TARGETED GENETICS CORP /WA/
Form S-8 POS
March 05, 2010

As filed with the Securities and Exchange Commission on March 5, 2010

Registration No. 333-03889

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1 TO

FORM S-8

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

TARGETED GENETICS CORPORATION

(Exact name of Registrant as Specified in Its Charter)

Washington	**91-1549568**

(State or Other Jurisdiction of	**(I.R.S. Employer**
Incorporation or Organization)	**Identification No.)**
1100 Olive Way, Suite 100	
Seattle, Washington	**98101**
(Address of Principal Executive Offices)	**(Zip Code)**

B.G. Susan Robinson

President and Chief Executive Officer

Targeted Genetics Corporation

1100 Olive Way, Suite 100

Seattle, WA 98101

(Name and Address of Agent For Service)

(206) 623-7612

(Telephone Number, Including Area Code, of Agent For Service)

EXPLANATORY NOTE:

REMOVAL OF SECURITIES FROM REGISTRATION

The offering contemplated by this Registration Statement on Form S-8 (the Registration Statement) has terminated. Pursuant to the undertakings contained in Part II of the Registration Statement, the Registrant is removing from registration, by means of a post-effective amendment to the Registration Statement (the Post-Effective Amendment), any securities registered under the Registration Statement which remained unsold at the termination of the offering.

SIGNATURE

Pursuant to the requirements of the Securities Act of 1933, as amended, and Rule 478 thereunder, the Registrant has duly caused this Post-Effective Amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Seattle, State of Washington, on this 5th day of March, 2010.

TARGETED GENETICS CORPORATION

By: /s/ B.G. SUSAN ROBINSON
B.G. Susan Robinson

President and Chief Executive Officer

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Subsequent result from disposal of operations14 5 6

Result before taxes	46	94

Taxes	12	(25)	13

Net result	**21**	**107**

Attributable to:

Holders of ordinary shares Buhrmann NV	2	90

Minority interests in Group companies13	19	18

21	**107**

Net result per share attributable to holders of ordinary shares Buhrmann NV (in euro):

Basic	15	0.01	0.62
Diluted	15	0.01	0.53

The accompanying Notes are an integral part of these Financial Statements.

Consolidated Balance Sheets as at 31 December 2005 and 2004

in millions of euro

	Notes	**2005**	2004
Assets			
Non-current assets			
Goodwill	16	1,499	1,322
Internally used software	17	126	122
Other intangible assets	18	8	2
Property, plant and equipment	19	207	202
Net pension asset for funded schemes in surplus	20	90	97
Deferred tax assets	28	436	396
Investments in associates	11	4	4
Other non-current assets	21	26	24
		2,397	**2,169**
Current assets			
Inventories	22	453	403
Trade receivables	23	874	754
Prepaid expenses and accrued income	24	188	158
Current tax receivable		16	21
Cash and cash equivalents	25	114	154
		1,645	**1,490**

Total assets		**4,042**	**3,659**
Equity and liabilities			
Shareholders equity			
Issued and paid-in capital	26,27	215	166
Additional paid-in capital	27	1,713	1,524
Treasury shares	27	(10)	(10)
Other reserves	27	117	(67)
Accumulated deficit	27	(586)	(552)
		1,450	**1,062**
Minority interests	13	59	56
Total equity		**1,510**	**1,118**
Non-current liabilities			
Long-term borrowings	29	1,138	1,232
Deferred tax liabilities	28	136	149
Pensions	20	39	34
Other non-current liabilities			17
Other non-current provisions	30	67	85
		1,380	**1,517**
Current liabilities			
Current portion of long-term borrowings	29	46	33
Short-term loans and bank overdrafts		10	6
Trade payables		725	673
Current tax payable		4	7
Other current provisions	30	33	18
Other current liabilities	32	334	286

		1,152	**1,024**
Total equity and liabilities		**4,042**	**3,659**
Commitments not included in the Balance Sheet	34	508	451

The accompanying Notes are an integral part of these Financial Statements.

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Consolidated Statements of Cash Flows for the years ended 31 December 2005 and 2004

in millions of euro

		2005		2004
Cash flow from operating activities				
Net result		**21**		**107**
Adjustments:				
Taxes	25		(13)	
Subsequent result from disposal of operations	(5)		(6)	
Share in result of associates				
Total financing expenses	191		126	
		211		107
Operating result		**232**		**214**
Depreciation of property, plant and equipment and amortisation of internally used software and other intangible assets		89		89
Other adjustments for non-cash		17		4
(Increase)/decrease in working capital:				
(Increase)/decrease inventories	1		(16)	
(Increase)/decrease accounts receivable	(47)		(3)	
Increase/(decrease) accounts payable	(11)		56	
(Increase)/decrease prepaid expenses, accrued income and expenses and other receivables and liabilities	6		(4)	

Net (increase)/decrease in working capital	(51)	32
Other operational payments and receivables:		
Profit taxes (net)	(30)	(22)
Payments deducted from provisions for restructuring and other provisions excluding pensions	(17)	(35)
Payments for defined benefit pension plans	(9)	(7)
	(56)	(64)
Net cash provided by operating activities (A)	**232**	**276**
Cash flow from investing activities		
Investments in property, plant and equipment and internally used software	(65)	(63)
Proceeds from the disposal of property, plant and equipment	1	1
Acquisitions of Group companies	(18)	(6)
Payments related to integration of acquisitions	(2)	(3)
Proceeds of divestments and transaction fees		(10)
Other	(2)	(5)
Net cash used in investing activities (B)	**(86)**	**(85)**
Cash flow available for financing activities (A+B)	**145**	**191**
Cash flow from financing activities		
Dividend payments	(12)	
Interest payments	(58)	(54)
Dividend Preference Shares A	(11)	(11)
Payment to minority shareholders	(31)	(8)
Proceeds from share issues	239	
Repurchase Preference Shares C (including expenses)	(411)	

Net proceeds/(repayments) of other long-term borrowings	85	(104)
Net cash used in financing activities (C)	**(199)**	**(177)**
Net cash flow (A+B+C)	**(54)**	**14**

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Consolidated Statements of Cash Flows for the years ended 31 December 2005 and 2004

in millions of euro

	2005	2004

The accompanying Notes are an integral part of these Financial Statements.

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Consolidated Statements of Recognised Income and Expense

for the years ended 31 December 2005 and 2004

in millions of euro

	2005	2004
Cash flow hedges:		
Valuation gain/(loss) taken to equity	7	1
Transferred to Income Statement for the year	(2)	
Tax	(2)	
	3	1
Actuarial gains and (losses) on pension plans	(27)	(31)
Tax	8	10
	(19)	(21)
Exchange differences on translation of foreign operations	180	(87)
Net result taken directly to equity	**164**	**(107)**
Net result for the year	**21**	**107**
Total recognised income and expense for the year	**185**	
Attributable to:		
Holders of ordinary shares Buhrmann NV	166	(18)
Minority interests in Group companies	19	18

	185

The accompanying Notes are an integral part of these Financial Statements.

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Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

1 Business

Buhrmann was incorporated in 1875 under the name Koninklijke Nederlandsche Papierfabrieken NV (KNP). In 1993, KNP merged with Buhrmann-Tetterode NV and VRG-Groep NV and the legal entity was renamed NV Koninklijke KNP BT (KNP BT). In 1998, the name KNP BT was changed into Buhrmann NV. The Company is incorporated under the laws of the Netherlands and has its statutory seat in Maastricht (the Netherlands). Buhrmann s corporate head office is located in Amsterdam, the Netherlands.

Buhrmann has five business segments: Office Products North America; Office Products Europe; Office Products Australia; ASAP Software; and Graphic Systems. Office Products North America, Europe and Australia mainly operate under the name Corporate Express and offer a full range of products to large- and medium-sized companies and institutions such as traditional office supplies and office furniture but also break room supplies, janitorial and sanitary products. ASAP Software supplies desktop software and related services and derives its sales predominantly in North America.

Buhrmann also supplies pre-press systems, printing presses, folding, cutting and binding machines and also provides related services and maintenance in six countries in Europe. These activities are grouped in Graphic Systems.

Buhrmann s primary listing of ordinary shares is at Euronext NV in Amsterdam. Buhrmann also has American Depository Shares (ADS) listed on the New York Stock Exchange, representing its ordinary shares, evidenced by American Depositary Receipts (ADR), each represent one Ordinary Share of Buhrmann NV.

2 Summary of accounting policies

Basis of preparation

The Consolidated Financial Statements comply with Title 9, Book 2 of the Netherlands Civil Code. In accordance with Article 402, Title 9, Book 2 of the Netherlands Civil Code, an abbreviated Company Income Statement is included. Buhrmann s accounting policies comply in all respects with IFRS as issued by the International Accounting Standards Board, the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). Some of the standards issued by the International Accounting Standards Board have not been endorsed by the European Union (also called EU IFRS). These standards however, do not affect Buhrmann s accounting policies under IFRS.

Our transition date to IFRS is 1 January 2004 as this is the start date of the earliest period for which full comparative information under IFRS is presented. Until 31 December 2004 Buhrmann reported under accounting principles generally accepted in the Netherlands (Dutch GAAP). Information relating to the nature and effect of transition from Dutch GAAP to IFRS is included in Note 39.

Buhrmann s accounting policies under IFRS vary in certain respects from accounting principles generally accepted in the United States of America (US GAAP). Information relating to the nature and effect of such differences as they relate to the Company is presented in Note 37 which also includes additional disclosures required by the U.S. Securities and Exchange Commission (SEC).

The Consolidated Financial Statements are presented in euro and are prepared under the historical cost convention, except for the financial assets and liabilities (including derivative instruments) which are valued at fair value as described in the Notes.

Amounts are rounded to the nearest million euro, therefore amounts may not equal (sub)totals due to rounding.

The Consolidated Statements of Income are presented by using a classification of expenses based on the nature of expenses.

As a general principle, an asset is recognised in the Consolidated Balance Sheet when it is probable that the future economic benefits will flow to the Company and the asset can be measured reliably. A liability is recognised in the Consolidated Balance Sheet when it is probable that an outflow of resources will result from the settlement of a present obligation, and the amount at which the settlement will take place can be measured reliably. Non-current liabilities are stated at discounted amounts, excluding deferred tax liabilities. If the criteria for recognition are no longer met, the assets and liabilities are derecognised. Where necessary, the assets have been reduced to reflect permanent diminutions in value.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

2 Summary of accounting policies continued

Transition to IFRS

Buhrmann has prepared its IFRS opening balance sheet at 1 January 2004 in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards . In accordance with IFRS 1, Buhrmann has in its opening IFRS balance sheet:

- Recognised all assets and liabilities whose recognition is required by IFRS.
- Not recognised items as assets or liabilities if IFRS does not permit such recognition.
- Reclassified items that were recognised under Dutch GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity under IFRS.
- Applied IFRS in measuring all recognised assets and liabilities.

Buhrmann has used the same accounting policies in its opening IFRS balance sheet and throughout all periods presented in these IFRS financial statements. Those accounting policies comply with each IFRS effective at 31 December 2005. These accounting policies differ from those Buhrmann used under Dutch GAAP. The resulting adjustments arise from events and transactions before the date of transition to IFRS. Therefore, Buhrmann recognised those adjustments directly in equity in the opening IFRS balance sheet.

IFRS 1 has various exemptions to the principle that an entity s opening IFRS balance sheet shall comply with each IFRS effective at 31 December 2005. The following exemptions have been applied by Buhrmann in preparing these financial statements:

Business combinations

A first-time adopter of IFRS may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. Buhrmann has decided to use this exemption which had the following practical implications for Buhrmann s opening IFRS balance sheet at 1 January 2004:

- The carrying amount under Dutch GAAP of assets acquired and liabilities assumed in business combinations prior to 1 January 2004 are their deemed cost under IFRS.
- If an asset acquired, or liability assumed, in business combinations prior to 1 January 2004 was not recognised under Dutch GAAP, Buhrmann recognised and measured it in its Consolidated Balance Sheet on the basis that IFRS would require it in the balance sheet of the acquiree. No such adjustments were made in Buhrmann s IFRS opening balance sheet.
- A first-time adopter of IFRS must exclude from its opening IFRS balance sheet any items recognised under Dutch GAAP with respect to business combinations prior to 1 January 2004 that do not qualify for recognition as an asset or liability under IFRS. No such adjustments were made in Buhrmann s IFRS opening balance sheet.
- In principle, the carrying amount of goodwill under Dutch GAAP at 1 January 2004 is the carrying amount under IFRS in Buhrmann s opening IFRS balance sheet.

Regardless of whether there is any indication that the goodwill may be impaired, IFRS 1 requires a first-time adopter of IFRS to test goodwill for impairment at the date of transition to IFRS. This impairment test did not result in an impairment.

Under IFRS, goodwill is treated as an asset of the acquired company. If the acquired company has a functional currency other than the euro, this goodwill is translated into euro. However, a first-time adopter of IFRS need not adjust goodwill for translation in the opening IFRS balance sheet. Buhrmann has decided to use this exemption.

Employee benefits

A first-time adopter of IFRS may elect to recognise all cumulative actuarial gains and losses at the date of transition to IFRS with respect to employee benefits. Buhrmann has decided to use this exemption which means the cumulative actuarial gains and losses, with respect to the pension plans which meet the definition of defined benefit plans, are recognised and included in equity in the IFRS opening balance sheet as at 1 January 2004.

Cumulative translation differences
Under this exemption, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS. Consequently, the gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition to IFRS and will only include later translation differences.

IFRS 1 also has certain exceptions which prohibit retrospective application of IFRS standards. The following exceptions are relevant to Buhrmann:

- Hedge accounting: It is not allowed to reflect a hedging relationship in the opening IFRS balance sheet if it does not qualify for hedge accounting under IFRS. Transactions entered into before the date of transition to IFRS should not be retrospectively designated as hedges in the opening IFRS balance sheet.
- Estimates: Estimates made under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under Dutch GAAP, after adjustments to reflect any difference in accounting policies, unless there is objective evidence that those estimates were in error.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

2 Summary of accounting policies continued

Principles of consolidation

The Consolidated Financial Statements include Buhrmann NV and the entities controlled by Buhrmann. Control is achieved when Buhrmann has the power to govern the financial and operating policies of an investee (subsidiary) so as to obtain benefits from its activities. Control is presumed to exist when Buhrmann NV owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be demonstrated that such ownership does not constitute control. Subsidiaries are fully consolidated (Group companies) from the date on which control is obtained.

Each Group company measures its balance sheet and income statement items in the currency of the primary economic environment in which the Group company operates (the functional currency). The Consolidated Financial Statements are presented in euro, which is the Group s presentation currency. In the consolidation, assets and liabilities of Group companies whose functional currency is not the euro are translated into euro at the rates prevailing at the balance sheet date. Income statements of these Group companies are translated into euros at the average rates for the reporting period. The resulting translation differences are recorded directly in equity as cumulative translation adjustments . The rates used for translation are listed under Transactions in foreign currencies .

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The interest of minority shareholders in a Group company is stated at the minority s proportion of the net asset (equity) values and net income of the Group company.

A Group company is included in the consolidation until the date on which Buhrmann ceases to control the Group company through disposal.

In case of disposal or classification as held for sale of an entire component of the Company, comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company, that component is treated as a discontinued operation. Accordingly, the Consolidated Statements of Income of previous years are represented and the results of that operation, including the result on the sale of that operation, are disclosed as a single amount.

Transactions in foreign currencies

Transactions in currencies other than the functional currencies of the Group companies are recorded at the exchange rates prevailing on the dates of the transactions. Monetary items (such as receivables, cash and cash equivalents and liabilities) denominated in currencies other than the functional currencies of the Group companies are translated at the rates prevailing on the balance sheet date. The resulting translation differences are reflected in the income statement.

Translation differences, net of related taxation, arising from long-term loans granted to Group companies that have the nature of permanent investments (quasi equity) , are recorded directly in equity as cumulative translation adjustments by analogy of translation differences on shareholdings in Group companies (see Principles of consolidation).

The following translation rates against the euro have been used (main currencies only):

Currency per 1 EUR	**31 December 2005**	**Average 2005**	31 December 2004	Average 2004
AUD	1.6109	1.6327	1.7459	1.6891
CAD	1.3725	1.5096	1.6416	1.6169
GBP	0.6853	0.6839	0.7051	0.6785
USD	1.1797	1.2446	1.3621	1.2434

Net sales

The criteria for recognition of sales of goods are:

- Significant risks and rewards of ownership have been transferred to the buyer. In most cases the significant risks and rewards of ownership are transferred at the point of delivery or at the moment after installation (ready to operate),depending on shipping terms, contractual arrangements and performance obligations.
- Buhrmann retains neither continuing managerial involvement noreffective control over the goods sold.
- The amount of revenue can be measured reliably and collectibility is reasonably assured.
- The related cost (of sales)can be measured reliably.

Based on these criteria, sales of goods are in general recognised at the point of delivery, as Buhrmann has no future performance obligations. In Graphic Systems, sales of machines are recognised after installation while sales of supplies and spare parts are recognised at the point of delivery.

Sales of services are recognised in the period in which the services are rendered.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

2 Summary of accounting policies continued

The Company sells copiers and graphic machines together with subsequent servicing usually to third-party lease companies who enter into long-term lease contracts with our customers. The revenue from these contracts is allocated to the delivery of copiers and graphic machines and subsequent servicing in proportion to their fair value which means that any price discount given is allocated in proportion to their fair value.

The Company also rents copiers and graphic machines to customers of which the revenue is recognised on a linear basis over the contractual rental period.

Buhrmann receives contributions from vendors for inclusion of their products in Buhrmann s catalogues which have no relationship with purchased volumes. Catalogue contributions are in principle recognised as income on a linear basis over the period the catalogue is generating sales and included in net sales. Catalogue contributions received for promoting and advertising are recognised in income when the catalogue is released.

Sales are recorded on a gross basis when Buhrmann acts as the primary obligor in a sales transaction and/or whether based on an assessment of certain indicators, such as general inventory risk and credit risks, Buhrmann bears the major part of the risks and rewards in a sales transaction. If the supplier acts as the primary obligor and/or bears the major part of the risks and rewards in a sales transaction, Buhrmann records the sales on a net basis (sales value less purchase value of goods or services).

In the Statements of Income, net sales represents the invoiced value, excluding sales tax, of trade goods sold and services rendered to third parties, less discounts, rebates to customers and less goods returned by the customers. Also included in net sales are shipping and other handling costs separately charged to the customers.

Purchase value of trade goods sold

Purchase value of trade goods sold is the average purchase cost of trade goods (see Inventories). Cash discounts for prompt payment are deducted from the purchase value of trade goods sold when incurred.

Gross contribution

Gross contribution is arrived at by subtracting purchase value of trade goods sold from net sales.

Employee benefits

In general, employee benefits are recorded as an expense in the period in which services by the employee are rendered.

A liability and an expense is recognised for vacation days, vacation pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits.

The expected cost of long-term benefits such as sabbatical leave, jubilee benefits, disability benefits and long-term bonus plans are recognised as a liability and an expense proportionally for the reporting period. The accounting policies regarding pensions and employee stock options is described below.

Termination benefits are payable whenever an employee s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised as a liability and expense when Buhrmann is committed to either terminate the employment of current employees according to a detailed formal plan or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Pensions

Defined contribution plans are plans under which Buhrmann pays fixed contributions and will have no legal or constructive obligation to pay additional contributions. Contributions for defined contribution plans are recognised as an expense when incurred.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit plans in the Netherlands and some foreign defined benefit plans are funded with plan assets which have been segregated and restricted in trusts. For the funded plans, contributions are made by Buhrmann, as necessary, to provide assets sufficient to meet benefit entitlements in accordance with, among others, legal requirements and financing agreements with these trusts. In the balance sheet, the pension obligation less, in the case of funded plans, fair value of the plan assets, is recorded either as a net pension provision or a net pension asset. A net pension asset is only recorded to the amount of economic benefits available for Buhrmann in the form of future refunds from the plan or reductions in future contributions to the plan.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

2 Summary of accounting policies continued

The pension obligation of a defined benefit plan is measured as the present value of the estimated pension benefits, taking into account, among others, expected wage inflation and salary increases due to promotion, using the projected unit credit method under which the cost of providing pensions is charged to the income statement so as to spread the service cost over the service lives of employees. The discount rate used to calculate the present value is the interest on high-quality corporate bonds that have a maturity approximating the terms of the related obligations. The net periodic pension cost for defined benefit plans consists of the service cost and interest cost less, in the case of funded plans, expected return on plan assets. In case of an amendment of a defined benefit plan, past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are vested immediately following the changes to a defined benefit plan, past service costs are recognised immediately as an expense. Actuarial gains and losses arise due to, among others, changes in discount rates, differences between expected and realised returns on plan assets, differences in mortality and differences between expected and actual wage inflation and salary increases due to promotion. Actuarial gains and losses which arose before the date of transition to IFRS at 1 January 2004 are recognised, using the exemption as allowed by IFRS 1. Actuarial gains and losses arising after 1 January 2004 are recorded directly in equity (see Consolidated Statements of Recognised Income and Expense).

Employee stock options

Stock options are granted to a group of employees. The grants meet the definition of equity-settled, share-based compensation. The fair value of the options is measured at grant date allowing for any market-based performance conditions and recognised as expenses on a linear basis during the vesting period, based on the number of options that eventually vest, with a corresponding increase in equity as option reserve . Vesting conditions are taken into account in the measurement of the fair value and the related recognition of expense. When the options are exercised or lapsed, a reclassification within shareholders equity takes place from the option reserve to retained earnings. This policy is applied to all options that on 1 January 2005,the date of transition to IFRS, had not been exercised, vested or lapsed.

Acquisition of companies

The purchase method of accounting is used to account for the acquisition of companies. At the acquisition date, the identifiable assets, liabilities and contingent liabilities of the acquired company are recognised separately based on Buhrmann s accounting policies, regardless of whether they had been previously recognised in the financial statements of the acquired company. The identified assets, liabilities and contingent liabilities of the acquired company are measured initially at their fair values at the acquisition date. This includes intangible assets such as customer lists, customer relationships and brand names, insofar as they can be reliably measured, regardless of whether they will be subsequently used. These intangibles assets are amortised over the estimated useful lives.

The cost of an acquisition includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by Buhrmann, in exchange for control of the acquired company plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over Buhrmann s interest in the net fair value of the acquired company s identified assets, liabilities and contingent liabilities is initially recognised as goodwill.

If Buhrmann s interest in the net fair value of the items recognised exceeds the cost of the acquisition, the identification and measurement of the acquired company s identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination are reassessed. Any excess remaining after that reassessment is recognised immediately in the income statement.

Goodwill acquired with acquisitions of Group companies is separately presented in the Consolidated Balance Sheet. Goodwill acquired with acquisition of associated companies is included in investments in associates.

After the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

In the impairment test, goodwill related to cash-generating units whose carrying values exceed their recoverable amount are written down to the higher of the net selling price or the discounted net future cash flows expected to be generated. The discount rate is derived from the pre-tax estimated weighted cost of capital, reflecting the risks inherent to the cash-generating unit and a normative financing profile. Impairment losses on goodwill are recognised as an expense immediately and are not reversible. The determination of a cash-generating unit for goodwill impairment testing purposes is based on the business structure (see Note 5).

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

2 Summary of accounting policies continued

Non-current assets held for sale and discontinued operations

A non-current asset or discontinued operation is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or discontinued operation must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or discontinued operations and its sale must be highly probable.

A non-current asset or discontinued operation classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. The carrying amount includes goodwill acquired in a business combination if the Group company or component of the Buhrmann Group is a cash-generating unit to which goodwill has been allocated (see Note 5).

At the time of sale, any gain on disposal is recognised in income, including the cumulative amount of any translation differences recognised directly in equity with respect to the assets or discontinued operation sold.

Impairment of non-current assets other than goodwill

At balance sheet date, the carrying amounts of property, plant and equipment, internally used software and other non-current assets is reviewed to determine whether there is any indication that those assets might have been impaired. Assets whose carrying values exceed their recoverable amount are written down to the higher of the net selling price and its value in use. Impairment losses are recognised as an expense immediately. Where an impairment loss of a non-current asset other than goodwill subsequently reverses, the carrying amount of these assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Internally used software

Internally used software is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised as an expense and calculated on a straight-line basis over the expected useful life of the internally used software with a maximum of seven years.

The cost includes third-party costs and internal costs, such as employee benefit costs, insofar related to the development of the software. Also included in the cost are borrowing costs to finance the development of software.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised as an expense and calculated on a straight-line basis over the expected useful lives of the assets, taking into account a potential residual value.

Land is not depreciated.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately over its own useful life, not exceeding the remaining useful life of the related asset.

Borrowing costs to finance the construction of property, plant and equipment are capitalised as part of the costs of the asset, during the period of time that is required to complete and prepare the asset for its intended use.

The depreciation rates per year are as follows:

Land	Not depreciated
Buildings	3 7%
Plant and equipment	5 10%
Other fixed equipment	10 33%

Maintenance, repairs and renewals are generally recognised as expenses during the period in which they are incurred. However, major renovations are capitalised when it is probable that future economic benefits will increase beyond the originally assessed level. Major improvements are recognised as a separate component and depreciated over the useful life of the component, not exceeding the remaining useful life of the related asset.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

2 Summary of accounting policies continued

Catalogue production costs

The cost to produce catalogues is capitalised insofar as the catalogue enables the receipt of sales orders. The production costs of that part of a catalogue which is used for promoting and advertising products and services is expensed as incurred. The capitalised catalogue production costs includes third-party and internal costs of development and distribution.

The capitalised catalogue production costs are presented as a current asset and amortised on a linear basis over the period the catalogue is generating sales which usually does not exceed 12 months. The amortisation expense is included in other operating costs.

Income taxes and deferred taxes

The amount of tax included in the income statement is based on the reported accounting profit plus or minus non-deductible accounting expenses and non-taxable accounting income. The amount of tax included in the income statement includes changes in the valuation of deferred tax assets for loss carry-forwards.

Current tax assets and liabilities are not discounted and are calculated at tax rates prevailing at the balance sheet date.

Deferred tax assets and liabilities are recognised for temporary differences in the carrying value of assets and liabilities and their tax base and for loss carry-forwards. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred taxes are not discounted and are determined at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforcable right to offset.

Tax expense and income related to items that are recorded in equity are recorded likewise.

Investments in associates

An associate is an entity over which Buhrmann is in a position to exercise significant influence, but not control, in the financial and operational policy decisions of the investee through participation. Significant influence is assumed when Buhrmann holds 20% or more of the voting power. Investments in associates are initially measured at cost and subsequently amended for the Company s share in the result (after tax) of the associate less, if applicable, impairments and less distributions received such as dividends. The result of an associate is determined in accordance with Buhrmann s accounting policies.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset. All other leases are classified as operational leases.

Assets under finance leases, with the Company as lessee are recognised as assets of the Company at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Payments under operating leases with the Company as lessee are expensed on a straight-line basis over the term of the relevant lease.

Inventories

Inventories related to trade goods, used machines and goods in transit are valued at the lower of weighted average purchase cost or net realisable value. Weighted average purchase cost includes the purchase price, import duties and other taxes (other than those subsequently recoverable from the tax authority) and inbound third-party transportation, handling and other costs directly attributable to the acquisition of trade goods.

The purchase price is net of trade discounts and rebates received from suppliers. Cash discounts from suppliers for prompt payment are recognised as income when incurred. The difference between the weighted average purchase cost and net realisable value (if the latter is lower) is the provision for impairment for obsolete and slow-moving items.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for doubtful receivables. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of allowance is recognised in the income statement.

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in millions of euro, unless stated otherwise

2 Summary of accounting policies continued

Other receivables

Other receivables and prepayments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for doubtful receivables.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value comprising cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less.

Shareholders equity, ordinary shares, Preference Shares

Buhrmann s ordinary shares are classified as shareholders equity. External costs directly attributable to the issue of new ordinary shares, other than in connection with business combinations, are deducted from shareholders equity net of tax.

Buhrmann s Preference Shares A are classified as a financial liability and stated at fair value (proceeds received net of transaction costs incurred). Under IFRS, the critical feature in differentiating a financial liability from an equity instrument is the existence of a contractual obligation on one party (the issuer) to deliver cash or another financial asset to the other party (the holder) or to exchange another financial instrument with the holder under conditions that are potentially unfavourable to the issuer. When such a contractual obligation exists, that instrument meets the definition of a financial liability regardless of the manner in which the contractual obligation will be settled.

Further information regarding Buhrmann s ordinary shares and Preference Shares is given in Note 26.

The option reserve in shareholders equity is the amount of expenses recognised in connection with the employee share options. When the options are exercised or lapsed, a reclassification from the option reserve to retained earnings within shareholders equity takes place.

The cumulative translation adjustments in shareholders equity relates to the euro translation of assets and liabilities of Group companies whose functional currency is not the euro. When a Group company is sold or otherwise disposed of, the cumulative translation adjustments, if any, are recognised in the income statement as part of the result on the sale or disposal. Also, cumulative translation adjustments with respect to long-term loans that are designated as permanent investments (quasi equity, see Transactions in foreign currencies) are recognised in the income statement when these loans are reduced.

The hedge reserve relates to changes in the fair value of the interest rate swaps for which hedge accounting is applied. The amounts recorded in the hedge reserve are recognised in the income statement, as other financing expenses, when the hedged item affects the income statement.

Subordinated Convertible Bonds

Buhrmann s Subordinated Convertible Bonds are classified as a compound financial instrument. The liability component is initially stated at fair value (proceeds received net of transaction costs incurred) and is subsequently stated at amortised cost which is the initial amount minus interest and principal payments plus cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount. The amortisation is recorded in the income statement. The value of the conversion option is determined using the residual method. The liability component is recorded as long-term borrowings and the value of the conversion option is recorded directly in shareholders equity (net of taxes).

High Yield Bonds, Senior Facilities Agreement and Securitised Notes

The High Yield Bonds and Term Loans A, B and D and Medium Term Notes are initially stated at fair value (proceeds received net of transaction costs incurred) and subsequently stated at amortised cost. The amortised cost is the initial amount minus principal and interest payments plus cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount. The amortisation is recorded in the income statement as other financing costs.

The Revolver and Short Term Notes are stated at the proceeds received under long-term borrowings. Transaction costs incurred are recorded as capitalised financing fees under other non-current assets as these borrowings have variable amounts outstanding. The interest paid on these types of borrowings is recorded in the income statement as other financing costs. The capitalised financing fees are amortised on a linear basis over the expected life of the related borrowing. The amortisation expense is presented in the income statement as other financing costs.

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2 **Summary of accounting policies** continued

Provisions

The accounting policies regarding pensions and other employee benefits are stated under employee benefits .

Provisions are recognised when the Group has:

- A present legal or constructive obligation as a result of past events.
- It is probable that an outflow of resources will be required to settle the obligation.
- A reliable estimate of the amount can be made.

Other non-current provisions and liabilities in the balance sheet include provisions for integrations and reorganisation following acquisitions, divestments and restructuring of businesses as well as provisions for product warranties and reflect amounts payable after more than one year from the balance sheet date. Amounts payable within one year are recorded under current liabilities.

Provisions for restructuring as a result of an acquisition are only recognised as part of the cost of the acquisition if the acquired company has an existing liability for restructuring recognised before the acquisition date. A provision recognised after the acquisition date is not recognised as part of the cost of the acquisition and is therefore not part of the acquisition goodwill. In this case the provision is set up through the income statement.

Financial instruments

Buhrmann uses currency and interest rate swaps to hedge against financial market risks (see Note 31). Derivative financial instruments (such as currency and interest rate swaps) are measured at their fair value. In principle, changes in the fair value of derivative financial instruments are recognised in the income statement, unless the derivatives are designated, and effective, as cash flow hedges in which case the changes in the fair value are deferred and recorded directly in shareholders equity. Any ineffective portion is recognised immediately in the income statement.

All interest rate swaps are accounted for as cash flow hedges which means that changes in the fair value of these interest rate swaps are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. The amounts deferred in equity are recognised in the income statement when the hedged items affect the income statement. At inception of the hedge the hedge documentation is prepared which includes the method of prospective and retrospective testing for effectiveness. An interest rate swap is only accounted for as a (cash flow) hedge if it is expected to be highly effective, based on the prospective effectiveness test at inception of the hedge. Each month a retrospective test is performed to determine whether swap has been highly effective. The ineffective portion is recorded in the income statement. In the event that the hedged transaction terminates, the deferred gains or losses on the associated derivative are recorded in the income statement.

Information about the estimated fair value of the Company s derivative financial instruments is included in Note 31. The estimated fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of currency swaps is determined using forward exchange market rates at the balance sheet date.

Carrying amounts of the Company s cash and cash equivalents, participations, accounts receivable, accounts payable, other receivables, other liabilities and bank overdrafts approximate fair value due to their short-term maturities. Information about the fair value of the Company s long-term borrowings is included in Note 29.

Advertising costs

Advertising costs are expensed as incurred and included in operating expenses.

Research and development

Costs of research are expensed as incurred and included in operating expenses. Costs of research are insignificant. Costs of development, which predominantly relate to internally used software, are capitalised and after being put into use, amortised over the expected life of the asset.

Disclosure of material items of income and expense

During the course of a year, certain events may take place which may have unique characteristics that set them apart from the Company s standard day-to-day operations. If these events are significant in size, Buhrmann reports them separately to provide a more operationally oriented view on the results of the business.

Consolidated Statements of Cash Flows

The Consolidated Statements of Cash Flows are derived from the statements of income and other changes between the opening and closing balance sheets in the functional currencies of the Group companies and translated into euro at average exchange rates. This method is referred to as the indirect method.

The net cash flow is recorded net of the effects of acquisitions and divestments on liquid funds.

Notes to the Consolidated Financial Statements

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3 Critical accounting estimates and assumptions

The Consolidated Financial Statements include amounts that are based on management s best estimates, judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Pensions

Buhrmann s operating companies offer a variety of defined benefit plans. In countries such as the Netherlands and the United Kingdom, these defined benefit plans are maintained in separate trusts (pension funds) to which Buhrmann makes contributions.

The Company accounts for pensions in accordance with IAS 19 under which pension expense and related plan assets and benefit obligations are based on a specific methodology that reflects the concepts of accrual accounting. Amounts are reflected in the income statement systematically over the service periods of the employees covered by the plan. Amounts expensed are typically different from amounts funded. Application of IAS 19 requires that management makes use of assumptions regarding, among others, discount rate, expected return on plan assets and rates of compensation, state pension and pension increases in assessing benefit obligations and periodic pension costs. IAS 19 requires readjustment of the significant actuarial assumptions annually to reflect current market and economic conditions. Actual circumstances could change the impact of these assumptions giving rise to different benefit obligations, and may affect pension cost in the following years which could have an effect on Buhrmann s future operating result and net result. For the effects on pension cost in 2005 of a change in discount rate and/or expected return on plan assets, see Note 20.

Goodwill impairment

Goodwill is tested for impairment at least once annually or when changes in circumstances indicate that impairment may have occurred. Under the impairment test, the fair value of the cash-generating unit that contains the goodwill is compared to its book value, including the goodwill. Any excess of book value over fair value is recorded as an impairment of goodwill. This fair value of the cash-generating unit is calculated based on discounted future cash flows and residual values. The determination of the estimated multi-year forecasts requires management to make assumptions and estimates regarding, amongst others, sales growth, gross contribution margins and operating expense developments. These assumptions are based, amongst others, on past performance and our expectations for market development.

Management assumptions and estimates are affected by factors such as assumed economic conditions, and expectations about our markets and our operating performance. These factors may change over time and may cause the Company to record additional impairment charges which may adversely impact operating result and net result. Also the fair value and hence the impairment charge is sensitive to the discount rate. The discount rate is derived from the pre-tax estimated weighted cost of capital, reflecting the risks inherent to the cash-generating unit and a normative financing profile. The discount rate after tax used for the impairment test at 31 December 2005 was between 8 and 9% dependent on the cash-generating unit. In 2005 and 2004, no goodwill impairments were recorded. We have performed a sensitivity analysis around the assumptions and have concluded that no reasonably possible changes in key assumptions would cause the carrying amount of each of the cash-generating units to exeed its recoverable amount.

Taxation in respect of deferred taxes

Buhrmann has a considerable amount of loss carry-forwards. For these loss carry-forwards and for temporary differences in the valuation of assets and liabilities for reporting and tax purposes, deferred tax assets and deferred tax liabilities are recognised. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In determining the valuation of deferred tax assets and liabilities, Buhrmann s assessment of future taxable income, available taxable temporary differences, tax planning, applicable limitations on the use of tax loss carry-forwards and the possibility that prior year tax returns will be challenged by the tax authorities, are factors taken into account. These factors are determined in consultation with in-house and outside tax experts. If actual future taxable income is different than originally assessed, if tax planning fails to materialise, if limitations on the use of tax loss carry-forward apply or if the possibility that prior year tax returns will be challenged turn out to be different than originally assessed, the valuation of deferred tax assets and liabilities may have to be adjusted which may have an effect on Buhrmann s reported tax expense and net result in future years.

Other receivables in respect of rebates from suppliers

Buhrmann receives various types of rebates from suppliers, which are based on the volume of goods purchased (volume-based rebates) or based on the inclusion of certain products of the supplier in Buhrmann s catalogue offerings (catalogue contributions) or are received for entering into a contract with a supplier (contract-based rebates).

Volume-based rebates are settled in arrears, mostly not exceeding one year. For each interim reporting period Buhrmann accrues volume-based rebates on the basis of a prudent estimate of the volumes to be purchased for the entire rebate period.

Provisions for restructuring and integration

Buhrmann records provisions for restructuring and integration relating to cost-saving restructuring measures and the integration of acquired businesses. These provisions are based on Buhrmann s best estimate of costs to be incurred for, among other things, severance payments, termination fees and penalties for rental and other contracts. If actual costs are different than originally estimated, the provisions for restructuring and integration may be insufficient which could affect operating result and net result. Furthermore, additional restructuring measures may be necessary depending on changes in economic conditions and operating performance, which may result in additional provisions, which in turn may affect operating result and net result.

Notes to the Consolidated Financial Statements

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3 Critical accounting estimates and assumptions continued

Provisions for legal proceedings

Buhrmann is involved in various legal and regulatory proceedings arising in the normal course of its business. Buhrmann accrues for the estimated probable costs to resolve these proceedings if a reasonable estimate can be made of the outcome of which the incurrence is judged to be probable. After consultation of in-house and outside legal counsels, these accruals are based on the analysis of possible outcomes of litigation and settlements. Operating result and net result could be affected if actual outcomes are different than originally estimated.

4 Acquisitions and divestments

In 2005, no major acquisitions took place. A number of small acquisitions took place which resulted in the recognition of €10 million in goodwill and €6 million in other intangible assets, mainly customer relations.

The goodwill is paid for the expected excess of return on the acquired companies and capitalised.

If the acquisitions had occurred at 1 January of the respective years, net sales would have been €5,923 million in 2005 and €5,573 million in 2004 and net result would have been €22 million in 2005 and €108 million in 2004. These pro forma amounts are unaudited and include the effects of financing. The pro forma amounts do not necessarily reflect net sales and net result as they would have been if the acquisitions had been completed as of the respective years and are not necessarily indicative of future results.

In 2003, Buhrmann s paper merchanting division was sold to PaperlinX Limited. In 2004 certain adjustments to the purchase price were made and also in 2005 and 2004 certain adjustments were made to a provision for indemnifications granted to the buyer . This expense is presented as subsequent result from disposal of operations (see Note 14).

5 Segment information

Buhrmann has the following business segments: Office Products North America (OPNA); Office Products Europe (OPE); Office Products Australia (OPA); ASAP Software (ASAP); and Graphic Systems (see Note 1).

Unallocated in the tables below includes our financing costs and incurred by the corporate head office as well as costs and assets relating to geographical holding companies.

Business segment information

in millions of euro, except number of employees	OPNA 2005	OPE 2005	OPA 2005	ASAP 2005	Graphic Systems 2005	Unallocated 2005	Total Buhrmann 2005
Net sales	3,047	948	701	773	421		5,890
Purchase value trade goods sold	(1,993)	(639)	(485)	(694)	(303)		(4,114)

Depreciation and amortisation[1]	(58)	(13)	(7)	(3)	(7)		(89)
Operating result	143	0	59	33	9	(12)	232
Total net financing costs							(191)
Subsequent result from disposal of operations							5
Result before taxes							45
Taxes							(25)
Net result							21
Attributable to:							
Holders of ordinary shares Buhrmann NV							2
Minority interests in Group companies							19
Goodwill	1,014	134	269	79	3		1,499
Total assets	2,021	410	259	282	219	851	4,042
Total liabilities	455	206	109	185	151	1,426	2,532
Capital expenditure[1]	(40)	(8)	(9)	(5)	(2)	(1)	(65)
Number of employees at year end	9,976	3,694	2,337	544	954	71	17,575

1 Property, plant and equipment and internally used software.

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5 Segment information continued

Business segment information

in millions of euro, except number of employees	OPNA 2004	OPE 2004	OPA 2004	ASAP 2004	Graphic Systems 2004	Unallocated 2004	Total Buhrmann 2004
Net sales	2,869	914	596	765	409		5,553
Purchase value trade goods sold	(1,879)	(607)	(405)	(693)	(298)		(3,882)
Depreciation and amortisation[1]	(57)	(15)	(5)	(3)	(8)		(89)
Operating result	141	(4)	54	30	(1)	(6)	214
Total net financing costs							(126)
Subsequent result from disposal of operations							6
Result before taxes							94
Taxes							13
Net result							107
Attributable to:							
Holders of ordinary shares Buhrmann NV							90
Minority interests in Group companies							18
Goodwill	875	133	241	69	4		1,322
Total assets	1,719	397	219	243	232	849	3,659
Total liabilities	380	200	101	179	140	1,541	2,541

Capital expenditure[1]	(42)	(6)	(5)	(3)	(7)	(1)	(63)
Number of employees at year end	10,083	3,803	2,200	461	1,002	69	17,618

Geographical segment information

in millions of euro, except number of employees	North America		Europe		Australia/ New Zealand		Total Buhrmann	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
Net sales	3,692	3,498	1,497	1,459	701	596	5,890	5,553
Depreciation and amortisation[1]	(61)	(60)	(21)	(24)	(7)	(5)	(89)	(89)
Operating result	170	167	3	(6)	59	53	232	214
Capital expenditure[1]	(45)	(45)	(11)	(13)	(9)	(5)	(65)	(63)
Long-lived assets[2]	1,336	1,162	220	232	284	252	1,840	1,646
Total assets	2,706	2,325	876	941	460	392	4,042	3,659
Total liabilities	1,614	1,318	783	1,130	135	93	2,532	2,541
Number of employees at year end	10,395	10,421	4,843	4,997	2,337	2,200	17,575	17,618

1 Property, plant and equipment and internally used software.
2 Long-lived assets include tangible and intangible fixed assets.

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6 Net sales

	2005	2004
Trade goods	5,783	5,444
Services	87	89
Equipment rental	7	8
Catalogue income	13	12
Total	**5,890**	**5,553**

7 Employee benefit expenses

	Note	**2005**	2004
Wages and salaries		(758)	(729)
Social security contributions		(114)	(113)
Pensions		(13)	(13)
Stock options		(7)	(6)
Other		(51)	(38)
Total		**(943)**	**(899)**
Less:			
Reclassification restructuring	9	13	4
Capitalisation expenses		15	15
Total		**(915)**	**(880)**

Pensions in 2005 includes an expense of €20 million related to defined contribution plans and an income of €8 million related to defined benefit plans. Pensions in 2004 includes an expense of €18 million related to defined contribution plans and an income of €5 million related to defined benefit plans. For details of the income related to defined benefit plans, see Note 20.

8 Other operating expenses

	Note	2005	2004
Rent and maintenance expenses		(95)	(92)
Delivery and subcontracting expenses		(192)	(177)
General management expenses		(142)	(136)
Other		(105)	(84)
Total operating expenses		**(532)**	**(489)**
Less:			
Reclassification charge Civil Settlement Agreement		4	
Reclassification restructuring	9	4	2
Capitalisation of expenses		5	4
Total		**(519)**	**(483)**

Other operating expenses include advertising expenses (net) of €7 million and €6 million during the years ended 31 December 2005 and 2004.

A charge of €4 million was recorded in the Office Products North America business segment to settle with the U.S. Department of Justice, allegations that Corporate Express Office Products submitted false claims in connection with the sale of office products to U.S. government agencies that were from countries of origin not designated under the Trade Agreements Act.

Notes to the Consolidated Financial Statements

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9 Restructuring expenses

For 2005 restructuring expenses of €10 million (US$12 million) were reported as a result of the centralisation of back-office functions in North America.
In the Office Products Europe business segment, we recorded an expense of €8 million in 2005 for the further restructuring of the German copier and furniture business as well as some restructuring activities of Corporate Express Benelux.

10 Total net financing costs

Repurchase Preference Shares C

On 22 February 2005, Buhrmann reached agreement with the holders of the Preference Shares C regarding the purchase by Buhrmann of all 43,628 issued and outstanding Preference Shares C for an aggregate purchase price of US$520 million in cash.
The Preference Shares C are accounted for as debt, combining a liability and a derivative. The repurchase of the Preference Shares C resulted in a charge of €85 million in 2005 which constitutes the difference between the value paid and the book value, reflecting among others, accrued interest, the buy-back premium of the conversion option and the value of the specific contractual rights attached to the Preference Shares C.

Repurchase 2009 Notes

In 2004 we repaid our $350 million 2009 Notes which resulted in a charge of €35 million which consists of a premium paid to holders of the 2009 Notes of €27 million and the difference of €8 million between the amortised cost and the redemption payment.

Other net financing costs

	2005	2004
Cash interest expenses	(64)	(68)
Interest income	3	3
Dividend Preference Shares	(19)	(42)
Non-cash interest (including amortisation cost of long-term borrowings and amortisation of capitalised financing costs)	(8)	(7)
Refinancing expenses	(85)	(35)
Exchange results due to translation of long-term internal and external borrowings	(18)	23

Less: amounts included in the cost of qualifying assets	0	0
Total	**(191)**	**(126)**

Borrowing costs included in the cost of qualifying assets during the year are calculated by applying an average local capitalisation rate to expenditure on such assets.

11 Investments in associates and share in result of associates

This primarily relates to a 49% share of the Company in Faison Inc.

12 Income taxes

Buhrmann s operations are subject to income taxes of different jurisdictions with varying statutory tax rates.

In 2004, taxes in the Consolidated Statement of Income include a benefit due to the release of tax provisions of €8 million as a result of finalised tax audits and the recognition of additional deferred tax assets for, among others, our Belgium business. In 2004, a benefit of €14 million was also included related to the refinancing of the US$350 million 2009 Notes and a benefit of €6 million was included for the fiscal finalisation of the divestment of the paper merchanting division.

In 2005, taxes in the Consolidated Statement of Income include a €4 million benefit due to the further recognition of deferred tax assets.

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12 Income taxes continued

Buhrmann s effective tax rate was 15% in 2005 and 4% in 2004. The effective tax rate is determined based on the ratio of taxes to the amount of result from operations before taxes and expenses related to the Preference Shares A and C, as these items are exempted from taxes. For calculating the effective tax rate, certain adjustments are made to the amount of taxes in the Consolidated Statement of Income and result from operations which is shown in the following tables.

	2005	2004
Net result	**21**	**107**
Adjustments:		
Taxes	25	(13)
Add back non-deductible or non-taxable items:		
Repurchase 2009 Notes		35
Interest Preference Shares A	11	11
Amortisation cost and fair value changes Preference Shares C	26	8
Repurchase Preference Shares C	85	
Subsequent result from disposal of operations	(5)	(6)
	117	48
Total taxable result for calculating effective tax rate	**163**	**142**

	2005	2004

Taxes as per Consolidated Statement of Income	(25)	13
Adjustments:		
Repurchase 2009 Notes		(14)
Other adjustments		(4)
Taxes for calculating effective tax rate	**(25)**	**(5)**
Effective tax rate	15.3%	3.5%

A reconciliation from Buhrmann s weighted average statutory tax rate to its effective tax rate is as follows:

	2005	2004
Weighted average statutory tax rate	30.0%	29.3%
Changes in the valuation of deferred tax assets	(11.9%)	(14.1%)
Other (including exempt income, non-deductible expenses and incentives)	(2.8%)	(11.7%)
Effective tax rate	15.3%	3.5%

Taxes as per Consolidated Statement of Income can be specified as follows:

	2005	2004
Current	**(27)**	**(21)**
Deferred:		
Benefits operating loss carry-forwards	1	29
Adjustments to deferred taxes for enacted changes in tax laws or a change in the tax status		1
Adjustments in the valuation of deferrred tax assets due to change in judgment about realisability	4	4
All other deferred tax items	(3)	
Total deferred	**2**	**34**
Total income taxes	**(25)**	**13**

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13 Total minority interest

Minority interests mainly represent the 46.9% (2004: 48.5%) share of third parties in the result of Corporate Express Australia Ltd.

14 Subsequent result from disposal of operations

This item mainly concerns the (partial) releases of contractual provisions regarding the disposal of operations in previous years.
The amount in 2005 mainly relates to Buhrmann s former subsidiary Kappa Packaging which was divested in 1998. The amount in 2004 mainly relates to the former paper merchanting division which was divested in 2003.

15 Earnings per share

Basic earnings per share are computed by dividing result by the weighted average number of ordinary shares outstanding for the periods under review.
Diluted earnings per share assume that dilutive convertible securities were converted at the beginning of each year and all options outstanding at the end of the year were exercised, insofar as the average market price was higher than the average exercise price during the financial year. Potential dilutive convertible securities are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

The computation of basic and diluted earnings per ordinary share is as follows:

Computation basic earnings per share

	2005	2004
Net result attributable to holders of ordinary shares Buhrmann NV	2	90
Weighted average number of ordinary shares outstanding (in thousands)	168,231	144,8371
Net result per share attributable to holders of ordinary shares Buhrmann NV (in euro)	0.01	0.62

Computation diluted earnings per share

	2005	2004
Net result attributable to holders of ordinary shares Buhrmann NV	2	90
Add:		
Amortisation cost, repurchase and fair value changes Preference Shares C	antidilutive	8

Amortisation cost Convertible Subordinated Bonds (net of taxes)	antidilutive	5
Net result on diluted basis	2	103
Computation weighted average number of ordinary shares outstanding on diluted basis (in thousands):		
Weighted average number of ordinary shares outstanding (in thousands)	168,231	144,837
Conversion Preference Shares C	antidilutive	35,761
Conversion Convertible Subordinated Bonds	antidilutive	14,451
Exercise of Share Option Rights[2]	2,005	934
	170,236	195,9831
Diluted net result per share attributable to holders of ordinary shares Buhrmann NV (in euro)	0.01	0.53

Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease earnings per share.When their conversion would increase earnings per share they are antidilutive and not taken into account.

1 The weighted average number of ordinary shares outstanding in 2004 has been adjusted by a factor 0.9456 to compensate for the dilution effect caused by the rights issue in the first quarter of 2005.

2 Share Option Rights

The calculation is based on the assumption that the proceeds resulting from the exercise of options are used to acquire ordinary shares on the stock market. Incase the market price is higher than the exercise price, dilution occurs.In case the exercise price is higher than the market price, no dilution occurs. At 31 December 2005 the following calculation was made:

Options in the money: options granted per 2005 at an average exercise price of	€	3.31	A
Average market price ordinary share Buhrmann in 2005	€	8.86	B
Number of options granted and outstanding at 31 December 2005		4,771,036	C
Theoretical proceeds from exercise of options	€	15,791,138	D=CxA
Saving of future expensing related options	€	8,708,544	E
Total theoretical proceeds from exercise of options	€	24,499,682	F=D+E
Theoretical purchase treasury stock at average market price		2,766,327	G=F/B
Theoretical increase in outstanding ordinary shares		2,004,709	H=C-G

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16 Goodwill

The movements in goodwill are as follows:

	2005	2004
Balance at 1 January:		
Cost	1,827	1,925
Accumulated impairment	(505)	(525)
Book value	**1,322**	1,400
Investments	10	6
Translation difference:		
Cost	205	(104)
Accumulated impairment	(38)	20
Total changes	**177**	(78)
Balance as at 31 December:		
Cost	2,042	1,827
Accumulated impairment	(543)	(505)
Book value	**1,499**	1,322

For the allocation of goodwill to the business segments, see Note 5.

Goodwill is tested for impairment at least once annually or when changes in circumstances indicate that impairment may have occurred. Under the impairment test, the fair value of the cash-generating unit that contains the goodwill is compared to its book value, including the goodwill. Any excess of book value over fair value is recorded as an impairment of goodwill. This fair value of the cash-generating unit is calculated based on discounted future cash flows and residual values.

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17 Internally used software

The movements are as follows:

	Total	In use	Prepayments / being developed
Balance as of 1 January 2004:			
Cost	347	322	25
Accumulated amortisation	(204)	(204)	
Accumulated impairment			
Book value	**143**	**118**	**25**
Net investment (excluding borrowing costs)	32	32	
Capitalised borrowing costs	1	1	
Put into use		10	(10)
Amortisation	(46)	(46)	
Impairments			
Translation differences	(8)	(7)	(1)
Total changes	**(21)**	**(10)**	**(11)**
Balance as of 31 December 2004:			
Cost	290	276	13

Accumulated amortisation	(168)	(168)	
Accumulated impairment			
Book value	**122**	**108**	**13**
Net investment (excluding borrowing costs)	35	11	24
Capitalised borrowing costs	1	1	
Put into use		18	(18)
Amortisation	(46)	(46)	
Impairments	(1)	(1)	
Translation differences	15	14	1
Total changes	**4**	**(2)**	**7**
Balance as of 31 December 2005:			
Cost	361	341	20
Accumulated amortisation	(234)	(234)	
Accumulated impairment	(1)	(1)	
Book value	**126**	**106**	**20**

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18 Other intangible assets

The movements are as follows:

	Total	Customer relations	Other
Balance as of 1 January 2004:			
Cost			
Accumulated amortisation			
Accumulated impairment			
Book value			
Acquisition	2	2	
Amortisation			
Impairments			
Translation differences			
Total changes	**2**	**2**	
Balance as of 31 December 2004:			
Cost	2	2	
Accumulated amortisation			

Accumulated impairment			
Book value	**2**	**2**	

Acquisition	6	5	1
Amortisation	(1)	(1)	
Impairments			
Translation differences	1	1	
Total changes	**6**	**5**	**1**

Balance as of 31 December 2005:			
Cost	9	8	1
Accumulated amortisation	(1)	(1)	
Accumulated impairment			
Book value	**8**	**7**	**1**

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19 Property, plant and equipment

The movements in tangible fixed assets are as follows:

	Total	Land and buildings	Machinery and equipment	Other equipment
Balance as of 1 January 2004:				
Cost	494	176	189	129
Accumulated depreciation	(268)	(66)	(119)	(83)
Book value	**225**	**110**	**70**	**46**
Net investment (excluding borrowing costs)	31	5	14	12
Capitalised borrowing costs				
Depreciation	(43)	(10)	(17)	(17)
Reclassification				
Translation differences	(9)	(5)	(3)	(2)
Total changes	**(23)**	**(10)**	**(6)**	**(8)**
Balance as of 31 December 2004:				
Cost	472	169	181	122
Accumulated depreciation	(270)	(69)	(117)	(84)
Book value	**202**	**100**	**64**	**38**

Net investment (excluding borrowing costs)	29	1	13	15
Capitalised borrowing costs				
Depreciation	(42)	(9)	(18)	(15)
Translation differences	19	10	7	2
Total changes	**5**	**2**	**2**	**1**
Balance as of 31 December 2005:				
Cost	515	180	202	132
Accumulated depreciation	(308)	(78)	(136)	(93)
Book value	**207**	**102**	**66**	**39**

20 Pensions

Buhrmann sponsors pension plans in accordance with legal requirements and local customs. For most of its employees in the United States, Canada and Australia, Buhrmann sponsors defined contribution plans. In the United States, these contributions are paid into a 401K plan of an individual employee. Contributions for defined contribution plans are recognised as an expense when incurred.The total cost of the defined contribution plans is disclosed in Note 7.
Most employees in Europe are covered by defined benefit plans. In addition Buhrmann has some, relatively small, defined benefit plans in the United States in which the benefits of the participants are no longer increased.

The defined benefit plans in the Netherlands (domestic) and some foreign defined benefit plans are funded with plan assets which have been segregated and restricted in trusts. Contributions are made by Buhrmann, as necessary, to provide assets sufficient to meet benefit obligations in accordance with, among others, legal requirements and financing agreements with these trusts.

The information below includes the funded and unfunded defined benefit plans.

	Domestic plans		Foreign plans		Total	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Net periodic pension expenses						
Service cost	(8)	(7)	(2)	(2)	(10)	(9)
Interest cost	(31)	(32)	(4)	(4)	(35)	(36)
Expected return on plan assets	50	47	3	3	53	50
Net periodic pension income/(expenses)	**11**	**8**	**(3)**	**(3)**	**8**	**5**

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20 Pensions continued

	Domestic plans		Foreign plans		Total	
	2005	2004	**2005**	2004	**2005**	2004
Change in projected benefit obligation						
Benefit obligation at beginning of year	639	584	75	70	714	654
Service cost	8	7	2	2	10	9
Interest cost	31	32	4	4	35	36
Plan participant s contributions			1	1	1	1
Actuarial (gain)/loss	80	48	6	4	86	52
Benefits paid	(33)	(32)	(4)	(4)	(37)	(36)
Settlement	(4)				(4)	
Currency translation adjustments			4	(2)	4	(2)
Other	4				4	
Projected benefit obligation at end of year	**725**	**639**	**88**	**75**	**813**	**714**

	Domestic plans		Foreign plans		Total	
	2005	2004	**2005**	2004	**2005**	2004
Change in plan assets						
Fair value of plan assets at beginning of year	734	694	43	40	777	734
Estimated return on plan assets	50	47	3	3	53	50
Actuarial gains/(losses)	58	22	1	0	59	22
Total actual return on plan assets	108	69	4	3	112	72
Employer s contribution	3	3	4	3	7	6
Plan participants contributions			1	1	1	1
Benefits paid	(33)	(32)	(3)	(3)	(36)	(35)
Settlement	(4)				(4)	
Currency translation adjustments			3	(1)	3	(1)
Other	4				4	
Fair value of plan assets at end of year	**812**	**734**	**52**	**43**	**864**	**777**

	Domestic plans		Foreign plans		Total	
	2005	2004	**2005**	2004	**2005**	2004
Funded status/prepaid/(accrued) benefit cost	**87**	**95**	**(36)**	**(32)**	**51**	**63**

Movement in the amounts recognised in the balance sheet:

	2005				2004			
		Pension provision				Pension provision		
	Net pension asset for funded plans	Funded plans	Unfunded plans	Total	Net pension asset for funded plans	Funded plans	Unfunded plans	Total
Beginning of year	97	(19)	(15)	(34)	113	(17)	(15)	(32)
Net period pension expenses	11	(2)	(1)	(3)	9	(2)	(1)	(3)

Contributions	3	4		4	3	3		3
Benefits paid			2	2			1	1
Recognised actuarial gains/(losses)	(21)	(4)	(3)	(7)	(27)	(4)		(4)
Settlement								
Currency translation adjustments		(1)		(1)		1		1
End of year	**90**	**(22)**	**(17)**	**(39)**	**97**	**(19)**	**(15)**	**(34)**

Actuarial losses of €27 million in 2005 and €31 million in 2004 were recorded directly in shareholders equity. The accumulative amount of actuarial losses recorded directly in shareholders equity at 31 December 2005 was €58 million.

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20 Pensions continued

	Domestic plans		Foreign plans		Total	
	2005	2004	**2005**	2004	**2005**	2004
Accumulated benefit obligation at end of year	704	619	79	67	783	686
Projected benefit obligation exceeds fair value of plan assets:						
Benefit obligation	(3)	(2)	(88)	(75)	(91)	(77)
Plan assets			52	43	52	43
Accumulated benefit obligation exceeds fair value of plan assets:						
Benefit obligation	(3)	(2)	(79)	(67)	(82)	(69)
Plan assets			52	43	52	43

The accumulated benefit obligation excludes expected benefit increases due to expected salary increases.

The pension benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are as follows:

	Domestic plans	Foreign plans	Total
2006	33	3	36
2007	34	3	37

2008	34	3	37
2009	34	5	39
2010	34	5	39
2011 2015	181	31	212

The employer s contribution expected to be paid in each of the next five years and in the aggregate for the five years thereafter is as follows:

	Domestic plans	Foreign plans	Total
2006	3	3	6
2007	3	3	6
2008	3	3	6
2009	3	3	6
2010	3	3	6
2011 2015	15	14	29

The weighted average asset allocation of the funded defined benefit plans at 31 December 2005 and 2004 and target allocation for the year 2006 are as follows:

	Domestic plans			Foreign plans		
	Target 2006	**Allocation 2005**	Allocation 2004	Target 2006	**Allocation 2005**	Allocation 2004
Asset category:						
Equity securities	30%	33%	33%	55%	54%	71%
Debt securities	60%	50%	58%	29%	28%	2%
Real estate	10%	9%	9%			
Cash		8%			3%	1%
Other (including insurance contracts)				16%	15%	26%

At 31 December 2005, the cash held by the pension fund in the Netherlands was mainly for the transfer of the pensions obligations and related assets with regard to the former paper merchanting division which is expected to take place in the first quarter of 2006.

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20 Pensions continued

The weighted average assumptions used to measure net periodic pension expenses were as follows:

	Domestic plans		Foreign plans	
	2005	2004	**2005**	2004
Discount rate	4.9%	5.5%	5.4%	5.7%
Expected return on plan assets:				
Equity securities	8.5%	8.5%	8.5%	8.5%
Debt securities	5.5%	5.5%	5.5%	5.5%
Real estate	8.0%	8.0%	8.0%	8.0%
Other	8.0%	8.0%	8.0%	8.0%
Average	7.0%	7.0%	7.1%	7.1%
Rate of compensation increase	3.0%	3.0%	3.3%	3.5%
Increase of state pension	2.0%	2.0%	2.0%	2.5%
Pension increases	2.0%	2.0%	2.0%	2.5%

The weighted average assumptions used to measure the projected benefit obligation were as follows:

	Domestic plans		Foreign plans	
	2005	2004	**2005**	2004
Discount rate	4.0%	4.9%	4.7%	5.4%

Rate of compensation increase	2.75%	3.0%	3.2%	3.4%
Increase of state pension	1.75%	2.0%	2.0%	2.3%
Pension increases	1.75%	2.0%	2.0%	2.3%

The discount rate used is the interest on high-quality (AA rated) corporate bonds that have a maturity approximating the terms of the related obligations. In estimating expected return on plan assets appropriate consideration is taken into account of historical performance for the major asset classes held or anticipated to be held by the applicable pension funds and of current forecasts of future rates of return for those asset classes.

The following table shows the effect on total net pension income (for the domestic and foreign plans) in 2005 of a change in discount rate and/or a change in the expected return on plan assets:

		Change in discount rate		
		-0.25%		+0.25%
	-0.25%	1	(2)	(5)
Change in expected return on plan assets		3		(3)
	+0.25%	5	2	(1)

A 0.25% lower or higher discount rate at 31 December 2005 would have resulted in an approximately €25 million higher or lower projected benefit obligation.

The ambition of the Dutch pension trust s investment policies is to reach an optimum between maximising return on plan assets in the long-term while keeping contributions stable with the aim to grant, with a high likelihood, indexation for consumer price inflation of the benefits. In order to achieve this stability, a sufficient funding level is being maintained. Investments in debt securities are mostly made when they bear fixed interest. The policy is to hedge up to 50% of the currency risks related to investments in equity securities and in real estate. Currency risks related to investments in debt securities in currencies other than the euro are in principle completely hedged. At 31 December 2005 and 2004, pension plan assets of the Dutch pension trust did not include Buhrmann shares.

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21 Other non-current assets

The movements in other non-current assets are as follows:

	Total	Financial receivables	Capitalised **financing costs**
Book value 31 December 2004	24	19	5
Investments/capitalised costs	1	1	1
Amortisation of financing costs	(2)		(2)
Translation differences	3	2	1
Book value 31 December 2005	**26**	**21**	**5**

Financial receivables relate to deposits for trust owned life insurances and security deposits.

Financing fees are the capitalised transaction expenses related to long-term borrowings with variable outstanding amounts. The capitalised financing fees are amortised on a straight-line basis over the expected useful life of the related debt instrument.

22 Inventories

	31 December 2005	31 December 2004
Trade goods	487	435
Provision for impairment	(34)	(32)
Book value	**453**	**403**

The movements in the provision for impairment are shown on page 129. The amount of inventory recognised as an expense in 2005 was €4,114 million (2004: €3,882 million).

23 Trade receivables

	31 December 2005	31 December 2004
Gross amount	897	778
Allowance for doubtful accounts receivable	(23)	(24)
Book value	**874**	**754**

The movements in the allowance for doubtful accounts receivable are shown on page 129.

As at 31 December 2005, an amount of €321 million of trade receivables were pledged under the trade receivables securitisation programme (see Note 29). The receivables and borrowings related to this programme are included in the Consolidated Balance Sheet.

24 Prepaid expenses and accrued income

	31 December 2005	31 December 2004
Accrued income	106	94
Prepaid expenses	82	64
Total	**188**	**158**

Accrued income consists mainly of supplier rebates and catalogue contributions.

Prepaid expenses includes prepayments for employee benefit expenses and other operating costs (such as rent and insurance premiums).

25 Bank and cash

	31 December 2005	31 December 2004
Cash at bank and in hand	114	116
Short-term bank deposits		38
Total	**114**	**154**

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26 Ordinary shares and Preference Shares A, B and C

Under IFRS, Buhrmann NV s ordinary shares are recorded as shareholders equity. Buhrmann NV s Preference Shares A are recorded as liabilities as well as the Preference Shares C until their repurchase in 2005 (see Note 35). There were no Preference Shares B issued during 2005 and 2004.

Under Dutch Law, Buhrmann NV s ordinary shares, Preference Shares A and B are part of shareholders equity as well as the Preference Shares C until their repurchase in 2005.

Share capital

On 31 March 2005 we completed the repurchase of all outstanding Preference Shares C in the capital of the Company. Upon completion our Articles of Association were amended in order to convert the Preference Shares C into ordinary shares and the authorised share capital was increased.

As of 31 December 2005, our authorised share capital amounted to €1,080,000,000, divided into 395,000,000 ordinary shares, 55,000,000 Preference Shares A, and 450,000,000 Preference Shares B, with a nominal value of €1.20 per share each. The ordinary shares may, at the option of the Buhrmann shareholders, be bearer shares or registered shares. The issued bearer ordinary shares are represented by one single share certificate, the Necigef Global Certificate. The Preference Shares A and B are registered shares.

In order to finance part of the purchase price for the Preference Shares C, we made a rights offering pursuant to which 39,312,904 ordinary shares were issued on 24 March 2005 against an issue price of €6.37 per share.

As of 31 December 2005, the issued share capital was divided into 179,324,704 ordinary shares and 53,281,979 Preference Shares A, all of which have been fully paid up. No Preference Shares B were issued as of 31 December 2005.

27 Shareholders equity

in millions of euro, except number of shares	Number of ordinary shares			Issued and fully paid up capital	Additional paid in capital	Treasury shares, at cost	Other reserves			Retained earnings	Shareholders equity
	Issued	Treasury	Outstanding				Option reserve	Cumulative translation adjustment	Hedge reserve		
Balance at 1 January 2004	**136,691,918**	**(526,155)**	**136,165,763**	**164**	**1,521**	**(10)**	**22**		**(6)**	**(619)**	**1,072**
Total recognised											

income and expense								(87)	1	68	(18)
Dividend 2003										(4)	(4)
Issued shares for stock dividend	1,434,610	(5,209)	1,429,401	2	3						5
Options lapsed							(3)			3	
Addition option reserve share-based payments							6				6
Balance at 31 December 2004	**138,126,528**	**(531,364)**	**137,595,164**	**166**	**1,524**	**(10)**	**25**	**(87)**	**(5)**	**(552)**	**(1,062)**
Changes for 2005:											
Total recognised income and expense								180	5	(19)	166
Dividend 2004										(12)	(12)
Issued shares	41,198,176	(43,628)	41,154,548	49	189						238
Repurchase shares CE Australia										(10)	(10)
Options lapsed							(8)			8	
Addition option reserve share-based payments							7				7
Balance at 31 December	**179,324,704**	**(574,992)**	**178,749,712**	**215**	**1,713**	**(10)**	**24**	**93**		**(586)**	**1,450**

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28 Deferred taxes

The movement in the components of deferred tax assets and liabilities is as follows:

	Tax loss carry-forwards	Other	Total
Deferred tax assets			
Balance at 1 January 2004	343	96	439
(Charged)/credited to income statement	(26)	36	10
(Charged)/credited to equity		1	1
Reclassifications		(28)	(28)
Transfers to current tax		1	1
Translation differences	(22)	(5)	(27)
Balance at 31 December 2004	**295**	**101**	**396**
(Charged)/credited to income statement	26	(23)	3
(Charged)/credited o equity		(1)	(1)
Reclassifications		(22)	(22)
Transfers to current tax	3	3	6
Translation differences	41	13	54
Balance at 31 December 2005	**365**	**71**	**436**

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available. The amount of estimated future taxable profit for this purpose is based on the budget for the succeeding year and multi-year forecasts.

	Accelerated depreciation and amortisation	Pensions	Fair value gains	Other	Total
Deferred tax liabilities					
Balance at 1 January 2004	95	40	13	69	217
Charged/(credited) to income statement	(8)		(2)	(16)	(26)
Charged/(credited) to equity		(8)			(8)
Reclassifications	(28)				(28)
Transfers to current					
Translation differences	(6)				(6)
Balance at 31 December 2004	**53**	**32**	**11**	**53**	**149**
Charged/(credited) to income statement		1	(2)	(1)	(2)
Charged/(credited) to equity		(6)			(6)
Reclassifications	(22)				(22)
Transfers to current	4				4
Translation differences	12				12
Balance at 31 December 2005	**47**	**27**	**9**	**52**	**136**

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28 Deferred taxes continued

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Balance at 31 December 2005	Balance at 31 December 2004
Deferred tax assets	436	396
Deferred tax liabilities	136	149

Buhrmann has operating loss carry-forwards at 31 December 2005 of approximately €1,999 million . Expiration is approximately as follows:

2006 to 2010	53
2011 to 2016	
2017 to 2022	423
Unlimited	1,523
	1,999

For an amount of €427 million of these operating loss carry-forwards no deferred tax assets were recognised in the balance sheet as at 31 December 2005 due to the fact that future realisation is not foreseen.

29 Long-term borrowings

	Preference Shares A*	Preference Shares C	Convertible Bond	High Yield Bonds due 2014	High Yield Bonds due 2015	Term Loans A	Term Loans B/C/D	Securitised notes	Other	Total
Balance as at										

31 December 2004:										
Redemption value	181	294	115	110		112	417	74	28	1,331
Accretion/option value		(17)	(35)							(52)
Financing fees	(3)	0	(2)	(5)		0	(2)	(2)	0	(14)
Net (amortised cost)	178	277	78	105		112	415	72	28	1,265
Current	0	0	0	0		16	4	0	13	33
Long-term	178	277	78	105		96	411	72	15	1,232
Balance as at 31 December 2005:										
Redemption value	181		115	127	127	96	469	85	35	1,236
Accretion/option value			(30)							(30)
Financing fees	(3)		(2)	(6)	(6)	0	(3)	(1)	0	(22)
Net (amortised cost)	178		83	121	121	96	466	84	35	1,184
Current	0		0	0	0	16	5	0	25	46
Long-term	178		83	121	121	80	461	84	10	1,138

* The Preference Shares A are perpetual and do not have a redemption date.

Preference Shares A

Details about the Preference Shares A are given in Note 26. The financing fees related to the Preference Shares A are not amortised as the Preference Shares A are non-redeemable. The annual dividend is recorded as an interest expense.

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29 Long-term borrowings continued

Preference Shares C

On 28 October 1999, Preference Shares C were issued to two U.S. venture capital groups, Apollo Management IV L.P. and Bain Capital, LLC to provide part of the financing of the acquisition of Corporate Express. In 2005, the Preference Shares C were repurchased for an amount of US$520 million which resulted in a loss of €85 million (see Note 35).

The Preference Shares C had a conversion option. The conversion option was separately valued at fair value and recorded under other non-current liabilities . The liability component was stated as long-term borrowings at amortised cost using an effective interest of 11.2%.

Convertible Bond

A seven-year Subordinated Convertible Bond Loan with listing at the Amsterdam Stock Exchange was issued in 2003 for an amount of €115 million, with a coupon of 2% payable annually on 18 June. At 31 December 2005, the bonds are convertible by the option of the holders into Buhrmann ordinary shares at a conversion price of €7.78 per share. The conversion price is adjusted annually, among others, for cash dividend. This loan must be redeemed on or before 18 December 2010. Buhrmann has the option to redeem the loan after 9 July 2008 if the official closing price of Buhrmann s ordinary shares has been in excess of 150% of the conversion price for 20 trading days in a period of 30 trading days. The Convertible Bonds were issued at par. The market value of the Convertible Bond at 31 December 2005 amounted to €191 million.

The conversion option was measured at issue of this bond using the residual method after deduction of the liability component (measured at fair value) and recorded directly in shareholders equity. The liability component is stated at amortised cost (fair value less financing fees) using an effective interest rate of 9.25%.

High Yield Bonds due 2014

A ten-year, Subordinated Bond Loan was issued in 2004 for the amount of US$150 million (2014 Notes), with a coupon of $8^1/_4$ %, payable semi-annually. This loan must be redeemed on 1 July 2014. At any time before 1 July 2007, Buhrmann can choose to redeem up to 35% of this loan at a redemption price of 108.25% of the principal amount, with proceeds raised in one or more equity offering made by Buhrmann, as long as certain conditions are met. Thereafter, the whole loan, or part of it, can be redeemed at contractual rates above par (starting at 1July 2009 at 104.125%, decreasing annually).

This High Yield Bond is stated at amortised cost using an effective interest rate of 9.02%.

The market value of this High Yield Bond at 31 December 2005 amounted to US$151 million (€128 million).

High Yield Bonds due 2015

A ten-year, Subordinated Bond Loan was issued in 2005 for the amount of US$150 million (2015 Notes), with a coupon of $7\,^7/_8$ %, payable semi-annually. This loan must be redeemed on 1 March 2015. At any time before 1 March 2008, Buhrmann can choose to redeem up to 35% of this loan at a redemption price of 107.875% of the principal amount, with proceeds raised in one or more equity offerings made by Buhrmann, as long as certain conditions are met. Thereafter, the whole loan, or part of it, can be redeemed at contractual rates above par (starting from 1 March 2010 at 103.938%, decreasing annually).

This High Yield Bond is stated at amortised cost using an effective interest rate of 8.65%.

The market value of this High Yield Bond at 31 December 2005 amounted to US$147 million (€125 million).

Senior Facilities Agreement (Term Loan s A, B, C and D and Revolver)

The Senior Facilities Agreement was arranged in 2003 and funded on 31 December 2003. The Senior Facilities Agreement consisted of a Term Loan A of €120 million and Term Loans B with tranches of €50 million and US$380 million plus a working capital facility of €255 million (Revolver). The collateral provided for the Senior Facilities Agreement is a pledge on assets of Buhrmann NV, including all its material existing and future operating companies in the United States and the Netherlands. Borrowings under the Senior Facilities Agreement bear interest at floating rates related to LIBOR for the relevant currency for varying fixed interest periods. The interest rate margins vary with the leverage ratio (pricing grid). The initial margin for both the Revolver and the Term Loan A is 2.50% and for the Term Loans B 2.75%. The Revolver carries a fee of 0.75% for the undrawn balance. The documentation of the Senior Facilities Agreement allows for an increase in the Revolver as well as increases in Term Loans subject to meeting certain conditions such as a maximum leverage ratio. This gives the Company the opportunity to raise funds under the existing arrangements.

In July 2004, the Term Loans B were converted into Term Loans C. At the same time, the Term Loans C were increased by US$125 million and the initial interest rate margin was decreased to 2.50%. Subsequently, the Senior Facilities Agreement consisted of the Term Loan A of €112 million, the Term Loans C with tranches of €50 million and US$503 million and the Revolver of €255 million. On 30 November 2005 the Term Loans C were converted into the Term Loans D thereby reducing the applicable margin over LIBOR with 0.75%. At 31 December 2005 the applicable margins were 2.25% and 1.75% for the Term Loans A and D, respectively.

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in millions of euro, unless stated otherwise

29 Long-term borrowings continued

The interest rates in effect at 31 December 2005 and 2004 were as follows:

	2005	2004
Term Loan A EUR	4.72%	4.41%
Term Loan C EUR		4.66%
Term Loan D EUR	4.22%	
Term Loan C USD		4.94%
Term Loan D USD	6.20%	

The market value of the Senior Facilities Agreement is primarily determined by credit status. Interest rate developments have a limited influence since these loans have a floating interest. Although these loans are not traded publicly, indication of market values can be obtained through the agent. The market value at 31 December 2005 approximated the book value.

The Senior Facilities Agreement is subject to a variety of conditions as is customary for these types of facilities and the financial position of Buhrmann. For example, specific minimum or maximum financial ratios (covenants) must be met such as:

Interest coverage ratio: EBITDA/interest expense
Fixed charge ratio: EBITDA + rent + lease expenses/fixed charges
Leverage ratio: Indebtedness/EBITDA

The definitions of certain accounting numbers for covenant calculation purposes (for example: operating result before depreciation of tangible fixed assets and internally used software and before amortisation and impairment of goodwill (EBITDA) as well as exceptional items and indebtedness) differ from figures as published in these Consolidated Financial Statements due to specific contractual arrangements which are derived from our former Dutch GAAP reporting conventions. Also, income statement items used in covenants are calculated on a rolling 12 monthly basis. More detailed information on the covenant levels is available on the web site of Buhrmann. The actual covenant ratios at 31 December 2005 comply with the threshold ratios as per loan covenants.

The Term Loans C and D are stated at amortised cost using an average effective interest rate of 5.84% for the USD denominated loans and 4.65% for the EUR denominated loans. The Revolver is stated at its redemption value and the related financing fees are recorded as capitalised financing fees under other non-current assets . The Term Loans A are also stated at their redemption as no financing fees are allocated to these loans.

Securitised Notes

The Company has a trade receivable securitisation programme under which funds are raised by pledging trade receivables from subsidiaries in the USA as security for short-term and medium-term borrowings. Both trade receivables and borrowings related to this programme are included in the Consolidated Balance Sheet. The transactions under this programme are treated as collaterised borrowings.

The Short Term Notes are issued in USD, reflecting the currency of the pledged receivables. The amount of Short Term Notes outstanding against the receivables pledged fluctuates as a result of liquidity requirements, advance rates calculated and invoices outstanding. No Short Term Notes were outstanding during 2004 and 2005. To ensure availability of re-financing for the Notes, a back up liquidity facility has been arranged.

In July 2002, Medium Term Notes in USD and GBP were issued. As a consequence of the sale of the paper merchanting division, the collateral for the Notes denominated in GBP in the form of receivables denominated in GBP generated by paper merchanting companies in the U.K., no longer existed. At 31 December 2005, US$100 million of Medium Term Notes were outstanding.

The Medium Term Notes are stated at amortised cost using an average effective interest rate of 4.64% .

The market value of the Medium Term Notes approximates their book value as the Notes bear variable interest and have relatively short maturities.

The Securitised Notes are stated at their redemption value and the related financing fees are recorded as capitalised financing fees under other non-current assets .

The trade receivables securitisation programme raises funds by pledging trade receivables from operating companies in the United States as security for short-term and medium-term borrowings which is treated as collaterised borrowings. The receivables and borrowings related to this programme are included in the Consolidated Balance Sheet.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

29 Long-term borrowings continued

The operating companies sell their trade receivables to Buhrmann Silver US LLC, which in turn pledge the trade receivables to third-party dedicated entities as security for short-term borrowings in the form of short term notes (Short Term Notes). The programme delivers funding at attractive rates and at the same time diversifies sources of capital and increases financial flexibility.

The transactions relating to the Trade Receivable Securitisation Programme are as follows:

The Originators in the United States contribute their receivables to Buhrmann Silver US LLC (the U.S. Master Purchaser), which is a partnership with the Originators as partners. The U.S. Master Purchaser issues notes (Buhrmann U.S. Notes) to Buhrmann Silver Financing, LLC (the Silver Note Issuer) and Silver Funding Ltd (the MTN issuer).

With the Buhrmann U.S. Notes as collateral the MTN issuer has issued Medium Term Notes, which are listed on the Luxembourg Stock Exchange, in US dollars and euro. As the euro denominated notes have the U.S. dollar pool as their primary collateral, the Medium Term Notes outstanding in euro have been swapped to U.S. dollar until maturity of the Medium Term Notes. The shares of Silver Funding Ltd are held by the Silver Funding Charitable Trust, which is controlled by a board that is independent from Buhrmann.

The Silver Note Issuer has the ability to issue Silver Notes to Erasmus Capital Corporation with the Buhrmann U.S. Notes as collateral. With the Silver Notes as collateral Erasmus Capital Corporation can raise short-term funds in the market. The Silver Note issuer is a wholly owned Buhrmann subsidiary and Erasmus Capital Corporation is a Delaware company sponsored by Rabobank International.

Buhrmann Stafdiensten B.V. (a Dutch Buhrmann subsidiary) services the programme.

Average effective interest rate

The average blended effective cash interest rate, including margin and dividend on preference shares, was 6.9% in 2005 and 8.4% in 2004.

Repayment schedule for long-term borrowings

	2006	2007	2008	2009	>2009	Perpetual	Total	Fair value
Fixed rate debt:								
Preference Shares A						181	181	166
High Yield Bonds due 2014					127		127	128
High Yield Bonds due 2015					127		127	125

Subordinated Convertible Bonds					115		115	191
Other				2			2	2
Total redemption value fixed rate debt				**2**	**369**	**181**	**552**	**611**
Variable rate debt:								
Account receivables securitisation		85					85	85
Term Loan A	16	26	26	27			96	96
Term Loans D	5	5	5	5	449		469	469
Other	25	9					34	34
Total redemption value variable rate debt	**46**	**125**	**31**	**32**	**449**	**181**	**684**	**684**
Total redemption value	**46**	**125**	**31**	**34**	**818**	**181**	**1,236**	**1,295**

The fair values of Buhrmann s fixed rate loans have been estimated based on applicable market interest rates available to Buhrmann for instruments of a similar nature and maturity. The fair value of variable rate debt approximates the carrying value. For cash, trade receivables, other short-term assets, trade payable, accrued liabilities and other short-term liabilities, the carrying value of these financial instruments approximates their fair value owing to the short-term maturities of these assets and liabilities.

The instalments in 2006 of €4 million per quarter for Term Loans A and approximately €1 million per quarter for Term Loans D fall due in March, June, September and December. Other includes the Revolver and Medium Term Securitised Notes. There were no Short Term Securitised Notes outstanding at 31 December 2005. The average remaining term of long-term debt, excluding Preference Shares A, is approximately four years.

Notes to the Consolidated Financial Statements

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30 Other provisions

The movements in provisions other than pensions are as follows:

	Total	Integration and restructuring	Other
Position at 31 December 2004:			
Non-current	85	11	74
Current	18	8	10
Total	**103**	**19**	**84**
Payments	(18)	(7)	(11)
Additions charged to result	21	17	4
Releases to result/usage	(6)	(5)	(1)
Translation differences	2	1	1
Total changes	**(1)**	**6**	**(7)**
Position at 31 December 2005:			
Non-current	67	10	57
Current	33	15	19
Total	**101**	**25**	**77**

The long-term balance at 31 December reflects amounts payable after more than one year. Amounts payable within one year are recorded as current provisions.

Integration and restructuring

Provisions for integration and restructuring mainly relate to the cost-saving restructuring measures in the Office Products operations in North America and Europe.

Other

Other provisions include primarily warranties regarding indemnifications with respect to divested businesses and various other contractual risks.

Also included is the provision for product warranties relating to potential liabilities in the event products delivered or services rendered do not meet the agreed qualities, in those cases that the guarantee period has not yet expired. The additions charged to result only relate to warranties issued during 2005 and are calculated as a percentage of net sales. This percentage is based on past experience.

31 Financial market risks

Buhrmann is exposed to financial market risks, including adverse changes in interest rates, currency exchange rates and availability of short-term liquidity. Our financial policies are designed to mitigate these risks by restricting the impact of interest and currency movements on our financial position while safeguarding an adequate liquidity profile.

The financing policy aims to maintain a capital structure which enables us to achieve our Group strategic objectives and daily operational needs. The degree of flexibility of the capital structure, including appropriate access to capital markets, the financing of working capital fluctuations and the costs of financing (optimal weighted average cost of capital) are factors taken into consideration. With respect to the level of debt financing, Buhrmann focuses on cash interest cover (operating result before depreciation of tangible fixed assets and internally used software and other intangible assets and before special items over cash interest) and the relationship between borrowings and total enterprise value (market value based leverage, which is calculated by using the market capitalisation of equity and the nominal value of interest-bearing debt as the total enterprise value). The objective is to restrict the four quarterly rolling cash interest coverage to a minimum of three times and the market-value based gearing (net interest-bearing debt over total enterprise value) over time to a maximum of 50%. In addition, consideration is given to the development of specific capital ratios, of which the leverage ratio (net interest-bearing debt over operating result before depreciation of tangible fixed assets and internally used software and before special items) is the most relevant. Actual cash interest cover at 31 December 2005 was 5.6 (2004: 4.7), which is above our minimum target level of 3, and the leverage ratio was 2.7 (2004: 2.2). Both the debt reduction and the refinancing carried out in 2004 had a positive effect on the financial ratios.

Notes to the Consolidated Financial Statements

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31 Financial market risks continued

Financial instruments such as currency and interest swaps are used only to hedge against financial market risks, rather than for speculative purposes. Financial instruments are primarily dealt with third parties by Buhrmann NV, Buhrmann US, Inc. and Buhrmann Shared Service Center (Europe) NV. These entities also act as the main financing companies for the Group. In addition, an accounts receivable securitisation programme is being operated using Buhrmann Silver US LLC.

Our treasury function does not operate under an own profit objective but it pursues benefits of scale and efficiency as well as provides in-house services in the area of financial logistics. Cash and third-party debt is concentrated in the main financing companies to ensure maximum efficiency in meeting changing business needs, while local operations are largely financed by a mix of equity and long-term inter-company loans denominated in local currencies.

Credit risks

The Company s customer base is spread over many industries and sectors, including government institutions, and most of these customers are large corporations or institutions. No individual customer represents 10% or more of the Company s total sales or trade accounts receivable balance in any year.

Management believes it has adequately provided for the collection risk in the Company s accounts receivable, by recording an allowance for doubtful accounts, which reduces such amounts to their net realisable value, taking into consideration that collection risks are to a certain extent insured.

The Company has deposited its cash and deposits with and has obtained its loans from reputable financial institutions with high-quality credit ratings. The Company believes that the risk of non-performance by any of these institutions is remote.

Interest rate risks

Our interest policy is designed to restrict the short-term impact of fluctuations in interest rates while keeping the interest burden as low as possible. Of the non-current portion of long-term borrowings at 31 December 2005, 56% was at floating interest rates before hedging. Interest rate swaps are used to hedge against floating interest. We currently aim to have around 60% of the long-term borrowings, after hedging, at fixed interest given the present, improved, level of interest cover. At 31 December 2005, 70% of the non-current long-term borrowings was, after hedging, at fixed interest rates.

Breakdown of long-term borrowings by interest profile:

	31 December 2005			
	Fixed	%	Floating	%
Subordinated loans and Preference Shares A	503	44		0
Other loans	2	0	633	56
Interest swaps >1 year (see below)	297	44	(297)	56

Total	**802**	**70%**	**336**	**30%**

Buhrmann s interest rate swap contracts at 31 December 2005:

Maturity	Notional amount[1] (in millions)	Average interest rate in %[2]	Fair value (in millions)
< 1 year	42	2.74	1
< 2 years	148	4.27	1
< 3 years	148	4.71	0
< 5 years	0		
Total	**339**		**2**

1 The notional amount of these interest rates swaps is denominated in US dollars and has been translated at the year end exchange rate.
2 Pursuant to these swaps,Buhrmann pays the fixed interest rates indicated in the table and receives floating rates based on three-month LIBOR.

The total fair value at 31 December 2004 of the interest rate swap contracts was €5 million negative.

The estimated fair value of the outstanding interest swap contracts (IRS s) indicates how much would be paid or received in exchange for termination of the contracts without further commitments as per the balance sheet date, and is included in the tables above. In the period 1 January 2004 to 30 September 2004, no hedge accounting was applied on the IRS s which means that the change in the fair value of the IRS s in that period was recorded in the income statement. In the period 1 October 2004 to 31 December 2004, hedge accounting was applied to most IRS s as these IRSs were designated as cash flow hedges which means that changes in the fair value of these IRS s were recorded in the hedge reserve in shareholders equity rather than in the income statement. As of 1 January 2005, hedge accounting is applied to all IRS s.

Notes to the Consolidated Financial Statements

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31 Financial market risks continued

The fair value of the IRS s at the start of hedge accounting is amortised to the hedge reserve with an offsetting amount in the income statement. The total amount recorded in the income statement in 2005 was a gain of €2 million (as financing costs) and a total amount of €5 million was added to the hedge reserve. In 2004, a gain of €4 million (as financing costs) was recorded in the income statement and an amount of €1 million was added to the hedge reserve.

The fair value of the interest rate swaps at 31 December 2005 of €2 million positive is included in other current assets.

Currency rate risks

Regarding currency risk exposure on trading transactions, it is the policy to cover these risks on a transaction basis as much as possible to protect the operational margins in local currency terms. Currency forward contracts with terms up to one year are also used to cover these risks. The occurrence of these exposures is relatively low as operating companies generally operate on local markets with local competitors.

Buhrmann aims to incur its debt by currency after hedges approximately in proportion to the forecasted split of operating result before depreciation of property, plant and equipment and internally used software, and before impairment of goodwill and other exceptional results over the major currencies. The remaining translation risk is not covered. Forward foreign exchange and currency swaps are used to adjust the currency profile of the loans issued towards the desired position in order to achieve the hedging as per policy.

Given the volatility of currency exchange rates, there can be no assurance that Buhrmann will be able to effectively manage its currency transaction risks or that any volatility in currency exchange rates will not have a material adverse effect on Buhrmann s financial conditions or results of operations.

Breakdown of long-term borrowings by currency:

	31 December 2005	31 December 2004
As issued:		
EUR	393	404
USD	741	824
Other	4	4
	1,138	1,232

After hedging with forward exchange and currency swaps (see below):		
EUR	242	246
USD	846	933
Other	49	53
	1,138	1,232

Buhrmann s forward foreign exchange and currency swap contracts at 31 December 2005:

Contract	Maturity	Weighted average contractual exchange rate	Notional amount	Fair value
Buy EUR/sell SKR	< 1 year	9.44	37	0
Buy EUR/sell USD	< 1 year	1.19	105	(1)
Buy EUR/sell GBP	< 1 year	0.69	9	0
Total			**151**	**(1)**

The estimated fair value of the outstanding currency swap contracts indicates how much would be paid or received in exchange for termination of the contracts without further commitments as per the balance sheet date. The fair value of the currency swap contracts at 31 December 2005 of €1 million negative is included in other current liabilities. Buhrmann does not apply hedge accounting to the currency swaps which means that the changes in the fair value are recorded in the income statement and included in financing costs.

The total fair value at 31 December 2004 of the forward foreign exchange and currency swap contracts was less than €1 million.

Buhrmann has not applied hedge accounting to these currency swaps.

Notes to the Consolidated Financial Statements

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32 Other current liabilities

	31 December 2005	31 December 2004
Taxes and social security contributions	32	30
Employee benefits other than pensions	149	114
Advance payments on orders	6	6
Short-term provisions	18	10
Other accrued liabilities	84	85
	289	**245**
Short-term provisions acquisition and restructuring related (see Note 30)	26	17
Financial payables and accruals *	19	24
Total	**334**	**286**

* Financial payables and accruals mainly includes interest and profit tax.

33 Share-based payments

Buhrmann NV operates a share option plan, the 'Buhrmann Incentive Plan', in which a varying number (300 to 400) of senior managers participate and the members of the Executive Board. As of 2004, the number of options that will vest is dependent on the performance of the Company relative to a peer group as measured over a three-year period up to the vesting date. Up to 200% of the original options granted may vest. Corporate Express Australia (in which Buhrmann has 53.1% share) has its own share-based payment plans.

Buhrmann Incentive Plans

The movements in the outstanding number of options and weighted average exercise price are shown in the table below (including option rights held by the members of the Executive Board). Each option of the Buhrmann Incentive Plan and new Buhrmann Incentive Plan gives right to one Buhrmann ordinary share.

	Plan up to 2003		Plan from 2004	
	Number of options	Weighted average exercise price per option in EUR	Number of options	Weighted average exercise price per option in EUR
Balance at 31 December 2003	**5,046,698**	**14.18**		
Options granted			1,708,649	7.79
Options exercised				
Options expired	(416,500)	15.61		
Options forfeited	(183,983)	14.36	(100,623)	7.79
Balance at 31 December 2004	**4,446,215**	**14.04**	**1,608,026**	**7.79**
Adjustments resulting the rights issue of 31 March 2005 *	254,298		91,970	
Adjusted balance 31 December 2004	**4,700,513**	**13.28**	**1,699,996**	**7.37**
Options granted			1,853,359	7.40
Options exercised				
Options expired	(831,641)	25.99		
Options forfeited	(202,802)	11.28	(210,243)	7.39
Balance at 31 December 2005	**3,666,070**	**10.50**	**3,343,112**	**7.39**

* As a result of the rights issue of 31 March 2005, the number of options granted before that date have been increased by 5.72% while the exercise price has been decreased with 5.41%.

Options granted are in principle hedged by purchasing the shares required on or close to the grant date. Options may not be hedged if the financial position of the Group gives rise to a decision not to purchase the shares required. Considerations for evaluating the financial position are the growth prospects and its required financing, as well as its capital structure. On the basis thereof it was decided not to purchase shares for this purpose in 2005 and 2004.

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33 Share-based payments continued

The total of options exercisable at the end of the year are:

	Buhrmann Incentive Plans	
	Number of options	Weighted average exercise price per option in EUR
31 December 2004	1,707,922	23.50
31 December 2005	**2,238,146**	**15.47**

The weighted average fair values and weighted average exercise prices per option at the date of grant for the options outstanding at 31 December are as follows:

	Plan up to 2003		Plan from 2004	
in euro	**2005**	2004	**2005**	2004
Weighted average fair value of options granted with exercise prices equal to the market value of the share at the date of grant	4.71	5.63	4.85	4.90
Weighted average exercise price of options granted with exercise prices equal to the market value of the share at the date of grant	10.18	13.26	7.39	7.79
Weighted average fair value of options granted with exercise prices above the market value of the share at the date of grant	6.21	8.18		
Weighted average exercise price of options granted with exercise prices above the market value of the share at the date of grant	17.71	25.36		

The following table summarises information about options outstanding at 31 December 2005:

Exercise price in euro	Options outstanding: Number of options	Options outstanding: Weighted average remaining contractual life (in years)	Options outstanding: Weighted average exercise price per option in EUR	Options exercisable: Number of options	Options exercisable: Weighted average remaining contractual life (in years)	Options exercisable: Weighted average exercise price per option in EUR
2.70	1,393,460	4.3	2.70			
3.59	34,464	4.3	3.59			
7.37	1,615,342	5.3	7.37			
7.40	1,727,770	6.3	7.40			
12.95	1,299,063	1.3	12.95	1,299,063	1.3	12.95
16.19	27,012	1.3	16.19	27,012	1.3	16.19
18.55	815,866	0.3	18.55	815,866	0.3	18.55
23.19	96,205	0.3	23.19	96,205	0.3	23.19
Total	**7,009,182**	**4.0**	**9.02**	**2,238,146**	**0.9**	**15.47**

At 31 December 2005, a total number of 3,343,112 options were outstanding under the new Buhrmann Incentive Plan at an weighted average exercise price of €7.39 and a remaining weighted average contractual life of 5.8 years, none of which were exercisable at that date.

The fair value of the options granted up to 2003 were estimated on the basis of the Black & Scholes option model. Due to the performance hurdle introduced in 2004, the fair value of the options granted in 2004 and 2005 was estimated on the basis of a binomial model in combination with a Monte Carlo simulation taking into account the number of options that will vest based on the performance-related vesting conditions of the option programme. The following assumptions were used in 2005 and 2004:

	2005	2004
Expected dividend yield	2.3%	2.3%
Expected share price volatility	50.0%	50.0%
Risk-free interest rate	2.937%	3.563%
Expected term	5 years	5 years

The remuneration cost of all the option rights assigned is €7 million for 2005 (€6 million for 2004) and is included in the statements of income. The fair value of the options is measured at grant date and recognised as cost on a linear basis during the vesting period, with a corresponding increase shareholders equity as option reserve . When the options are exercised or lapsed, a reclassification from the option reserve to retained earnings within shareholders equity takes place. This policy is applied to all options that at the date of transition to IFRS at 1 January 2004 had not been exercised or vested or lapsed.

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33 Share-based payments continued

The fair value of the option rights is estimated by using expected dividend yield and share price volatility based on historic track records at the date of granting the options. These values do not constitute the market value. The assumptions were used exclusively for this calculation and do not necessarily provide an indication of expectations of management regarding developments in the future.

The Company granted interest-bearing loans to the Dutch optionees up to and including 2002 to finance their upfront tax obligations resulting from the options granted and which are due at the date of vesting.

Option plans Corporate Express Australia

Until 26 November 2004, the Executive Option Plan (EOP) was in place. Under the EOP:

- The grant of options may be subject to appropriate, market competitive performance hurdles.
- Each issue of options to executives must be held for a minimum holding period determined by the board of Corporate Express Australia before they can be considered for exercise. They can only be exercised if performance has exceeded any performance hurdle set by the board of Corporate Express Australia.
- Options may be exercised before the end of their minimum holding period, but only in special circumstances.
- The price at which options are issued is the weighted average market price of Corporate Express Australia s sharess old on the Australian Stock Exchange during the five trading days immediately before the relevant options are issued.

The Long Term Incentive Plan (LTIP) replaces the EOP from 26 November 2004. Additional features of options or performance share rights issued under the LTIP are: senior executives of the Corporate Express Australia may be offered entitlement to ordinary shares in Corporate Express Australia, in the form of performance rights, that is, a right to acquire shares in Corporate Express Australia at a future date at no cost (in other words, a share option with a zero exercise price). The entitlement is conditional upon the satisfaction of performance hurdles measured over a period of years. The actual number of performance share rights granted to a participant will depend on the extent to which the performance conditions have been satisfied. No performance share rights will be provided prior to the final date of the relevant measurement period, and then will only be granted if the performance conditions have been met.

The performance measure applied to the entitlement granted under the LTIP is relative to a TSR (for a definition see Buhrmann Incentive Plan from 2004 above). The share prices to be used for the purpose of the TSR calculation are determined as the weighted average of Corporate Express Australia s share price over the three-month period immediately preceding the start and end date of the performance period. The TSR of all the companies in the peer group, and Corporate Express Australia, will be ranked at the end of a three-year performance period.

Under the EESP, which is open to participation by all permanent Australian and New Zealand employees, depending on the number of years continuous service with the Company, but not directors:

- Any proposed allocation is limited to a maximum value of A$1,000 per employee in any taxation financial year, based on the market price at the time of issue.
- Shares are registered in the name of the participants, but held in the plan until the sooner of three years after acquisition, or termination of employment by the participant. Shares are issued either by way of new issue, or are purchased by the employee share plan company on market.

The remuneration cost of all the option rights assigned under the EOP and LTIP is €1 million for 2005 and 2004 (including minority interest) and is included in the statements of income.

The movements in the number of shares to which the outstanding options assigned under the EOP and LTIP give right and weighted average exercise price are as follows:

	Number of shares	Weighted average exercise price per share in AUD
Balance at 1 January 2004	**2,063,606**	**4.30**
Options granted	466,846	0.48
Options exercised	(256,840)	1.87
Options expired		
Options forfeited	(420,332)	4.35
Balance 31 December 2004	**1,853,280**	**3.20**
Options granted	355,183	0.00
Options exercised	(303,588)	2.91
Options expired		
Options forfeited	(70,813)	3.29
Balance at 31 December 2005	**1,834,062**	**2.72**

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33 Share-based payments continued

The total of shares to which the exercisable options assigned under the EOP and LTIP give right at the end of the year are:

	Number of shares	Weighted average exercise price per share in AUD
2004	544,434	2.36
2005	**905,759**	**2.42**

The following table summarises information about options assigned under the EOP and LTIP outstanding at 31 December 2005:

	Options outstanding			Options exercisable		
Range of exercise price in AUD	Number of shares to which the options give right	Weighted average remaining contractual life (in years)	Weighted average exercise price per share in AUD	Number of shares to which the options give right	Weighted average remaining contractual life (in years)	Weighted average exercise price per share in AUD
2.40 5.10	2	4.04	1.55	2	4.04	1.55
7.78 9.34	2	5.40	4.67	2	5.40	4.67
0.00 4.95	1	7.96	2.26	1	6.51	4.35

34 Commitments not included in the balance sheet

	Gross	Sub-lease income	Net
31 December 2005			

Rental and operational lease			
The commitments are as follows:			
2006	98	(7)	91
2007	83	(5)	78
2008	62	(2)	60
2009	46	(1)	45
2010	37	0	37
Thereafter	145	0	145
Subtotal	**471**	**(15)**	**456**
Repurchase guarantees			
These lapse as follows:			
2006			10
2007			6
2008			7
2009			14
2010			5
Thereafter			1
Subtotal			**43**
Other			
These lapse as follows:			
2006			5
2007			1
2008			3

2009	
2010	
Thereafter	
Subtotal	**9**
Total commitments	**508**

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34 Commitments not included in the balance sheet continued

Operating lease commitments

The Company leases certain distribution facilities, equipment and offices under non-cancellable operating leases. The amounts in the table above are the future minimum lease payments under all non-cancellable operating leases. Certain of these distribution facilities and offices are subleased by the Company. Income to be received from these subleases is deducted from the amounts in the table. Lease expenses for non-cancellable operating leases for distribution facilities, equipment and offices charged to the income statement during the periods ended 31 December 2005 and 2004 were €73 million and €71 million respectively. Income from subleases included in the income statement was €1 million and €1 million respectively for the years ended 31 December 2005 and 2004.

Repurchase guarantees of €43 million in total at 31 December 2005 mainly relate to repurchase guarantees concerning graphic machines sold to customers and financed by external financing companies. Should the customer be declared in default, the respective financing company has a right of recourse against Buhrmann, which, in general, will be lower than market value. The amount included in the table is the maximum exposure under these guarantees.

Other commitments not included in the balance sheet include investment commitments relating to expenditure on projects, such as the development of IT systems.

In addition, the Company had certain contingent liabilities, commitments and guarantees which are not included in the table above and which are discussed below.

Buhrmann has issued certain performance guarantees to an estimated maximum amount of €2 million at 31 December 2005. The major part of these guarantees expires latest on 1 September 2007.

35 Related party transactions

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation and are not disclosed in this Note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

	Sales of goods		Purchases of goods		Amounts owed by related parties		Amounts owed to related parties	
in millions of euro	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Faison Inc (see Note 11)	86	59			2	2	0	0

Remuneration of the Members of the Executive Board and Supervisory Board

The total remuneration of members of the Executive Board during the year was as follows:

in thousands of euro	**2005**	2004
Short-term benefits	3,236	2,994
Post-employment benefits	665	702
Other long-term benefits	1,228	1,585
Termination benefits		
Share-based payments	827	775

Short-term benefits in the table above includes base salary and annual bonus.

The total remuneration of the members of the Supervisory Board was €296 thousand in 2005 and €270 thousand in 2004.

At 31 December 2005, loans totalling €42 thousand were outstanding to the members of the Executive Board (2004: €74 thousand) which will be fully redeemed in 2006. These loans were granted to meet upfront Dutch income tax on share options. No new loans were granted since 2002. The members of the Executive Board held 95,454 ordinary shares Buhrmann NV at 31 December 2005 (2004: 128,724). At 31 December 2005, the members of the Supervisory Board held 42,384 ordinary shares Buhrmann NV (2004: 32,318) and 411 Depositary receipts of Preference Shares A Buhrmann NV (2004: 411).

Other related party transactions

On 31 March 2005, Buhrmann repurchased all outstanding Preference Shares C for an aggregate purchase price of US$520 million in cash. Also Buhrmann granted to all sellers of Preference Shares C options to acquire, in aggregate, 36,500,000 of our ordinary shares at a price of €10 per share. These options could only be exercised where, on or before 30 December 2005, Buhrmann and a third party either (i) made an announcement that it was expected to reach an agreement on the terms of a bid for all outstanding shares, or (ii) entered into an agreement in relation to a public bid on all our outstanding shares. The options lapsed on 30 December 2005.

Since the Supervisory Board included two representatives of the Preference Shares C holders, the transaction described above qualified as a related party transaction. Both representatives, Messrs Hannan and Barnes resigned on completion of this transaction.

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36 Legal proceedings

Buhrmann is involved in various routine legal proceedings incidental to the conduct of its business. Buhrmann does not believe that any of these legal or regulatory proceedings will have a material adverse effect on its financial condition, results of operations or cash flows other than the proceedings disclosed below.

Paper Merchanting Germany: anti-trust

In April 2000, the German competition authorities (the Bundeskartellamt or BKA) launched an investigation against a number of German paper merchants, among which is Buhrmann s former subsidiary Deutsche Papier Vertriebs GmbH, alleging a violation of anti-trust rules in Germany in a number of regions. On 30 April 2004 the BKA imposed a fine of €7.6 million on Deutsche Papier Vertriebs GmbH and 11 other paper merchants in Germany. The fine relates to the period between 1995 and 2000 and covers the whole of Germany with the exception of the south. Deutsche Papier and the accused individuals do not agree with the fine and the calculation thereof and have appealed against this fine. A third-party investigation into the alleged surplus profit in a number of regions and a third-party investigation into the calculation of the surplus profit used by the BKA substantiated Buhrmann s position that the fine reflects an overestimation of any assumed possible surplus profit. Buhrmann has given an indemnity to PaperlinX Limited, the buyer of the paper merchanting division.

Paper Merchanting Germany: completion accounts

Under the Agreement for the Sale and Purchase of the paper merchanting division of Buhrmann NV dated 8 September 2003 a post-completion dispute has arisen as to the valuation of a property in Germany for the purpose of inclusion in the completion accounts. The completion accounts are the basis for the calculation of the final purchase price. The valuation difference amounts to €7 million. The matter is currently pending the decision of an independent accountant. Once the value of the property has been determined, final settlement of the purchase price can take place.

Information Systems France: Agena S.A. Béfec

In 1994 Buhrmann issued arbitration proceedings against the sellers of the French company Agena S.A., an acquisition made in 1991. Buhrmann s claim for damages was based on a misrepresentation of the financial position of the company in the acquisition balance sheet. These proceedings resulted in an arbitral award adjudicating damages to the amount of €79 million received in 2003. In 1995 proceedings had also started against Béfec (a predecessor of PricewaterhouseCoopers, France), the accountants who in 1991 had certified the acquisition balance sheet. These proceedings were adjourned in anticipation of the outcome of the arbitration proceedings against sellers. The matter against Béfec was resumed after the arbitral award. Béfec raised preliminary defence against the claim which was rejected in the first instance. Although the defendant appealed against this judgment it may reasonably be anticipated that the principal matter will be permitted. Buhrmann is claiming damages to the amount of €134 million plus interest and costs. It is estimated that a final decision may still take a considerable period.

Under IFRS (IAS 37) and US GAAP (FAS 5), a contingent asset is disclosed when it is probable that an inflow of an economic benefit will be realised and the amount is estimable. In practice, contingent assets are not disclosed until the amount and timing of the inflow is known (e.g. there is a firm commitment from the counterparty). Accordingly, the above contingent assets may be judged to be a non-disclosure in accordance with IAS 37 and/or FAS 5, given the uncertainty as to its realisation and if so, the timing and amount of realisation.

37 US GAAP reconciliation and additional disclosures

As of 1 January 2004, Buhrmann s Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which vary in certain respects from accounting principles generally accepted in the United States of America (US GAAP). The tables below give the effect that application of US GAAP would have on net result and shareholders equity as reported under IFRS. Buhrmann s accounting policies under IFRS are in accordance with the standards as adopted for use in the European Union (EU). Some of the standards issued by the International Accounting Standards Board have not been endorsed by the EU. However, the standards which have not been endorsed are not applicable to Buhrmann and therefore there is no difference between IFRS as adopted for use in the EU and IFRS as issued by the International Accounting Standards Board.

IFRS 1 provides first-time adopters of IFRS with a number of exemptions and exceptions from full retrospective application, some of which are applicable to Buhrmann (see Note 2). The US GAAP numbers are determined as if the U.S. standards had always been applied, i.e. US GAAP needs to be applied retrospectively. Had IFRS been applied fully retrospectively, net result and shareholders equity under IFRS would have been different, which in turn could have resulted in the elimination and different amounts of reconciling items as shown in the table below or additional reconciling items.

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37 US GAAP reconciliation and additional disclosures continued

		2005	2004
Net result attributable to holders of ordinary shares Buhrmann NV under IFRS		**2**	**90**
b	Intangible fixed assets amortisation	(5)	(6)
c	Derivatives	(1)	(3)
d	Pensions	(3)	2
e	Share-based payments	7	6
f	Subordinated Convertible Bonds	4	4
g	Preference Shares A	11	11
h	Preference Shares C	108	14
i	Revenue recognition	4	1
j	Financing fees	0	2
k	Catalogue contributions	1	(1)
l	Translation adjustments	3	
m	Restructuring	2	
n	Others	(2)	(2)
o	Deferred taxes	5	(10)
Net income under US GAAP		**136**	**108**

	31 December 2005	31 December 2004

Total equity under IFRS	**1,510**	**1,118**
Less: minority interest	(59)	(56)
Shareholders equity under IFRS	**1,450**	**1,062**
a Goodwill	(181)	(159)
b Intangible fixed assets	67	65
d Pensions	130	109
f Subordinated Convertible Bonds	(29)	(34)
g Preference Shares A	178	178
h Preference Shares C		295
i Revenue recognition	(18)	(23)
j Financing fees	1	1
k Catalogue contributions	(1)	(1)
m Restructuring	2	
n Others	1	3
o Deferred taxes	(23)	(22)
Shareholders equity under US GAAP	**1,578**	**1,474**

The differences between IFRS and US GAAP as indicated in the tables are explained below, including related disclosures required under US GAAP.

a Goodwill

Differences between IFRS and US GAAP arise because of the exemption in IFRS 1 not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS which is 1 January 2004. This means that goodwill amounts recorded under Dutch GAAP as at 1 January 2004 are in principle carried forward under IFRS (see Note 2). The amount of goodwill carried forward under IFRS at 1 January 2004 was €175 million higher than under US GAAP which is due to:

For acquisitions occurring prior to 1 January 1997, goodwill was directly writtenoff to equity whereas under USGAAP this goodwill is capitalised and, until 31 December 2001, amortised over the estimated useful life of 40 years.

In connection with a number of acquisitions, certain fair value adjustments, including provisions for restructuring and integration and valuation allowances on deferred tax assets, were recorded which did not qualify for USGAAP. This led to a lower amount of goodwill under USGAAP. Inaddition, for USGAAP purposesonly, certain intangible assets (Corporate Express brand name and internally used software) were valued and recognised separately from goodwill, see point b) below.

Buhrmann repurchased the outstanding public minority share of a former subsidiary in 1998. This transaction was accounted for as are purchase of equity whereas under USGAAP the surplus paid over fair value of net assets was recorded as goodwill.

Differences in the method of testing goodwill for impairment resulted in a higher amount of impairment under USGAAP in 2002.

Notes to the Consolidated Financial Statements

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37 US GAAP reconciliation and additional disclosures continued

Goodwill is not amortised under IFRS or US GAAP but tested for impairment annually. The annual impairment test on goodwill at 31 December 2004 and 2005 did not result in an impairment under IFRS or US GAAP.

In 2004, positive translation adjustments of €16 million and in 2005 negative translation adjustments of €32 million were recorded on the differences in goodwill between US GAAP and IFRS as some of the goodwill items are denominated in US dollars.

In 2005, Corporate Express Australia purchased 6.3 million of its own shares from minority shareholders thereby raising Buhrmann s interest in Corporate Express Australia from 51.5% to 53.1%. The amount paid in excess of the fair value was recorded as a reduction of shareholders equity under IFRS (€10 million) whereas under US GAAP this amount was recorded as goodwill.

The net effect at 31 December 2004 and 2005 of the items mentioned above was a lower amount of goodwill under US GAAP of €159 million and €181 million respectively compared to IFRS.

The movements in goodwill under US GAAP were as follows:

	2005	2004
Book value at beginning of year	**1,165**	**1,225**
Investments	20	6
Translation differences	136	(66)
Book value at end of year	**1,321**	**1,165**
Accumulated cost	2,468	2,120
Accumulated amortisation	(208)	(168)
Accumulated impairment	(939)	(787)
Book value at end of year	**1,321**	**1,165**

b Intangible fixed assets

Differences in the accounting for intangible fixed assets between IFRS and US GAAP arise because of the exemption in IFRS 1 not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. This means, among others, that no intangibles are recognised under IFRS with respect to business combinations which took place

before 1 January 2004 if these intangibles were also not recorded under Dutch GAAP (see Note 2).
With the acquisition of Corporate Express in October 1999, certain intangible assets were valued and recognised separately from goodwill under US GAAP. These include the Corporate Express brand name (US$75 million) and internally used software (US$20 million). The Corporate Express brand name and internally used software are amortised over their estimated useful lives of 40 and seven years, respectively.

The book value of the Corporate Express brand name was US$64 million at 31 December 2005 and US$66 million at 31 December 2004. The accumulated amortisation was US$11 million at 31 December 2005 and US$9 million at 31 December 2004. The amortisation expense was US$2 million in each of 2005 and 2004 and will be US$2 million in each of the next five years.

The book value of the internally used software was US$2 million at 31 December 2005 and US$5 million at 31 December 2004. The accumulated amortisation was US$18 million at 31 December 2005 and US$15 million at 31 December 2004. The amortisation expense was US$3 million in each of 2005 and 2004 and will be US$2 million in 2006.

Also included under Intangible fixed assets are amounts allocated to customer relationships of companies acquired in 2003 and 2002 of €7 million and €10 million, respectively, which are separated from goodwill and classified as intangible fixed assets under US GAAP and amortised over a period of ten years. The book value under US GAAP was €11 million at 31 December 2005 and €13 million at 31 December 2004. The accumulated amortisation was €6 million at 31 December 2005 and €4 million at 31 December 2004. The amortisation expense under US GAAP was €2 million in 2005 and 2004 and will be €2 million in each of the next five years.

c Derivatives

This item relates to interest rate swaps (IRS) which under both IFRS and US GAAP are valued at fair value. The IRS were entered into to hedge variable rate debt to fixed rate.
Under IFRS, from 1 January 2004 to 30 September 2004, no hedge accounting was applied on the IRS which means that the change in the fair value of the IRS in that period was recorded in the income statement. In the period 1 October 2004 to 31 December 2004, hedge accounting was applied to some IRS as these IRS were designated as cash flow hedges which means that changes in the fair value of these IRS in this period were recorded in the hedge reserve in shareholders equity rather than in the income statement. The fair value of these IRS at the start of hedge accounting is amortised to the hedge reserve with an offsetting amount in the income statement. The total amount recorded in the income statement under IFRS in 2004 was a gain of €3 million and a total amount of €1 million was added to the hedge reserve.

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37 US GAAP reconciliation and additional disclosures continued

Under US GAAP, hedge accounting was applied for some IRS during the whole year 2004. In 2004, Buhrmann recorded in the income statement under US GAAP a gain of €3 million due to hedge ineffectiveness on IRS for which hedge accounting was applied and a loss of €3 million on IRS for which no hedge accounting was recorded. In 2004, under US GAAP a gain of €5 million was recorded directly in shareholders equity (as an addition to Other Comprehensive Income) relating to IRS for which hedge accounting was applied.
As of 1 January 2005, hedge accounting is applied to all IRS under IFRS and, with the exception of one IRS, also under US GAAP. Under IFRS, in 2005 an amortisation gain of €2 million was recorded in the income statement and under US GAAP, an amortisation loss of €1 million. The change in the fair value of the one IRS for which under US GAAP no hedge accounting was applied was recorded in the income statement under US GAAP (a gain of €2 million) and under IFRS in the hedge reserve. The net effect was a €1 million lower gain in the income statement in 2005 under US GAAP compared to IFRS. Under IFRS, in 2005 an amount of €6 million was recorded as an addition to the hedge reserve (directly in shareholders equity) and under US GAAP there was an addition to Other Comprehensive Income (directly in shareholders equity) of €6 million.

At 31 December 2005, the balance of the hedge reserve under IFRS amounted to €7 million and the balance of Accumulated Other Comprehensive Income with respect to IRS under US GAAP was €4 million. These balances will affect earnings when the interest for the periods being hedged affect earnings. An amount of €2 million is expected to be reclassified to earnings in 2006 under IFRS and less than €1 million under US GAAP.

All amounts stated above are before taxes.

d Pensions

This reconciling item relates to the pension plans which meet the definition of defined benefit plans. Under IFRS, the funded status (plan assets less projected pension obligations) of these plans is recorded in the balance sheet. Actuarial gains and losses are under IFRS recognised and recorded directly in equity. Under US GAAP, the accrued or prepaid pension cost in the balance sheet consists of the funded status, which is equal to IFRS, and the unrecognised actuarial gains or losses. The cumulative actuarial losses under US GAAP were €153 million at 31 December 2005 and €127 million at 31 December 2004. In addition, under US GAAP an additional minimum liability of €23 million at 31 December 2005 and €18 million at 31 December 2004 was recorded in the balance sheet. Under US GAAP, an additional minimum liability is recorded for the actuarial present value of accumulated benefits that exceeded plan assets. The movements in the additional minimum liability are recorded directly in shareholders equity (as a movement in Other Comprehensive Income).

	Domestic plans		Foreign plans		Total	
	2005	2004	**2005**	2004	**2005**	2004
Funded status at end of year under IFRS and US GAAP (see Note 20)	**87**	**95**	**(36)**	**(32)**	**51**	**63**

Unrecognised net actuarial (gains)/losses at end of year under US GAAP	123	102	**30**	25	153	127
Prepaid/(accrued) pension cost under US GAAP	**210**	**197**	**(6)**	**(7)**	**204**	**190**

	Domestic plans		Foreign plans		Total	
	2005	2004	**2005**	2004	**2005**	2004
Additional minimum liability at end of year under US GAAP			**(23)**	**(18)**	**(23)**	**(18)**

The measurement date of the pension plans was 31 December 2005.

The amount for pensions in the reconciliation of income in 2005 consists of the amortisation under US GAAP of unrecognised actuarial losses. Actuarial losses (and gains) are amortised over the remaining service period when their net cumulative amount exceeds 10% of the assets or obligations of the plan (whichever is higher). The amount for pensions in the reconciliation of income in 2004 mainly consists of the amortisation of unrecognised actuarial losses and a curtailment gain under US GAAP.

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37 US GAAP reconciliation and additional disclosures continued

e Share-based payments

Under IFRS, as of 1 January 2004, the fair value of the stock options granted to employees is recognised as an expense on a linear basis during the vesting period, with a corresponding increase in shareholders equity.

In 2004 and 2005, under US GAAP Buhrmann used the intrinsic value method in accordance with APB 25 under which no cost has been recognised for the stock options granted to employees. Under APB 25 cost is deferred until the options are exercisable.

f Subordinated Convertible Bonds

Under IFRS, Buhrmann s Subordinated Convertible Bonds, which were issued on 18 December 2003, are classified as a compound financial instrument. The conversion option is recorded directly in shareholders equity and the liability component as long-term borrowings. The conversion option and the liability component are initially stated at fair value (proceeds received net of transaction costs incurred). The liability component is subsequently stated at amortised cost which is the initial amount minus interest and principal payments plus cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount. The amortisation is recorded in the income statement.

Under US GAAP, Buhrmann s Subordinated Convertible Bonds are fully classified as a liability and the interest payments are expensed. The transaction costs relating to these bonds are capitalised and amortised using the effective interest method.

The amount in the reconciliation of equity is the difference between the book value of the amortised cost under IFRS (€84 million) and the liability (€115 million) less capitalised financing fees (€3 million) under US GAAP.

The amount in the reconciliation of income is the difference between the amortisation cost recorded under IFRS (€7 million for 2005 and 2004) and the interest paid and expensed (€2 million in 2005 and 2004) and the amortisation of the capitalised transaction costs (€1 million in 2005 and 2004) under US GAAP.

g Preference Shares A

Under IFRS, Buhrmann s Preference Shares A are classified as a liability and stated at amortised cost which is the fair value at the date of issue less transaction costs incurred. There is no amortisation of transaction cost as the Preference Shares A are non-redeemable. Under US GAAP, Buhrmann s Preference Shares A are classified as shareholders equity (proceeds received net of transaction costs incurred).

The annual dividend of €11 million in 2005 and 2004 is recorded as an expense under IFRS and as a reduction of shareholders equity under US GAAP.

h Preference Shares C

Under IFRS, Buhrmann s Preference Shares C were presented as a liability with the conversion option separately valued. The liability component is initially stated at fair value (proceeds received net of transaction costs incurred) and subsequently stated at amortised cost (for a definition see (f) above). The amortisation is recorded in the income statement. The conversion option is valued separately at fair value at each balance sheet date and recorded as a liability and the changes in the fair value are recorded in the income statement.

Under US GAAP, Buhrmann s Preference Shares C were presented as shareholders equity (proceeds received net of transaction costs incurred) and the annual dividend was recorded as a reduction of shareholders equity.

The amount in the reconciliation of income in 2004 consists of the effective interest of €31 million, an exchange gain of €22 million (the Preference Shares C are denominated in USD) and the change in the fair value of the conversion option which was a loss of €5 million, all recorded under IFRS.

In 2005, Buhrmann repurchased all the outstanding Preference Shares C. The amount in the reconciliation of income in 2005 consists of the effective interest of €8 million, an exchange loss of €14 million and the change in the fair value of the conversion option which was a loss of €1 million, all recorded under IFRS until the repurchase took place. Furthermore, the repurchase resulted in a loss of €85 under IFRS. Under US GAAP, the excess of €40 million of the repurchase price over the carrying amount of the Preference Shares C was recorded as deemed dividend and is deducted from net result available to holders of ordinary shares of Buhrmann NV.

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37 US GAAP reconciliation and additional disclosures continued

i Revenue recognition

Buhrmann sells graphic machines to customers which are financed by external financing companies and for which Buhrmann has given repurchase guarantees which means that should a customer be declared in default, the respective financing company has a right of recourse against Buhrmann. Under IFRS, revenue is recognised when the machines have been installed because, based on experience with performing under these repurchase guarantees, Buhrmann does not retain significant risk. Under US GAAP, Buhrmann recognises revenue from the sale of these machines only when the right of recourse has ended and Buhrmann is legally released from its obligation which is generally five years from the date of sale.

j Financing fees

In 2003, advisers fees relating to the Senior Facilities Agreement entered into in 2003 are capitalised under US GAAP but they are treated as costs to extinguish the loans under the old Senior Credit Facility under IFRS and therefore expensed. Conversely, the advisers fees relating to the replacement of the Term Loans B for the Term Loans C in 2004 were expensed under US GAAP and capitalised under IFRS. The net effect was a higher book value of capitalised financing fees of €1 million at 31 December 2004 and a higher amount of amortisation in 2004 and 2005 under US GAAP. In 2005, advisers fees (of less than €1 million) relating to the replacement of the Term Loans for the Term Loans D were expensed under US GAAP and capitalised under IFRS.

The impairment of the financing fees in 2004 relating to the repurchase of the 12.25% High Yield Bond (2009 Notes) was €5 million lower under US GAAP than under IFRS because the financing fees related to this bond were amortised based on the effective yield method under IFRS and on a linear basis under US GAAP which resulted in a higher book value of the capitalised financing fees under IFRS before impairment.

k Catalogue contributions

Buhrmann receives funds from vendors for inclusion of their products in Buhrmann s catalogue offerings (catalogue contributions). These contributions are generated by catalogue pages.

Under IFRS, these catalogue contributions are recognised as income on a linear basis over the period the catalogue is generating sales.

Under US GAAP, these catalogue contributions are treated as volume rebates and deducted from the purchase cost of trade goods in accordance with EITF Issue no. 02 16, Accounting by a Reseller for Cash Consideration Received from a Vendor .

l Translation adjustments

Both under IFRS and US GAAP, translation differences arising from long-term loans granted to Group companies that have the nature of permanent investments (quasi equity) are recorded directly in equity as cumulative translation adjustments by analogy of translation differences on shareholdings in Group companies (see Note 2 Principles of consolidation). Under IFRS, cumulative translation adjustments with respect to these long-term loans are recognised in the income statement when these loans are reduced. On this basis, a loss of €3 million was recorded in 2005 under IFRS. Under US GAAP, no such recognition is recorded in the income statement until the loans are substantially or fully repaid.

m Restructuring

In 2005, Buhrmann recorded restructuring reserves for termination benefits. Under US GAAP, charges of €1million recorded under IFRS were reversed and are recognised over the remaining service period of the related employees in 2006.

Also in 2005, restructuring reserves of €1 million were recorded relating to acquired companies which under IFRS were recorded as an expense and under US GAAP as part of goodwill.

n Others

This relates to several other differences between IFRS and US GAAP.

o Deferred taxes

Under US GAAP, the valuation of deferred tax assets for loss carry-forwards at 1 January 2004 was €8 million higher than under IFRS. In the course of 2004, this difference was reversed which resulted in a €8 million higher tax expense under US GAAP compared to IFRS.

Furthermore, deferred taxes on US GAAP reconciling items negatively affected equity under US GAAP in the amount of €23 million at 31 December 2005 and €22 million at 31 December 2004. The effect on income under US GAAP compared to IFRS was a tax income of €5 million in 2005 and a tax expense of €2 million in 2004.

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37 US GAAP reconciliation and additional disclosures continued

The components of deferred tax under US GAAP are as follows:

	31 December 2005	31 December 2004
Deferred tax assets:		
Tax loss carry-forwards	531	424
Other	75	96
Nominal deferred tax asset	606	515
Valuation allowances	(166)	(123)
Deferred tax asset	**440**	**392**
Current	53	63
Non-current	387	329
Deferred tax asset	**440**	**392**
Deferred tax liabilities:		
Accelerated depreciation and amortisation	(47)	(73)
Pensions	(64)	(59)
Fair value gains	(9)	(11)
Other	(43)	(25)
Deferred liabilities	**(163)**	**(168)**

Current	(3)	(4)
Non-current	(160)	(164)
Deferred liabilities	**(163)**	**(168)**

Total tax income or (expense) under US GAAP is as follows:

	2005	2004
Current	**(27)**	**(23)**
Deferred:		
Benefits operating loss carry-forwards	1	37
Adjustments to deferred taxes for enacted changes in tax laws or a change in the tax status		6
Adjustments in the valuation allowances due to change in judgment about realisability	3	(16)
All other deferred tax items	3	(1)
Total deferred	**7**	**26**
Total income taxes	**(20)**	**3**
Allocation:		
The Netherlands	10	26
Foreign	(30)	(23)
Total income taxes	**(20)**	**3**

Additional US GAAP disclosures

Operating result, result from continuing operations and result on disposal of discontinued operations under US GAAP presentation

Operating result, result from continuing operations, result from discontinued operations, result on disposal of discontinued operations and net result under US GAAP are as follows:

	2005	2004
Operating result	235	213

Result from continuing operations	131	104
Result on sale of discontinued operations	5	4
Net income	**136**	**108**

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37 US GAAP reconciliation and additional disclosures continued

The result on the sale of discontinued operations is the (partial) release of reserves for indemnification and warranties in connection with operations that were discontinued in previous years. The amount in 2005 mainly relates to the former subsidiary Kappa Packaging which was divested in 1998. The amount in 2004 mainly relates to the former paper merchanting division which was divested in 2003.

Reserves for indemnification and warranty of discontinued operations and other divested companies to be retained by the Company as of 31 December 2005 amounted to €14 million (2004: €21 million) which is included in the Company s Consolidated Balance Sheet.

Earnings per share under US GAAP

Basic earnings per share are computed by dividing the result after deduction of dividend on Preference Shares by the weighted average number of ordinary shares outstanding for the periods under review. Dividends paid to holders of Preference Shares A of €11 million in 2005 and 2004 and to holders of Preference Shares C of €46 million in 2005 and €26 million in 2004 were deducted for the years presented. Fully diluted earnings per share assume that any dilutive convertible securities were converted at the beginning of each year and all options outstanding at the end of the year were exercised, insofar as the average market price was higher than the exercise price during the financial year.

The computation of basic and fully diluted earnings per ordinary share under US GAAP is as follows:

	2005	2004
Computation basic earnings per share		
Net result	**136**	**108**
Less dividends on Preference Shares A and C	(57)	(37)
Net result after deduction of dividend on Preference Shares	**79**	**71**
Discontinued operations	**(5)**	**(4)**
Result from continuing operations after deduction of dividend on Preference Shares	**74**	**67**
Weighted average number of ordinary shares outstanding (in thousands)	**168,231**	**144,837**

Basic earnings per share (in euro)		
Result from continuing operations	0.44	0.46
Discontinued operations	0.03	0.03
Net result	0.47	0.49
Computation of fully diluted earnings per share		
Net result	**136**	**108**
Add-back: interest Subordinated Convertible Bond	2	2
Less dividends on Preference Shares A and C	(57)	(37)
Net result after deduction of dividend on Preference Shares	**81**	**73**
Discontinued operations	**(5)**	**(4)**
Result from continuing operations after deduction of dividend on Preference Shares	**76**	**69**
Weighted average number of ordinary shares outstanding on fully diluted basis (in thousands)	**183,551**	**160,222**
Fully diluted earnings per share (in euro)		
Result from continuing operations	0.41	0.43
Discontinued operations	0.03	0.03
Net result	0.44	0.46
Computation of weighted average number of ordinary shares outstanding on fully diluted basis (in thousands):		
Weighted average number of ordinary shares outstanding	168,231	144,837
Conversion of Subordinated Convertible Bond	14,757	14,451
Conversion of Preference Shares C		

Exercise of share option rights	563	934
	183,551	**160,222**

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

37 US GAAP reconciliation and additional disclosures continued

The weighted average number of ordinary shares outstanding in 2004 has been adjusted by a factor 0.9456 to compensate for the dilution effect caused by the rights issue in the first quarter of 2005.

In 2005 and 2004, the conversion of Preference Shares C is not included in the calculation of diluted earnings per share because they would have an antidilutive effect.

The number of ordinary shares that would arise after conversion of the Subordinated Convertible Bond was 14.8 million at 31 December 2005 and 14.5 million at 31 December 2005 and 31 December 2004 . The annual interest on the Subordinated Convertible Bond is €2 million before and after tax.

The number of ordinary shares that would arise after conversion of the Preference Shares C at 31 March 2005 (before the repurchase) was 38.4 million and 37.9 million at 31 December 2004.

The number of ordinary shares that would arise after exercise of the option rights at 31 December 2005 and 2004 was 0.6 million and 0.9 million respectively.

Stock options

Until 31 December 2005, under US GAAP Buhrmann used the intrinsic value method in accordance with APB 25 under which no cost is recognised for the stock options granted to employees. If the Company had elected to recognise compensation expense based on the fair value of all stock options at grant date in accordance with SFAS 123, Accounting for Stock-Based Compensation , compensation cost of €6 million in 2005 and €6 million in 2004 would have been recorded. Net income in 2005 and 2004 would have been reduced to the pro forma amounts indicated below:

in millions of euro, except per share data	**2005**	2004
US GAAP net income:		
As reported	136	108
Pro forma	130	102
US GAAP basic earnings per share:		
As reported	0.47	0.49
Pro forma	0.43	0.45
US GAAP fully diluted earnings per share:		

As reported	0.44	0.46
Pro forma	0.40	0.42

The options granted up to and including 2003 are valued on the basis of the Black & Scholes option model. During the year ended 31 December 2004, we also valued the options issued in 2004 on the basis of the Black & Scholes option model. In 2005, we modified the valuation model to better reflect the value related to the performance conditions for options issued in 2004 and 2005. In the table above, pro forma net income for 2004 and 2005 is based on valuation on the basis of a binomial model in combination with Monte Carlo simulation taking into account the number of options that will vest based on the performance-related vesting conditions of the option programme. The effect of the change in valuation methodology on our previous reported pro forma net income was less than €1 million. For assumptions used in calculating fair values, see Note 33. Forfeitures are accounted for as they occur in the compensation cost indicated above.

Consolidated Statements of Comprehensive Income

The calculation of comprehensive income is as follows:

	2005	2004
Net income US GAAP	136	108
Other comprehensive income net of tax:		
Foreign currency translation adjustments	153	(76)
Unrealised gains and losses on derivative instruments	4	4
Minimum pension liability	(3)	(7)
Comprehensive income	**290**	**29**

Foreign currency translation adjustments do not include taxes in 2005 or 2004. Unrealised gains and losses on derivative instruments includes a tax expense of €2 million in 2005 and €1 million in 2004. Minimum pension liability includes a tax income of €1 million in 2005 and a tax income of €2 million in 2004.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

37 US GAAP reconciliation and additional disclosures continued

The balance of accumulated other comprehensive income (after tax) is as follows:

	Total	Foreign currency translation adjustments	Unrealised gains and losses on derivative instruments	Additional minimum pension liability
Balance at 31 December 2003	**(275)**	**(264)**	**(5)**	**(6)**
Other comprehensive income (loss)	(79)	(76)	4	(7)
Balance at 31 December 2004	**(354)**	**(340)**	**(1)**	**(13)**
Other comprehensive income (loss)	154	153	4	(3)
Balance at 31 December 2005	**(200)**	**(187)**	**3**	**(16)**

The accumulated other comprehensive income at 31 December 2005 is net of €26 million taxes on foreign currency translation adjustments, €1 million taxes on unrealised gains and losses on derivative instruments and €6 million taxes on additional minimum pension liability.

Shareholders equity

The movements in shareholders equity under US GAAP are as follows:

	2005	2004
Shareholders equity at beginning of the year	**1,474**	**1,455**
Dividend ordinary shares	(12)	(4)
Share issue	238	5
Net income under US GAAP	136	108
Dividend Preference Shares A	(11)	(11)

Repurchase Preference Shares C	(401)	
Other comprehensive income (loss)	154	(79)
Shareholders equity end of the year	**1,578**	**1,474**

During the year ended 31 December 2004, we presented minority interests as part of shareholders equity under US GAAP. As minority interests are not presented within shareholders equity under US GAAP, we have revised this presentation in 2005. The effect of the change in presentation on our previously reported shareholders equity under US GAAP is a decrease of €56 million in 2004.

Integration and restructuring

The movements in the restructuring provisions in 2005 under US GAAP were as follows:

	Employee costs	Lease termination and other closing costs	Total
Balance at 31 December 2004	**9**	**9**	**18**
Set-up/finalisation	9	1	10
Cash utilisation	(4)	(3)	(7)
Currency translation		1	1
Balance at 31 December 2005	**14**	**8**	**22**

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in millions of euro, unless stated otherwise

37 US GAAP reconciliation and additional disclosures continued

The movements in the integration provisions in 2005 under US GAAP were as follows:

	Lease termination and other closing costs	Total
Balance at 31 December 2004	3	3
Set-up		
Cash utilisation	(1)	(1)
Balance at 31 December 2005	**2**	**2**

Provisions for restructuring and integration mainly relate to the cost-saving restructuring measures in the Office Products operations in North America and Europe.

Valuation and qualifying accounts

	Balance at the beginning of the period	Charges to costs and expenses	Utilisation/ release	Charges to other* accounts	Balance at the end of the period
Year ended 31 December 2005					
Allowance for doubtful accounts receivable	23	3	(4)	1	23
Provision for impairment of inventory	32	12	(10)		34
Year ended 31 December 2004					
Allowance for doubtful accounts receivable	30	1	(8)		23
Provision for impairment of inventory	41	10	(18)	(1)	32

* Includes effect of acquisitions and disposals and foreign currency translation adjustments.

Provision for product warranties

The movements in the provision for product warranties were as follows:

Balance as at 31 December 2004	3
Utilisation	0
Additions charged to the income statement	0
Transfer to current liabilities	
Balance as at 31 December 2005	**3**

The provision for product warranties relates to potential liabilities in the event products delivered or services rendered do not meet the agreed qualities, in those cases that the guarantee period has not yet expired. The additions charged to the income statement only relate to warranties issued during 2005 and are calculated as a percentage of net sales. This percentage is based on past experience.

Variable interest entities

FASB Interpretation no. 46 (FIN 46) Consolidation of Variable Interest Entities requires certain disclosures of variable interest entities and, as of 1 January 2003, the consolidation of certain of these variable interest entities.

Buhrmann has determined that at 31 December 2005 it had a variable interest in Silver Funding Ltd and which facilitate the accounts receivable securitisation programme which is described in Note 29. Aside from the accounts receivable and liabilities in connection with the accounts receivable securitisation programme that are included in Buhrmann s Consolidated Balance Sheet, both under IFRS and US GAAP, this entity does not have other significant assets or liabilities. Buhrmann has also determined that at 31 December 2005 it had a variable interest in Faison Inc. which sells office products mainly to government institutions in the United States. The consolidation of this entity would not have had a material impact on net result or shareholders equity under US GAAP.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

38 New accounting pronouncements

IFRS

The new accounting pronouncements under IFRS that are effective after 31 December 2005 are amendments to IAS 1 and IAS 39, IFRS 6, IFRS 7 and IFRIC 4. The new accounting pronouncements which could potentially affect Buhrmann s future consolidated results of operations, financial position and cash flows under IFRS are described below:

In December 2004, the International Financial Reporting Interpretations Committee (IFRIC) issued IFRIC 4 Determining whether an arrangement contains a lease . The issues addressed in this Interpretation are how to determine whether an arrangement is or contains a lease , how it should be assessed and, how the payments for the lease should be separated from payments for any other elements in the arrangement. IFRC 4 is effective for annual periods beginning on or after 1 January 2006. Buhrmann is currently reviewing the impact that adoption of IFRIC 4 will have on its consolidated results of operations, financial position and cash flows but expects that it will not have a material impact.

In June 2005, the International Accounting Standards Board (IASB) amended IAS 39 Financial Instruments: Recognition and Measurement to limit the use in IAS of the fair value option which permits entities to designate irrevocably on initial recognition any financial asset or financial liability as one (without separating embedded derivatives) to be measured at fair value with gains and losses recognised in profit or loss. The IASB also amended IAS 39 to define financial guarantee contracts and to amend requirements for their treatment by the issuer. Financial guarantee contracts (sometimes known as credit insurance) require the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. These amendments to IAS 39 are effective for annual periods beginning on or after 1 January 2006. Buhrmann is currently reviewing the impact that adoption of this amendment will have on its consolidated results of operations, financial position and cash flows but expects that it will not have a material impact.

In August 2005, the IASB published IFRS 7 Financial Instruments: disclosures . IFRS 7 supersedes IAS 30 and the disclosure requirements of IAS 32. The objective of IFRS 7 is to require entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity s financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. The disclosure requirements of IFRS 7 are effective for annual periods beginning on or after 1 January 2007 and will not have an impact on Buhrmann s consolidated results of operations, financial position or cash flows.

In August 2005, the IASB amended IAS 1 Presentation of Financial Statements to add requirements for disclosure of information that enables users of financial statements to evaluate the entity s objectives, policies and processes for managing capital. This amendment to IAS 1 is effective for annual periods beginning on or after 1 January 2007 and will not have an impact on Buhrmann s consolidated results of operations, financial position or cash flows.

US GAAP

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS no. 151, Inventory Costs An Amendment of ARB no. 43, Chapter 4 . SFAS no. 151 amends the guidance in ARB no. 43, chapter 4, Inventory Pricing, to clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) must be recognised as current-period charges regardless of whether they meet the criterion of so abnormal as stated in ARB no. 43. Additionally, SFAS no. 151 requires that the allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS no. 151 is effective for fiscal years beginning after 15 June 2005. Buhrmann is currently reviewing the impact that adoption of SFAS no. 151 will have on its consolidated results of operations, financial position and cash flows.

In December 2004, the FASB issued SFAS no. 123 (revised 2004), Share-Based Payments , which revises SFAS no. 123, Accounting for Stock-Based Compensation , and supersedes APB Opinion no. 25, Accounting for Stock Issued to Employees .

SFAS no. 123 (revised 2004) requires all share-based payments to employees, including grants of employee stock options, to be recognised in the financial statements based on their fair values, beginning with the first interim or annual period after 15 June 2005, with early adoption encouraged. The pro forma disclosures previously permitted under SFAS no. 123, are no longer an alternative to financial statement recognition. Buhrmann will adopt this revised standard from 1 January 2006. Buhrmann expects that the effect of adoption of SFAS no. 123 (revised 2004) will be as stated in the pro forma disclosures in Note 37.

In December 2004, the FASB issued SFAS no. 153, Exchanges of Nonmonetary Assets An Amendment of APB Opinion no. 29 . SFAS no. 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion no. 29, Accounting for Nonmonetary Transactions, and replaces it with an exception for exchanges that do not have commercial substance. SFAS no. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS no. 153 is effective for the fiscal periods beginning after 15 June 2005. Buhrmann is currently reviewing the impact that adoption of SFAS no. 153 will have on its consolidated results of operations, financial position and cash flows but expects that it will not have a material impact.

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38 New accounting pronouncements continued

In March 2005, the FASB issued Interpretation 47 (FIN 47). FIN 47 clarifies that the term conditional asset retirement obligation as used in SFAS no. 143, refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. FIN 47 is effective for fiscal periods beginning on or after 15 December 2005. Buhrmann is currently reviewing the impact that adoption of FIN 47 will have on its consolidated results of operations, financial position and cash flows but expects that it will not have a material impact.

In May 2005, the FASB issued SFAS no. 154, Accounting Changes and Error Corrections which replaces Accounting Principles Board Opinion no. 20 Accounting Changes and SFAS no. 3 Reporting Accounting Changes in Interim Financial Statements an amendment of ABP Opinion no. 28. SFAS no. 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. SFAS no. 154 eliminates the requirement in Accounting Principles Board Opinion no. 20 to include the cumulative effect of changes in accounting principles in the income statements. SFAS no. 154 establishes retrospective application, or application as of the earliest practicable date, as the required method for reporting a change in accounting principle and restatement with respect to the reporting of a correction of an error. SFAS no. 154 is effective for accounting changes and corrections of errors made in fiscal periods beginning after 15 December 2005. Buhrmann is currently reviewing the impact that adoption of SFAS no. 154 will have on its consolidated results of operations, financial position and cash flows but expects that it will not have a material impact.

39 Transition from Dutch GAAP to IFRS

For an explanation of the transition procedures, see Note 2 Summary of accounting policies under Basis of presentation.

The reconciliation of the Consolidated Statement of Income for the year ended 31 December 2004 from Dutch GAAP to IFRS is as follows:

	Dutch GAAP	Reclassifications	Adjustments on Dutch GAAP to IFRS	IFRS	Footnote
Net sales	**5,539**		**14**	**5,553**	**a**
Total cost of trade goods sold/ Purchase value of trade goods sold	(4,063)	172	9	(3,882)	b

Added value/gross contribution	1,476	172	23	1,671	
Employee benefit expenses	(889)	3	6	(880)	c
Depreciation of property, plant and equipment and amortisation of internally used software and other intangible assets (other than goodwill)	(84)		(5)	(89)	e
Amortisation of goodwill	(45)		45		f
Other operating expenses	(297)	(175)	(16)	(488)	d
Operating result	161		53	214	
Repurchase 2009 Notes	(35)			(35)	
Other financing expenses	(68)		(24)	(92)	
Total financing expenses	**(103)**		**(24)**	**(127)**	**g**
Share in result of associates					
Subsequent result from disposal of operations	6			6	
Result before taxes (and minority interests)	**64**		**30**	**94**	
Taxes	33		(20)	13	h
Minority interests	(17)		(1)	(18)	
Net result attributable to holders of ordinary shares Buhrmann NV	**80**		**10**	**90**	

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

39 Transition from Dutch GAAP to IFRS continued

Reclassifications

With the transition from Dutch GAAP to IFRS a reclassification of the Income Statement is established. Starting the financial year 2005 and including the comparatives of 2004 the following reclassifications for 2004 are made:

Under Dutch GAAP, delivery expenses were included in costs of trade goods sold. Under IFRS, delivery expenses arei n cluded as other operating expenses (€133 million).

Under Dutch GAAP, the expenses related to temporary employees were included in costs of trade goods sold. Under IFRS, these expenses are reported as sub contractor costs as part of other operating expenses (€30 million).

Under Dutch GAAP, the additions to and releases from the allowance for bad debt were included in the costs of trade goods sold. Under IFRS, these additions or releases will be reported as part of other operating expenses (€6 million).

Under Dutch GAAP, the compensation paid to commissionmer chants was included in costs of trade goods sold. Under IFRS, these expenses are included in other operating expenses (€3 million).

Under Dutch GAAP, certain fees were reported as part of employee benefit expenses.Under IFRS, these expenses are included in other operating expenses.

Due to the abovementioned changes that impact the reported costs of trade goods sold, we decided to rename Added value into Gross contribution .

Adjustments

a Net sales

Under Dutch GAAP, (unconditional) catalogue income was included in cost of trade goods sold. Under IFRS these benefits are included in net sales (€12 million). Under Dutch GAAP, income from freight expenses charged to customers was netted against the delivery expenses. Under IFRS this income is reported under net sales (€7 million). Further, net sales changed as a result of several minor changes in revenue recognition and reclassification (negative €5 million).

b Purchase value of trade goods sold

Under Dutch GAAP we recognised volume-related catalogue income from suppliers on the principle of revenue matching. In practice, that is the period that the catalogue is in use (street life). Under IFRS this income is deferred under inventory and released to income when the relevant merchandise has been sold, identical to volume-related vendor rebates (€3 million). Under Dutch GAAP some rental income was reported under other operating expense and depreciation while under IFRS this income forms part of purchase value of trade goods sold (€9 million). Under Dutch GAAP, (unconditional) catalogue income was netted with expenses made to produce the catalogue and included in cost of trade goods sold. Under IFRS the unconditional catalogue income is included in net sales (see Note 6) while the expenses are included in other operational expenses (€11 million).

c Employee benefits expenses

Under IFRS, the net periodic pension costs of our defined benefit plans (consisting of service costs, interest costs and the expected return on assets) are recognised as employee benefit expenses. This change resulted in a benefit of €13 million in 2004. Under IFRS, share-based payments are recognised as expense in the Income Statement, measured at fair value. For Buhrmann this applies to the Buhrmann Incentive Plan and the Corporate Express Australia share-based plans. Under Dutch GAAP share-based payments did not result in charges in the Income Statement (but were disclosed in a footnote). The calculated value of an option series is expensed on a straight-line basis over the vesting period as an operating cost. This change resulted in a charge of €7 million in 2004.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

39 Transition from Dutch GAAP to IFRS continued

d Other operating expenses

The change in other operating expenses (€6 million expense) is caused by the under footnotes a) and b) mentioned change in sales and purchase value of trade goods sold.

e Depreciation of property, plant and equipment and amortisation of internally used software and other intangibles assets

Under IFRS assets for rental and demonstration machines, such as those we have in our Graphic Systems Division, are reclassified from inventories to property, plant and equipment. As a result the depreciation cost on these assets under IFRS is reported under depreciation of property, plant and equipment. Under Dutch GAAP this depreciation cost was reported as part of cost of trade goods sold.

f Amortisation of goodwill

Under IFRS goodwill is no longer systematically amortised, but at least annually a goodwill impairment test will be performed. Under Dutch GAAP Buhrmann performed very similar goodwill impairment tests. As at 1 January 2004 amortisation under IFRS ceased.

g Total financing expenses

Under IFRS, our Subordinated Convertible Bond is recognised as a compound financial instrument. The carrying amount of the liability component has been valued by measuring the fair value of a similar liability at issuance that does not have an associated equity component.

The carrying amount of the equity instrument is determined by deducting the fair value of the financial liability from the proceeds of the financial instrument as a whole. Interest charges are calculated under the effective interest method resulting in imputed interest (€4 million expense).

Under IFRS our Preference Shares A and C qualify as a liability. For the Preference Shares A, the (non-tax deductible) interest charge equals the dividend payable on the instrument (€11 million expense). For the Preference Shares C, the (non-tax deductible) interest charges are calculated under the effective interest method (€31 million expense).

The Preference Shares C had a conversion option. The conversion option was indexed to both the share price and the US$/Eexchange rate. These components could not be separated from each other as both elements impacted the decision the holder takes whether to convert. Therefore the conversion option was treated as one derivative and included in the balance sheet (in other non-current liabilities) at fair value. Changes in the fair value were recorded in the income statement (€5 million expense in 2004).

As the Preference Shares C are denominated in US$ and under IFRS qualifies as a liability the translation result on this debt is recognised in the Income Statement (€22 million income).

In our Dutch GAAP accounts financing fees are capitalised under financial assets and amortised linearly over the term of the related financing. Under IFRS transaction costs are deducted from the proceeds received. These net proceeds including any discounts or premiums make up the amortised costs. The difference between the amortised costs and the redemption value is recognised (accretion) in the Income Statement over the period of the financing using the effective interest method (financing costs €2 million expense).

Under IFRS, the fair value changes of Interest Rate Swaps qualify as financing costs, resulting in a benefit of €3 million.

h Taxes

Our IFRS accounting results in a different tax position than under Dutch GAAP. In some cases specific IFRS accounting rules may generate tax effects, which are reflected in the presented Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

39 Transition from Dutch GAAP to IFRS continued

The reconciliation of the Consolidated Opening Balance Sheet at 1 January 2004 from Dutch GAAP to IFRS is as follows:

	Footnote	Dutch GAAP	Effects of transition **to IFRS**	IFRS
Assets				
Non-current assets				
Goodwill		1,400		1,400
Internally used software		143		143
Other intangible assets				
Property, plant and equipment	i,r	208	17	225
Net pension asset for funded schemes in surplus	k		113	113
Deferred tax assets	j	366	73	439
Investment in associates		6		6
Other non-current assets	k,l	49	(26)	23
		2,172	**176**	**2,348**
Current assets				
Inventories	i,m	423	(24)	399
Trade receivables	n	736	40	776
Prepaid expenses and accrued income	m	182	(27)	155
Current tax receivable		17		17
Cash and cash equivalents		145		145

Other current assets		2	(2)	
		1,505	**(13)**	**1,492**
Total assets		**3,677**	**163**	**3,840**
Equity and liabilities				
Shareholders equity	q,s	1,436	(364)	1,072
Minority interests		48	(1)	47
Total equity		**1,484**	**(365)**	**1,119**
Non-current liabilities				
Long-term borrowings	l,o	949	396	1,345
Deferred tax liabilities	j	177	40	217
Pensions	k	18	14	32
Other non-current liabilities	o		12	12
Other non-current provisions		79	5	84
		1,223	**467**	**1,690**
Current liabilities				
Current portion of long-term borrowings		28		28
Short-term loans and bank overdrafts		5		5
Trade payables		644		644
Current tax payable				
Other current provisions		35		35
Other current liabilities	m,n,p,r	258	61	319
		970	**61**	**1,031**
Total equity and liabilities		**3,677**	**163**	**3,840**

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

39 Transition from Dutch GAAP to IFRS continued

i Property, plant and equipment

Under IFRS assets for rental and demonstration machines, such as those we have in Graphic Systems, with a total book value at 1 January 2004 of €15 million are reclassified from inventories to property, plant and equipment.

j Deferred tax assets

In the IFRS opening balance sheet the following adjustments have been made to deferred tax balances:

Valuation allowances on deferred tax assets amounting to €19 million that do not qualify under IFRS.

Differences in allocation of tax provisions resulting in an adjustment in the IFRS opening balances sheet of €32 million.

The adjustments included in the IFRS opening balance sheet resulted in a deferred tax adjustment of €18 million.

	Footnote	1 January 2004
Pensions	k	(33)
Catalogue income	m	15
Convertible bond	o	(13)
Derivatives	p	4
Other		9
Total adjustment to deferred tax		**(18)**

This adjustment of €18 million is recognised in the balance sheet as a deferred tax asset of €23 million and a deferred tax liability of €41 million.

k Prepaid pension costs, financial assets and employee benefit obligations

IFRS requires defined benefit obligations and plan assets to be measured and recognised at fair value resulting in significant differences with Dutch GAAP. In addition to guidance on accounting for pension plans, IAS 19 includes guidance on all post-retirement and long-term employee benefits.

All actuarial gains and losses arising before the date of transition in the opening balance sheet are recognised, using the exemption as mentioned in IFRS 1.

All funded identified pension plans except for the Dutch pension plan are under funded under IFRS and resulted in an increase in employee benefit obligation for a total amount of €18 million and a decrease in financial asset of €3 million. The Dutch pension plan is over funded for an amount of €113 million resulting in an asset that is subject to a limitation based on recoverability. Expecting that the entire amount will be recoverable, an amount of €113 million is recognised as an asset in the opening balance sheet for the

Dutch plan against equity and deferred tax.

l Other non-current assets

Under Dutch GAAP financing costs were capitalised and amortised linearly over the term of the related financing. Under IFRS financing costs are deducted from the proceeds received. The net of proceeds received, financing costs and any discounts or premiums are valued at amortised cost using the effective interest rate method.

Under Dutch GAAP financing fees amounting to €30 million were recorded as a financial asset as at 31 December 2003; under IFRS €26 million qualifies as financing fees. The difference is booked against equity and deferred taxes.

Financing costs for the revolver and short-term securitised notes (€7 million) are treated and reported similarly under IFRS and Dutch GAAP. The costs are capitalised and amortised on a straight-line basis over the life of the respective revolver securitisation programme.

m Inventories and current assets

Under IFRS assets for rental and demonstration machines, such as those we have in our Graphic Systems Division, with a total book value at 1 January 2004 of €15 million are reclassified from inventories to property, plant and equipment.

Under Dutch GAAP we recognised volume-related catalogue income from suppliers on the principle of revenue matching. In practice, that is the period that the catalogue is in use (street life). Under IFRS this rebate is deferred under inventory and released to income when the relevant merchandise has been sold, identical to volume-related vendor rebates.

The effect in the IFRS opening balance sheet for the change in application of the accounting policy for catalogue income is to decrease inventories by €8 million, to decrease other current assets by €27 million and increase other current liabilities by €5 million against equity and deferred taxes.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

39 Transition from Dutch GAAP to IFRS continued

n Trade receivables

Under Dutch GAAP certain installment receivables, sold to bank, for which the banks keep a right of recourse towards Buhrmann were not accounted for on balance. Derecognition of these receivables is not allowed under IFRS. The effect is to increase other trade receivables by €40 million and to increase current liabilities by €40 million.

o Equity and non-current financial liabilities

Under IFRS our Preference Shares A and C qualify as liabilities. Under Dutch GAAP they were recorded as equity. Because the liability of Preference Shares A is perpetual, the related financing fees are not amortised. For the Preference Shares A, the (non-tax deductible) interest charge equals the dividend payable on the instrument. For the Preference Shares C, the (non-tax deductible) interest charges are calculated using the effective interest method.

The Preference Shares C have a conversion option. As this option is indexed to both the share price and the US$/€ exchange rate, the conversion option classifies as a derivative under IFRS rather than as equity. Therefore it is valued separately as a derivative (liability) at fair value. The changes in fair value of this derivative (liability) are accounted for in the Income Statement.

As from 2004 interest fees are calculated using the effective interest method.

The effect of the Preference Shares A is to decrease equity by €178 million and to increase loans by €178 million (net of financing fees). The effect of the Preference Shares C is to decrease equity by €281 million, and to increase loans by €281 million.

Under IFRS, the components of a financial instrument that create a financial liability of the entity and grant an option to the holder of the instrument to convert it into an equity instrument of the entity, are recognised separately. The Subordinated Convertible Bond, amounting to €111 million net of financing costs, qualifies for such treatment. Under Dutch GAAP, the Subordinated Convertible Bond was fully recorded as a liability.

The carrying amount of the liability component has been valued by measuring the fair value of a similar liability at issuance that does not have an associated equity component, resulting in a liability of €73 million after deduction of pro rata financing fees. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is then determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole resulting in an amount of €37 million (net of pro rata financing fees). The effect is to decrease loans by €38 million, and to increase equity and deferred tax liabilities by €25 million and €13 million respectively.

p Current liabilities

Under IFRS all derivates are recognised on the balance sheet at fair value. Under Dutch GAAP interest rate swaps were not recognised on the balance sheet. The fair value of the interest rate swaps has now been recognised as per 1 January 2004 amounting to a liability of €10 million. The effect is an increase in current liabilities of €10 million against equity and deferred taxes.

q Equity

IFRS 2 requires that all share-based payments (such as stock options) are recognised as expense in the profit and loss account and measured at fair value. Under Dutch GAAP share-based payments did not result in charges to the profit and loss account. IFRS 2 has to be applied for options granted after 7 November 2002, but entities are encouraged to apply this IFRS also for the options granted before 7 November 2002. Buhrmann has decided to apply IFRS 2 for all outstanding options, including options granted before 7 November 2002.

The options granted in 1999 up to and including 2004 are valued on the basis of Black & Scholes option model (as already disclosed in Form 20-F and Dutch GAAP). The options granted in 2005, and for comparison purposes also the options granted in 2004, are valued on the basis of a binomial model, combined with a Monte Carlo simulation, taking into account the number of options that will vest based on the performance-related vesting conditions of the option programme.

Besides tax effects, equity as at 1 January 2004 has not changed resulting from IFRS 2. The composition of equity however changed with the introduction of the option reserve. The option reserve reflects the options that are expected to vest and those that have actually been vested.

The effect is an increase in option reserve of €22 million against accumulated deficit and deferred taxes.

r Several minor adjustments

Increase in property, plant and equipment of €1 million and an increase in other payables €3 million against equity and deferred tax.

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

39 Transition from Dutch GAAP to IFRS continued

s Equity reconciliation in opening balance sheet

The reconciliation of shareholders equity at 31 December 2003/1 January 2004 from Dutch GAAP to IFRS is as follows:

Shareholders equity at 31 December 2003 according to Dutch GAAP		**1,436**
Effects of transition to IFRS: (net of taxes)		
Preference Shares A	(178)	
Preference Shares C	(281)	
Convertible Bond	25	
Derivatives	(6)	
Recognition financing fees	(5)	
Deferred tax	51	
Defined benefit plans	59	
Revenue recognition	(25)	
Leasing	(3)	
Other	(1)	
		(364)
Shareholders equity at 1 January 2004 according to IFRS		**1,072**

The movements in shareholders equity in 2004 under Dutch GAAP and IFRS are as follows:

	Dutch GAAP	Effects of transition to IFRS	IFRS
Shareholders equity at 31 December 2003/1 January 2004	**1,436**	**(364)**	**1,072**
Dividend ordinary shares for 2003	(4)		(4)
Share issue	5		5
Result 2004	80	10	90
Accrual dividend Preference Shares A for 2004	(11)	11	
Actuarial losses defined benefit plans		(21)	(21)
Cash flow hedge result taken to equity		1	1
Addition share-based payment reserve		6	6
Translation differences	(87)		(87)
Shareholders equity at 31 December 2004	**1,419**	**(357)**	**1,062**

Notes to the Consolidated Financial Statements

in millions of euro, unless stated otherwise

39 Transition from Dutch GAAP to IFRS continued

The reconciliation of the Consolidated Balance Sheet at 31 December 2004 from Dutch GAAP to IFRS is as follows:

	Dutch GAAP	Effects of transition to IFRS	IFRS
Assets			
Non-current assets			
Goodwill	1,282	40	1,322
Internally used software	121	1	122
Other intangible assets		2	2
Property, plant and equipment	190	12	202
Net pension asset for funded schemes in surplus		97	97
Deferred tax assets	335	61	396
Investment in associates	4		4
Other non-current assets	45	(21)	24
	1,977	**192**	**2,169**
Current assets			
Inventories	422	(19)	403
Trade receivables	731	23	754
Prepaid expenses and accrued income	175	(18)	157

Current tax receivable	21		21
Cash and cash equivalents	154		154
Other current assets	1		1
	1,504	**(14)**	**1,490**
Total assets	**3,481**	**178**	**3,659**
Equity and liabilities			
Shareholders equity	1,419	(357)	1,062
Minority interests	55	1	56
Total equity	**1,474**	**(356)**	**1,118**
Non-current liabilities			
Long-term borrowings	822	410	1,232
Deferred tax liabilities	109	40	149
Pensions	16	18	34
Other non-current liabilities		17	17
Other non-current provisions	74	11	85
	1,021	**496**	**1,517**
Current provisions and liabilities			
Current portion of long-term borrowings	33		33
Short-term loans and bank overdrafts	6		6
Trade payables	663	10	673
Current tax payable	7		7
Other current provisions	15	3	18
Other current liabilities	262	24	286
	986	**38**	**1,024**

Total equity and liabilities	**3,481**	**178**	**3,659**

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Company Balance Sheets (before appropriation of net result) as of December 2005 and 2004

in millions of euro

	Notes	2005	2004
Assets			
Non-current assets			
Financial fixed assets	2	1,800	1,641
Total assets		**1,800**	**1,641**
Equity and liabilities			
Shareholders equity	3		
Issued and paid-in capital	3	215	166
Additional paid-in capital	3	1,713	1,524
Treasury shares	3	(10)	(10)
Option reserve	3	24	25
Other legal reserves	3	93	(92)
Retained earnings	3	(587)	(642)
Result for the year	3	2	90
Total shareholders equity	**3**	**1,450**	**1,062**
Non-current provisions			
Deferred taxes		10	12

Non-current liabilities		
Preference Shares A	178	178
Preference Shares C		278
Convertible Subordinated Bonds	83	78
Derivatives		17
	261	**551**
Current liabilities		
Other current liabilities	79	17
Total equity and liabilities	**1,800**	**1,641**

Company Statements of Income for the years ended 31 December 2005 and 2004

in millions of euro

	2005	2004
Result of Group companies and participations (after tax)	68	83
Other results (after tax)	(66)	7
Net result	**2**	**90**

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Notes to the Company Balance Sheets and Statements of Income

in millions of euro, unless stated otherwise

1 Summary of significant accounting policies

The Company financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code. The Company uses the possibility of article 2:362, paragraph 8, to apply for its company financial statements the principles of measurement and determination of assets, liabilities and result of the consolidated financial statements (see Note 2).
Buhrmann has adopted the International Financial Reporting Standards (IFRS) as accepted by the European Union, for its consolidated financial statements with effect from 1 January 2005. The first-time adoption of these standards resulted in changes in the accounting principles and valuation of assets, provisions and liabilities (the IFRS-1 adjustments). These adjustments are largely adopted retrospectively in the comparable figures as per 1 January 2004.

Buhrmann NV has opted to apply with effect from 1 January 2005 for its company financial statements the principles of measurement and determination of assets, liabilities and result (among which the principles for presentation of financial instruments as shareholders equity or as liability) of the consolidated financial statements. Buhrmann NV opted for these changes in order to improve the financial reporting of the company financial statements. As a result of this decision equity and net profit in the entity financial statements remain in principle equal to those in the consolidated financial statements, which is generally accepted in the Netherlands. Moreover it leads to efficiency in financial reporting as the Company confines with only one set of accounting principles for the subsidiaries to be consolidated.

Compared to the financial statements of 2004 the following changes occurred:

- changes in shareholders equity as per 1 January 2004 and as per 31 December 2004 as a consequence of the IFRS-1-adjustments;
- changes in the result for the year ended 31 December 2004 as a consequence of the IFRS-1-adjustments;

We refer to Note 39 of the Consolidated Financial Statements for the impact on the 2004 equity and result.

Structure of shareholders equity

As per 1 January 2005, the applicable legislation related to the creation and sustaining of legal reserves en revaluation reserves has changed. As a result of these statutory regulations, but also as a result of the changed accounting principles, the structure of shareholders equity has changed.

Shareholders equity, ordinary shares, preference shares

Buhrmann s Ordinary Shares are classified as shareholders equity. External costs directly attributable to the issue of new ordinary shares, other than in connection with business combinations, are deducted from shareholders equity, net of tax.

Buhrmann s Preference Shares A and C are classified as a financial liability and stated at fair value (proceeds received net of transaction costs incurred). Under IFRS, the critical feature in differentiating a financial liability from an equity instrument is the existence of a contractual obligation on one party (the issuer) to deliver cash or another financial asset to the other party (the holder) or to exchange another financial instrument with the holder under conditions that are potentially unfavourable to the issuer. When such a contractual obligation exists, that instrument meets the definition of a financial liability regardless of the manner in which the contractual obligation will be settled.

The option reserve in shareholders equity is the amount of expenses recognised in connection with the employee share options. When the options are exercised or lapsed, a reclassification from the option reserve to retained earnings within shareholders equity takes place.

The cumulative translation adjustments in shareholders equity relates to the translation into euro of assets and liabilities of Group companies whose functional currency is not the euro. When a Group company is sold or otherwise disposed of, the cumulative translation adjustments, if any, are recognised in the income statement as part of the result on the sale or disposal. Also, cumulative translation adjustments with respect to long-term loans that are designated as permanent investments (quasi equity, see Principles of consolidation) are recognised in the income statement when these loans are reduced.

The hedge reserve relates to changes in the fair value of the interest rate swaps for which hedge accounting is applied. The amounts recorded in the hedge reserve are recognised in the income statement, as other financing expenses, when the hedged item affects the income statement.

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Notes to the Company Balance Sheets and Statements of Income

in millions of euro, unless stated otherwise

1 Summary of significant accounting policies continued

Subordinated Convertible Bonds

Buhrmann s Subordinated Convertible Bonds are classified as a compound financial instrument. The conversion option is recorded directly in shareholders equity (net of taxes) and the liability component as long-term borrowings. The liability component is initially stated at fair value (proceeds received net of transaction costs incurred) and is subsequently stated at amortised cost which is the initial amount minus interest and principal payments plus cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount. The amortisation is recorded in the income statement. The value of the conversion option is determined using the residual method.

2 Financial fixed assets

The changes in the financial fixed assets are as follows:

	Total	Participations in Group companies	Receivables from Group companies	Capitalised financing fees
Book value at 31 December 2003	**1,633**	**736**	**893**	**4**
Adjustments on Dutch GAAP to IFRS	66	70		(4)
Book value at 1 January 2004	**1,699**	**806**	**893**	
Proceeds collected by Group companies	(54)		(54)	
Financial restructuring		(244)	244	
Result from Group companies	83	83		
Translation differences	(87)	(87)		
Book value at 31 December 2004	**1,641**	**558**	**1,083**	
Proceeds collected by Group companies	(89)		(89)	
Financial restructuring		(56)	56	
Result from Group companies	68	68		
Translation differences	180	180		
Book value at 31 December 2005	**1,800**	**750**	**1,050**	

Group companies have been valued at their net asset value (or the proportional part thereof). Certain Group companies have a negative net asset value. At 31 December 2005, a provision equal to the negative net asset value has been deducted from receivables.

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Notes to the Company Balance Sheets and Statements of Income

in millions of euro, unless stated otherwise

3 Shareholders equity

For details of changes in shareholders equity, see the Notes to the Consolidated Financial Statements.

	Number of ordinary shares		Issued and fully paid-up	Additional	Treasury		Cumulative	Other legal reserves			
				paid-in	shares	Option	translation	Hedge	Retained	Result for the year	Shareholders
	Issued	Treasury	capital	capital	at cost	reserve	adjustment	reserve	earnings		equity
Balance at 31 December 2003	**136,691,918**	**(526,155)**	**228**	**2,055**	**(10)**				**(705)**	**(132)**	**1,436**
Adjustments on Dutch GAAP to IFRS:											
Preference shares A			(64)	(117)					3		(178)
Preference shares C			(0)	(417)					136		(281)
Convertible bond									25		25
Option reserve						22			(22)		
IFRS adjustments Group companies								(6)	76		70
Balance at 1 January 2004 based on IFRS	**136,691,918**	**(526,155)**	**164**	**1,521**	**(10)**	**22**		**(6)**	**(487)**	**(132)**	**1,072**
									(132)	132	

Appropriation of result 2003											
Total recognised income and expense for the year 2004							(87)	1	(22)	90	(18)
Dividend relating to 2003									(4)		(4)
Issued shares for stock dividend	1,434,610	(5,209)	2	3							5
Options lapsed						(3)			3		
Addition option reserve share-based payments						6					6
Balance at 31 December 2004	**138,126,528**	**(531,364)**	**166**	**1,524**	**(10)**	**25**	**(87)**	**(5)**	**(642)**	**90**	**1,062**
Changes for 2005:											
Appropriation for result 2004									90	(90)	
Total recognised income and expense for the year 2005							180	5	(21)	2	166
Dividend relating to 2004									(12)		(12)
Issued shares	41,198,176	(43,628)	49	189							238
Repurchase shares CE Australia									(10)		(10)

Options lapsed						(8)		8		
Addition option reserve share-based payments						7				7
Balance at 31 December 2005	**179,324,704**	**(574,992)**	**215**	**1,713**	**(10)**	**24**	**93**	**(587)**	**2**	**1,450**

Notes to the Company Balance Sheets and Statements of Income

in millions of euro, unless stated otherwise

4 Commitments not included in the Balance Sheet

Buhrmann NV acts as guarantor for loans taken by Group companies (see Note 29 to the Consolidated Balance Sheet) amounting to €1,055 million in 2005. In addition, Buhrmann NV acts as guarantor in certain legal acts of a number of Group companies in the Netherlands and abroad, including entering into lease contracts and interest rate and currency swap contracts.

Furthermore, declarations of joint and several liability (as referred to in Article 403, Title 9, Book 2 of the Dutch Civil Code) have been filed for debts resulting from legal acts of a number of Group companies established in the Netherlands.

Amsterdam, 23 February 2006

Supervisory Board	**Executive Board**
P.C. van den Hoek	F.H.J. Koffrie
A.G. Jacobs	G. Dean
G. Izeboud	M.S. Hoffman
B.J. Noteboom	F.F. Waller
J. Peelen	
G.H. Smit	

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Supplemental Guarantor Information

As part of the Senior Facilities Agreement and Indenture related to the Senior Subordinated Notes, Buhrmann NV and certain subsidiaries of Buhrmann NV act as guarantors. Presented below is consolidated information for Buhrmann US Inc., the issuer of the debt, Buhrmann NV, the parent guarantor of the debt, the guarantor subsidiaries of Buhrmann NV (listed below), and the non-guarantor subsidiaries of Buhrmann NV. All of the subsidiary guarantors are wholly owned subsidiaries of Buhrmann NV. Pursuant to the Senior Facilities Agreement and the Indenture related to the Senior Subordinated Notes, Buhrmann NV and its subsidiary guarantors jointly, severally, fully and unconditionally guarantee Buhrmann US Inc. s debt securities.

Most reconciling items from IFRS to US GAAP as detailed in Note 37 are related to the operating activities of the guarantors. The US GAAP adjustment to the guarantor column would increase net result (attributable to holders of ordinary shares Buhrmann NV) for the year 2005 by €125 million and would increase non-guarantor net result by €9 million (2004: increase of €29 million and decrease €11 million respectively). The US GAAP adjustment would increase the guarantor equity at 31 December 2005 by €66 million and would increase non-guarantor equity by €62 million (2004: increase of €367 million and increase of €45 million respectively).

Guarantor Subsidiaries as of 31 December 2005

a United States

ASAP Software Express, Inc.
BTOP USA Corp.
BTOPI Holding (U.S.)
Buhrmann Swaps, Inc.
Corporate Express Document & Print Management Inc.
Corporate Express Office Products, Inc.
Corporate Express Philadelphia Real Estate, Inc.
Corporate Express Promotional Marketing, Inc.
Corporate Express of Texas, Inc.
Corporate Express, Inc.
License Technologies Group, Inc.

b The Netherlands

Buhrmann Financieringen B.V. (f/k/a KNP BT Financieringen B.V.)
Buhrmann Fined B.V. (f/k/a Finbelco B.V.)
Buhrmann II B.V. (f/k/a KNP BT II B.V.)
Buhrmann International B.V.
Buhrmann Nederland B.V.
Buhrmann Nederland Holding B.V. (f/k/a Scadisbel B.V.)
Tetterode-Nederland B.V.
Veenman B.V. (f/k/a Corporate Express Document Automatisering B.V.)
Buhrmann Office Products Nederland B.V. (f/k/a Corporate Express Benelux B.V.)

c Belgium

Buhrmann Shared Service Center (Europe) NV

d Luxembourg

Buhrmann Luxembourg S.A.R.L.

Consolidated Statement of Income 31 December 2005 (IFRS)

in millions of euro, unless stated otherwise

		Guarantor				
	Issuer of debt	Parent	Subsidiaries	Non-guarantor subsidiaries	Eliminations	Total
Net sales			**3,713**	**2,177**		**5,890**
Purchase value of trade goods sold			(2,586)	(1,528)		(4,114)
Gross contribution			1,127	649		1,776
Employee benefit expenses, excluding restructuring			(584)	(331)		(915)
Depreciation of property, plant and equipment and amortisation of internally used software and other non-current intangibles			(64)	(25)		(89)
Other operating expenses, excluding restructuring and charge Civil Settlement Agreement	(1)		(286)	(232)		(519)
Charge Civil Settlement Agreement			(4)			(4)
Restructuring expenses			(10)	(7)		(17)
Operating result	**(1)**		**179**	**53**		**232**
Total financing expenses	116	(90)	(219)	3		(191)
Intercompany settlements		31	(45)	14		
Share in result of associates and subsequent result from disposal of operations			6	(1)		5
Result before taxes	115	(59)	(79)	69		46
Taxes	(45)	(7)	32	(5)		(25)

Results from subsidiaries	(66)	68			(2)	
Net result	**4**	**2**	**(47)**	**64**	**(2)**	**21**
Attributable to:						
Holders of ordinary shares Buhrmann NV	4	2	(47)	45	(2)	2
Minority interests in Group companies				19		19
	4	**2**	**(47)**	**64**	**(2)**	**21**

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Consolidated Statement of Income 31 December 2004 (IFRS)

in millions of euro, unless stated otherwise

			Guarantor			
	Issuer of debt	Parent	Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Total
Net sales			**3,552**	**2,001**		**5,553**
Purchase value of trade goods sold			(2,485)	(1,397)		(3,882)
Gross contribution			1,067	604		1,671
Employee benefit expenses, excluding restructuring			(561)	(319)		(880)
Depreciation of property, plant and equipment and amortisation of internally used software and other non-current intangibles			(64)	(25)		(89)
Other operating expenses, excluding restructuring and charge Civil Settlement Agreement	(1)		(265)	(217)		(483)
Restructuring expenses			(1)	(3)		(5)
Operating result	**(1)**		**176**	**40**		**214**
Total financing expenses	81	(3)	(221)	16		(126)
Intercompany settlements		4	(17)	13		
Share in result of associates and subsequent result from disposal of operations			7	(1)		6
Result before taxes	80	1	(55)	68		94
Taxes	(31)	6	9	29		13

Results from subsidiaries	(68)	82			(14)	
Net result	**(19)**	**90**	**(46)**	**97**	**(14)**	**107**
Attributable to:						
Holders of ordinary shares Buhrmann NV	(19)	90	(46)	79	(14)	90
Minority interests in Group companies				18		18
	(19)	**90**	**(46)**	**97**	**(14)**	**107**

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Consolidated Balance Sheet 31 December 2005 (IFRS)

in millions of euro, unless stated otherwise

	Issuer of debt	Guarantor Parent	Guarantor Subsidiaries	Non-guarantor subsidiaries	Eliminations	Total
Assets						
Non-current assets						
Goodwill			1,379	120		1,499
Internally used software			110	16		126
Other intangible assets			5	3		8
Property, plant and equipment			136	71		207
Net pension asset for funded schemes in surplus				90		90
Deferred tax assets	5		398	33		436
Investment in associates			4			4
Other non-current assets	5		19	2		26
	10		**2,051**	**335**		**2,397**
Group participations		**1,800**			**(1,800)**	
Current assets						
Inventories			277	176		453
Trade receivables			482	391		874

Prepaid expenses and accrued income			134	54		188
Current tax receivable			12	4		16
Cash and cash equivalents			74	40		114
			979	**666**		**1,645**
Total assets	**10**	**1,800**	**3,030**	**1,001**	**(1,800)**	**4,042**
Equity and liabilities						
Shareholders equity	1,529	1,450	(2,167)	914	(276)	1,450
Minority interests				59		59
Total equity	**1,529**	**1,450**	**(2,167)**	**973**	**(276)**	**1,510**
Non-current liabilities						
Long-term borrowings	782	261	82	13		1,138
Intercompany financing	(2,337)		4,396	(535)	(1,524)	
Deferred tax liabilities		10	89	37		136
Pensions			29	10		39
Other non-current liabilities						
Other non-current provisions			43	24		67
	(1,555)	**271**	**4,639**	**(451)**	**(1,524)**	**1,380**
Current provisions and liabilities						
Current portion of long-term borrowings	21		1	24		46
Short-term loans and bank overdrafts			5	5		10
Trade payables			400	325		725
Current tax payable		63	(63)	4		4
Other current provisions and liabilities	15	16	216	120		367
	36	**79**	**558**	**478**		**1,152**

Total equity and liabilities	**10**	**1,800**	**3,030**	**1,001**	**(1,800)**	**4,042**

Consolidated Balance Sheet 31 December 2004 (IFRS)

in millions of euro, unless stated otherwise

		Guarantor				
	Issuer of debt	Parent	Subsidiaries	Non-guarantor subsidiaries	Eliminations	Total
Assets						
Non-current assets						
Goodwill			1,220	102		1,322
Internally used software			108	14		122
Other intangible assets				2		2
Property, plant and equipment			125	76		202
Net pension asset for funded schemes in surplus				97		97
Deferred tax assets			379	17		396
Investment in associates			4			4
Other non-current assets	6		16	2		24
	6		**1,852**	**310**		**2,169**
Group participations		**1,641**			**(1,641)**	
Current assets						
Inventories			248	155		403
Trade receivables			380	374		754

Prepaid expenses and accrued income		3	115	40		158
Current tax receivable			20	1		21
Cash and cash equivalents			141	13		154
		3	**904**	**583**		**1,490**
Total assets	**6**	**1,644**	**2,756**	**893**	**(1,641)**	**3,659**
Equity and liabilities						
Shareholders equity	1,387	1,062	(2,093)	747	(41)	1,062
Minority interests				56		56
Total equity	**1,387**	**1,062**	**(2,093)**	**802**	**(41)**	**1,118**
Non-current liabilities						
Long-term borrowings	610	534	75	14		1,232
Intercompany financing	(2,052)		4,045	(393)	(1,600)	
Deferred tax liabilities	31	12	71	35		149
Pensions			27	7		34
Other non-current liabilities		17				17
Other non-current provisions	1		54	29		85
	(1,411)	**563**	**4,272**	**(309)**	**(1,600)**	**1,517**
Current provisions and liabilities						
Current portion of long-term borrowings	20			12		33
Short-term loans and bank overdrafts			30	(24)		6
Trade payables			383	290		673
Current tax payable		5		2		7
Other current provisions and liabilities	9	14	162	119		304

	29	**19**	**577**	**399**		**1,024**
Total equity and liabilities	**6**	**1,644**	**2,756**	**893**	**(1,641)**	**3,659**

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Consolidated Statement of Cash Flows 31 December 2005 (IFRS)

in millions of euro, unless stated otherwise

		Guarantor				
	Issuer of debt	Parent	Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Total
Cash flow from operating activities						
Net result attributable to holders ordinary shares Buhrmann NV	70	(66)	(47)	45		2
Adjustments:						
Taxes	45	7	(32)	5		25
Subsequent result from disposal of operations			(6)	1		(5)
Intercompany settlements		(31)	45	(14)		
Minority interest				19		119
Total financing expenses	(116)	90	219	(3)		191
Operating result	**(1)**		**179**	**54**		**232**
Depreciation of property, plant and equipment and amortisation of internally used software and other intangible assets			64	25		89
Other adjustments for non-cash			15	3		17
(Increase)/decrease in working capital			(43)	(7)		(51)

Other operational payments and receivables:					
Profit taxes (net)		46	(40)	(36)	(30)
Intercompany payments		34	(24)	(11)	
Payments deducted from provisions for restructuring and other provisions excluding pensions			(13)	(4)	(17)
Payments for defined benefit pension plans			(4)	(4)	(9)
		81	(81)	(55)	(56)
Net cash provided by (used in) operating activities (A)	**(1)**	**81**	**133**	**19**	**232**
Cash flow from investing activities					
Net investments in property, plant and equipment and internally used software			(45)	(19)	(64)
Acquisitions of Group companies			(9)	(9)	(18)
Payments related to integration of acquisitions			(2)		(2)
Proceeds of divestments and transaction fees					
Other			(2)	(1)	(2)
Net cash provided by (used in) investing activities (B)			**(58)**	**(29)**	**(86)**
Cash flow from financing activities					
Dividend payments		(12)			(12)
Interest payments	122	30	(213)	3	(58)

Dividend Preference Shares A		(11)			(11)
Payment to minority shareholders				(31)	(31)
Intercompany financing	(197)	76	94	27	
Proceeds from share issues		239			239
Net repayment of long-term borrowings	76	(403)	(8)	9	(326)
Net cash provided by (used in) financing activities (C)	**1**	**(81)**	**(127)**	**8**	**(199)**

Net cash flow (A+B+C)			**(51)**	**(2)**	**(54)**

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Consolidated Statement of Cash Flows 31 December 2004 (IFRS)

in millions of euro, unless stated otherwise

	Issuer of debt	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Total
Cash flow from operating activities						
Net result attributable to holders ordinary shares Buhrmann NV	49	7	(46)	79		89
Adjustments:						
Taxes	31	(6)	(10)	(29)		(13)
Subsequent result from disposal of operations			(7)	1		(6)
Intercompany settlements		(4)	17	(13)		
Minority interest				18		18
Total financing expenses	(81)	3	221	(16)		126
Operating result	**(1)**		**176**	**39**		**214**
Depreciation of property, plant and equipment and amortisation of internally used software and other intangible assets			64	25		89
Other adjustments for non-cash			(19)	23		4
(Increase)/decrease in working capital			18	14		32
Other operational payments and receivables:						

Profit taxes (net)		(45)	44	(21)	(22)
Intercompany payments		14	(12)	(2)	
Payments deducted from provisions for restructuring and other provisions excluding pensions			(1)	(33)	(35)
Payments for defined benefit pension plans			(1)	(6)	(7)
		(31)	29	(62)	(64)
Net cash provided by (used in) operating activities (A)	**(1)**	**(30)**	**268**	**39**	**276**
Cash flow from investing activities					
Net investments in property, plant and equipment and internally used software			(45)	(17)	(62)
Acquisitions of Group companies				(6)	(6)
Payments related to integration of acquisitions			(3)		(3)
Proceeds of divestments and transaction fees			(10)		(10)
Other		(24)	19		(5)
Net cash provided by (used in) investing activities (B)		**(24)**	**(39)**	**(23)**	**(85)**
Cash flow from financing activities					
Dividend payments					
Interest payments	125	35	(223)	9	(54)
Dividend Preference Shares A		(11)			(11)

Payment to minority shareholders				(8)	(8)
Intercompany financing	(25)	30	6	(10)	
Proceeds from share issues					
Net repayment of long-term borrowings	(99)		(3)	(2)	(104)
Net cash provided by (used in) financing activities (C)	**1**	**54**	**(220)**	**(11)**	**(177)**
Net cash flow (A+B+C)			**9**	**4**	**14**

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4 Chapter 9

Other Information

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Description of Share Capital and Articles of Association of Buhrmann NV

The following is a description of certain of the provisions of our Articles of Association and Dutch law. This description is only a summary and does not purport to be complete and is qualified in its entirety by reference to our Articles of Association and Dutch law. Our Articles of Association are available on our web site.

General

Buhrmann NV was incorporated under Dutch law on 6 January 1875 as a public limited liability company (naamloze vennootschap). Our Articles of Association were last amended by a notarial deed dated 1 April 2005.

Pursuant to Chapter II, Article 3 of the Articles of Association, the object of Buhrmann NV is the participation in, management of, financing of and rendering of services to other companies or enterprises, more specifically such companies or enterprises which are active in the area of distribution of products and the rendering of services to the office market, the graphic market and the industrial market, and generally, the carrying out of such activities which are connected with or are conducive to the attainment of the object set forth above.

We have our head office at Hoogoorddreef 62, (1101 BE) Amsterdam and our registered seat in Maastricht. We are registered with the Trade Register of the Chamber of Commerce of Amsterdam under file number 33250021.

Share capital

On 31 March 2005 we completed the repurchase of all outstanding Preference Shares C in the capital of the Company. Upon completion our Articles of Association were amended in order to convert the Preference Shares C into ordinary shares and the authorised share capital was increased.

As of 31 december 2005, our authorised share capital amounted to €1,080,000,000, divided into 395,000,000 ordinary shares, 55,000,000 Preference Shares A, and 450,000,000 Preference Shares B, with a nominal value of €1.20 per share each. The ordinary shares may, at the option of the Buhrmann shareholders, be bearer shares or registered shares. The issued bearer ordinary shares are represented by one single share certificate, the Necigef Global Certificate. The Preference Shares A and B are registered shares.

In order to finance part of the purchase price for the Preference Shares C, we made a rights offering pursuant to which 39,312,904 ordinary shares were issued on 24 March 2005 against an issue price of €6.37 per share.

As of 31 December 2005, the issued share capital was divided into 179,324,704 ordinary shares and 53,281,979 Preference Shares A, all of which have been fully paid up. No Preference Shares B were issued as of 31 December 2005.

Shareholder meetings; voting rights

Our Annual General Meeting shall be held not later than six months after the end of our financial year. Extraordinary General Meetings of Shareholders shall be held as often as the Executive Board or the Supervisory Board deem necessary. Any General Meeting of Shareholders shall be held in Amsterdam.

General meetings of shareholders shall be convened by the Supervisory Board or the Executive Board. The convocation shall take place no later than the fifteenth day prior to the date of the meeting, and shall be effected by means of a notice in a national daily paper and in the Official Price List. The notice of the meeting shall state the requirement for admission to the meeting.

Each shareholder is entitled to attend a General Meeting of Shareholders in person or be represented by written proxy, address the meeting and exercise voting rights with due observance of the provisions of the Articles of Association, provided that such shareholder is a holder of such interests on the applicable record date set by the Executive Board with respect to the meeting.

In order to gain admittance, holders of registered ordinary shares or depositary receipts must notify the Executive Board in writing of their intention to attend the meeting not later than the applicable date mentioned in the notice, which date may not be later than the seventh day prior to the date of the meeting. In addition, instruments of proxy with respect to ordinary shares or depositary receipts must be delivered to the Executive Board not later than the applicable date set forth in the notice, which date may not be later than the third day prior to the meeting. A holder of ordinary shares which are bearer shares, will be entitled to attend upon the delivery of a written statement, not later than seven days before the meeting, from a Necigef-participant that such person is a Necigef-beneficiary. In the case of bearer depositary receipts, the depositary receipt certificates must be deposited at the place and by the applicable date stated in the notice, which date may not be prior to the seventh day prior to the meeting.

Pursuant to the Articles of Association, each share of capital stock is entitled to one vote, so that each share of Preference Shares A, Preference Shares B, or ordinary shares is entitled to one vote in all matters properly brought before the shareholders

Description of Share Capital and Articles of Association of Buhrmann NV

of Buhrmann. Unless the Articles of Association or mandatory law provides otherwise, all shareholders resolutions require an absolute majority of the votes.

Items to be resolved by the General Meeting of Shareholders include the adoption of financial statements, including appropriation of the results; appointment, suspension and dismissal of the members of the Executive Board and the Supervisory Board; and the amendment of the Articles of Association. As noted in the Corporate Governance chapter (page 37 to 45), certain decisions of the Executive Board must be submitted to the General Meeting of Shareholders for approval. In certain circumstances described in the Corporate Governance chapter (page 43), shareholders or holders of depositary receipts can have items put on the agenda for a general meeting.

Preference Shares A

On 31 December 2005, all Preference Shares A had been taken into administration in Stichting Administratiekantoor Preferente Aandelen Buhrmann, or Trust Office, against which depositary receipts with limited convertibility were issued. The Trust Office was established under Dutch law in May 1994, and has its registered seat in Maastricht.

The purpose of the Trust Office is to issue and administer depositary receipts of Preference Shares A. The holders of the depositary receipts receive all the economic benefits which attach to ownership of the Preference Shares A. The depositary receipts can be exchanged for Preference Shares A in accordance with the provisions of the Articles of Association. Our Articles of Association provide that Preference Shares A may be transferred to natural persons only and that a transfer or issue of Preference Shares A or voting rights relating to Preference Shares A shall not be possible if such transfer would result in the acquirer acquiring more than 1% of the capital issued in the form of Preference Shares A or 1% of the voting rights attached to such shares. Our Articles of Association contain certain exceptions to these transfer restrictions and the Executive Board may under certain circumstances grant an exemption from these transfer restrictions. The depositary receipts are listed on Euronext N.V., Amsterdam.

Notwithstanding the general provision in the Articles of Association which provides that each share of capital stock is entitled to one vote, an arrangement with the Trust Office exists such that the voting rights attached to the Preference Shares A held by the Trust Office that can be exercised at a General Meeting of Shareholders is determined by reference to the value of the Preference Shares A in proportion to the value

of the ordinary shares in the capital of Buhrmann. The voting right is calculated on the basis of the total value of all Preference Shares A (calculated by multiplying the number of Preference Shares A outstanding and the stock market price of one depositary receipt for such Preference Share A) divided by the stock market price of one ordinary share, both on the last trading day of the month prior to the month in which the applicable shareholders meeting is convened, capped at a maximum of one vote per Preference Share A.

At the request of a holder of depositary receipts and subject to the transfer restrictions described above and certain limitations set out in our Articles of Association, the Trust Office will grant a written proxy, with the power of substitution, to the holder to exercise the voting rights attached to the underlying Preference Shares A. The terms of administration of the Trust Office provide that the voting rights to be exercised by a holder of depositary receipts, as proxy of the Trust Office, is also related to the capital interest of the depositary receipts held by the holder of the depositary receipts in proportion to the value of the ordinary shares, calculated in accordance with what is set out above. The voting right that may then be exercised by the depositary receipt holder, as proxy of the Trust Office, may be exercised at his own discretion.

The Trust Office is charged with exercising the voting rights attached to the Preference Shares A (except for those Preference Shares A for which it has issued a proxy) in a manner which primarily safeguards the interests of the holders of depositary receipts, taking into account the interests of Buhrmann, its affiliates and all of its stakeholders.

The board of the Trust Office comprises five members: three members A and two members B. The members A are appointed by the board of the Trust Office. The members B are appointed by the holders of depositary receipts representing Preference Shares A. As of 31 December 2005, these members were Messrs R.A.H. van der Meer and W.O. Wentges. The other members of the board of the Trust Office are Messrs A.A. Loudon (Chairman), R.W.F. van Tets and C.J.A. Reigersman. All members of the board of the Trust Office are independent of Buhrmann as referred to in appendix X of the Listing Rules of Euronext N.V. and as referred to in the Dutch Corporate Governance Code.

Preference Shares B

We may issue Preference Shares B, inter alia, as a (preventive) measure against a hostile acquisition of control or takeover bid. For this purpose, Buhrmann and the Stichting Preferente Aandelen Buhrmann have entered into a put and call option agreement

Description of Share Capital and Articles of Association of Buhrmann NV

relating to Preference Shares B. Pursuant to this agreement, under certain circumstances, Buhrmann has the right (and, under certain circumstances, the obligation) to issue and sell to the Stichting Preferente Aandelen Buhrmann, Preference Shares B, up to a maximum amount equal to the issued share capital of Buhrmann other than in the form of Preference Shares B, minus one. Under certain circumstances set out in our Articles of Association, the maximum amount is reduced. Once any Preference Shares B are issued to Stichting Preferente Aandelen Buhrmann, we have the right to repurchase the Preference Shares B at their issue price plus accrued and unpaid dividends, if any. Under these circumstances, Stichting Preferente Aandelen Buhrmann has the right to require Buhrmann to repurchase the Preference Shares B held by it. Stichting Preferente Aandelen Buhrmann will exercise its voting rights attached to such Preference Shares B in accordance with its purpose. The purpose of Stichting Preferente Aandelen Buhrmann is to safeguard the interests of Buhrmann and all interested parties in Buhrmann, with respect to, among other things, the continuity and identity of these enterprises. Upon issue of Preference Shares B, only 25% of the nominal value is required to be paid-up. As of 31 December 2005, no Preference Shares B had been issued.

As of 31 December 2005, the board of Stichting Preferente Aandelen Buhrmann comprises: Messrs A.L. Asscher (Chairman), J.F. van Duyne, P. Bouw, K. Vuursteen and L.J.A.M. Ligthart. The board members are all independent of Buhrmann.

Dividends

The proposed dividend for a financial year must be approved by the General Meeting of Shareholders, which is typically held in April of the following financial year, and the dividend is paid after this meeting. Dividend payments are only allowed to the extent that the shareholders equity is in excess of the sum of the paid-up capital and any reserves required under Dutch law. Under the Articles of Association, before the dividend will be paid to any other class of shares, the dividend with respect to the Preference Shares A must be paid first from the profits earned in any given financial year.

The annual dividend on the Preference Shares A is fixed for successive periods of eight years. For the period ending 31 December 2009 the dividend is equal to €0.21 per annum. The annual dividend on the Preference Shares A is based on a percentage of the liquidation preference of those shares (which is €3.40355) which percentage is equal to 1.25 points above the arithmetic mean of the average effective yields on Dutch government bonds with terms of seven to eight years, as calculated by the Central Office for Statistics and published in the Official Stock Exchange List of Euronext Amsterdam.

From the balance of the remaining profits after the dividend on the Preference Shares A has been paid, Buhrmann will pay a dividend on the Preference Shares B, if such Preference Shares B have been issued, the percentage of which to be calculated over the paid-up portion of the nominal value is equal to the repurchase interest rate of the European Central Bank plus or minus a maximum of three percentage points, to be determined by the Executive Board and subject to the approval of the Supervisory Board. The profit remaining after payment of dividends on the Preference Shares A and (where applicable) Preference Shares B may be distributed as a dividend to the holders of the ordinary shares, subject to any allocation to reserves. The General Meeting of Shareholders may, at the proposal of the Executive Board which has been approved by the Supervisory Board, resolve that a payment of dividend on ordinary shares be wholly or partly in shares.

In the event that for any given fiscal year the dividend payments referred to above cannot be made (in whole or in part) because there are not sufficient profits, payment of the deficiency shall be made out of the profits from succeeding financial years. First insofar as possible pro rata parte on the Preference Shares A and thereafter on the issued Preference Shares B if any are issued. The Executive Board, subject to the approval of the Supervisory Board, may decide to effect payment of dividend on Preference Shares by charging such payment to the distributable part of the capital and share premium reserve, except for the share premium reserve A. With respect to payment of dividend on ordinary shares the same may be decided by the General meeting of Shareholders at the proposal of the Executive Board which has been approved by the Supervisory Board.

Liquidation

Upon the liquidation or dissolution of Buhrmann, any remaining balance after the payment of debts shall be distributed first to the Preference Shares A to the extent of the sum of (1) any unpaid and accrued dividends and (2) an amount per Preference Share A, equal to a yield basis per share of €3.40355.In the event that the existing balance of funds is not sufficient to effect the above distribution to holders of Preference Shares A in full, the available balance will be distributed amongst the holder thereof on a pro rata basis equal in proportion to the yield basis per share as set forth above.

Any balance of funds remaining after the distribution to holders of Preference Shares A shall then be distributed to holders of Preference Shares B, if such Preference Shares B have been issued, to the extent of the sum of (1) any outstanding dividend payable on the Preference Shares B and (2) the

Description of Share Capital and Articles of Association of Buhrmann NV

nominal amount paid on the Preference Shares B. If the remaining balance is not sufficient for a distribution in full to the holders of Preference Shares B, the distribution shall be effected in proportion to the amounts paid on the shares.

Any remaining balance after the distribution of funds to holders of Preference Shares A and to holders of Preference Shares B shall be distributed to holders of ordinary shares on a pro rata basis with respect to the total amount of ordinary shares held.

Issue of shares; pre-emptive rights

The authority to issue ordinary shares and Preference Shares B has partly been delegated by the General Meeting of Shareholders to the Executive Board pursuant to a resolution dated 14 April 2005. The Executive Board is authorised to issue ordinary shares up to a maximum of 10% of the issued share capital, which percentage is extended by an additional 10% of the issued share capital in the event the issue is related to a merger or an acquisition. The Executive Board is authorised to issue Preference Shares B up to a maximum of 100% of the issued share capital. For these purposes, issuances of ordinary shares and/or Preference Shares B include the granting of rights to subscribe for shares (including convertible debt options and warrants). The authority of the Executive Board to issue ordinary shares and Preference Shares B will terminate on 13 October 2006 unless extended by a resolution of the General Meeting of Shareholders. The prior approval of the Supervisory Board will be required for any Executive Board resolution to issue ordinary shares and/or Preference Shares B.

Except for (i) issuances of ordinary shares in exchange for non-cash consideration or (ii) issuances to employees of Buhrmann or any of its subsidiaries, or (iii) in the event of a legal merger or legal split-up of Buhrmann, Buhrmann shareholders have pro rata pre-emptive rights to subscribe to new issuances of ordinary shares. These pre-emptive rights may, subject to the prior approval of the Supervisory Board, be restricted or excluded by the corporate body that is authorised to issue shares.

At the Annual General Meeting of Shareholders held on 14 April 2005 the Executive Board was authorised to restrict or exclude such pre-emptive rights in the event of issuances of or granting of rights to acquire ordinary shares up to 13 October 2006, subject to the prior approval of the Supervisory Board. Buhrmann shareholders do not have pre-emptive rights in respect of Preference Shares.

Dilution

Our earnings per share may be diluted by the issuance of approximately 8.1% of the outstanding ordinary share capital as a result of the conversion of the Convertible Bonds (for the description of Convertible Bonds see the Notes to the Consolidated Statement of Income) and by the issuance of up to 3.9% of the outstanding ordinary share capital as a result of the exercise of share options under the Buhrmann Incentive Plan (for a description of the Buhrmann Incentive Plan see the remuneration report on pages 54 to 55).

Repurchase of shares

We may repurchase our own shares, subject to certain provisions of Dutch law and the Articles of Association. We may not repurchase our own shares if (i) the payment required to make the repurchase would reduce shareholders equity to an amount less than the sum of paid-in and called portions of the share capital and any reserves required by law or our Articles of Association or (ii) we and our subsidiaries would thereafter hold shares with an aggregate nominal value equal to more than 10% of the issued share capital. Shares owned by us may not be voted. Any repurchase of shares which are not fully paid-up is null and void.

A repurchase of shares may be effected by the Executive Board if the Executive Board has been so authorised by the General Meeting of Shareholders, which authorisation may not be granted for a period of more than 18 months. Most recently, the General Meeting of Shareholders granted this authorisation until 13 October 2006 by resolution dated 14 April 2005.

Capital reduction

Upon the proposal of the Executive Board and subject to the approval of the Supervisory Board, the General Meeting of

Shareholders may resolve to reduce Buhrmann s issued share capital by cancellation of shares or by reducing the nominal value of the shares through amendment of the Articles of Association, subject to certain statutory provisions and the provisions of the Articles of Association.

Share certificates and transfer

On the occasion of the issuance of ordinary shares any person entitled to receive such share shall obtain a bearer ordinary share unless the person entitled to such share submits a written request to us for a registered ordinary share. The bearer ordinary shares in issue shall be represented by one single share certificate, the Necigef Global Certificate.

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Description of Share Capital and Articles of Association of Buhrmann NV

We shall confer a right to a bearer ordinary share on a person by having Necigef enable us to add an ordinary share to the Necigef Global Certificate, and the entitled person shall designate a Necigef-participant that will accordingly credit him as Necigef-beneficiary in this Necigef-participant s collective deposit of ordinary shares in Buhrmann.

Necigef shall be irrevocably charged with the management of the Necigef Global Certificate and be irrevocably authorised on behalf of the Necigef-beneficiaries to perform all acts in respect of the shares concerned, including acceptance and delivery and lending co-operation in the crediting and debiting of the Necigef Global Certificate, without prejudice to the provisions in Article 42, paragraph 4, of our Articles of Association.

No individual bearer ordinary share shall be handed over. A Necigef-beneficiary may at any time require the conversion of one or more bearer ordinary shares up to the maximum number he is entitled to into registered ordinary shares. Such conversion of one or more ordinary shares is only allowed to the maximum number for which he is Necigef-participant and subject to the requirements as mentioned in the Article 5 of the Articles of Association.

A holder of registered ordinary shares may at any time require the conversion of such ordinary shares into bearer ordinary shares, subject to the requirements mentioned in Article 5 of the Articles of Association.

Restriction of non-Dutch shareholders rights

Under our Articles of Association, there are no limitations on the rights of non-resident or foreign shareholders to hold or exercise voting rights in respect of our securities, and we are not aware of any such restrictions under Dutch corporate law.

Disclosure of share ownership

For a summary of the obligations on shareholders to, under certain circumstances, disclose their shareholding to the AFM or to file certain reports with the SEC, see Buhrmann Shares on page 174. In addition, the Securities Transaction Supervision Act 1995 (Wet toezicht effectenverkeer 1995) provisions regarding insider trading contain a notification duty for shareholders holding (directly or indirectly) a capital interest of more than 25% in a listed company, such as Buhrmann. These shareholders must notify the AFM of any and all transactions that they carry out directly or indirectly in securities issued by us. If a shareholder holding more than 25% is a legal entity (rechtspersoon or

vennootschap) and not an individual, the obligation is extended to the members of the board of management and supervisory board of the legal entity (rechtspersoon or vennootschap), as well as to their spouses, certain members of their family and members of their household.

Financial statements and discharge

Within five months following the end of each financial year, the Executive Board must prepare Financial statements accompanied by an annual report. This period may be extended by the General Meeting of Shareholders on account of special circumstances for up to six months. The Financial statements and the annual report will be available to shareholders from the date of the notice convening Buhrmann s Annual General Meeting of Shareholders. The Financial statements must be adopted by the General Meeting of Shareholders. After distribution of dividends in respect of the preference shares and subject to prior approval of the Supervisory Board, the Executive Board may determine which part of the profits shall be reserved, taking into account the Company s policy on additions to reserves and dividends.

The General Meeting of Shareholders may discharge the members of the Executive Board and of the Supervisory Board from liability in respect of the exercise of their duties during the financial year concerned. Such discharge is subject to mandatory provisions of Dutch law, including those relating to liability of members of the supervisory boards and management boards upon bankruptcy of a company. Moreover, this discharge does not extend to actions or omissions not disclosed in or apparent from the adopted annual accounts if these actions or omissions were concealed by the director concerned, while the discharging shareholders could not have known about these actions or omissions.

Amendment of the Articles of Association and dissolution

Pursuant to a proposal of the Executive Board and subject to the approval of the Supervisory Board, the General Meeting of Shareholders may amend the Articles of Association or decide to dissolve the Company by absolute majority of votes cast.

Significant Subsidiaries

Buhrmann NV is the parent company of a group of companies (the Group). The significant subsidiaries of the Group are listed below. The equity interest of Buhrmann in these subsidiaries is 100% unless stated otherwise. The full list containing the information referred to in Article 379 and 414 of Book 2 of the Dutch civil code is filed at the office of the Chamber of Commerce in Amsterdam. The addresses of these companies can be viewed on our web site: www.buhrmann.com.

Office Products North America
Division headquarters in Denver, CO, U.S.A.
Corporate Express,Inc. Broomfield, CO, U.S.A.
Central/East Region Regional headquarters in Broomfield,CO,U.S.A.
West/SouthRegion Regional headquarters in Pleasanton,CA, U.S.A.
Corporate Express Canada, Inc. Regional headquarters in Mississauga, ON, Canada
Corporate Express Imaging and Computer Graphic Supplies Deerfield Beach,FL,U.S.A.
Corporate Express Document & Print Management,Inc. Omaha, NE, U.S.A.
Corporate Express Promotional Marketing, Inc. St.Louis, MO, U.S.A.

Office Products Europe
Division headquarters in Amsterdam, the Netherlands
Corporate Express Europe BV Amsterdam, the Netherlands
Corporate Express EuropeImport BV Amsterdam, the Netherlands
Corporate Express GmbH & Co Wels, Austria
Corporate Express Büroartikelhandel GmbH Vienna, Austria
Corporate Express Belgium NV Wemmel (Brussels), Belgium
Corporate Express France SAS Bondoufle (Paris), France
Corporate Express Deutschland GmbH & Co.Vertriebs KG Stuttgart, Germany
Corporate Express Hungaria Kereskedelmi Kft Budapest, Hungary
Corporate Express (Ireland) Ltd Dublin, Ireland
Corporate Express SpA Cusago (Milan), Italy
Corporate Express Luxembourg Sarl Howald (Hesperange), Luxembourg
Buhrmann Office Products Nederland BV Amsterdam, the Netherlands
Corporate Express Nederland Almere, the Netherlands
Corporate Express Polska Sp.zoo Gdynia, Poland
Corporate Express Svenska AB Borås (Goteborg), Sweden
Corporate Express UK Ltd Birmingham, United Kingdom
Veenman BV Capellea/dIJssel (Rotterdam), the Netherlands
Veenman Deutschland GmbH Stuttgart, Germany

Office Products Australia
Division headquarters in Sydney, Australia
Corporate Express Australia Ltd (53.1%) Rosebery, Sydney, NSW, Australia
Corporate Express New Zealand Ltd (53.1%) Auckland, NewZealand

ASAP Software
ASAP Software Express,Inc. BuffaloGrove, IL, U.S.A.
ASAP Software SAS St.Ouen (France)

Graphic Systems
Division headquarters in Amsterdam, the Netherlands
Plantin NV Brussels (Evere), Belgium
BTI-HellasAEE Metamorphosis (Athens),Greece
Macchingraf SpA OspiatediBollate (Milan),Italy

Tetterode - Nederland BV Amsterdam, the Netherlands
Maquinaria Artes Gráficas Hartmann, SA Cornellàde Llobregat (Barcelona), Spain

Other
Buhrmann Shared Service Center (Europe) NV Hasselt, Belgium
Buhrmann International BV Amsterdam, the Netherlands
Buhrmann Nederland Holding BV Amsterdam, the Netherlands
Buhrmann Silver SA Luxembourg .
Buhrmann US, Inc. Broomfield, CO, U.S.A
Buhrmann Silver US, LLC Delaware, CO, U.S.A.
Buhrmann Silver Financing, LLC Delaware, CO, U.S.A.

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Policy on Additions to Reserves and Dividends

The policy on additions to reserves and dividends adopted by the General Meeting of Shareholders held on 29 April 2004 [and amended to take account of the effect of IFRS adjustments] is the following:

Reserves

Buhrmann aims to add respectively charge to the reserves of the Company the statutory profit or loss for the year after distribution of the statutory dividend on the Preference Shares A and after deducting the proposed dividend on ordinary shares. Specific accounting results such as relating to refinancing, acquisitions, divestments, restructuring or other strategic considerations may lead to adjustments in the additions made to the reserves.

Dividends on ordinary shares

Buhrmann aims to propose to declare annually a dividend on each ordinary share representing around 20 to 30% of the consolidated net result attributable to ordinary shares divided by the number of ordinary shares outstanding at year end. In case special items such as those related to acquisitions, divestments, restructuring, impairments or refinancing are incurred, allowance can be made for (after tax elements of) these items. Additionally, financing charges reported under exchange results due to translation of long-term internal and external borrowings are added back to the base used to calculate the dividend. The dividend declared may be distributed in cash and/or stock.

The proposed dividend for a fiscal year must be approved by the General Meeting of Shareholders, and the dividend is paid after this meeting.

Buhrmann s arrangements for its indebtedness, such as the Senior Facilities Agreement and the subordinated bond loans generally contain various restrictions on the ability of Buhrmann to pay cash dividends. Buhrmann s ability to pay dividends is currently contingent on it meeting certain financial ratios as determined by Buhrmann s earnings, indebtedness and other indicators of Buhrmann s financial condition and results of operations. These restrictions take precedence over the policy outlined above.

Dividend may be subject to Netherlands statutory withholding taxes.

See also the chapter Description of share capital and Articles of Association of Buhrmann NV.

Dividends paid in 2002 2005

The following table sets out the dividend per ordinary share declared by Buhrmann for the preceding fiscal year:

Year of dividend declaration	Dividend declared

2002*	EUR 0.07
2003*	EUR 0.07
2004*	EUR 0.07
2005	EUR 0.14

* The dividend declared in the fiscal years 2002, 2003 and 2004 was paid entirely in shares. For shareholders who wished to receive a cash amount in lieu of shares, the Company converted their stock dividends into ordinary shares and sold such shares on the open market. These shareholders then received a cash amount of €0.07 gross per ordinary share.

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Dividend Proposal

A proposal will be submitted to the General Meeting of Shareholders to be held on 13 April 2006 to pay a dividend of €0.17 per ordinary share. In line with the policy on additions to reserves and dividends of the Company, this represents 24% of the consolidated net result available to holders of ordinary shares after adding back certain special items amounting to €119.2 million, divided by the number of ordinary shares outstanding at 31 December 2005.

The dividend on ordinary shares will be paid either wholly in cash or in new ordinary shares, at the option of the shareholder, and will be debited to the share premium reserve.

An amount of €11.2 million will be paid to holders of (depositary receipts of) Preference Shares A (representing a statutory dividend of €0.21 per share).

Shareholders will be contacted by their bank or agent, by whom on 18 April 2006 (after closure of the stock exchange) their shares are deposited in order

to make the choice between a dividend in shares or in cash. The period of time in which shareholders can determine their choice for payment in shares or in cash ends on 27 April 2006 before closure of the Amsterdam Stock Exchange.

On Thursday 27 April 2006 after closure of the stock exchange the Executive Board will determine, on the basis of the average share price on that day, the number of dividend rights of ordinary shares that give title to one ordinary share of nominally €1.20.

The new ordinary shares will be entitled to the dividend over the financial year 2006 and the following years. As of Wednesday 19 April 2006 the new ordinary shares will be listed ex-dividend. No trading in dividend rights will take place.

Issue of the new ordinary shares in accordance with this proposal (in the case of stock dividend) respectively payment of the cash amount will be effected as from Tuesday 2 May 2006.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Executive Board and Shareholders of Buhrmann NV.

In our opinion the accompanying consolidated balance sheets and the related consolidated statements of income, cash flow statements and consolidated statements of recognised income and expense as set out on pages 76 to 138 and 144 to 150 present fairly, in all material respects, the financial position of Buhrmann NV and its subsidiaries at 31 December 2005 and 2004 and the results of their operations and their cash flows for each of the two years in the period ended 31 December 2005 in conformity with International Financial Reporting Standards as adopted by the EU. These financial statements are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the Netherlands and with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

International Financial Reporting Standards as adopted by the EU vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 37 to the consolidated financial statements.

Amsterdam, The Netherlands, 23 February 2006

PricewaterhouseCoopers Accountants N.V.

P.R. Baart RA

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In July 2002 several Buhrmann operating companies entered into various contracts relating to Buhrmann s accounts receivable securitisation programme, including the Master Definitions and Framework Deed. The programme documentation has been amended over time. Currently, the following U.S. operating companies are selling accounts receivables under the programme: (i) Corporate Express Office Products, Inc., (ii) ASAP Software Express, Inc. and (iii) Corporate Express Document and Print Management, Inc. The last amendment dates 30 November 2005, whereby the programme documentation has been amended to reflect the following changes to the programme: (i) the CP issuer under the programme (Rheingold) has been replaced by Erasmus Capital Corporation, (ii) Corporate Express Document and Print Management, Inc. acceded to the programme, (iii) the remaining Dutch originator Buhrmann Office Products Nederland B.V. repurchased its receivables and this company was subsequently released from the programme and (iv) the programme documentation was amended to reflect that no more European operating companies are part of this programme.

On 10 December 2002, Buhrmann NV and Heidelberger Druckmaschinen A.G. entered into a Distributorship Agreement which extends Buhrmann s right to sell and service certain Heidelberg products in the Netherlands, Belgium, Luxembourg, Italy, Greece and Spain. The agreement took effect as of 1 July 2003 and applies for five years. After the five years period, the agreement will continue to be in effect unless terminated with 18 months prior written notice by one of the parties.

In September 2003, Buhrmann sold its Paper Merchanting Division to PaperlinX Ltd. (Melbourne, Australia) for a purchase price of €706 million on a cash- and debt-free basis, subject to certain purchase price adjustments. Pursuant to the agreement for the sale and purchase of the Paper Merchanting Division, dated 8 September 2003, Buhrmann had to give representations and warranties to the buyer customary for contracts of that type and size as well as hold the buyer harmless for certain known and threatened liabilities.

On 23 December 2003, Buhrmann entered into a Senior Facilities Agreement to replace the Senior Credit Agreement entered into in 1999 with a new Senior Credit Facility. The new Senior Facilities Agreement arranged with a syndicate of banks led by Deutsche Bank and ABN AMRO, consisted of

Term Loans A of €120 million, Term Loans B with tranches of €50 million and US$380 million and a working capital facility of €255 million. The new Senior Facilities Agreement imposes certain restrictions on Buhrmann and certain of its subsidiaries, including restrictions on the ability to incur additional indebtedness. Under the new Senior Facilities Agreement, Buhrmann must also comply with certain financial maintenance covenants. The security provided for the new Senior Facilities Agreement is a pledge on assets of Buhrmann NV, all its material existing and future operating companies in the United States and the Netherlands. Borrowings under the new Senior Facilities Agreement bear interest at floating rates related to LIBOR for the relevant currency for varying fixed interest periods. On 28 June 2004, the Term Loans B were replaced by Term Loans C with tranches of €50 million and US$503 million. The terms and conditions remained the same except for a reduction in the interest margin payable. On 30 November 2005 the Senior Facilities Agreement was amended to reflect the following changes: (i) the Term Loans C were subsequently replaced by Term Loans D with tranches of €50,000,000 and US$503,000,000, (ii) the (uncommitted) incremental term facility was increased to US$500,000,000 and (iii) besides a reduction in the interest margin payable on the new Term Loans D, some additional changes were made to moderate and eliminate some of the restrictions imposed on Buhrmann.

In December 2003, Buhrmann issued a €115 million seven-year Subordinated Convertible Bond with listing on the Amsterdam Stock Exchange. The Bond has a coupon of 2% which is payable annually on 18 June and is convertible in Buhrmann ordinary shares. The initial conversion price was €8.40 per ordinary share and is adjusted annually. The Bond must be redeemed on or before 18 December 2010. Buhrmann has the option to redeem the Bond after 9 July 2008 if the official closing price of Buhrmann s ordinary shares has been in excess of 150% of the conversion price for 20 trading days in a period of 30 trading days.

In June 2004, Buhrmann US Inc. issued US$150 million in aggregate principal amount of 8 1/4% Senior Subordinated Notes due 2014 (the 2014 Notes) in a private placement. These bonds are unsecured obligations of Buhrmann US Inc., and are guaranteed by Buhrmann and certain of its subsidiaries. In September 2004, Buhrmann US Inc. filed a registration statement on Form F-4 with the SEC for US$150 million in aggregate principal amount of 2014 Notes, the terms of which were

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substantially identical to the unregistered bonds issued in June. The registration statement filed by Buhrmann US Inc. was an offer to exchange all of its outstanding 2014 Notes for the newly registered 2014 Notes. Pursuant to this exchange offer, which closed in October 2004, the registered bonds were issued to existing holders in exchange for their unregistered bonds.

On 22 February 2005, Buhrmann reached agreement with all the holders of the preference Shares C regarding the repurchase by Buhrmann of all 43,628 issued and outstanding Preference Shares C for an aggregate purchase price of US$520 million in cash. Part of the consideration in relation to the Preference C repurchase consisted of our granting to all sellers of Preference Shares C options to acquire in aggregate 36,500,000 of our ordinary shares at a price of €10 per share. This option lapsed as per 30 December 2005.

In March 2005, Buhrmann US Inc. issued US$150 million in aggregate principal amount of 7 7/8% Senior Subordinated Notes due 2015 (2015 Notes) in a private placement. These bonds are unsecured obligations of Buhrmann US Inc., and are guaranteed by Buhrmann and certain of its subsidiaries. In August 2005, Buhrmann US Inc. filed a registration statement on Form F-4 with the SEC for US$150 million in aggregate principal amount of 2015 Notes, the terms of which were substantially identical to the unregistered bonds issued in March. The registration statement filed by Buhrmann US Inc. was an offer to exchange all of its outstanding 2015 Notes for the newly registered 2015 Notes. Pursuant to this exchange offer, which closed in September 2005, the registered bonds were issued to existing holders in exchange for their unregistered bonds.

Exchange Controls

There are currently no limitations, either under the laws of the Netherlands or in our Articles of Association, on the rights of non-residents to hold or vote ordinary shares. Cash distributions, if any, payable in euros on ordinary shares may be officially transferred from the Netherlands and converted into any other currency without Dutch legal

restrictions. However, no payments, including dividend payments, may be made to jurisdictions subject to certain sanctions, adopted by the government of the Netherlands, implementing resolutions of the Security Council of the United Nations or regulations of the European Union.

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Exchange Rate Information

Buhrmann presents its financial statements in euro.

The following table sets forth, for the periods indicated, certain information regarding the Noon Buying Rate for the euro for the period 2001 2005.

The term Noon Buying Rate means the noon buying rate in New York City for cable transfers into foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York:

	US dollar per euro			
	Year end	Average	High	Low
2001	0.8901	0.8909	0.9535	0.8370
2002	1.0485	0.9495	1.0485	0.8594
2003	1.2597	1.1315	1.2597	1.0361
2004	1.3538	1.2439	1.3625	1.1801
2005	**1.1842**	**1.2447**	**1.3476**	**1.1667**

The average Noon Buying Rate for each year is calculated by using the average of the Noon Buying Rates on the last day of each month during the year.

In determining earnings originally stated in foreign currencies, Buhrmann used an average of daily exchange rates of the respective currency versus the euro. For the Balance Sheet, Buhrmann used the exchange rates of the last business day of the reported period. The following table shows the applicable rates used for such purposes for the periods indicated:

	Balance Sheet as of 31 December	Income Statement for year ended 31 December

	2003	2003
Australian dollar per euro	1.6802	1.7384
Canadian dollar per euro	1.6234	1.5821
British pound per euro	0.7048	0.6918
US dollar per euro	1.2630	1.1307

	Balance Sheet as of 31 December 2004	Income Statement for year ended 31 December 2004
Australian dollar per euro	1.7459	1.6891
Canadian dollar per euro	1.6416	1.6169
British pound per euro	0.7051	0.6785
US dollar per euro	1.3621	1.2434

	Balance Sheet as of 31 December 2005	Income Statement for year ended 31 December 2005
Australian dollar per euro	1.6109	1.6327
Canadian dollar per euro	1.3725	1.5096
British pound per euro	0.6853	0.6839
US dollar per euro	1.1797	1.2446

The following table sets forth the high and low Noon Buying Rate for the euro of each of the monthly periods indicated in US dollar per euro:

Month	High	Low
September 2005	1.2538	1.2011
October 2005	1.2148	1.1914
November 2005	1.2067	1.1667

December 2005	1.2041	1.1699
January 2006	1.2287	1.1980
February 2006 (until 23 February 2006)	1.2100	1.1882

On 23 February 2006, the exchange rate of the euro to the US dollar based on the Noon Buying Rate of the Federal Reserve Bank of New York was €1.00 = US$1.1923.

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The information set out below is only a summary of certain material U.S. tax consequences of an investment in Buhrmann NV s American Depositary Shares and ordinary shares and of the principal Dutch tax consequences of an investment in ordinary shares.

U.S. and Dutch taxation may change from time to time. Investors should consult their professional advisers as to the tax consequences of an investment in American Depositary Shares and ordinary shares, including the effect of tax laws of any other jurisdiction.

U.S. federal income taxation

The following discussion describes the material U.S. federal income tax considerations of an investment in American Depositary Shares or ordinary shares. For the purposes of this discussion, a U.S. Holder means a beneficial owner of an American Depositary Share or ordinary share that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organised in or under the laws of the United States, any State or the District of Columbia, (iii) an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust, the administration of which is subject to the primary supervision of a court in the United States and for which one or more U.S. persons have the authority to control all substantial decisions. If a partnership holds American Depositary Shares or ordinary shares, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships holding American Depositary Shares or ordinary shares should consult their own tax advisers. Except as otherwise provided, the discussion below deals only with U.S. Holders who hold American Depositary Shares or ordinary shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code.

This discussion also does not deal with persons who may be subject to special treatment under the U.S. federal income tax laws (including, without limitation, Holders other than U.S. Holders, insurance companies, tax-exempt organisations, individual retirement accounts and other tax-deferred accounts, financial institutions, broker-dealers, corporations that own (or are deemed to

own) 10% or more (by vote and value) of the stock of Buhrmann NV, persons that will hold an American Depositary Share or ordinary share through a partnership or other pass-through entity, an entity (and the beneficial owners thereof) that is a conduit entity holding an American Depositary Share or ordinary share as part of a conduit financing arrangement within the meaning of the Treasury Regulations promulgated under the authority of Section 7701(l) of the Code, persons whose functional currency is not the US dollar, individuals who are subject to Section 877 of the Code and persons that will hold an American Depositary Share or ordinary share as a position in a straddle, hedge, constructive sale transaction or conversion transaction). This summary also does not discuss tax consequences under state, local or foreign tax laws.

This summary is based on the Code, Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect on the date hereof and all of which are subject to change, which change may be retroactive and may affect the tax consequences described herein. This discussion is not binding on the IRS or the courts. No ruling has been sought or will be sought from the IRS with respect to the positions and issues discussed herein, and there can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of American Depositary Shares or ordinary shares or that any such position would not be sustained. Investors in American Depositary Shares or ordinary shares should consult their own tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

American Depositary Shares and ordinary shares

This section is based in part on representations of the depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. The United States Treasury has expressed concerns that parties to whom American Depositary Shares are pre-released may be taking actions that are inconsistent with the claiming, by United States persons of American Depositary Shares, of foreign tax credits for United States federal income tax purposes. Accordingly, the analysis of the creditability of Dutch taxes described

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below, and the availability of the reduced tax rate for dividends received by certain non-corporate United States persons, could be affected by future actions that may be taken by the United States Treasury.

Ownership of American Depositary Shares in general

A beneficial owner of American Depositary Shares will be treated as the beneficial owner of the ordinary shares represented by such American Depositary Shares for U.S. federal income tax purposes. Deposits and withdrawals of common stock by you in exchange for American Depositary Shares will not result in the realisation of gain or loss for U.S. federal income tax purposes.

Dividends on American Depositary Shares or ordinary shares

The gross amount of any distribution by Buhrmann NV of cash or property (other than certain distributions, if any, of ordinary shares distributed pro rata to all shareholders of Buhrmann NV) with respect to American Depositary Shares or ordinary shares will be includable in income by a U.S. Holder as dividend income at the time of receipt (which, for a holder of American Depositary Shares, generally will be the date of receipt by the depositary) to the extent such distributions are made from the current or accumulated earnings and profits of Buhrmann NV as determined under U.S. federal income tax principles. Such a dividend will not be eligible for the dividends received deduction generally allowed to corporate shareholders. To the extent, if any, that the amount of any distribution by Buhrmann NV exceeds Buhrmann NV s current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of the U.S. Holder s adjusted tax basis in the American Depositary Shares or ordinary shares and thereafter as capital gain. Notwithstanding the foregoing, Buhrmann NV does not intend to maintain calculations of earnings and profits as determined under U.S. federal income tax principles.

For taxable years beginning before 1 January 2009, dividends received by an individual are eligible for preferential rates of taxation, provided (1) certain holding period requirements are satisfied, (2) either (a) our American Depositary Shares continue to be listed on the New York Stock Exchange (or other national securities exchange that is registered under section 6 of the Securities Exchange Act of 1934, as amended, or the Nasdaq Stock Market) or (b) we are eligible for the benefits of the United

States-Netherlands income tax treaty, and (3) we are not a passive foreign investment company . The determination of whether a dividend qualifies for the preferential rates must be made at the time the dividend is paid.

Includable distributions paid in euros, including any Dutch withholding taxes, will be included in the gross income of a U.S. Holder in a US dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the euros are converted into US dollars at that time. If euros are converted into US dollars on the date of receipt, a U.S. holder generally should not be required to recognise any foreign exchange gain or loss.

Sale or exchange of American Depositary Shares or ordinary shares

A U.S. Holder generally will recognise gain or loss on the sale or exchange of American Depositary Shares or ordinary shares equal to the difference between the amount realised on such sale or exchange and the U.S. Holder s adjusted tax basis in the American Depositary Shares or ordinary shares. Gain or loss recognised by a U.S. Holder on the sale or exchange of an American Depositary Share or ordinary share generally will be capital gain or loss and generally will be long-term if held more than one year and otherwise short-term. Generally, for U.S. Holders who are individuals, long-term gain is subject to tax at preferential rates, while short-term gain is taxed at the rates applicable to ordinary income, which, for gains recognised before 1 January 2009, may be higher than the rates applicable to dividends. The distinction between capital gain or loss and ordinary income or loss is also important in other contexts; for example, for purposes of the limitations on a U.S. Holder s ability to offset capital losses against ordinary income.

Foreign tax credit considerations

For purposes of the U.S. foreign tax credit limitations, dividends on the American Depositary Shares or ordinary shares will be foreign source income and will generally be passive income (or financial services income in the hands of certain persons engaged in financial businesses). Under recently enacted legislation, for taxable years beginning after 31 December 2006, dividends on the American Depository Shares will generally be passive category income (or general category

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income in the case of certain persons engaged in financial business). In general, for foreign tax credit limitation purposes, gain or loss realised upon sale or exchange of the American Depositary Shares or ordinary shares by a U.S. Holder will be U.S. source income or loss, as the case may be. Subject to certain complex limitations, including holding period requirements, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability or a deduction in computing its U.S. federal taxable income in respect of any Dutch taxes withheld by Buhrmann NV.

U.S. Holders should consult their tax advisers as to the consequences of Dutch withholding taxes and the availability of a foreign tax credit or deduction.

Passive foreign investment company considerations

The Code provides special anti-deferral rules regarding certain distributions received by U.S. persons with respect to, and sales and other dispositions, including pledges, of stock of a passive foreign investment company , or PFIC. A foreign corporation, such as Buhrmann NV, will be treated as a PFIC for any taxable year if 75% or more of its gross income for the taxable year is passive income or the average percentage of its assets, by value, that produce or are held for the production of passive income is at least 50%. Buhrmann NV believes that it was not a PFIC for the taxable year ended 31 December 2004, and expects to conduct its affairs in such a manner so that it will not be a PFIC in the foreseeable future.

Information reporting requirements and backup withholding tax

A U.S. Holder (other than an exempt recipient, including a corporation and certain other persons who, when required, demonstrate their exempt status) may be subject to backup withholding at a rate of 28% on, and to information reporting requirements with respect to dividends on, and to proceeds from the sale or exchange of, American Depositary Shares or ordinary shares. In general, if a non-corporate U.S. Holder subject to information reporting fails to furnish a correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements, backup withholding may apply. The backup withholding tax is not an additional tax and may be credited against a U.S. Holder s regular U.S. federal income tax liability or refunded by the IRS where applicable.

Netherlands taxation of non-resident holders of ordinary shares

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, the ownership and disposition of ordinary shares. It is a general summary which does not discuss every aspect of taxation that may be relevant to a particular holder of ordinary shares under special circumstance, or who is subject to special treatment under applicable law. This summary also assumes that Buhrmann NV is organised, and that its business will be conducted, in the manner outlined in this Annual Report. Changes in the organisational structure or the manner in which Buhrmann NV conducts its business may invalidate this summary.

This summary is based on the tax laws of the Netherlands as they are in force and in effect on the date of this Annual Report. These laws could change and a change could be effective retroactively. This summary will not be updated to reflect changes in laws and if such change occurs the information in this summary could become invalid.

This is a general summary and the tax consequences described may not apply to each holder of shares of Buhrmann NV.

Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of shares of Buhrmann NV in particular circumstances.

We have not addressed every potential tax consequence of an investment in ordinary shares under the laws of the Netherlands.

General

The summary of certain Dutch taxes set out in this section   Netherlands taxation of non-resident holders of ordinary shares   only applies to a holder of ordinary shares who is a Non-Resident Holder of ordinary shares. Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall therefore be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law.

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A holder of ordinary shares is Non-Resident Holder, of ordinary shares if:

- He is neither resident, nor deemed to be resident, in the Netherlands for purposes of Dutch taxation and, in the case of an individual, has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes; and
- His ordinary shares and income or capitalgains derived there from has no connection with his past, present or future employment, if any;
- His ordinary shares do not form part, and are not deemed to form part, of a substantial interest (aanmerkelijk belang), or a deemed substantial interest, in Buhrmann NV with in the meaning of Chapter 4 of the Dutch Income Tax Act 2001 (Wet IB2001), unless such interest forms part of the assets of an enterprise; and
- if it is not an individual, no part of the benefits derived from its ordinary shares is exempt from Dutch corporate income tax under the participation exemption as laid down in the Dutch Corporation Tax Act 1969 (Wet op de vennootschapsbelasting 1969).

Generally, if a person holds an interest in Buhrmann NV, such interest forms part or is deemed to form part of a substantial interest in Buhrmann NV if any one or more of the following circumstances is present:

- He alone or, in the case of an individual, together with his partner (partner, if any) has, directly or indirectly, the ownership of shares of Buhrmann NV representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of Buhrmann NV, or rights to acquire, directly or indirectly, shares, whether or not already issued, that represent 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of Buhrmann NV, or the ownership of profit participating certificates (winstbewijzen) that relate to 5% or more of the annual profit of Buhrmann NV or to 5% or more of the liquidation proceeds of Buhrmann NV.
- His shares, profit participating certificates or rights to acquire shares or profit participating certificates in Buhrmann NV have been acquired by him or are deemed to have been acquired by him under a non-recognition Provision.
- His partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of his partner has a substantial interest (as described here above) in Buhrmann NV.

For purposes of the above, a person who is only entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and his entitlement to benefits is considered a share or a profit participating certificate, as the case may be.

Taxes on income and capital gains

A Non-Resident Holder of ordinary shares will not be subject to any Dutch Taxes on income or capital gains (other than the dividend withholding tax described below) in respect of benefits from Ordinary Shares, including any capital gains realised on the disposal thereof,

- if he or it derives profits from an enterprise, whether as an entrepreneur (ondernemer) or pursuant to a co-entitlement to the net value of such enterprise, other than (i) as a shareholder, if he is an individual, or (ii) as a holder of securities, if it is not an individual, which enterprise is either managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands provided that his or its ordinary shares are not attributable to such enterprise; and
- if he is an individual, provided that he does not derive benefits from ordinary shares that are taxable as benefits from miscellaneous activities in the Netherlands.

The concept dividends distributed by Buhrmann NV as used in this section includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions (including, as a rule, consideration for the repurchase of ordinary shares by Buhrmann NV (other than a repurchase as a temporary investment) in excess of the average capital recognised as paid-in for Dutch dividend withholding tax purposes), and repayments of capital not recognised as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of redemption of ordinary shares in excess of the average capital recognised as paid-in for Dutch dividend withholding tax purposes;

the par value of ordinary shares issued by Buhrmann NV to a holder of ordinary shares or an increase of the par value of ordinary shares, as the case may be, to the extent that it does not appear that a contribution, recognised for Dutch dividend withholding tax purposes, has been made or will be made; and

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partial repayment of capital, recognised as paid in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (zuivere winst), unless (a) the General Meeting of Shareholders of Buhrmann NV has resolved in advance to make such repayment and (b) the par value of the shares concerned has been reduced by an equal amount by way of an amendment to the Articles of Association of Buhrmann NV.

A Non-Resident Holder of ordinary shares who is an individual may, inter alia, derive benefits from ordinary shares that are taxable as benefits from miscellaneous activities in the Netherlands in the following circumstances:

- if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of the use of insider knowledge (voorkennis) or comparable forms of special knowledge; or
- if he makes ordinary shares available or is deemed to make ordinary shares available, legally or in fact, directly or indirectly, to a connected person (verbonden persoon) as described in Articles 3.91 and 3.92 of the Dutch Income Tax Act 2001;

if such activities are performed or deemed to be performed in the Netherlands.

Dividend withholding tax

Dividends distributed by Buhrmann NV to a Non-Resident Holder of ordinary shares are generally subject to a withholding tax imposed by the Netherlands at a rate of 25%. See the subsection Taxes on income and capital gains for a description of the concept dividends distributed by Buhrmann NV .

If a double tax treaty is in effect between the Netherlands and the country of residence of a Non-Resident Holder of ordinary shares, such holder may be eligible for full or partial relief from the Dutch dividend withholding tax, provided that such relief is timely and duly claimed. Pursuant to domestic rules to avoid dividend stripping, dividend withholding tax relief will only be available to the beneficial owner (uiteindelijk gerechtigde) of dividends distributed by Buhrmann NV. The Dutch tax authorities have taken the position that this beneficial ownership test can also be applied to deny relief from Dutch dividend withholding tax under double tax treaties and the tax arrangement for the Kingdom of the Netherlands (Belastingregeling voor het Koninkrijk).

A holder of shares who receives proceeds there from shall not be recognised as the beneficial owner of such proceeds if, in connection with the receipt of the proceeds, he or it has given a consideration, in the framework of a composite transaction including, without limitation, the mere acquisition of one or more dividend coupons or the creation of short-term rights of enjoyment of shares (kortlopende genotsrechten op aandelen), whereas it may be presumed that (i) such proceeds in whole or in part, directly or indirectly, inure to a person who would not have been entitled to an exemption from, or who would have been entitled to a smaller reduction or refund of, or credit for, dividend withholding tax than the actual recipient of the proceeds; and (ii) such person acquires or retains, directly or indirectly, an interest in shares or similar instruments, comparable to its interest in shares or prior to the time the composite transaction was first initiated.

Under the convention of 18 December 1992, between the Kingdom of the Netherlands and the United States of America for the Avoidance of Double Taxation and the prevention of Fiscal Evasion with respect to Taxes on Income (U.S./NL Income Tax Treaty), the Dutch dividend withholding tax rate on dividends paid by Buhrmann NV on ordinary shares held by a Non-Resident Holder of ordinary shares who is resident in the United States and who is entitled to the benefits of the U.S./NL Income Tax Treaty will generally be reduced to 15%. The U.S./NL Income Tax Treaty provides for a complete exemption for dividends received by exempt pension trusts and exempt organisations, as defined therein. Except in the case of exempt organisations, the reduced dividend withholding tax rate under the U.S./NL Income Tax Treaty may be available at source, upon payment of a dividend in respect of such ordinary shares, provided that the holder thereof or, if applicable, the paying agent, has supplied Buhrmann NV with the appropriate Dutch tax forms in accordance with the Dutch implementation regulations under the U.S./NL Income Tax Treaty. If such forms are not duly and timely provided, Buhrmann NV generally will be required to withhold the dividend withholding tax at the Dutch statutory rate of 25%. In such case, a Non-Resident Holder of ordinary shares who is resident in the United States and who is entitled to the benefits of the U.S./NL Income Tax Treaty may obtain a refund of the difference between the amount withheld and the amount that the Netherlands was entitled to levy in accordance with the U.S./NL Income Tax Treaty by filing the appropriate forms with the Dutch tax authorities within the term set therefore.

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Reduction

If Buhrmann NV has received a profit distribution from a foreign entity, or a repatriation of foreign branch profit, that is exempt from Dutch corporate income tax and that has been subject to a foreign withholding tax of at least 5%, Buhrmann NV may be entitled to a reduction of the amount of Dutch dividend withholding tax withheld that must be paid over to the Dutch tax authorities in respect of dividends distributed by Buhrmann NV.

Non-Resident Holders of ordinary shares are urged to consult their tax advisors regarding the general creditability or deductibility of Dutch dividend withholding tax and, in particular, the impact to such investors of Buhrmann NV s potential ability to receive a reduction as meant in the previous paragraph.

Gift tax and inheritance tax

A person who acquires ordinary shares as a gift (in form or in substance) or who acquires or is deemed to acquire ordinary shares on the death of an individual, will not be subject to Dutch gift tax or to Dutch inheritance tax, as the case may be, unless:

- the donor is or the deceased was resident or deemed to be resident in the Netherlands for purposes of gift or inheritance tax, as the case may be; or
- the ordinary shares are or were attributable to an enterprise or part of an enterprise that the donor or the deceased carried on through a permanent establishment or a permanent representative in the Netherlands at the time of the gift or of the death of the deceased; or
- the donor makes a gift of ordinary shares, then becomes a resident or deemed resident of the Netherlands, and dies as aresident or deemed resident of the Netherlands within 180 days after the date of the gift.

Other taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands by a Non-Resident Holder of ordinary shares in respect of or in connection with the subscription, issue, placement, allotment or delivery of ordinary shares.

Selected Financial Data US GAAP

The selected financial data set forth below is presented in accordance with US generally accepted accounting priciples (US GAAP). For a discussion of the material differences between IFRS and US GAAP, as applicable to Buhrmann, please see Note 37 to our Consolidated Financial Statements.

Additionally, please see the sections About Buhrmann and Group Financial Review for a description of major events and significant acquisitions or divestments that may affect the comparability of the results of operations presented below.

Amounts in accordance with US GAAP

in millions of euro, unless stated otherwise	2001	2002	2003	2004	2005	2005[1]
Statement of income data						
Net sales[2]	7,310	6,967	5,840	5,550	5,896	US$6,982
Operating result[2]	116	(718)	182	213	235	US$278
Result from continuing operations[2]	13	(849)	(59)	104	131	US$155
Discontinued operations[2]	22	(92)	(249)	4	5	US$6
Net result before cumulative effect of change in accounting principles[2]	35	(941)	(308)	108	136	US$161
Cumulative effect of change in accounting principles, after tax[2]			(29)			
Net result[2]	35	(941)	(337)	108	136	US$161

at period end, in millions of euro, unless stated otherwise	2001	2002	2003	2004	2005	2005[1]
Balance sheet date						
Total assets[2]	7,701	5,607	3,791	3,683	4,080	US$4,832

Long-term borrowings	2,059	1,678	949	822	1,059	US$1,254
Shareholders equity[5]	3,120	1,869	1,456	1,474	1,578	US$1,869

in euro, unless stated otherwise	2001	2002	2003	2004	2005
Other data					
Basic result from continuing operations per ordinary share[3]	(0.15)	(6.32)	(0.64)	0.46	0.44
Basic net result before cumulative effect of change in accounting principle per ordinary share[3]	0.01	(6.98)	(2.39)	0.49	0.47
Basic net result per ordinary share[3]	0.01	(6.98)	(2.60)	0.49	0.47
Fully diluted result from continuing operations per ordinary share[3]	(0.15)	(6.32)	(0.64)	0.43	0.41
Fully diluted net result before cumulative effect of change in accounting principle per ordinary share[3]	0.01	(6.98)	(2.39)	0.46	0.44
Fully diluted net result per ordinary share[3]	0.01	(6.98)	(2.60)	0.46	0.44
Dividend declared per ordinary share in USD[4]	0.19	0.08	0.08	0.08	0.17

1 Certain euro amounts for 2005 have been translated into United States dollars at the Noon Buying Rate at 31 December 2005 of 1,1842 US dollars to the euro, respectively. Such translations should not be construed as representation that the euro amounts represent, or have been or could be converted into, United States dollars at that or any other rate.

2 Several US GAAP adjustments have been made to net result under IFRS to comply with US GAAP. These adjustments have been made, among other things, to:

amortise intangible assets;
record different treatment of hedge accounting on derivative instruments;
amortise actuarial gains and losses regarding defined benefit pension plans;
defer revenue for timing differences in recognition;
write-off and amortise financing fees;
record unconditional catalogue contributions as a reduction of inventory cost;
record different treatment of allowances on deferred tax assets;
record Preference Shares A and C as equity components rather than as liabilities;
record the Convertible Subordinated Bonds fully as a liability.

Several US GAAP adjustments have been made to total assets under IFRS to comply with US GAAP. These adjustments have been made, among other things, to:

recognise goodwill on acquisitions that was written off to equity;
adjust goodwill for and integration provisions not allowed under US GAAP;
recognise intangible assets;
recognise actuarial gains and losses regarding defined benefit pension plans;
adjust capitalised financing fees;

reduce inventory values for unconditional catalogue contributions;
record different treatment of all owances on deferred tax assets;
record Preference Shares A and C as equity components rather than as liabilities;
record the Convertible Subordinated Bonds fully as a liability.

For more detailed information about the US GAAP adjustments, see Note 37 in the section Financial Statements .

3 The weighted average number of ordinary shares outstanding in 2001, 2002, 2003 and 2004 to calculate earnings per share have been adjusted by a factor 0.9456 to compensate for the dilution effect caused by the rights issue in the first quarter of 2005.

4 The dividend was translated from euro to U.S. dollar at the 23 February 2006 Noon Buying Rate (for a definition see Exchange Rate Information on page164) for cable transfers of €1=US$1,1923 dollar.

5 During the years ended 31 December 2001, 2002, 2003 and 2004 we presented minority interests as part of share holders equity under US GAAP. As minority interests are not presented within shareholders equity under US GAAP, we have revised this presentation in 2005. The effect of the change in presentation on our previously reported shareholders equity under US GAAP is a decrease of €37 million, €41 million, €48 million and €56 million in 2001, 2002, 2003 and 2004 respectively.

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4 Chapter 11

Additional Information about Buhrmann Shares

Buhrmann Shares

Development in the number of Buhrmann ordinary shares issued and outstanding

	On 1 January issued	Stock dividend[1]	Equity placements and restructuring[2]	On 31 December issued	Treasury stock[3]	On 31 December outstanding
2001	102,544,130	1,690,863	27,600,000	131,834,993	509,355	131,325,638
2002	131,834,993	793,068		132,628,061	515,418	132,112,643
2003	132,628,061	4,063,857		136,691,918	526,155	136,165,763
2004	136,691,918	1,434,610		138,126,528	531,364	137,595,164
2005	**138,126,528**	**1,841,644**	**39,356,532**	**179,324,704**	**574,992**	**178,749,712**

1 In 2001 and 2005 shareholders could choose to receive the dividend in stock rather than cash. From 2002 to 2004, a stock dividend was paid.For shareholders who wished to receive a cash amount in this period, the Company sold the shares in which the stock dividends have been converted.

2 In 2001 acapital increase was effected at €25.00 per share. In 2005 a rights issue took place to partly finance the buy-back of all Preference Shares C at a subscription price of €6.37.

3 Treasury stock are shares purchased to avoid dilution primarily caused by the exercise of option rights under the Buhrmann Incentive Plan.

Composition of enterprise value (at year end)

* Included in long-term loans as of 2004.

Dividend per share

Dividend proposal

With regard to the ordinary shares, a proposal will be submitted to the Annual General Meeting of Shareholders to be held on 13 April 2006 to pay a dividend of €0.17 per ordinary share. In line with Buhrmann s policy on additions to reserves and dividends, this represents 24% of the net profit* per ordinary share of €0.70. The dividend on ordinary shares will be paid either wholly in cash or in new ordinary shares, at the option of the shareholder taking into account restrictions related to the Senior Credit Facility.

An amount of €11.2 million will be paid to holders of Preference Shares A, representing a statutory dividend of €0.21 per share.

* Net results before changes in fair values and exceptional results.

Enterprise value (high, low, year end)

Ordinary shares and Preference Shares A (period 2001-03) are valued at market price, whereas of 2004 Preference Shares A are valued at nominal value, as under IFRS those Preference Shares A are considered to be a liability. The Preference Shares C have been repurchased at the end of March 2005.

Earnings per ordinary share

Net result attributable to holders of ordinary shares Buhrmann NV

in euro	First quarter	Second quarter	Third quarter	Fourth quarter	Full year
2004	0.04	0.10	0.15	0.33	0.62
2005	**(0.53)**	**0.10**	**0.16**	**0.18**	**0.01**

Credit agency ratings

at year end 2005	Rating*	Outlook
Moody s	Ba3	Stable
S&P	BB-	Stable

* Rating relates to Senior Implied Debt Rating.

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Buhrmann Shares

Share price development Buhrmann ordinary shares versus AEX index (2003 31 December 2005)

Indicative spread of ordinary shares as at 31 December 2005

Indicative spread of ordinary shares as at 31 December 2005

in percentage	Private	Institutional	**Total 2005**	Total 2004
The Netherlands	7	21	**28**	33
United Kingdom	0	24	**24**	31
France	0	8	**8**	7
Rest of Europe	0	9	**9**	5
North America	0	18	**18**	17
Rest of the world	0	1	**1**	1
Unidentified	0	12	**12**	6
Total	**7**	**93**	**100**	**100**

Major shareholders

Buhrmann s issued share capital consists of 178.7 million ordinary shares and 53.3 million Preference Shares A. As most of the ordinary shares are bearer shares, we have no exact information on holdings of shareholders. Based on current information we received, a stake of over 5% in our issued share capital, which may be a combination of ordinary shares and (depositary receipts of) Preference Shares A, is held by the following companies:

- ING Group NV (10 25%)
- Fortis Utrecht NV (5 10%)
- HNFP Holding NV (5 10%)

Stichting Administratiekantoor van Preferente Aandelen Buhrmann is holding all 53.3 million outstanding Preference Shares A. The voting power on the Preference Shares A is related to the economic value at the end of the month before a General Meeting of Shareholders will be called. Based on the current total share capital outstanding, the Preference Shares A represent up to a maximum of about 23% voting interest in Buhrmann NV (see Description of Share Capital, page 152 to 156).

Market capitalisation ordinary shares

in millions of euro	High	Low	Year end
2001	3,908	703	1,626
2002	2,079	317	552
2003	1,097	260	944
2004	1,246	791	987
2005	**2,258**	**987**	**2,222**

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Buhrmann Shares

Price of ordinary shares (daily closing)

in euro	High	Low	Year end
2001*	31.23	5.04	11.67
2002*	14.98	2.27	3.94
2003*	7.61	1.86	6.55
2004*	8.66	5.42	6.77
2005*	**12.63**	**7.06**	**12.43**

in euro	High	Low	Period end
Q1 2004*	8.66	6.40	6.96
Q2 2004*	7.85	6.43	7.73
Q3 2004*	7.85	5.70	5.74
Q4 2004*	6.83	5.42	6.77
Q1 2005*	8.38	7.06	7.80
Q2 2005	8.40	6.78	8.17
Q3 2005	10.05	8.24	10.05
Q4 2005	12.63	8.90	12.43

* All prices of ordinary shares up to 14 March 2005 have been recalculated for the €250 million rights issue in March 2005.

Price of ordinary shares (daily closing)

in euro	High	Low	Period end
September 2005	10.05	9.45	10.05
October 2005	10.10	8.90	9.22
November 2005	11.28	9.40	11.24
December 2005	12.63	11.34	12.43
January 2006	12.95	11.98	12.86
February 2006 (until 21st)	13.97	13.08	13.82

Price of Preference Shares A (daily closing)

in euro	High	Low	Year end
2004	3.46	2.90	2.95
2005	**3.50**	**2.93**	**3.11**

Price of American Depositary Receipts (daily closing)

in US dollar	High	Low	Year end
2001*	28.16	5.29	10.64
2002*	13.31	2.38	4.26
2003*	9.05	2.11	8.75
2004*	11.73	7.30	9.87
2005*	**14.90**	**8.73**	**14.71**

in US dollar	High	Low	Period end
Q1 2004*	11.73	8.62	9.24
Q2 2004*	10.10	8.25	10.05
Q3 2004*	10.16	7.42	7.60

Q4 2004*	9.87	7.30	9.87
Q1 2005*	11.55	9.92	10.06
Q2 2005	10.35	8.73	9.83
Q3 2005	12.35	9.83	12.01
Q4 2005	14.90	10.77	14.71

* All prices of American Depositary Receipts upto 14 March 2005 have been recalculated for the €50 million rights issue in March 2005.

Price of American Depositary Receipt (daily closing)

in US dollar	High	Low	Period end
September 2005	12.33	11.34	12.01
October 2005	11.97	10.77	11.07
November 2005	13.21	11.16	13.21
December 2005	14.90	13.30	14.71
January 2006	15.74	14.70	15.69
February 2006 (until 21st)	16.65	15.78	16.43

Annual volume of Buhrmann ordinary shares traded on Euronext Amsterdam

	Number of shares (millions)	Effective sales (x EUR millions)
2001	199.5	7,723
2002	191.7	3,300
2003	269.0	2,786
2004	253.3	3,680
2005	**387.0**	**6,908**

Movement in price of Buhrmann ordinary shares on Euronext Amsterdam

2005 9 February 2006*

1 Publication full year 2004 results
2 Announcement buy-back Preference Shares C
3 EGM, approval buy-back Preference Shares C
4 AGM
5 **Publication first quarter 2005 results**
6 **Publication second quarter 2005 results**
7 **Publication third quarter 2005 results**
8 Acquisition U.S. facility products company
9 Creation global merchandising function
10 Acquisition Spanish Ofiexpress
11 **Publication fourth quarter 2005 results**

* All prices of ordinary shares up to 14 March 2005 have been recalculated for the €250 million rights issue in March 2005.

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Buhrmann Shares

Stock exchange listings

Since December 1938 Buhrmann ordinary shares are listed on Euronext in Amsterdam (symbol: BUHR) and since September 2001 on NYSE in New York (symbol: BUH). The shares trade in the United States in the form of American Depositary Receipts.

Other securities traded

- Depositary receipts of cumulative Preference Shares A, with a face value of €1.20, listed on Euronext Amsterdam (symbol:BUHP)
- Buhrmann US, Inc.8 1/4% Subordinated Bonds 2004 2014
- Buhrmann US, Inc.7 7/8% Subordinated Bonds 2005 2015
- Buhrmann NV 2% Subordinated Convertible Bonds 2003 2010

Euronext Amsterdam derivatives market

- Buhrmann call / put options 1, 2, 3, 6, 9, 24 months

American Depositary Shares

We incorporate by reference the disclosure regarding our American Depositary Share programme included in the Registration Statement on Form 8-A, as filed with the Securities and Exchange Commission on 28 August 2001.

Major indices

The Buhrmann ordinary share is included in the main index of Euronext (AEX) in Amsterdam. Other indices in which Buhrmann is included at year end 2005 are inter alia, Euronext Top 150, S&P Europe 350 Index, S&P Global 1200, Dow Jones Euro STOXX, Dow Jones STOXX 600 Index, Ethibel Sustainability Index and Kempen/SNS Smaller Europe SRI Index.

According to the Industry Classification Benchmark (ICB) of FTSE Group and Dow Jones Indexes, Buhrmann is classified as Industrial Supplier (sub sector 2797) within the sector Support Services.

Disclosure/web site

All results announcements and press releases in general are sent out before market opening of Euronext. All results announcements,as well as any other major announcements, are accompanied by a conference call and/or meeting for the professional investment community. All others interested in these meetings and/or conference calls can listen to a simultaneous web cast to be accessed via our web site under Conference calls and Presentations at the Investor Relations section on www.buhrmann.com.

Furthermore all other presentations made to groups of investors are published at the same moment on our web site.

Shareholders Communication Channel

Buhrmann is one of the initiators of the Shareholders Communication Channel Foundation (Stichting Communicatiekanaal Aandeelhouders), which offers participating shareholders the possibility to vote at annual general meetings, without being present at the meeting either in person, or by proxy. The Communication Channel can also assist management and (groups of) shareholders with proxy solicitation. The Communication Channel s web site address is www.communicatiekanaal.com.

Private investors

In 2006, as we did in 2005, we will continue to focus on our private investors. In 2005 we were again one of the main sponsors of Dag van het Aandeel organised by the VEB Dutch Investors Association.

For more information

Buhrmann s corporate head office is located at, and its registered office address is, Hoogoorddreef 62, 1101 BE Amsterdam ZO, the Netherlands. Our telephone number is +31 (0)20 651 11 11.

www.buhrmann.com
www.corporateexpress.com
www.corporateexpress.info
www.ce.com.au
www.asap.com
www.buhrmanngraphics.info

Information included on our web sites does not form part of this Annual Report.

Investor relations

Telephone +31 (0)20 651 10 42
Fax +31 (0)20 651 10 05
Email ir@buhrmann.com

Corporate communications

Telephone +31 (0)20 651 10 34
Fax +31 (0)20 651 10 05
Email corpcomm@buhrmann.com

Important Dates

Registration date
Thursday 6 April 2006

General Meeting of Shareholders
Thursday 13 April 2006

Listing ex-dividend
Wednesday 19 April 2006

Selection period dividend ordinary shares
(in cash or in shares)
18 27 April 2006

Dividend payment ordinary shares
Tuesday 2 May 2006

Publication of first quarter 2006 results
Wednesday 3 May 2006

Publication of second quarter 2006 results
Wednesday 2 August 2006

Publication of third quarter 2006 results
Wednesday 1 November 2006

Publication of full year 2006 results
Thursday 8 February 2007

General Meeting of Shareholders
Thursday 12 April 2007

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Cross Reference to Form 20 F

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Mike Goldwater
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All products for the office
As a business services and distribution company, our focus is to support businesses and institutions by delivering an extensive range of products for their daily needs.

Buhrmann NV
Hoogoorddreef 62
1101 BE Amsterdam

P.O. Box 23456
1100 DZ Amsterdam
The Netherlands

Phone +31 (0)20 651 11 11
Fax +31 (0)20 651 10 00
www.buhrmann.com

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ITEM 19: EXHIBITS

Exhibit number	Description
***1.1	Articles of Association of Buhrmann NV, as last amended, dated 1 April 2005.
***2.1	Indenture, dated as of 2 March 2005 for the 77/8% Senior Subordinated Notes due 2015 among Buhrmann US Inc., as issuer, Buhrmann NV and the other guarantors listed therein and The Bank of New York, as trustee.
***2.2	Form of 77/8% Senior Subordinated Notes due 2015 (included in exhibit 4.1)
‡2.3	Indenture, dated as of 1 July 2004 for the 81/4% Senior Subordinated Notes due 2014 among Buhrmann US Inc., as issuer, Buhrmann NV and the other guarantors listed therein and The Bank of New York, as trustee.
‡2.4	Form of 81/4% Senior Subordinated Notes due 2014 (included in exhibit 4.3)
††2.5	Term and conditions of the 2.00% Guaranteed Convertible Subordinated Bonds due 2010.
†††4.1	Share Sale and Purchase Agreement, dated 22 February 2005, between the Apollo Holders and the Bain Holders and others as the sellers and Buhrmann N.V. as the purchaser, all the issued and outstanding Preference Shares C in Buhrmann N.V.
**4.2	Distributor Agreement, dated 10 December 2002 between Heidelberg Druckmaschinen Aktiengesellschaft (Heidelberg) and Buhrmann NV, effective as of 1 July 2003.
4.3	Deposit Agreement, dated as of 21 December 1993, Amended and Restated as of September 20, 2001 by and among Buhrmann NV and The Bank of New York as Depositary and Owners and Holders of American Depositary Receipts.
**4.4	Form of employment contract for Members of the Executive Board.
**4.5	Dutch Master Receivables Purchase Agreement, amended and restated on 18 July 2002 between Buhrmann-Ubbens BV, Proost and Brandt BV, Buhrmann Silver S.A, Silver Securitisation B.V., Deutsche Trustee Company Limited and Buhrmann NV.

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**4.6	English Originator Notice of Intention to Make Offers to Sell, given on July 18, 2002, by Robert Horne Group PLC, The Howard Smith Paper Group Limited and The M6 Paper Group Limited to Buhrmann Silver S.A.
††4.7	European Receivables Warehouse Company Sale and Purchase Agreement, dated 31 October 2003, between Buhrmann Silver S.A., Horne Group PLC, The Howard Smith Paper Group Limited, The M6 Paper Group Limited and Deutsche Trustee Company Limited.
**4.8	English Standard Terms and Conditions, amended and restated 18 July 2002 between various parties in the securitization program.
4.9	Deed of Amendment relating to Master Definitions and Framework Deed and Servicing Agreement each dated 27 September 2000 (as amended from time to time) dated 30 November 2005 between various parties in the securitization program.
4.10	Master Deed of Release and Termination in respect of the Buhrmann Securitization Program dated 30 November 2005 between various parties in the securitization program.
4.11	Master Deed of Release and Termination in respect of Rheingold no. 11 Ltd and the Buhrmann Securitization Program dated 30 November 2005 between various parties in the securitization program.
4.12	Silver Note Purchase Agreement dated 30 November 2005 between Buhrmann US Inc., Buhrmann Silver Financing LLC, Erasmus Capital Corporation and Cooperatieve Raifeissen-Boerenleenbank B.A.
4.13	Amended and Restated US Contribution Agreement dated 30 November 2005 between Corporate Express Office Products Inc., Corporate Express of Texas Inc., Corporate Express Document and Print Management Inc., ASAP Software Express Inc., Buhrmann Silver US LLC, Buhrmann N.V. and Deutsche Trustee Company Limited.
4.14	Amended and Restated US Master Purchaser Funding Agreement dated 30 November 2005 between Buhrmann Silver US LLC, Buhrmann Silver Financing LLC, Silver Funding Limited, Deutsche Trustee Company Limited, Buhrmann Stafdiensten B.V. and Buhrmann N.V.
‡4.15	Senior Facilities Agreement, as amended 28 June 2004, between Buhrmann NV, as Parent, Buhrmann US Inc., as Borrower, various Guarantors, Deutsche Bank AG London and ABN AMRO Bank N.V., as Arrangers, Deutsche Bank AG London, as Agent, Deutsche Bank AG London, as Security Trustee, and various Lenders.
†††4.16	Amendment to Senior Facilities Agreement, dated 1 December 2004 between Buhrmann NV, as Parent, Buhrmann US Inc., as Borrower, various Guarantors, Deutsche Bank AG London and ABN AMRO Bank N.V., as Arrangers, Deutsche Bank AG London, as Agent, Deutsche Bank AG London, as Security Trustee, and various Lenders.

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†††4.17	Amendment to Senior Facilities Agreement, dated 10 March 2005, between Buhrmann NV, as Parent, Buhrmann US Inc., as Borrower, various Guarantors, Deutsche Bank AG London and ABN AMRO Bank N.V., as Arrangers, Deutsche Bank AG London, as Agent, Deutsche Bank AG London, as Security Trustee, and various Lenders.
4.18	Amendment to Senior Facilities Agreement, dated 30 November 2005, between Buhrmann NV, as Parent, Buhrmann US Inc., as Borrower, various Guarantors, Deutsche Bank AG London and ABN AMRO Bank N.V., as Arrangers, Deutsche Bank AG London, as Agent, Deutsche Bank AG London, as Security Trustee, and various Lenders.
8.1	List of significant subsidiaries
12.1	Certifications of Buhrmann s Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certifications of Buhrmann s Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†††15.1	Audit Committee Charter, as last amended, dated 10 December 2004.
†††15.2	Compensation, Nominating and Corporate Governance Committee Charter, as last amended, dated 10 December 2004.

* Incorporated by reference to Registration Statement of Buhrmann NV on Form F-4, dated 31 March 2000, File No. 333-11768.

** Incorporated by reference to Annual Report of Buhrmann NV on Form 20-F, dated 27 June 2003, File No. 001-16663.

*** Incorporated by reference to Amended Registration Statement of Buhrmann NV on Form F-4, dated 1 July 2005, File No. 333-123952.

****Incorporated by reference to Amended Registration Statement of Buhrmann NV on Form F-4, dated 19 July 2005, File No. 333-123952.

† Incorporated by reference to Post Effective Amendment No. 1 to the Form F-6 Registration Statement filed with the Securities and Exchange Commission on 24 August 2001.

† Incorporated by reference to Annual Report of Buhrmann NV on Form 20-F, dated 21 June 2004, File No. 001-16663.

††† Incorporated by reference to Annual Report of Buhrmann NV on Form 20-F, dated 14 March 2005, File No. 001-16663.

‡ Incorporated by reference to Amendment No. 1 to Registration Statement of Buhrmann NV on Form F-4 dated 7 September 2004, File No. 333-117584.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BUHRMANN NV

By: /s/FRANS H.J. KOFFRIE

Name: Frans H.J. Koffrie
Title: Chief Executive Officer

By: /s/FLORIS F. WALLER

Name: Floris F. Waller
Title: Chief Financial Officer

Dated: 23 February 2006