

As provided in section 402 of the Dutch Civil Code, Book 2, the income statement of Wolters Kluwer nv includes only the after-tax results of subsidiaries and other income after tax, as Wolters Kluwer nv's figures are included in the consolidated financial statements.

Unless otherwise indicated, the figures in these financial statements are in millions of euros.

Notes to the Financial Statements of Wolters Kluwer nv

ACCOUNTING POLICIES

The financial statements of Wolters Kluwer nv are prepared in accordance with the Dutch Civil Code, Book 2, Title 9, with the application of the regulations of section 362.8 allowing the use of the same accounting policies as applied for the consolidated financial statements. These accounting policies are described in the → Notes to the Consolidated Financial Statements.

Subsidiaries are valued using the equity method, applying the IFRS accounting policies endorsed by the European Union.

Any related party transactions between subsidiaries, associates, investments, and with members of the Supervisory Board and the Executive Board and the (ultimate) parent company Wolters Kluwer nv are conducted on an at arm's length basis with terms comparable to transactions with third parties.

Personnel Expenses

note 29

Personnel expenses

	2006	2005
Salaries and wages	25	23
Social security charges	3	2
Costs of defined benefit plans	2	1
Share-based payments	10	12
Total	40	38

The costs of the share-based payments relate to the LTIP. In 2005 all costs (€12 million), relating to the LTIP 2004-06 and 2005-07 were recognized in the income statement of Wolters Kluwer nv. In 2006, the costs of the share-based payments of €10 million for the LTIP 2004-06, 2005-07 and 2006-08 relate only to the Executive Board and Corporate staff. The costs of the LTIP relating to management and other employees of the divisions have been recognized in the divisions. For the remuneration of the Executive Board and the Supervisory Board, see → note 27.

Financial Assets

note 30

Financial assets	2006	2005
Equity value of subsidiaries	(322)	(642)
Long-term receivables from subsidiaries	3,244	2,931
Derivative financial instruments	10	22
Total	2,932	2,311

Equity value of subsidiaries	2006	2005
Equity value of subsidiaries at January 1	(642)	(450)
Movements related to restatements	0	4
Movements related to results	240	197
Movements related to exchange differences	49	(85)
Movements related to dividend payments	(5)	(310)
Actuarial gain/(loss) on employee benefits	36	2
Equity value of subsidiaries at December 31	(322)	(642)

Accounts Receivable

note 31

Accounts receivable	2006	2005
Receivables from subsidiaries	810	1,212
Derivative financial instruments	4	108
Interest receivable	0	0
Current tax receivable	0	29
Other receivables	4	1
Total	818	1,350

Current Liabilities

note 32

Current liabilities	2006	2005
Debt to subsidiaries	390	468
(Subordinated) bonds	228	661
Multi-currency roll-over facility 2004-2011	676	–
Bank overdrafts	6	20
Derivative financial instruments	0	14
Interest payable	61	64
Current tax payable	1	–
Other liabilities	29	22
Total	1,391	1,249

For an explanation of the non-current liabilities, see → note 19.

Provisions

note 33

Provisions	2006	2005
Provision for pensions	2	3
Provision for restructuring commitments	2	2
Total	4	5

Shareholders' Equity

note 34

Statements of changes in equity of Wolters Kluwer nv	Issued share capital	Share premium reserve	Legal reserve	Translation reserve	Treasury shares	Retained earnings	Un- distributed profit	Share- holders' equity
■ Balance at January 1, 2005	36	91	9	(147)	(53)	461	311	708
Exchange differences on translating foreign operations				252				252
Gains/(losses) on hedges of net investments in foreign operations				(78)				(78)
Actuarial gains/(losses) on employee benefits						3		3
Tax on items taken directly to or transferred from equity						(1)		(1)
■ Net income recognized directly in equity	-	-	-	174	-	2	-	176
Profit for the year							260	260
■ Total recognized income and expense for the year	-	-	-	174	-	2	260	436
Appropriation of profit previous year						311	(311)	0
Share-based payments						12		12
Cash dividend 2004						(69)		(69)
Stock dividend 2004	1	(1)						0
Exercise of share options					12	(1)		11
Other movements				58		(58)		0
■ Balance at December 31, 2005	37	90	9	85	(41)	658	260	1,098
Exchange differences on translating foreign operations				(211)				(211)
Gains/(losses) on hedges of net investments in foreign operations				12				12
Gains/(losses) on cash flow hedges				(2)				(2)
Actuarial gains/(losses) on employee benefits						38		38
Tax on items taken directly to or transferred from equity						16		16
■ Net income recognized directly in equity	-	-	-	(201)	-	54	-	(147)
Profit for the year							321	321
■ Total recognized income and expense for the year	-	-	-	(201)	-	54	321	174
Appropriation of profit previous year						260	(260)	0
Share-based payments						17		17
Cash dividend 2005						(80)		(80)
Stock dividend 2005	0	0						0
Exercise of share options					7	(3)		4
Repurchased shares					(19)			(19)
■ Balance at December 31, 2006	37	90	9	(116)	(53)	906	321	1,194

Commitments and Contingent Liabilities

note 35

Guarantees

Pursuant to section 403 of the Dutch Civil Code, Book 2, the company has assumed joint and several liabilities for the debts arising out of the legal acts of a number of subsidiaries in the Netherlands. The relevant declarations have been filed with and are open for inspection at the Trade Register for the district in which the legal entity respective to the liability has its registered office.

The company has issued a guarantee on behalf of one of its foreign subsidiaries for an amount of €20 million.

Other

The company forms part of a Dutch fiscal entity, and pursuant to standard conditions has assumed joint and several liability for the tax liabilities of the fiscal entity.

Amsterdam, February 27, 2007

Supervisory Board

A. Baan, *Chairman*
J.V.H. Pennings, *Deputy Chairman*
L.P. Forman
A.J. Frost
S.B. James
H. Scheffers
P.N. Wakkie

Executive Board

N. McKinstry, *Chairman*
B.L.J.M. Beerkens
J.M. Detailleur