State Supervion of Mines mission is:
To ensure that mineral production is carried out in a socially responsible manner.
The State Supervision of Mines operates under the Minister of Economic Affairs. Its role is to supervise the performance of mineral and Geothermal exploration and production activities and storage operations (Article 127 Mining Act).

The Dutch State Supervison of Mines remit covers two key areas: law enforcement and the provision of advice. Law enforcement is pro-active (carrying out inspections for example), preventative (for example requiring companies to have in place a health and safety management system) and reactive (taking action after an incident). In view of the specific nature of mineral production, the State Supervion of Mines has been appointed enforcer of virtually all of the laws that apply to mineral production. The most important of these are the Mining Act, the Working Hours Act and the Environmental Management Act.

The key area of 'providing advice' covers its statutory duty to provide advice to the Ministry of Economic Affairs and a number of other officials named in administrative orders.
More information: www.sodm.nl

TNO Bouw en Ondergrond as advisers to the Ministry of Economic Affairs

TNO Bouw en Ondergrond and in particular the oil and gas advisory group has the task of advising the Minister of Economic Affairs on geological matters - particularly those relating to mineral exploration and production. TNO B&O also handles, interprets and processes data generated during mineral exploration and production activities and otherwise.
More information: www.tno.nl

NOGEPA as protector of mining company interests

The Dutch oil and gas exploration and production association NOGEPA was formed in 1974 in order to safeguard the interests of all mining companies with licences in the Netherlands to explore, develop and produce oil and gas both onshore and offshore. More information: www.nogepa.nl

Corporate Governance

Introduction

Although EBN is not quoted on the stock exchange, it has elected to comply wherever relevant with the Dutch Corporate Governance Code issued by the Corporate Governance Committee. EBN endorses the Code's principle of greater transparency towards stakeholders. The company observes the principles and best practice arrangements set out in the Code. This is in line with Government policy for State-owned companies. Extensive consultations have taken place on application of the Code with the Ministry of Economic Affairs as the representative of EBN's shareholder (the State of the Netherlands).

In this annual report, there is for the first time an account of the way in which EBN complies with the principles of corporate governance and the resultant best practices arising from the Code. In 2006, EBN carried out an analysis of the Dutch Corporate Governance Code and the clauses of the Code that EBN was unable or unwilling to comply with. Attention was for example devoted to compliance with the Code through the introduction of a profile for the Supervisory Board, a code of conduct and a whistle-blower policy. Below is a description of the company's corporate structure together with a summary of the "comply or explain" analysis of the Dutch Corporate Governance Code.

Structural changes

The management agreement between Royal DSM N.V., the State of the Netherlands and EBN was changed on 1 January 2006. This resulted in DSM no longer making members of its Managing Board available to EBN. DSM will however continue to make a number of services available for a short period. An important principle of the 'demerger' from DSM was that EBN should maintain its position within the industry. The State also saw this as an important prerequisite for maintaining EBN's positive contribution to the efficient production of mineral resources.

Structure of the company

EBN's Articles of Association were amended on 1 January 2006, although EBN remained a limited company under Dutch law. EBN is not a two-tier board company. It continues to engage in activities aimed at implementing the energy policy drawn up by the Minister for Economic Affairs.

Shareholder

EBN's Board of Directors and the chairman of the Supervisory Board hold periodic strategic discussions with representatives from the Ministry of Economic Affairs. If the policy pursued by EBN is inconsistent with his energy policy, the Minister for Economic Affairs is, as both shareholder and policymaker, able to issue EBN with an order. EBN's Articles of Association state that its shares can only be held by the State of the Netherlands (directly or indirectly).

Board of Directors

The current members of the Board of Directors entered office on 1 January 2006. The appointment of the chairman of the Board of Directors was approved by the Minister of Economic Affairs. The Board of Directors manages the company and determines policy. The Board meets in principle once a week to discuss operational issues, approve proposals and take decisions. In line with agreements made, resolutions are put to the Supervisory Board and/or the Ministry of Economic Affairs. The Board of Directors makes the requisite information available to the Supervisory Board and Ministry of Economic Affairs in good time. Any important matters deliberated by the Board of Directors are discussed with managers during management consultations. The company must be represented by at least two members of the Board of Directors.

The Board of Directors has drawn up a set of management rules with the approval of the Supervisory Board. These rules set out the usual agreements that are required for proper operation of the Board of Directors.

Supervisory Board

One of the changes to the Articles of Association made on 1 January 2006 was that EBN had to have a Supervisory Board eligible for limited re-election periodically. Like the Board of Directors, the Supervisory Board is appointed by the shareholder. The shareholder also appoints the chairman. The Supervisory Board exercises supervision over company policy as determined by the Board of Directors and over the general running of the company and the business. Responsibility rests with the Board in its entirety. All of the members of the Supervisory Board perform their duties without a mandate from and independently of any company, body or organization. The Board has drawn up a set of internal rules and a profile that has been approved by the shareholder. It is responsible for the quality of its own operations and periodic evaluation thereof.

Supervisory Board committees

Audit Committee

The Audit Committee carries out its duties in accordance with the rules laid down by the Supervisory Board on the basis of the provisions of the Dutch Corporate Governance Code. All of the members of the Supervisory Board form the Audit Committee which is chaired by Mr. Gratama van Andel.

The Audit Committee's tasks are to advise the Supervisory Board on the financial statements, exercise supervision over internal risk management systems, exercise supervision over the procurement of financial information, financing and the use of ICT and information systems.

Remuneration Committee

The Remuneration Committee carries out its duties in accordance with the rules laid down by the Supervisory Board on the basis of the provisions of the Dutch Corporate Governance Code. All of the members of the Supervisory Board form the Remuneration Committee which is chaired by Mr. Kramer.

The Remuneration Committee's task is to draw up a report on the remuneration policy for the members of the Board of Directors. The Committee puts forward proposals on remuneration for the Board of Directors on the basis of the remuneration policy approved by the shareholder.

For reasons of efficiency, the Remuneration Committee also acts as selection and nomination committee.

Competing interests/conflicts of interest

The structure of the 'gasgebouw' venture is such that conflicts of interest might - in the light of the Dutch Corporate Governance Code in a formal sense - arise for the Board of Directors in transactions between EBN and GasTerra B.V. where members of EBN's Board of Directors are (delegate) members of the latter's Supervisory Board.
When applying the Code (II.3.2 and II.3.3) and given the nature of the mutual relations between EBN and GasTerra, EBN therefore makes an exception for transactions between EBN and GasTerra B.V.

Auditors

The external auditors are appointed by the shareholder.
The auditors' performance is evaluated periodically.
The auditors are invited to attend discussions on the financial statements.

Comply or explain

EBN does not comply with the Dutch Corporate Governance Code in the following respects:

- II.1.1: appointment for a 4-year period is inconsistent with directors' contracts of employment and is unwise when it comes to achieving continuity.
- II.2.6: there is no register; it has been agreed that the Board of Directors does not effect any stock exchange transactions with companies in the oil and gas industry with which EBN has active relations.
- II.2.7: there is no maximum payment for members of the Board of Directors when they are made to step down; this would be inconsistent with labour law.
- II.2.11: the main elements of Directors' contracts of employment cannot be disclosed until after 1.1.2008 when a contract of employment is concluded between the company and the Board of Directors.
- III.7.3: Transactions involving securities held by members of the Supervisory Board are not recorded due to the distance aspect and the limited influence exerted by the Supervisory Board.

Contrary to, for example, the clauses that state that information must be placed on the Internet, EBN will only be placing this information on the intranet (see II.1.3 II.2.13.).

Not applicable

A large number of the provisions (namely II.2.1 to 2.5, 2.14, III.6.4, III.7.1 and 7.2, III.8.1 to 8.4, IV.1.2, IV.2.1. to 2.8, IV.3.1 to 3.4, IV 3.7, IV.4.1 to 4.3, V.3.1) cannot apply to EBN for example because EBN is not quoted on the stock exchange.

2006 Financial Statements
Energie Beheer Nederland B.V.

General

The financial statements for Energie Beheer Nederland B.V. (EBN) to 31 December 2006 were approved for publication in a resolution passed by the Board of Directors on 10 April 2007. The financial statements for Energie Beheer Nederland B.V. for the financial year 2006 were drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted for use within the European Union. For information on EBN's first-time adoption of IFRS on 1 January 2005, please refer to page 50.

EBN's financial statements relate in the main to EBN's share of the assets and liabilities, revenue and costs of joint ventures in the area of gas and oil production in the Netherlands and on the Dutch part of the continental shelf. A joint venture is an entity in which EBN holds an interest and over which EBN and third parties exercise joint control on the basis of contractual agreements. Joint ventures are recognized in the financial statements using the method of proportionate consolidation. These joint ventures cover 14 onshore production licences, 85 offshore production licences, 17 exploration licences, the Emmen gas purification plant, 3 facilities for underground storage of natural gas, the K13-Den Helder gas treatment plant (K13-DH) and the K13-Den Helder, K13-Extension, and F3/A6 Extension pipelines.
EBN holds a 40% share in GasTerra B.V., a 45% share in NOGAT B.V. and a 12% stake in the NGT-Extension. These interests are treated as associates.
EBN also has a 100% stake in the K13-Extensie Beheer B.V. and F3/A6 Extensie B.V. pipelines. Both are of negligible financial interest to EBN and have not therefore been consolidated.

Accounting principles and determination of profit

Foreign currency translation

EBN uses the Euro for both operational and presentation purposes. This applies also to joint ventures. Commercial transactions and borrowings in foreign currencies are entered in the accounts at the spot rates in place on the date of the transactions. Monetary balance sheet items in foreign currencies are translated at the spot rate on the balance sheet date. Exchange differences arising from the settlement of these transactions and translation of monetary balance sheet items are included in the income statement.

Difference between current assets and non-current assets and between current liabilities and non-current liabilities

An asset is shown as a current asset if it is expected to be realized within 12 months of the balance sheet date. A liability is shown as a current liability if it is to be met within 12 months of the balance sheet date.

Property, plant and equipment

Exploratory drilling operations
Costs incurred for exploratory wells are capitalized (wells under construction). If it appears that the exploratory well is dry, the costs involved are then entered in the income statement.
As long as a gas-carrying exploratory well does not enter production, the relevant asset is not depreciated.

Costs incurred in connection with exploratory wells that are more than 12 months old are entered in the income statement unless:

(a) (i) they are located in an area where significant investment is required before production can commence and
(ii) commercially recoverable quantities have been found and
(iii) further exploration or appraisal activities are taking place, that is to say additional exploratory wells are being drilled or there are clear-cut plans to do so in the near future, or

(b) projected reserves are recorded following completion of exploratory drilling operations.

The management regularly assesses whether capitalization of exploratory drilling expenses still meets the above criteria and should continue. An additional evaluation takes place for exploratory wells more than 12 months old in order to determine whether or not the situation or circumstances has/have changed and whether the above conditions still apply.

Reimbursements
Costs incurred in connection with reimbursements paid - principally exploration costs and interest payments relating to proven reserves - are capitalized and depreciated on the basis of the ratio between production and the total projected reserves under the relevant licence.

Property, plant and equipment used for production purposes
Finance charges arising from the procurement and construction of property, plant and equipment are entered in the income statement. Expenses incurred after initial acquisition are included in the carrying amount of the asset or capitalized separately if it is likely that the future financial benefits of the asset will accrue to the company and the cost of the asset can be determined in a reliable manner. Other repair and maintenance costs are entered in the income statement during the period in which they arise.
Property, plant and equipment used for gas and oil production and other equipment is valued at cost less depreciation and any impairment losses.
Estimated costs for decommissioning, dismantling and removing platforms and other installations are capitalized. These costs are capitalized as part of the cost price of the relevant asset.
Property, plant and equipment used for gas and oil production is depreciated on the basis of the ratio between production and the developed projected reserves for the relevant field (unit-of-production method). Other property, plant and equipment is depreciated on a straight-line basis over its anticipated useful life.
The estimated remaining useful life of these assets is examined each year, taking into account commercial and technological obsolescence and normal wear and tear. As a basic principle, a period of 20 years is used for main transport pipelines and underground gas storage (UGS) facilities.
A useful life of 10 years is used for buildings. Land is not depreciated.

Property, plant and equipment is no longer recognized in the balance sheet if it is disposed of or if there are no longer any future commercial benefits expected from continued use or return of the licence or sale of the asset. Any gains or losses arising from derecognition of an asset are shown in the income statement.

Financial fixed assets
An associate is an interest in an entity over which significant influence but no control can be exerted.
Associates are entered on the basis of the equity method which means that EBN's share of the profits or losses achieved by an associate are shown in the income statement. EBN's interest in associates is calculated on the basis of the company's share in their net assets less any impairment loss.
If EBN's share of an associate's losses exceeds the associate's carrying amount - including any other receivables, the carrying amount is reduced to zero. No further losses are shown unless EBN has taken over any of the associate's liabilities on the basis of a guarantee or other commitment.
Unrealized profits and losses from transactions with associates are written off in proportion to EBN's share in these entities.

Impairment losses
On each balance sheet date, the company decides whether there are any indications that the carrying amount of a non-current asset (property, plant, equipment or financial fixed asset) is more than the relevant recoverable amount (value in use or net realizable value whichever is higher) and examines the need for an impairment loss. In the case of an asset that does not by and large generate an influx of cash independently, the recoverable amount is determined for the cash generating unit to which the asset belongs. In terms of property, plant and equipment, a field represents a cash generating unit for EBN. When determining value in use, estimated future cash flows are discounted at a discount rate before tax based on the market rate plus a mark-up for the asset's specific risks.
If the recoverable amount of an asset is less than the carrying amount, the carrying amount is written down to the recoverable amount. An impairment loss is reversed, possibly in part, if there is any change in the estimate used to determine the recoverable amount.
Impairment losses are entered as a separate item in the income statement.

Inventories

Inventories of materials are valued at average purchase price or lower net realizable value. Inventories of condensate and oil above ground are valued at their net realizable value at the year end.

Receivables

Receivables are stated at face value less an allowance for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents covers cash in hand and at banks and bank deposits with a residual term of less than 3 months. Bank overdrafts are entered under current liabilities. Cash and cash equivalents are stated at face value.

Shareholders' equity

The dividend payable to shareholders is entered as a liability during the period for which it is due to the shareholders in line with the management agreement with the State.

Provisions

Provisions are recognized in the balance sheet if the following requirements are met:

1) there is a legal or actual obligation arising from a past event and
2) it is likely that funds will be withdrawn from the company in order to meet the obligation and
3) a reliable estimate can be made of the amount of the obligation.

If the effect of time value of money is material, provisions are determined by discounting projected cash flows at an interest rate before tax.
If a present value is calculated, the increase in the provision over the course of time is treated as an interest expense.
Provisions for deferred taxes are entered at face value.

Provisions for abandonment costs covers estimated decommissioning, dismantling and site restoration costs forecast at the start of production based on current requirements, technology and price levels. Revised estimates in respect of these provisions give rise to a commensurate adjustment in the cost price of the relevant property, plant or equipment.

Provisions for subsidence covers specific incidental commitments arising during the production phase.

Liabilities

Borrowings are initially shown at cost. This is the fair value of the amounts received after deduction of transaction costs. Borrowings are subsequently entered at the amortized cost using the effective interest method. The amortized cost is calculated by taking into account any discount or premium. Interest expenses are entered in the income statement for the period to which they relate.

Other current liabilities are also entered at amortized cost, which is usually the same as the face value.

Contingent assets and liabilities

Contingent assets and liabilities are not recognized in the balance sheet.

Emission rights

As a result of its involvement in joint ventures, EBN is subject to by legislation aimed at promoting the reduction of greenhouse gas emissions. Emission rights are assigned to the party that runs the facility - that is to say the operator - and not the individual partners in the joint ventures.
Emission rights are retained by the operator in order to meet delivery commitments and are not recognized in the balance sheet. A gain is recognized if EBN's share of surplus emission rights is sold to third parties by the operator. If it is anticipated that the operator must purchase additional emission rights, EBN recognizes a loss in respect of its share.

Net sales

The net revenue arising from the sale of gas, oil, condensate and services (underground natural gas storage, gas treatment and transport) is recognized at the moment of delivery. This is the moment the real risks and benefits of the goods and services supplied pass to the purchaser. Revenue from gas and oil production using assets in which EBN has a joint share with other producers is recognized on the basis of EBN's relative interest therein.

Operating costs

Operating costs are calculated on a historical cost basis. These costs cover the proportionate share in the costs incurred by the joint ventures and administration costs.
Work subcontracted and other external costs includes the payments due to the State.

Financial income and expense

Interest income and interest expense are recognized on a time-proportion basis using the effective interest method. Also entered under this heading are interest charges arising in connection with the interest accrued on provisions.

Share of the profit of associates

The share of the profit of associates represents EBN's share in the latter's profits for the financial year less the relevant taxes.

Taxes

Income tax is calculated using the 'balance sheet method'. Tax expenses are entered in the income statement except where they relate to an item entered directly under shareholders' equity.

Current tax expense is the anticipated amount of tax payable on the taxable profit for the year based on the income tax rates in place on the balance sheet date and any adjustments in the tax payable for previous years.

Deferred tax liabilities are entered on the basis of the anticipated consequences for tax purposes of temporary differences between the carrying amount of assets and liabilities for tax purposes and that for commercial purposes. Deferred tax liabilities are calculated on the basis of the income tax rates and tax laws in place or determined on the balance sheet date and expected to be applicable when the deferred tax liabilities are met.

Financial derivatives

Financial derivatives are initially recognized in the balance sheet at their fair value and are subsequently valued at their fair value on each balance sheet date. Gains and losses arising therefrom are entered in the income statement. EBN does not use hedge accounting.

Effect of new accounting standard

Since 1 January 2006, EBN has been working with the new standard *IFRS 6, Exploration for and evaluation of mineral resources*. This new standard specifies amongst other things that information must be provided on the amounts shown in the balance sheet that relate to the exploration for and evaluation of mineral resources. EBN's policy is for expenses incurred in connection with exploratory wells to be capitalized. If the well does not appear to carry gas or does not enter production within 12 months, the costs are then entered in the income statement. For further information, see Accounting Principles - Property, plant and equipment.

The following amendments to standards and new interpretations have been in place since 1 January 2006 but do not affect the company's financial statements for 2006:

(ii) IAS 21 (Amendment), Net Investment in a Foreign Operation

(iii) IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions

(iv) IAS 39 (Amendment), The Fair Value Option

(v) IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts

(vi) IFRIC 4, Determining whether an Arrangement contains a Lease

(vii) IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

(viii) IFRIC 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

EBN has not opted for early introduction of the following new standards, amendments to standards and new IFRIC interpretations which must be used for financial years commencing on or after 1 January 2007 or later years:

(ix) IFRS 7, Financial Instruments - Disclosures

(x) IFRS 8, Operating Segments

(xi) IAS 1 (Amendment), Presentation of Financial Statements - Capital Disclosures

(xii) IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies

(xiii) IFRIC 8, Scope of IFRS 2

(xiv) IFRIC 9, Reassessment of Embedded Derivatives

EBN anticipates that application of these new standards, amendments to standards and new IFRIC interpretations will not in future financial years have any significant effect on the company's financial statements.

Income statement

in € miljoen

	Note	2006	2005
Net sales	2	**6,264**	4,883
Levies	3	**2,012**	1,571
Other work subcontracted and other external costs	4	**535**	510
Depreciation and amortization	5	**403**	374
Operating profit		**3,313**	2,428
Financial income	6	**22**	5
Financial expense	6	**-45**	-51
Share of the profit of associates	7	**48**	39
Pre-tax profit		**3,338**	2,421
Taxes	8	**-960**	-748
Net profit from continuing operations	10	**2,378**	1,673
Profit from discontinued operations	9	**-**	2,154
Net profit		**2,378**	3,827

The amounts quoted in this financial report have been rounded;
this means that the totals and subtotals shown here may differ from the totals obtained by adding up the rounded figures.

Balance sheet

in € miljoen

Assets	Note	Year-end 2006	Year-end 2005	Liabilities	Note	Year-end 2006	Year-end 2005
Non-current assets				**Shareholders' equity**	*15*		
- property, plant and equipment	*11*	**2,949**	2,474	- Share capital		**128**	129
- associates	*12*	**113**	113	- Final dividend		**162**	108
		3,062	2,587			**290**	237
				Non-current liabilities			
				- Provisions	*16*	**1,110**	837
				-- Deferred tax liabilities	*8*	**113**	74
				- Borrowings	*17*	**812**	549
				- Other	*18*	**17**	17
						2,052	1,478
Current assets				**Current liabilities**			
- Inventories	*13*	**8**	8	- Borrowings	*17*	**896**	1,066
- Receivables	*14*	**1,112**	1,067	- Derivatives	*21*	**39**	9
- Deferred tax asset	*8*	**30**	10	- Tax	*8*	**150**	146
- Cash & cash equivalents		**11**	2	- Other	*19*	**794**	738
		1,160	1,087			**1,879**	1,959
Total		**4,222**	3,674	**Total**		**4,222**	3,674

Statement of changes in equity (Note 15)

in € miljoen

	Share capital	Other reserves	Retained earnings: other	Total equity
NL GAAP balance at 1 January 2005	**129**		**219**	**348**
- Effects of transition to IFRS		50		50
IFRS balance at 1 January 2005	**129**	**50**	**219**	**398**
- Final dividend 2004			-219	-219
- Net profit		36	3,791	3,827
- Interim dividend			-3,769	-3,769
- Reclassification to retained earnings: other		-86	86	0
IFRS balance at 31 December 2005	**129**	**0**	**108**	**237**
- Final dividend 2005			-22	-22
- Adjustment of share capital	-1			-1
- Net profit			2,378	2,378
- Interim dividend			-2,301	-2,301
IFRS balance at 31 December 2006	**128**	**0**	**162**	**290**

Retained earnings of € 162 million as specified in the above table represent the final dividend.

Cash-flow statement (Note 22)

in € miljoen

	Note	2006	2006	2005	2005
Operating activities					
Net profit from continuing operations	*10*		**2,378**		1,673
Conversion to net cash provided by operating activities					
- Income from participations	*12*	**-48**		-39	
- Dividend received	*12*	**48**		47	
- Depreciation and amortization	*5*	**403**		374	
- Change in working capital *	*	**-52**		-313	
- Change in provisions		**0**		9	
- Transfers	*11*	**18**		21	
			369		100
Net cash provided by operating activities			**2,747**		1,773
Investing activities					
Property, plant and equipment	*11*	**-623**		-567	
Financial fixed assets	*12*	**0**		1	
Adjustment of share capital	*15*	**-1**		0	
Discontinuation of operations	*9*	**-**		2,154	
Net cash used in investing activities			**-624**		1,588
Financing activities					
Profit distribution	*15*	**-2,241**		-3,703	
Loans taken up	*17*	**288**		452	
Repayment of loans	*17*	**-**		-289	
Change in debts to credit institutions	*17*	**-161**		154	
Net cash provided by financing activities			**-2,114**		-3,386
Change in cash and cash equivalents			**9**		-25

* Change in working capital:				
- Inventories		**0**		5
- Receivables		**-65**		-232
- Current liabilities (excluding loans, debts to credit institutions and profit distribution)	**12**		-86	
		-52		-313

Notes to the financial statements of Energie Beheer Nederland B.V.

(1) General information
Unless otherwise stated, all amounts are in € million.

When preparing the financial statements, estimates and assessments must be made that affect the amounts reported for assets and liabilities, income and expenditure and related reporting of contingent assets and liabilities on the date of the financial statements. The principles which, in the management's view, are not only the most relevant to reporting on the company's financial position and results but also place the highest demands on the management's ability to assess and evaluate matters that are intrinsically uncertain are discussed in the notes to the results that are affected by such evaluations and assessments. The item provisions for abandonment costs is to a large extent based on information about anticipated abandonment costs provided by operators. In principle, EBN uses the information about production and proven and probable gas and oil reserves (2p proven and probable) provided by operators.
The management warns that future events may differ from forecasts and that estimates regularly need to be adjusted.

Notes to the income statement

(2) Net sales
EBN only engages in one major activity, namely the exploration and production of natural gas and petroleum. Other activities such as storage and transport are considered subsidiary to the main activity. EBN has therefore decided not to provide segmented information in the notes to the annual figures for 2006. All sales were achieved in the Netherlands.
In 2006, net sales from ordinary activities totalled € 6,264 million, up € 1,381 million (28%) on the figure for 2005 (€ 4,883 million). This increase was the balance of a positive price effect of 29% and a negative volume effect of 1%.

(3 and 4) Levies, other work subcontracted and other external costs

	2006	2005
- Levies	**2,012**	1,571
- Other work subcontracted and other external costs	**535**	510

Significantly higher gas selling prices in 2006 meant that the levies deducted on behalf of the State were also significantly higher than in 2005.

Other work subcontracted and other external costs includes production and transport costs.
The company does not employ any staff. The costs for the staff seconded to EBN by DSM are also included in this item.

(5) Depreciation and amortization

	2006	2005
- Depreciation of property, plant and equipment	**316**	338
- Depreciation of property, plant and equipment by reason of abandonment	**87**	36
- Impairments	**-**	-
Total	**403**	374

(6) Financial income and expenses

	2006	2005
- Interest income	**7**	3
- Other financial income	**15**	2
Total financial income	**22**	5
- Interest expense	**30**	33
- Interest expense on discounted provisions	**13**	15
- Other financial expenses	**2**	3
Total financial expenses	**45**	51

(7) Share of the profit of associates

This covers:	2006	2005
- GasTerra B.V.	**14**	14
- NOGAT B.V.	**27**	23
- NGT-Extension	**7**	2
Total	**48**	39

(8) Taxes

Tax on the profit from continuing operations totalled € 960 million (2005: € 748 million) and is broken down as follows:

	2006	2005
Current tax expense		
- Current year	**979**	790
Deferred tax expense		
- Arising from temporary differences	**-19**	-42
Total	**960**	748

At 28.8%, the effective tax rate in 2006 was lower than in 2005 (30.9%).

In 2006, the nominal rate of corporation tax in the Netherlands was 29.6% (2005: 31.5%).
The difference between the effective tax rate and the nominal tax rate (29.6%) is due to the net profit of associates and the change in the rate of tax.
The difference between deferred tax assets and deferred tax liabilities fell by € 19 million as a result of the following changes:

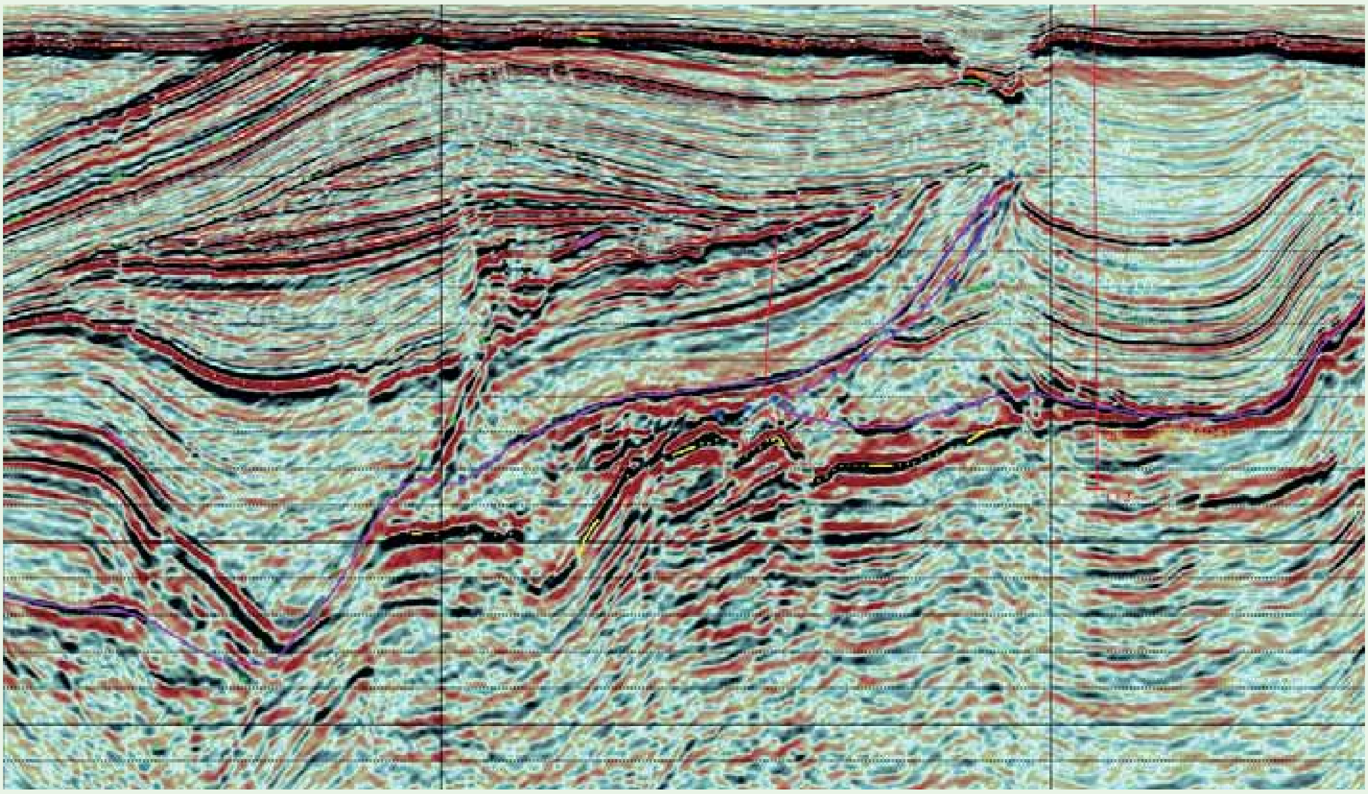
	2006	2005
Balance at 1 January		
Deferred tax assets	**10**	9
Deferred tax liabilities	**-74**	-31
Total	**-64**	-22
Changes:		
- Tangible assets	**-57**	-43
- Participations	**0**	-4
-Provisions	**24**	0
- Derivatives	**1**	1
- Change of rate	**13**	4
Balance at 31 December	**-83**	-64
Of which:		
- Deferred tax assets	**30**	10
- Deferred tax liabilities	**-113**	-74

Deferred tax assets and liabilities cover future tax assets and liabilities arising from amongst other things temporary differences between equity calculated on the basis of economic principles and equity calculated on the basis of tax principles.

(9) Discontinued operations

The € 2,154 million profit achieved in 2005 was the result of the sale on 1 January 2005 of EBN's 40% stake in the transport company of Nederlandse Gasunie NV to the Dutch State. There were no discontinued operations in 2006.

(10) Net profit from continuing operations
In 2006, net profit from continuing operations totalled € 2,378 million, up € 705 million (42%) on 2005.



Notes to the balance sheet

(11) Property, plant and equipment

The table below provides a breakdown of this item and details of any movements:

in € miljoen

	Total	Production, transport and storage facilities	Wells	Reimburse-ments	Capitalization of abandonment costs	Capital expenditure & wells under construction
Balance at 01-01-2006						
Cost	8,006	4,520	1,675	1,184	248	378
Depreciation and amortization	5,532	3,368	1,049	1,078	36	0
Carrying amount	2,474	1,151	626	107	212	378
Changes in 2006						
Cost:						
- Capital expenditure	624	79	82	60	-	403
- Put into operation	-	369	149	20-	-	-498
- Capitalization of abandonment costs	273	-	-	-	273	-
- Decommissioned	-35	-20	-	-	-16	-
- Other changes	-18	0	-	-	-	-18
Depreciation and amortization:						
- Depreciation and amortization	-403	-182	-118	-16	-87	-
- Decommissioned	35	20	-	-	16	-
- Other changes	-	-	-	-	-	-
	475	265	113	23	186	-113
Balance at year-end 2006						
Cost	8,849	4,948	1,906	1,224	505	266
Depreciation and amortization	5,900	3,531	1,167	1,094	108	0
Carrying amount	2,949	1,417	739	130	397	266

Notes on capital expenditure ***(in brackets: 2005 figures)***

In 2006, capital expenditure totalled € 624 million (€ 567 million) of which € 146 million (€ 121 million) related to onshore activities and € 478 million (€ 466 million) to offshore activities. A total of € 227 million (€ 188 million) was spent on drilling operations, € 60 million (€ 29 million) on reimbursements and € 337 million (€ 350 million) on production, transport and storage facilities.

Capitalization of estimated costs for the decommissioning, dismantling and removal of installations totalled € 273 million.

(12) Associates

This relates to the company's 40% stake in GasTerra B.V. of Groningen, its 45% stake in NOGAT B.V. of The Hague and a number of smaller participating interests.

Movements for this balance sheet item are as follows:

			2006					2005
	GasTerra	NOGAT	Other	**Total**	GasTerra	NOGAT	Other	Total
Balance at 1 January	86	12	14	**113**	87	21	1	109
- Deconsolidation NGT Extension							14	14
- Share of profits	14	27	7	**48**	14	23		37
- Dividend received	-14	-27	-7	**-48**	-15	-31		-46
- Share in participation	-	-	-	**0**	-1	-	-	-1
Balance at 31 December	86	13	14	**113**	86	12	14	113

(13) Inventories

	2006	2005
Materials	**7**	7
- Condensate and oil	**1**	1
Total	**8**	8

(14) Receivables

These are broken down as follows:

	2006	2005
- Accounts receivable from associates	**1,025**	1,009
- Other trade accounts receivable	**80**	35
Total trade accounts receivable	**1,105**	1,044
- Other receivables and deferred items	**7**	23
Total	**1,112**	1,067

(15) Shareholders' equity

	2006	2005
Balance at 1 January	**237**	398
- Final dividend previous year	**-22**	-219
- Change in share capital	**-1**	-
- Net profit	**2,378**	3,827
- Interim dividend	**-2,301**	-3,769
Balance at 31 December	**290**	237

Issued and fully paid-up share capital totals € 128 million (2005: € 129 million) and consists of 284,750 shares with a nominal value of € 450.00 (2005: € 453.78) each. When the company's Articles of Association were amended, the nominal value per share was changed to € 450.00 with effect from 2006.

For details of the impact IFRS will have on equity, see Note 25: First-time adoption of IFRS by EBN.

The final dividend of € 162 million will be paid once the financial statements have been adopted by the General Meeting of Shareholders. This amount is the balance of net profit and the interim dividend of € 77 million already paid out plus € 86 million profit arising from the move to IFRS in 2005 (see in this connection also the statement of changes in equity).
The final dividend has not been deducted from the shareholders' equity.

(16) Provisions

	2006	2005
- Abandonment costs	**1,056**	778
- Subsidence	**55**	59
Total	**1,110**	837

Provisions for abandonment costs covers commitments with a term of 5 to 30 years.
Provisions for subsidence covers commitments with a term of 10 to 30 years.

Total provisions increased by € 273 million. This is the balance of the following changes:

	Abandonment costs	Subsidence	Total
Balance at 1 January 2006	778	59	837
- Additions	16	-3	13
- Used	-8	-1	-9
- Extensions	257	-	257
- Interest	13	-	13
Balance at 31 December 2006	1,056	55	1,110

Extensions to the item abandonment costs relate to a combination of an increase in activities and higher rig rates.

(17) Borrowings

	2006		2005	
	Total	**Of which short-term**	Total	Of which short-term
- Debenture loans	**778**	**-**	513	-
- Private loans	**32**	**-**	36	-
- Debts to credit institutions	**896**	**896**	1,066	1,066
Total	**1,708**	**896**	1,615	1,066

No security has been provided in connection with outstanding loans with a total remaining debt at the end of 2006 of € 1,708 million (2005: € 1,615 million). The agreements for these loans contain clauses restricting the provision of security.

At the end of 2006, borrowings totalling € 530 million had a residual term of more than 5 years. The following repayments are to be made on non-current liabilities:

2007 to 2009	-
2010	280
after 2011	530
Total	810

The balance sheet item long-term borrowings is broken down as follows:	**2006**	2005
- CHF 100 million 2.315% public loan 2004/2010	**62**	64
- JPY 5,000 million 1.59% private loan 2004/2014	**32**	36
- CHF 350 million 1.62% public loan 2005/2010	**218**	225
- CHF 350 million 1.75% public loan 2005/2012	**218**	225
- CHF 450 million 2.75% public loan 2006/2013	**280**	-
	810	549

Loans in foreign currencies have been converted into loans in Euros via swaps. All loans are fixed-interest loans and the effective Euro interest rates are as follows:

- CHF 100 million: 3.753%
- JPY 5,000 million: 3.477%
- CHF 350 million: 2.943%
- CHF 350 million: 2.929%
- CHF 450 million: 4.038%

The average interest rate for all non-current liabilities for 2006 was 3.3% (2005: 3.9%).
In 2007, no repayments due have been entered under current liabilities (2006: zero).

Short-term borrowings
This relates to short-term borrowings from credit institutions in 2006: € 896 million (2005: € 1,066 million) and covers Commercial Papers. In 2007 and in 2006, there are/were no repayments due on long-term borrowings that are normally entered under current liabilities.

EBN's policy with regard to the management of financial risks is set out in the notes (financial derivatives).

(18) Other non-current liabilities
This relates to a debt of € 17 million to the State by reason of the GasTerra B.V. stock dividend.

(19) Other current liabilities

This item is broken down as follows:	**2006**	2005
- Trade accounts payable:	**207**	154
- Interest payments	**11**	5
- Levies	**190**	280
- Other liabilities	**387**	300
	794	738

(20) Commitments not shown in the balance sheet
The acquisition of an interest in the redevelopment of the Schoonebeek (Netherlands) oil field announced at the beginning of 2007 is an important event for EBN. Over the course of this year, NAM and EBN anticipate making a final decision on this joint project.

Also, Cooperation Agreements have been concluded within the scope of the joint ventures referred to under Accounting principles and determination of profit, resulting in long-term rights and commitments (incl. capital expenditure).

(21) Financial derivatives

Policy in regard to financial risks

General
In managing its financial assets and liabilities, EBN uses derivative instruments to manage currency and interest rate risks. These financial derivative instruments are used solely on the basis of underlying positions. EBN has stringent rules and procedures in place for this.

Interest rate and currency risks

This risk policy is chiefly aimed at limiting foreign exchange and interest rate risks arising from short and long-term financing activities. When taking out loans in foreign currencies, currency risks are eliminated immediately by means of swaps. The instruments used are forward contracts, spot transactions and currency swaps for currency risks and interest rate swaps for interest rate risks.
The policy ultimately results in the complete elimination of currency risks and in a desired profile of fixed-interest and variable-interest positions. All long-term borrowings are fixed-interest (2005: same).

Liquidity

Since 2006, EBN has had a new Commercial Paper Programme for EUR 2,000 million (2005: USD 1,000 million and € 500 million) to optimize its liquidity position.

Credit risk

EBN limits the credit risk to which it is exposed vis-à-vis financial counterparts by setting credit limits for each party and each country and by only concluding contracts with parties with a high credit rating.

Market value of loans:

	31 Dec. 2006		31 Dec. 2005	
	Carrying amount	**Market value**	Carrying amount	Market value
Long-term borrowings	**810**	**791**	549	537
Interest rate / currency instruments relating to long-term borrowings	**23**	**23**	5	8
Short-term borrowings:				
- Commercial Paper	**896**	**890**	1,066	1,059
- EMTN	**-**	**-**	-	-
Interest rate / currency instruments relating to short-term borrowings	**15**	**15**	-2	-2
Total	**1,745**	**1,720**	1,617	1,602

At the end of 2006, the contract value of the interest rate and currency instruments pertaining to short and long-term financing activities was € 1,756 million (2005: € 1,620 million).

(22) Notes on the Cash-Flow Statement

The indirect method was used to prepare the Cash-Flow Statement and a comparison was made between the opening balance sheet and the closing balance sheet. Those changes that did not lead to a cash flow, such as exchange differences, value adjustments and transfers between balance sheet accounts, were subsequently eliminated.
The changes in the Cash-Flow Statement can largely be derived from the statements of changes in the relevant balance sheet items.

(23) Related parties

GasTerra and EBN are related companies on the basis of the Gas Act. Acting with its partners, EBN has concluded 76 contracts with GasTerra in which EBN's interest totals at least € 5 million.

As shareholder, the State must also be regarded as a related party.

(24) Officer remuneration

By virtue also of the amended management agreement between the State, DSM and EBN, all members of the Board of Directors have a contract of employment with DSM. DSM has made the Board of Directors and staff available to EBN. For the provision of 4 Board members, EBN paid DSM a total of € 1.3 million.

During the first year of the Supervisory Board, the latter's members were paid € 0.1 million.

(25) First-time adoption of IFRS by EBN

Transition to International Financial Reporting Standards at EBN

General

Until 2005, EBN drew up its annual financial statements in accordance with accounting standards generally accepted in the Netherlands (NL GAAP). Since 1 January 2006, EBN has drawn up its financial statements in accordance with all of the International Financial Reporting Standards (IFRS) adopted by the European Union.

The financial statements for 2006 - which have been drawn up on the basis of the standards in force on 31 December 2006 - also contain comparative figures for 2005 based on IFRS. 1 January 2005 is therefore the transition date for EBN.

EBN's annual report for 2005 included an annex that provided information on the main consequences of the transition from NL GAAP to IFRS. All of the information contained in that annex was provided by EBN to the best of its knowledge and ability. The reconciliation details provided in the 2006 annual report differ slightly from the figures set out in the annex to the 2005 Annual Report.

The financial information provided by EBN in accordance with IFRS was drawn up on the basis of the IFRS guidelines in place at the end of 2006. For more details about the IFRS standards used, see pages 6 and 7.

The following standards are of significant importance to EBN when it comes to the transition from NL GAAP to IFRS:

- IAS 16 Property, plant and equipment;
- IAS 28 Investments in associates;
- IAS 31 Interests in joint ventures;
- IAS 36 Impairment of assets;
- IAS 37 Provisions, contingent liabilities and contingent assets;
- IAS 32 and 39 Financial instruments;
- IFRS 6 Exploration for and evaluation of mineral resources.

A number of standards are of little or no relevance to EBN (for example IAS 17 Leases and IAS 19 Employee Benefits).

The effect of the changeover on profit and shareholders' equity is outlined below.

Transitional arrangements

The rules for the transition to IFRS are set out in IFRS 1 'First-time adoption of International Financial Reporting Standards'. In general, the IFRS standards applicable to a company must be applied retrospectively in its opening balance sheet under IFRS. IFRS 1 grants a number of exemptions to these rules in order to facilitate the transition. In view of this, EBN has used a simplified method for splitting up the abandonment costs that have to be included in the carrying amount of property, plant and equipment into cost price and accumulated depreciation.

Summary of the main changes

The main changes relevant to EBN are summarized below for each standard.

Property, plant and equipment (IAS 16)

From now on, EBN will distinguish between the following items within property, plant and equipment: land and buildings, drilling operations, platforms including piping, projects, facilities for underground gas storage (UGS) and main transport pipelines.

Property, plant and equipment used for gas and oil production is now depreciated on the basis of the ratio between production and the developed projected reserves for the relevant field (unit-of-production method). Other property, plant and equipment is depreciated on a straight-line basis over its anticipated useful life.

In principle, EBN will use the information about production and proven and probable oil and gas reserves (2p: proven and probable) provided by operators.

For underground gas storage facilities and main transport pipelines, the total anticipated useful life has been increased from 10 to 20 years. The straight-line method of depreciation will continue to be used for these assets.

The carrying amount of property, plant and equipment according to NL GAAP at the transition date (1 January 2005) was examined by means of simplified retrospective application of IAS 16. As no significant difference was found, the carrying amount under NL GAAP at the transition date was therefore maintained as the carrying amount under IAS 16.

As of the transition date, the carrying amount of property,

plant and equipment was increased by an amount of € 99 million related to abandonment costs. See also below under Provisions, contingent liabilities and contingent assets (IAS 37).
Application of the revised depreciation method for the year 2005 brought a € 38 million reduction in depreciation.

Investments in associates and Interests in joint ventures (IAS 28 and IAS 31)
An evaluation of all joint ventures on the basis of IAS 31 revealed that EBN does not have 'joint control' of NGT-Extension. As a consequence, EBN's interest in this company has been reclassified as an investment in an associate. The reclassification had a € 1 million effect on shareholders' equity as at the transition date and a € -1 million effect on profit for 2005.

Impairment of assets (IAS 36)
At the transition date, EBN investigated in accordance with IAS 36 whether there were any indications that the carrying amount of assets was higher than their estimated recoverable amount. The estimated recoverable amount was based on the discounted future cash flows of a field, being the smallest independent cash-generating unit.
It was established that no impairment was needed at the transition date (1 January 2005) or in the year 2005.

Provisions, contingent liabilities and contingent assets (IAS 37)
Provisions for abandonment costs relate to future expenditure on dismantling and site restoration at the end of the useful life of gas and oil production installations and pipelines. The first estimate of these costs needs to be included in the initial cost price of the assets concerned and depreciated together with the assets using the 'unit-of-production method' based on proven and probable reserves. Changes in estimated costs, the magnitude of proven and probable reserves and level of production affect net profits during the remaining useful life of assets used for gas and oil production.
EBN applies the rules of IFRIC 1 according to which:
a) interest accrued on provisions over the course of time must be entered in the income statement (financial income and expenses) and
b) changes in market rates of interest (discount rates), inflation rates and other changes in estimates give rise to an adjustment of the cost price, provided the carrying amount remains positive during the period under review (a negative carrying amount is not permitted).

It is against this background that an amount of € 99 million was added to the carrying amount of property, plant and equipment as of the transition date (1 January 2005).
Provisions for abandonment costs were increased by € 30 million on the basis of application of IAS 37, whilst the € 49 million (net) difference was added to shareholders' equity (retained earnings). This increased pre-tax profit for 2005 by € 18 million.
The effects on the balance sheet as at 31 December 2005 (as compared with the balance sheet according to NL GAAP) were as follows: a € 212 million increase in the carrying amount of property, plant and equipment, a € 125 million increase in provisions for abandonment costs and a € 61 million increase in shareholders' equity.

Financial instruments (IAS 32 and 39)
EBN uses financial derivatives such as currency swaps and interest rate swaps to hedge risks related to loans in foreign currency. Financial derivatives are initially recognized in the balance sheet at cost and subsequently valued at their fair value.
EBN does not apply hedge accounting. Income and expenses arising from financial derivatives are directly recognized in the income statement.
On the transition date, financial derivatives were recognized at their fair value. As a result of application of IAS 32 and 39, an amount of € 2 million was added to shareholders' equity at the transition date (1 January 2005), whilst shareholders' equity as at 31 December 2005 was reduced by € 2 million. This resulted in a € 6 million reduction in pre-tax profit for 2005.

Exploration for and evaluation of mineral resources (IFRS 6)
This standard mainly comprises rules for explaining the recognition of exploration and evaluation costs. In some cases, the standard also requires examination of capitalized exploration and evaluation costs to determine whether or not there is any need for impairment. It was established that no

impairments were required at the transition date (1 January 2005) or during 2005.

Summary of the consequences of transition to IFRS

The effects of the transition on shareholders' equity and net profit can be summarized as follows:

SHAREHOLDERS' EQUITY	1 January 2005	31 December 2005
Under NL GAAP	348	437
Changes as a result of application of:		
- IAS 16 Property, plant and equipment	0	27
- IAS 28 Investments in associates	0	1
- IAS 37 Provisions	49	61
- IAS 32/39 Financial instruments	2	-2
Under IFRS	399	524

NET PROFIT	2005
Profit under NL GAAP	3,791
Changes as a result of application of:	
- IAS 16 Property, plant and equipment	38
- IAS 28 Investments in associates	-1
- IAS 37 Provisions	18
- IAS 32/29 Financial instruments	-6
- Tax	-14
Profit for the year	3,827
Difference	36
Of which:	
- operating profit	70
- net financial expenses	-21
- tax expenses	-14
- share of the profit of associates	1

Heerlen, 10 April 2007

Board of Directors	Supervisory Board
R.J. Atsma	R.M.J. van der Meer
J.D. Bokhoven	A.H.P. Gratama van Andel
J.W.P.M. Haenen	G-J. Kramer
D.G. Roest	H.M.C.M. van Oorschot

Profit appropriation

Profit appropriation takes place in accordance with the provisions of Article 21 of the company's Articles of Association:

- Of the profit, an amount of € 3 million shall be paid to the shareholder each year;
- Of the remainder, part shall be paid to the State each year by way of a special profit distribution;
- The remainder shall then be paid to the shareholder.

Energie Beheer Nederland B.V.
Attn. Board of Directors

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2006 of Energie Beheer Nederland B.V., Heerlen, which comprise the balance sheet as at December 31, 2006, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Board of Directors in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 Energie Beheer Nederland B.V. as at December 31, 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

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

Roermond, 10 April 2007

for Ernst & Young Accountants

signed by P.L.C.M. Janssen

EBN ten-year summary

amounts in € miljoen	IFRS 2006	IFRS 2005	2005	2004	2003	2002	2001	2000	1999	1998	1997
EBN involvement in activities:											
- number of onshore production licences	14	14	14	14	14	14	14	14	14	14	13
- number of offshore production licences	85	85	85	77	77	70	66	63	59	58	54
- number of exploration licences	17	19	19	22	26	31	40	3			
Sales (billion m³, 100%)	66	67	67	72	63	64	66	60	62	66	70
- from Groningen (billion m³, EBN share)	13	13	13	13	11	10	10	8	8	9	10
- from small fields (billion m³, EBN share)	15	15	15	18	15	17	19	18	19	19	19
Total sales (billion m³, EBN share)	28	28	28	30	26	27	28	26	26	28	29
Percentage change compared with previous year (100%)	-1	-7	-7	+15	-4	-4	+10	-3	-6	-6	-13
Average selling price of gas (€ cents per m³, 35.17 MJ/m³)	21,52	16,46	16,46	13,17	13,88	12,55	13,93	11,33	7,39	8,99	9,82
Sales from:											
- continuing operations	6.264	4.883	4.883	4.230	3.872	3.633	4.146	3.144	2.122	2.610	2.960
- discontinued operations		3.384	3.384								
Total sales		8.267	8.267								
Percentage change in sales from continuing operations compared with previous year	+28	+15	+15	+9	+7	-12	+32	+48	-19	-12	+0
Net profit from:											
- continuing operations	2.378	1.673	1.637	1.534	1.380	1.296	1.590	1.184	711	874	1.013
- discontinued operations		2.154	2.154						163		
Total net profit	2.378	3.827	3.791	1.534	1.380	1.296	1.590	1.184	874	874	1.013
Net profit from continuing operations as a % of sales	38	34	34	36	36	36	38	38	34	33	34
Property, plant and equipment:											
- capital expenditure onshore	146	121	121	143	138	125	80	62	93	100	117
- capital expenditure offshore	478	446	446	207	316	325	225	246	145	264	290
- abandonment	273	149									
Total capital expenditure	896	716	567	350	454	450	305	308	238	364	407
Depreciation and amortization	403	374	376	337	344	334	342	347	324	319	291
Shareholders' equity*	290	237	437	348	329	280	129	129	129	129	129
Outside capital	3.932	3.437	2.977	2.730	2.592	2.746	2.728	2.775	2.757	2.692	2.712

* Changed with effect from 2002: incl. proposed dividend; since 2005 IFRS: excl. proposed dividend December

Employees EBN