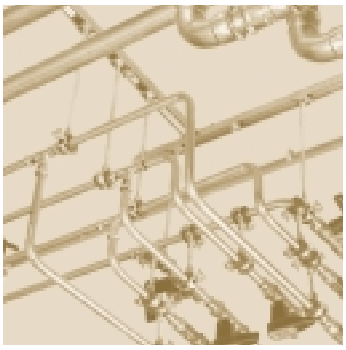
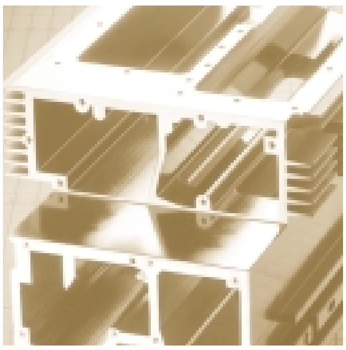
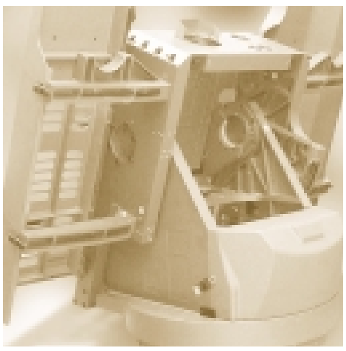


Annual Report

2008



Aalberts Industries



Annual Report
2008

Aalberts Industries

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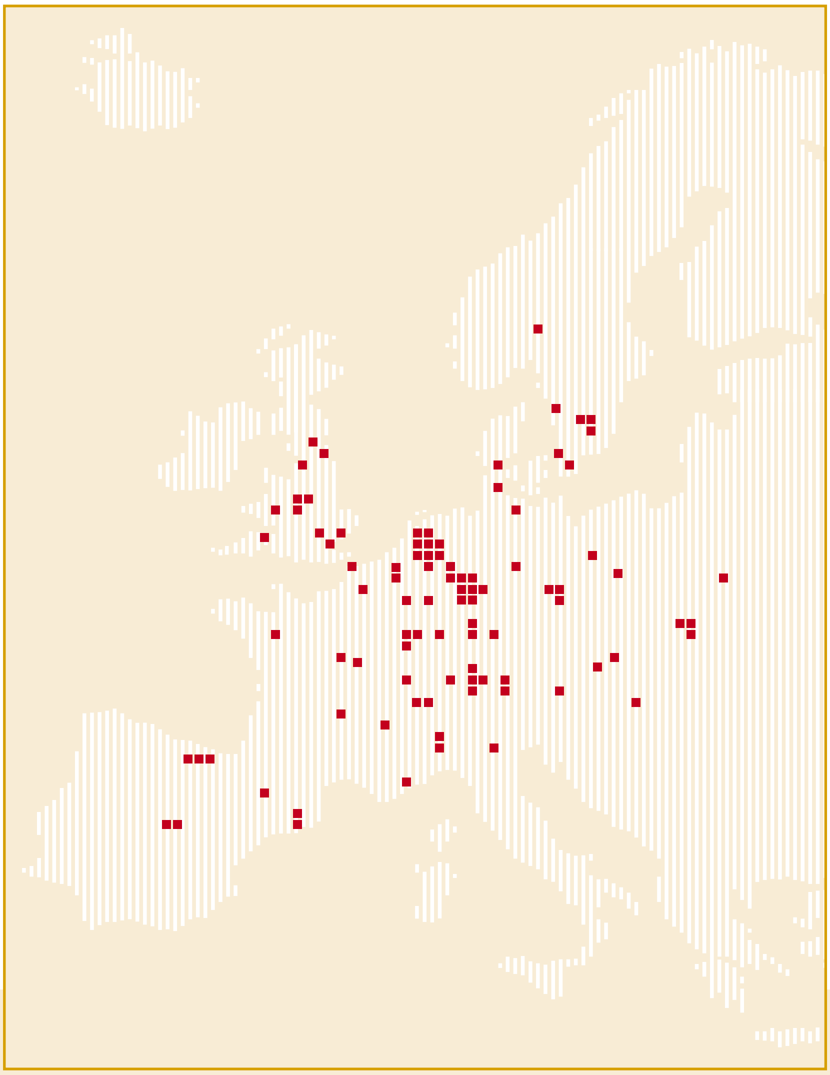
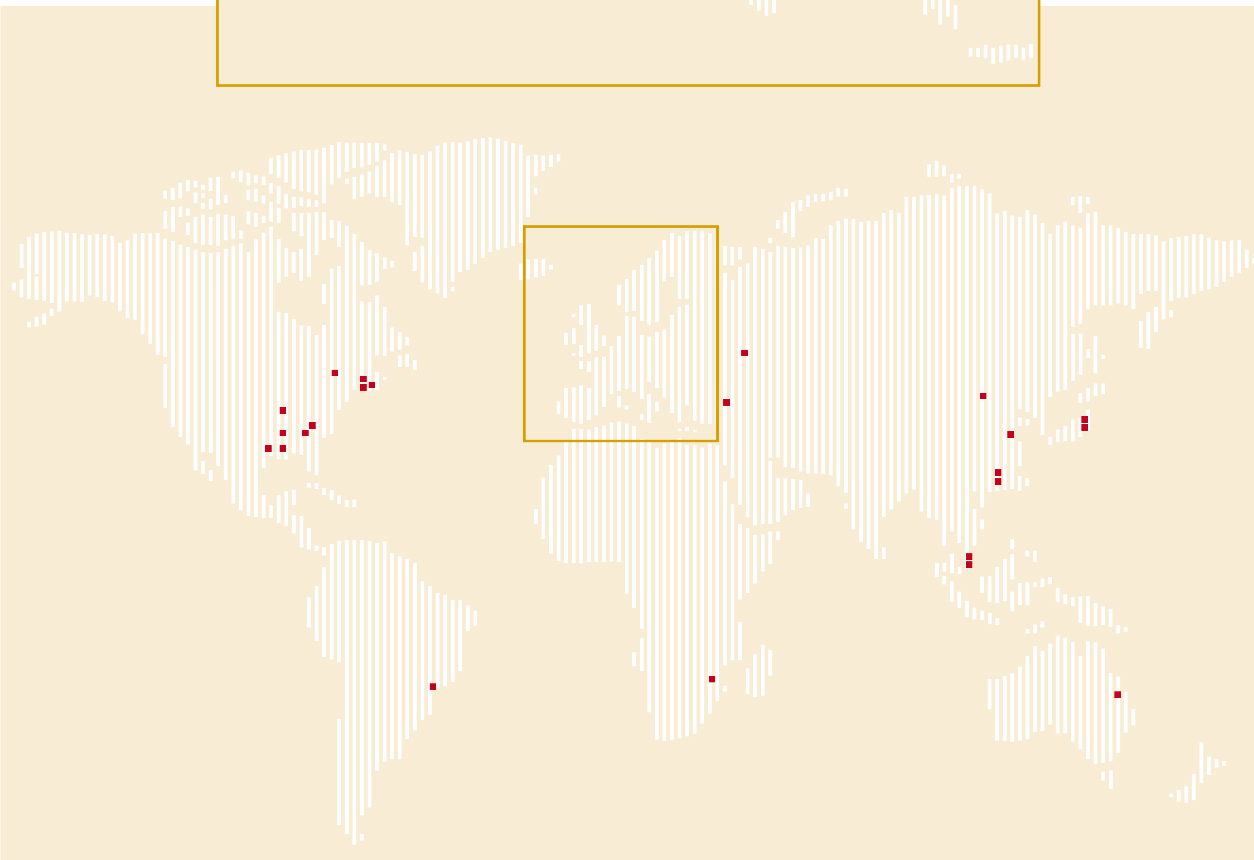




Profile

Aalberts Industries is an international group of industrial production companies with two core activities: Industrial Services and Flow Control. The group companies are among the market leaders in their respective markets and constantly strive to strengthen this position. Through continuous innovation in terms of products, applications and technologies, combined with a focused market approach, they have been able to achieve leading positions in their principal markets. To stimulate the entrepreneurial culture, Aalberts Industries has a decentralised organisational structure in which the day-to-day operational responsibility lies with the management of the group companies. In respect of developments within the companies, the management reports to the holding company on a regular basis, both weekly and monthly, and, in addition, the Management Board and the management of the group companies have frequent contacts.

Aalberts Industries is constantly strengthening its leading position in its various markets through a combination of profitable organic growth and selective acquisitions. Focused diversification, a stable increase in the earnings per share and solid balance sheet ratios are thereby essential.

Industrial Services

Industrial Services supplies a broad range of high-grade industrial components, heat treatment processes and surface techniques.
In this context, innovative development of the various production technologies and their application for customers, quality improvements and optimal lead times are of crucial importance. On the one hand, the companies produce and assemble complex, customer-specific components for high-grade end products. On the other, the group companies treat the customer products through high-grade, often patented, processes such as heat and surface treatment which enhance the properties and characteristics of customer products.
The products and services are supplied to a diverse number of market sectors, including precision engineering, the medical sector, the automotive, aerospace, defence and semiconductor industries.

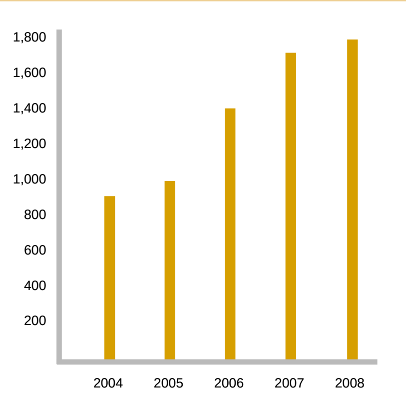
Flow Control

Flow Control concentrates on the development, production and assembly of products and systems connecting, distributing and regulating liquids and gases.
Due to its large portfolio and most modern production methods, Aalberts Industries is among the global market leaders in this field. Through its broad geographical presence and efficient production technology for the processing of various types of metals and plastics, the group continuously strengthens its market position. The principal applications of the portfolio relate to drinking water provision, (district) heating, cooling, irrigation, the drinks industry and utilities networks. The products and systems are supplied worldwide to the wholesale trade, OEMs, various industries, the utility sector and distributors.

For a more detailed description of the various group companies, products, markets and technologies, see Aalberts Industries' website: www.aalberts.com.

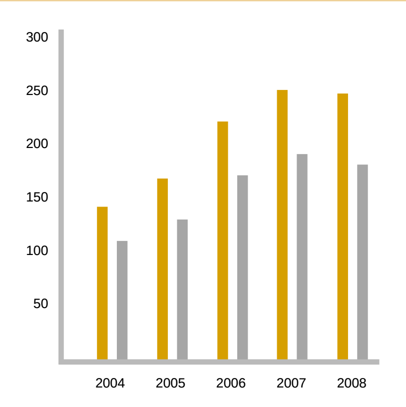
Key figures

Revenue
(in EUR x million)

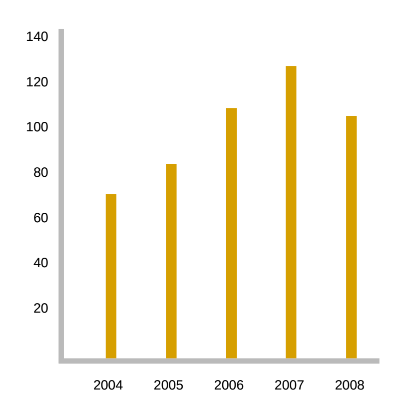


Operating profit EBITDA
(in EUR x million)

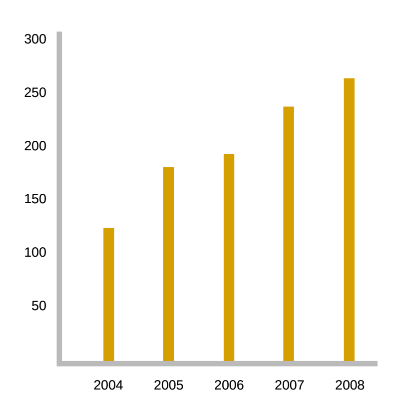
Operating profit EBITA
(in EUR x million)



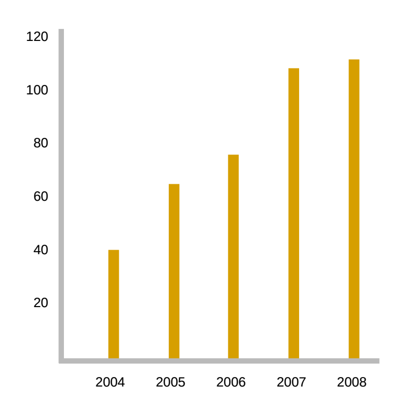
Net profit*
(in EUR x million)



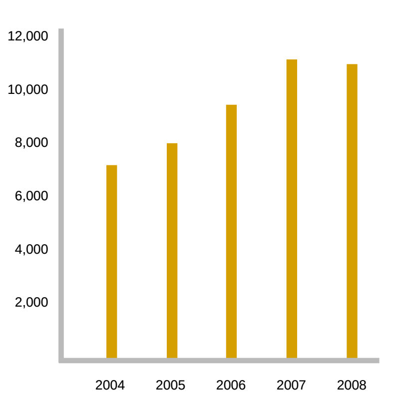
Cash flow from operations
(in EUR x million)



Capital expenditure
(in EUR x million)



Number of employees
(at year-end)



* *Before amortisation*

Key figures

	2008	2007	2006	2005	2004
Results *(in EUR x million)*					
Revenue	1,750.8	1,702.5	1,440.3	1,055.0	897,7
Operating profit before depreciation (EBITDA)	251.6	254.2	222.1	167.1	146,9
Operating profit (EBITA)	181.5	193.3	168.1	120.4	106.5
Net profit*	105.0	128.0	107.5	83.1	70.8
Depreciation	70.1	60.9	54.0	46.7	40.4
Cash flow* (net profit plus depreciation)	175.1	188.9	161.4	129.8	111.3
Cash flow from operations	264.5	230.1	186.0	176.7	124.8
Balance sheet *(in EUR x million)*					
Intangible fixed assets	594.7	410.2	340.1	288.6	228.6
Property, plant and equipment	516.3	444.9	378.0	321.6	269.9
Capital expenditure	110.5	108.8	77.3	64.5	40.3
Net working capital	315.8	292.0	265.8	181.5	179.7
Total equity	587.0	538.2	387.6	302.2	226.8
Interest-bearing debt	765.3	525.0	533.0	439.4	408.6
Total assets	1,703.4	1,434.5	1,278.9	978.0	823.7
Number of employees at year-end					
The Netherlands	1,449	1,563	1,517	1,437	1,478
Other countries	9,431	9,355	7,853	6,580	5,653
Total	10,880	10,918	9,370	8,017	7,131
Ratios					
EBITDA as a % of revenue	14.4	14.9	15.4	15.8	16.7
EBITA as a % of revenue	10.4	11.4	11.7	11.4	11.9
Interest cover*	4.1	5.4	6.3	6.7	6.2
Net profit* as a % of revenue	6.0	7.5	7.5	7.9	7.9
Capital base as a % of total assets	34.5	37.5	30.3	30.9	27.5
Interest-bearing debt / Total equity	1.3	1.0	1.4	1.5	1.8
Interest-bearing debt / EBITDA (twelve month rolling)	2.9	2.1	2.4	2.6	2.8
Shares issued *(in EUR x million)*					
Ordinary shares (average)	103.3	101.7	98.2	97.6	96.9
Ordinary shares (at year-end)	103.3	102.0	98.2	97.6	96.9
Cumulative preference shares	0.45	1.00	1.55	2.10	2.10
Figures per ordinary share					
Cash flow*	1.69	1.86	1.64	1.33	1.15
Net profit*	1.02	1.26	1.09	0.85	0.73
Dividend	0.28	0.32	0.28	0.21	0.18
Share price at year-end	5.06	13.60	16.38	11.21	8.93

** Before amortisation*

Comap
Brass press fittings with exclusive Visu Control technology

Henco
Henco Vision range of plastic fittings and multilayer tube

Grupo Hidroaplicaciones y Gas
Regulation station for industrial gas installations (pipes, filters, horizontal ball valves, regulators and manometers)

BROEN-Zawgaz
High pressure valve for the petrochemical industry

Introduction by the President & CEO

2008 was an exceptional year in which, on the one hand, we were able to realise a number of strategic ambitions by strengthening our market position whilst, on the other, we were confronted by such unique market circumstances that we could not meet all our financial goals. A not insignificant factor in this context was the fluctuating exchange rates experienced in 2008, which had a considerable impact on our results in euros. We must, however, be realistic about the fact that we are not immune to the developments as they manifested themselves in the latter months of 2008. In a reaction to these developments, we have undertaken a large number of cost-saving activities. The combination of these activities and the automation of production have led to our global workforce being reduced by more than 1,000 employees.

In 2008, we achieved revenue of EUR 1.75 billion, which meant that, despite the challenging market circumstances and adverse exchange rate effects, we realised growth of 3% (6% at constant exchange rates) through acquisitions and organic development. In the first six months, we experienced organic growth of 3% (at constant exchange rates); however, due to the effects during the latter months, the outcome for the entire year was a 2% decline. Partially, as a result of the thorough measures we took, including the associated incidental expenses, our operating margin was eventually 10.4%. In Industrial Services where we, as a supplier, are dependent on the success of our business partners, we experienced less efficiency due to the decline in the market demand creating reduced production volumes. Flow Control achieved an operating margin of 11.3%, which is comparable to 2007. In 2008, Industrial Services strengthened the group's competitive power through a number of strategic steps, including acquisitions and internal developments. By expanding our offering of processes and production technologies, we are well placed to provide our customers innovative solutions. In addition, we took the first concrete steps towards shaping our strategic objective of supplying more complete systems to our markets, including the engineering of such. Moreover, our new sites in North America, Eastern Europe and the Far East have helped us make headway in respect of our ambition to make Industrial Services a more global player.
In 2008, Flow Control also took a number of concrete steps to realise our strategic ambitions. Firstly, we broadened our portfolio significantly through the acquisition of one of Europe's most prominent producers of multilayer plastic tube and fittings (Henco). In addition, a range of new products, such as sprinkler systems, push fittings and applications focusing on sustainable energy and water solutions offer further opportunities. We also see a great deal of potential from our new approach in the German and French markets. By offering our complete European package through one commercial organisation in each country, we position ourselves as a stronger strategic partner. Finally, our efforts in the United Kingdom, the United States, the Benelux and Eastern Europe will continue unabated.

2008 was challenging and also 2009 will demand a great deal of alertness, dedication and actions. We will not digress from our ambition of further profitable growth, both by organic means and acquisitions, and are convinced that we will emerge strengthened from the current market situation.

Finally, I would also like to take this opportunity to thank all our customers for the trust they placed in us throughout last year.

Langbroek, 25 February 2009
Jan Aalberts

Strategy

The strategy of Aalberts Industries is aimed at realising a sustainable and profitable growth of the company. In the first instance, the strategy is formulated by the holding, supported by input from the various group companies. At regular intervals, this strategy is discussed with the management of the group companies in order to ensure their support and, if desired, to update the strategy.

Industrial Services

The strategy within Industrial Services is aimed at strengthening the market position by enhancing the application of the innovative and high-grade technologies. In this context, Industrial Services focuses on specific market segments and a number of niche markets where there is demand for high-grade components and processes. The operational centre of gravity lies within Western Europe and North America from where is exported worldwide. In addition, the strategy is aimed towards the creation of new - and the expansion of existing - regional service centres for high-grade surface technologies and heat treatment.

The focus within Industrial Services is on adequately fulfilling specific customer needs in order for the desired technology and high quality to be realised in short lead times. By being directly involved in the development of new products and markets, we are able to offer our customers unique added value from the engineering phase through to production and assembly. In order to retain and extend this distinctive position, Industrial Services invests considerable sums in R&D resources and people.

Flow Control

Within Flow Control, the strategy tailored to complementing the product portfolio, increasing cross-selling and expanding the geographic market coverage. In addition, the group focuses on strengthening its portfolio and market position in a number of market niches including sustainable energy solutions, products for water purification and water saving, as well as utility applications for both water and gas.

By producing and assembling qualitatively high-grade, customer-friendly products and systems, a continuous improvement in the quality of the revenue and profit is being sought. Market-driven product and system developments, including innovative market concepts, are of crucial importance in this context. Considerable R&D investments are dedicated to the development of new products and systems. To speed up these developments, the group dedicates a great deal of attention to cross-selling in order to ensure that both existing and new markets are effectively provided with complete product portfolios. In addition, strong emphasis is being placed on the modernisation and robotisation of the means and methods of manufacturing in order to ensure the optimal production and distribution of large volumes of both standard products and specific niche applications.

Objectives

Aalberts Industries is striving for stable growth at a rate above the market average. In this context, the objectives have remained unchanged over the last decades:

- *Stable growth in earnings per share*

The primary objective is stable growth in the average earnings per share over several years. This objective has been successfully realised over the last fifteen years (average 17%).

- *Stable revenue growth*

Stable revenue growth is essential to maintain leading market positions in the long term and to realise, sustain and increase profit growth. This revenue growth is to be achieved through both organic growth and acquisitions.

- *A balanced distribution of the results*

Aalberts Industries aims to distribute its result in a balanced way over markets, market segments and customers so that the dependence on a specific market or customer is limited; this policy contributes to the continuity of the company.

- *Leading market position*

Aalberts Industries' ambition is to hold a leading position in all its principal markets. There are still several potential markets in which the group sees growth opportunities. In principle, the group will only enter new markets or specific market niches if this ambition is attainable. In several of the markets and market segments, is the group either the market leader or well placed to become a leading player.

- *Solid balance sheet ratios*

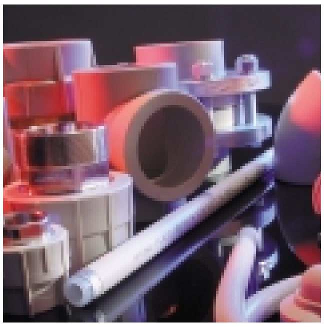
In order to realise and continue the expansion-oriented strategy, optimum use is being made of the financing opportunities available. The financial objectives observed in this respect are:

- a total equity ≥ 25% of total assets;
- an interest cover ≥ 4;
- a gearing ≤ 2.

Taking account of the interests of all the stakeholders and the position of the organisation in its distinguished markets, the Management Board aims to be as transparent and open as possible when disseminating information regarding its strategy, objectives and organisational policies.

Henco
Plastic multilayer tubes and protection hoses

Hydro-Plast
Products for complete polypropylene systems for hot and cold water and central heating



Pegler Yorkshire
Performa thermostatic basin mixer

Simplex
Thermostatic regulator box for control of return stream temperature of heating systems with safety device against overheat

Standard Hidráulica
Clever Gourmet luxurious kitchen tap

To the General Meeting of Shareholders of Aalberts Industries N.V.

We herewith present the 2008 financial statements of Aalberts Industries N.V. for adoption by the General Meeting of Shareholders. These financial statements have been audited and approved by PricewaterhouseCoopers Accountants N.V. We would invite you to adopt the 2008 financial statements in accordance with the documents submitted. Once the financial statements have been adopted, the General Meeting of Shareholders will, in accordance with Article 26, paragraph 6 of the Articles of Association, be asked to discharge the Management Board for its policy during the previous financial year, to the extent this policy is apparent in the financial statements or has been made known during the General Meeting, and also to discharge the Supervisory Board for its supervision of that policy.
On adoption of the financial statements and the profit appropriation included in them, a dividend of EUR 0.28 per ordinary share, each having a nominal value of EUR 0.25, will be distributed for the 2008 financial year. Each shareholder has the option of having the dividend paid either fully in cash or in shares chargeable to the share premium account or to the unappropriated profit.

Implementation of the 2008 objectives

- *Stable growth in earnings per share:* Over the past fifteen years the earnings per share have increased on average with 17% per year. In 2008 this trend could not be continued;
- *Stable revenue growth:* In 2008 a revenue growth of 3% was realised, at constant exchange rates this was 6% growth, which is a good result given the circumstances;
- *A balanced distribution of the results:* In 2008 a further diversification in terms of markets, products, customers and geographic areas was realised both through organic developments and acquisitions;
- *Leading market position:* Industrial Services is focused on a selective number of markets where customers demand high grade components and processes. In 2008, both new markets and technologies have been added to strengthen the group. Flow Control is, due to its unique portfolio and widespread sales platform, among the global players in this sector. Continuous product innovation, selective acquisitions and strengthening of the sales platforms increase this leading market position;
- *Solid balance sheet ratios in 2008:* Aalberts Industries maintained its sound financial ratios through its focus on profitability, working capital control and operational cash flow.

Outlook for 2009

Given the current economic circumstances and the associated uncertainties, it is not possible to give an outlook for 2009. The solid financial position, the many years' investments, the established market positions, R&D (both production automation and new products) and the measures taken, will enable Aalberts Industries to emerge strengthened from the current market situation when the economy improves.

Key figures Aalberts Industries *(in EUR x million)*	**2008**	**2007**	**Change**
Revenue	1,750.8	1,702.5	3%
Operating profit (EBITDA)	251.6	254.2	(1%)
EBITDA as a percentage of revenue	14.4	14.9	
Operating profit (EBITA)	181.5	193.3	(6%)
EBITA as a percentage of revenue	10.4	11.4	
Capital expenditure	110.5	108.8	2%
Depreciation	70.1	60.9	15%
Average number of employees (x1)	11,530	10,686	8%
Number of employees at year-end (x1)	10,880	10,918	(1%)

Financial results

Revenue

In 2008, Aalberts Industries realised revenue of EUR 1.75 billion. However, due to exchange rate fluctuations and the resultant conversion differences, this ended up almost EUR 50 million lower, which is 3%. Not only the British pound, but also the American dollar lost considerable ground against the euro. In comparison to 2007, the revenue increased by 3% (at constant exchange rates 6%). The organic decline was around 2%. Both Industrial Services and Flow Control made a positive contribution to the increased revenue. Industrial Services realised revenue of EUR 515 million and Flow Control EUR 1.236 billion. The increase in revenue due to newly consolidated acquisitions amounted to approximately EUR 120 million, the largest contribution coming from Henco Industries which has been consolidated since 1 April 2008.

Operating profit

When compared to 2007, the 2008 operating profit before depreciation and amortisation (EBITDA) fell by approximately 1% to EUR 251.6 million. The EBITDA margin was 14.4% in 2008 as opposed to 14.9% in 2007. While Flow Control saw the EBITDA margin rise from 13.8% in 2007 to 14.4% in 2008, Industrial Services experienced a fall from 17.4% to 14.4%. In 2008, the depreciation and amortisation total was EUR 82.3 million, this was an increase of EUR 11.1 million compared to 2007 primarily attributable to depreciation.

In comparison to 2007, the 2008 operating profit after depreciation but before amortisation (EBITA) fell by 6% to EUR 181.5 million; about three-quarters of the fall being attributable to higher depreciation. The EBITA margin for 2008 was 10.4% against 11.4% in 2007. In 2008, Flow Control realised an EBITA margin of 11.3% and Industrial Services 8.2%, compared to respectively 11.3% and 11.5% in 2007. Despite the challenging market circumstances, Flow Control was able to maintain its 2008 operating margin on a level comparable to 2007. Industrial Services was clearly more affected by the general market slowdown which manifested itself in the latter months of 2008. In reaction to this slowdown, measures were taken, including a sizeable downsizing of the workforce with corresponding incidental expenses; however, these measures were not able to fully compensate the effects of the general market slowdown.

Net finance cost

The net interest expense amounted to EUR 44.5 million in 2008 compared to EUR 35.8 million in 2007. This increase was attributable to the financing of the acquisitions and a higher average working capital throughout 2008. In addition, the depreciation of the British pound, the Polish zloty and the Russian rouble had a significant impact on the net finance cost resulting in an exchange loss of EUR 7.2 million (2007: EUR 3.7 million gain). Returns on derivative financial instruments, particularly interest swaps, showed a loss of EUR 4.5 million (2007: EUR 1.9 million gains).

Geographical spread of revenue *(in EUR x million)*	**2008**	**%**	**2007**	**%**
Germany	310.3	17	293.7	17
Benelux	256.2	15	237.7	14
United Kingdom	228.3	13	270.2	16
Eastern Europe	214.1	12	153.3	9
France	203.2	12	200.1	12
United States	177.2	10	194.5	12
Scandinavia	90.0	5	89.1	5
Spain & Portugal	80.2	5	92.4	5
Other European countries	100.2	6	90.7	5
Other countries outside Europe	91.1	5	80.8	5
Total	**1,750.8**	**100**	1,702.5	100

Consequently, in 2008, the total net finance cost amounted to EUR 56.2 million against EUR 30.2 million in 2007.

As per ultimo June 2008 the total amount of interest-bearing debt amounted to EUR 886.4 million. In the last six months of 2008 this has been reduced with EUR 121.1 million to a total of EUR 765.3 million per year-end 2008 (EUR 525 million at the end of 2007). The company is within its financing covenants and the principal financial ratios developed as follows:

- debt service ratio (net debt / EBITDA twelve month rolling) from 2.1 to 2.9;
- interest cover (EBITA / net interest expense) from 5.4 to 4.1;
- gearing (net debt / total equity) from 1.0 to 1.3.

Tax on profits

The 2008 tax on profits amounted to EUR 19.3 million against EUR 33.8 million in 2007. Consequently, the effective tax burden fell from 22% in 2007 to 17% in 2008. This fall was primarily due to the higher contribution in profit before tax from countries where lower tax rates apply, non-recurring contributions from finalising previous tax years, utilising the tax loss carry forward in Germany and the optimisation of the group's fiscal structure.

Profit for the financial year

The net profit before amortisation for the 2008 financial year amounted to EUR 105.0 million, in comparison to EUR 128 million in 2007. The earnings per ordinary share in 2008 amounted to EUR 1.02, having been EUR 1.26 in 2007.

The 2008 return on the average invested capital was 13.3% compared to 16.3% in 2007. At the end of 2008, the total equity amounted to EUR 587.0 million, while at the end of 2007 it had been EUR 538.2 million. Consequently, the total equity formed 34.5% of the balance sheet total (37.5% in 2007).

Capital expenditure and Cash flows

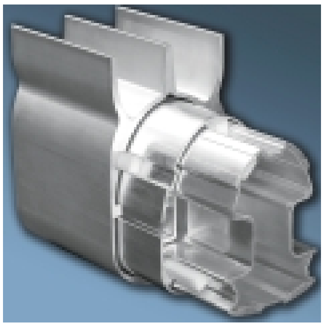
In 2008, capital expenditure in tangible fixed assets amounted to EUR 110.5 million, of which EUR 50.5 million related to Industrial Services and EUR 60.0 million to Flow Control. A not unimportant part of these capital expenditures find their origin in 2007 and form the completion phase of capital expenditure projects decided on in the past. Over the last years significant amounts have been invested in modernisation and expansion of the production means and methods. This positions the company well to reduce its capital spending in the coming periods while maintaining its competitive market power.

As per ultimo June 2008 the net working capital amounted to EUR 463.8 million. This was reduced, through a stringent focus on working capital reduction, in the second half of the year to EUR 315.8 million. The 2008 cash flow (net profit plus depreciation) amounted to EUR 175.1 million, compared to EUR 188.9 million in 2007. The cash flow from operations increased in 2008 by 15% to EUR 264.5 million (EUR 230.1 million in 2007), a reflection of the strong cash flow generating capabilities.

Research & Development

Technical innovation in terms of new products, processes and the applicability of production technologies to our customers' products all form an essential part of Aalberts Industries. Aalberts Industries is constantly striving to find innovative, efficient and sustainable solutions to answer the changing demands of customers and help to obtain an even better market position. Customers expect the group to introduce high-grade products and processes and also expect innovative solutions to meet their specific needs. To this end, Aalberts Industries invests considerable resources; in 2008 it invested approximately 3% of the group's revenue to facilitate the continuous broadening of its portfolio and improvements in the quality and sustainability of its solutions. The R&D costs are charged directly to the profit and loss account.

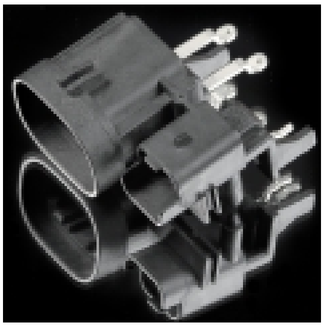
Mifa
Aluminium profile for special Krabat (wheel) chair for disabled persons



Overeem
Compilation of roll-formed profiles

AHC
Full automatic installation for a chemical nickel process, free of lead (Durni-Coat®)

Metalis Cotterlaz
4-way insert moulding connector for the automotive industry



Headlines Industrial Services

Financial

Industrial Services' revenue rose by 2% to EUR 515.2 million in 2008; the impact of exchange rate fluctuations was limited. Until the last few months of 2008, Industrial Services achieved positive organic growth, however, this declined in the latter months of the year due to the general market slowdown. The operating profit before depreciation and amortisation (EBITDA) amounted to EUR 74.1 million (14.4% of revenue), compared to EUR 87.9 million in 2007 (17.4% of revenue). In 2008, EBITA was EUR 42.4 million in comparison to EUR 58.3 million a year earlier. In 2008, capital expenditure amounted to EUR 50.5 million. A significant part of these investments were aimed at the heat and surface treatment activities. These increase the competitive market power of the group to benefit from the demand for high-grade processes and treatment methods the coming years. In addition, investments were made in the further development and introduction of complementary technologies for the production of complex components.

In 2008, Industrial Services' activities were confronted with volatile market conditions. These manifested themselves both between the markets and the sectors which Industrial Services supplies, as well as throughout the year in certain markets or sectors. Despite the high degree of diversity (a large number of market sectors, economic areas and patented technological applications and processes), these circumstances had a marked effect on activities. The strength of the strategic approach lies in the fact that, due to its unique portfolio and technologies, the group can achieve attractive margins and retain customers for longer periods. Conversely, there is a strong dependence on the success of the group's relations in their respective end markets and it requires a relatively long time to attract new customers, given the complexity of the products and processes.

A positive development in 2008 was the fact that, despite the deteriorating economic conditions, a large number of group companies experienced a stable demand for new products up to the last months of the year. This meant that, despite the increased uncertainty, the market continued to focus on product innovation which is a positive sign for the future, and one which fits in well with the group's expertise and ambitions.

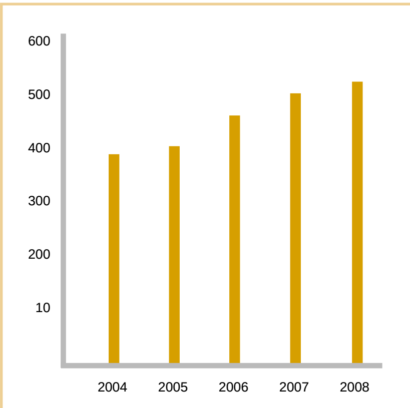
Industrial Services' principal markets are the precision engineering industry, the medical sector, the automotive, aerospace, electronics and semiconductor industry. Regarding the production sites, the centre of gravity lies in Western Europe from where is exported throughout the world. In addition, there are a limited number of sites in North America, Eastern Europe and the Far East.

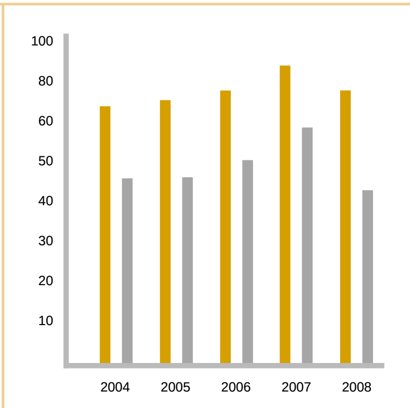
Precision engineering industry

The international precision engineering industry is an important source of activity for the German network of service locations. In 2008 this network has been expanded with one of the most modern and efficient production locations for the unmanned treatment and after-treatment of large volumes of metal products. Through such investments the German group positions itself well to benefit in the coming years from the development in those sectors where specific treatment processes are required. The Dutch companies focus, among other things, on the precision engineering industry as well, whereby export to Germany is an important revenue stream. During the latter months of 2008 the demand from this sector, particularly in Germany, experienced a decline. This created a clear reduction in the activity levels and steps were taken to adjust the organisation to these lower levels. In addition, the sales organisations were focused more on increasing the market share in sectors with growth perspective such as the medical, aerospace and energy sector.

Key figures Industrial Services *(in EUR x million)*	**2008**	**2007**	**Change**
Revenue	515.2	506.0	2%
Operating profit (EBITDA)	74.1	87.9	(16%)
EBITDA as a percentage of revenue	14.4	17.4	
Operating profit (EBITA)	42.4	58.3	(27%)
EBITA as a percentage of revenue	8.2	11.5	
Capital expenditure	50.5	52.5	(4%)
Depreciation	31.7	29.6	7%
Average number of employees (x1)	4,640	4,368	6%
Number of employees at year-end (x1)	4,253	4,356	(2%)

Revenue
(in EUR x million)

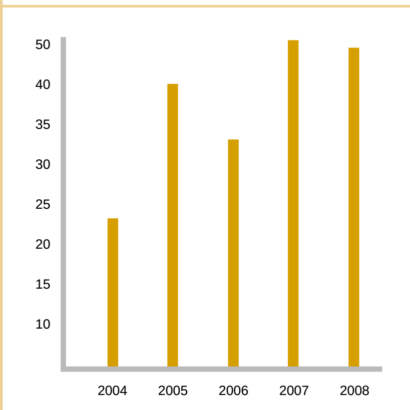


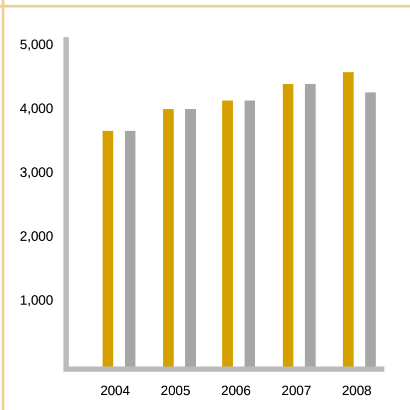


Operating profit EBITDA
(in EUR x million)

Operating profit EBITA
(in EUR x million)

Capital expenditure
(in EUR x million)





Average number of employees

Number of employees
(at year-end)

BROEN
Boss bench mounted one hole laboratory mixer for water

Clorius
Temperature control valve (200-600 mm diameter)

Henco
Floor heating of plastic multilayer tube

DSI
Top-cooler for instant cold beer with professional tapping technology

Comap
Sudo MultiSKIN press fittings, big diameter, with exclusive Visu Control technology

Innovation

A continuous innovation of the Industrial Services' offering is crucial to the development and positioning of the group in its diverse markets. To this end, the focus must, on the one hand, be on the introduction of supplementary processes and technologies, while on the other, it must be on the objective of expanding the group's position in a number of growing market niches. Acquisitions are of vital importance in this context as they offer a way of speeding up the process. Examples are the acquisitions of Duralloy and Cotterlaz in 2008, which enabled technologies and complementary processes, some of which are patented, to be obtained. In addition, the position in a number of strategic markets has been expanded and new sites in Eastern Europe and the Far East have been added to Industrial Services' network

Headlines Flow Control

Financial

Flow Control achieved a revenue of EUR 1,235.6 million in 2008, compared to EUR 1,196.5 million a year earlier. The exchange rate effects had a strong impact; at constant exchange rates revenue would have increased by 6% instead of 3%. The operating profit before depreciation and amortisation (EBITDA) amounted to EUR 177.5 million (14.4% of revenue), in comparison to EUR 166.3 million in 2007 (13.9% of revenue). In 2008, EBITA was EUR 139.1 million compared with EUR 135.0 million a year earlier. The capital expenditure on tangible fixed assets amounted to EUR 60.0 million in 2008. The purpose of these expenditures was primarily to increase the local production capacity in the growth markets, for example new production sites in Eastern Europe (including Russia), further automation of the production methods and the introduction of a number of new products and complete systems.

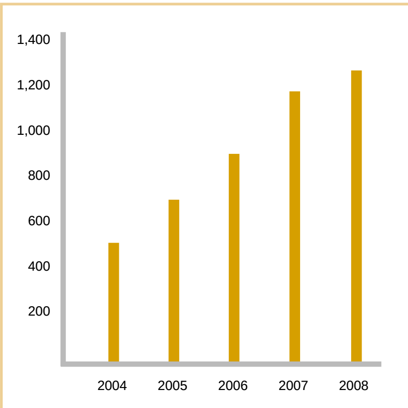
In 2008, the Flow Control activities were confronted by challenging market conditions. Through a couple of acquisitions (Zawgaz and Henco), the product portfolio and the market position were strengthened considerably. In particular, Henco's product portfolio, a complete assortment of plastic multilayer systems, has strengthened the sales platform in many European countries.
The aim of continuously strengthening the sales platform in each country is constantly taking on increased shape, on the one hand this is due to the complete package of products, on the other it is due to strengthening and combining the sales force in each country. The products are increasingly being specified by the end-user, supported by powerful product brand names.
In 2008, the production specialisations took on more shape. The concentration of volumes in specialised production sites for each product group yielded a higher return on activities. In addition to this improvement, more focus was placed on the market segments offering further growth, even in a declining building market.
Solar energy and heat pump systems, sprinkler systems and water quality and water saving systems, plastic and steel push fittings, fibre-strengthened plastic fittings and new control valves for district heating are examples of new and improved products which have been introduced. By making optimum use of the sales network, these products have been rapidly and collectively launched in European markets.

Benelux

In this market, the sales force has been combined to offer a total package of plastic solutions of tube and floor heating systems. This is in combination with the existing complete product portfolio of metal fittings and control valves. In addition to the product groups mentioned above, the sales of steel, copper and stainless steel press fitting systems have also grown significantly. A complete assortment of plastic, steel, stainless steel and brass push fittings has been partially introduced. The first orders for new products have also been received such as the easy-assembly connecting systems for solar energy, district heating and heat pumps, and sprinkler systems. In 2009, the growth and combination of the sales force will be continued in order to strengthen the market position.

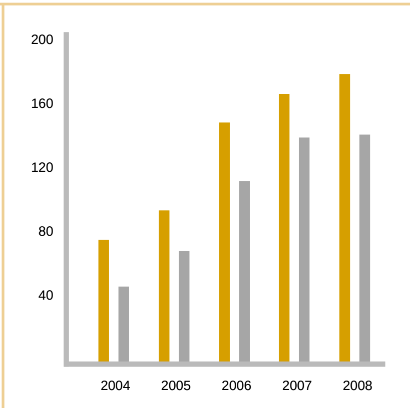
Key figures Flow Control *(in EUR x million)*	**2008**	**2007**	**Change**
Revenue	1,235.6	1,196.5	3%
Operating profit (EBITDA)	177.5	166.3	7%
EBITDA as a percentage of revenue	14.4	13.9	
Operating profit (EBITA)	139.1	135.0	3%
EBITA as a percentage of revenue	11.3	11.3	
Capital expenditure	60.0	56.3	7%
Depreciation	38.4	31.3	23%
Average number of employees (x1)	6,872	6,303	9%
Number of employees at year-end (x1)	6,608	6,544	1%

Revenue
(in EUR x million)

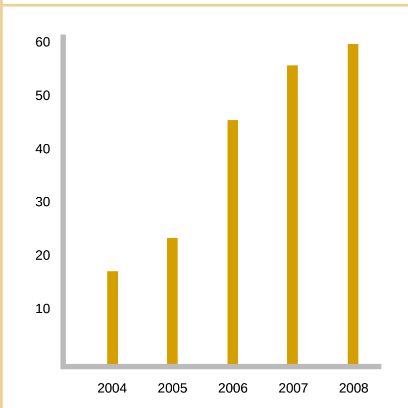


Operating profit EBITDA
(in EUR x million)

Operating profit EBITA
(in EUR x million)

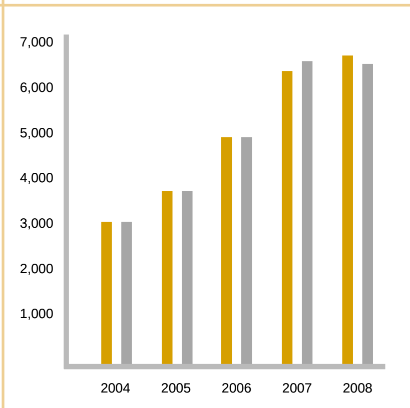


Capital expenditure
(in EUR x million)



Average number of employees

Number of employees
(at year-end)



Nordic

In the second half of 2008, a decline in the activities of customers was noticed. Consequently, production volumes have been adjusted to correspond to customers' demands and the number of employees has been reduced. Partially due to focusing on combining and strengthening the sales platform in Northern Europe performance has remained on level. The sales force in Finland and Denmark was combined and, since the last quarter of 2008, has, together with Norway and Sweden, formed one Nordic sales organisation. New product groups such as fibre-strengthened plastic fittings for the utility market, steel and copper press fittings, fittings for sprinkler systems, plastic systems and a complete heating package in the field of solar energy and heat pumps have all helped to strengthen Aalberts Industries' position in this market. A competence centre has been established in Sweden for the specialised production of brass and steel wire fittings and the success of this was clearly evidenced by the increased volume and profitability of this production site.

France

In France the integration process of the last few years has been continued and a logistics platform realised from which the complete product portfolio can be offered to customers. The newly automated production of copper press fittings started in June and will enable the highly efficient production of the increased volume of sales required. The introduction of the metal push fittings went ahead smoothly and is already showing good growth. In 2008, various positions in both the management structure and the management team were strengthened. New product groups are being prepared and in the coming years these will result in more rapid growth due to cross-selling, such as systems for sprinklers, solar energy, heat pump and water purification. At the same time, the French organisation's products are increasingly being sold via the sales network, particularly in Europe. The effect of this is twofold, firstly it supplements the package in those countries and secondly it causes the volume at the French production sites to rise. In particular the copper press fittings, floor heating systems and the thermostatic radiator valves for heating have demonstrated good growth opportunities via the sales network. To strengthen the product portfolio, the French activities were given an extra boost at the end of 2008 when Aalberts Industries acquired the heating and sanitary activities of Alphacan, a producer of polyethylene tube. This acquisition was completed at the beginning of 2009.

Spain

In 2008, the Spanish markets for new buildings, construction and utilities all experienced a noticeable decline. This decline was particularly visible in the second half of 2008; consequently both production volumes and the number of employees were adjusted accordingly. The decline also resulted in the sales platform being combined more rapidly and the sales organisation being strengthened. A new range of sanitary taps was introduced for the upmarket segment. Export through the networks in various countries was also intensified in order to generate additional revenue. It is anticipated that the Spanish renovation market will grow now that the level of new building has fallen off. With this in mind, new products are being developed. Due to the limited scope of this market in respect of Europe, the effects remained limited.

Italy

The Italian building market also experienced a strong decline in 2008. Since the start of the last quarter of 2008, the sales and production activities have been merged into one organisation under joint management. The distribution channels have also been combined and the number of employees brought in line with this new organisation. The complete package of metal and plastic press and push fittings, in combination with control valves for heating and drinking water, should provide the basis for market share growth in the coming years.

Germany, Austria and Switzerland

Combining the strengths of the various group companies into one unequivocal commercial approach was an impor-

Simplex
Dual pipe system connection valve for radiators

KAN
KAN-therm plastic push fitting

VSH
Press sprinkler for shorter installation times

Henco
Plastic push fitting (backplate elbow)

BROEN-Zawgaz
High pressure valve for the petrochemical industry

tant strategic step which enabled one face to be presented to the market. Furthermore, it meant a new and broader product portfolio could be offered to the heating, sanitary and utility markets. In addition, the management has been strengthened in various areas. The production sites in Germany have acquired more focus by concentrating on specialisations producing products which can be marketed throughout the group's sales network. Partly as a result of the improved approach and the reasonable to good market conditions, the 2008 results were good, both in terms of revenue growth and profitability.

United Kingdom

The company has been able to reap clear benefits from the efforts made over the last few years and, consequently, managed to increase the market share of various product groups despite the difficult market conditions. Full use has been made of the strong sales platform, focusing on (social) housing construction and the commercial sector, combined with the broad product portfolio. Moreover, the cooperation with sister companies in continental Europe and the United States is beginning to bear fruit. An increasing number of products are being sold through the group's sales network, particularly in the Benelux, Northern Europe and France. New product group developments were started in 2008 which should result in higher revenue in the coming years. In 2008, the growth markets in the Middle East and Asia were an attractive source of revenue growth for the British organisation. These sales and distribution channels are now also being used by other companies in the group.

Poland, Ukraine and Belarus

Primarily due to good market development and the further pooling of the sales efforts, good growth was experienced. The cross-selling of products is well under way, but definitely still offers room for improvement and higher profitability in the heating and sanitary markets. Since the summer of 2008, there has been a strong relapse in demand in the market for district heating. Projects were delayed or cutback as a result of the economic crisis in these countries. Just as elsewhere, it is important that in these countries the efforts to combine the sales force, complete the product portfolio and present one face to the market and customers are persevered with, not at least because that is what the customers themselves have requested. The acquisitions of the last few years will strengthen and speed up this process.

Russia

The Russian market had two faces in 2008. In the first half, it experienced strong organic growth in the market segments private home construction, commercial building, district heating and utilities. However, due to the sharp fall in the oil price, the political situation in the region, the withdrawal of investors and the effects of the changed economic circumstances, the market situation changed very rapidly. This was initially visible in the markets associated with the government, such as district heating and utilities. In the fourth quarter, the private home construction and commercial building markets also slowed down; making it essential for the production capacity and number of employees to be reduced in order to maintain profitability, which was partially archieved. A start has already been made to combine the sales force and it is expected that this will help the local organisations emerge more strongly from today's market situation. In the long-term, Russia remains a growth market with high expectations.

Southeast Europe

Under good market conditions, the positions in the Czech Republic and Slovakia both improved, particularly in the fields of district heating, assembly systems for heating and plastic systems. Due to the economic crisis, the conditions worsened in the second half of the year, particularly in Hungary and Romania. Serbia, Croatia and other former Yugoslavian countries showed strong growth. The reconstruction of these countries has created a strong demand for products. In the coming years, the market position will be further strengthened by the introduction of new products into these markets and by combining the sales force.

However, this is only the first phase; this area offers considerable improvement and growth opportunities for the future. In Greece increasing use is made of the strong sales platform that has been realised; many new product groups have been launched and prepared for introduction to the market.

North America

Over the last twelve months, the commercial and industrial building sectors both developed in a predominantly favourable way for the group, while the falling trend in the housing construction sector continued. Due to the significant increase in sales of group products and a concentrated focus on automation and, consequently, the increased flexibility of production, the operational margins were maintained in comparison with the previous year. Various new local product developments have helped expand the product portfolio further, and led to revenue growth in new products. In 2008, projects were started on products which are already sold in Europe and could also be applied in the United States. In 2009, these product groups will be rapidly introduced and, in some cases, assembled locally. The aim continues to be that of strengthening the market position and raising the market volume by means of targeted acquisition opportunities which will enhance the portfolio. By combining the sales efforts, the products will, moreover, become more end-user specific through the use of their own product brand names. There are still great opportunities for further growth in this way as more products can be sold to the end-user for each home/building. Making the production more flexible and automated in order to reduce costs remains an important area of attention.

The beer and soft drinks activities achieved higher margins mainly due to an improvement in the sales mix and a more strategic approach to purchasing. A start has been made to ensure greater cooperation with the European beer and soft drinks activities and this will be extended in the coming years.

Asia

In China, the group is now active on a number of sites, situated in the southeast and the northeast. Different production sites make products for the local market in China. Products for floor heating and water quality have been successfully introduced under their own product brand names. A further expansion of the sales platform has been started. For the group, this region is a spearhead for further growth. In the field of district heating, Aalberts Industries is also active in Northern China. In 2008, the revenue also grew here, partially as a result of the establishment of individual assembly facilities.

Events after the balance sheet date

In November 2008, Aalberts Industries announced that agreement had been reached in respect of the acquisition of the heating and sanitary activities of Alphacan, a subsidiary of the French Arkema Group. After completion of all the necessary formalities, this acquisition was formally finalised at the beginning of January 2009, and the activities have been integrated into the French group company Comap.

Profit appropriation

The number of outstanding shares at the end of 2008 was 103.3 million (at year-end 2007: 102.0 million). The increase is the result of the stock dividends paid out over 2007. On the basis of the average number of outstanding shares, earnings per ordinary share (before amortisation) amounted to EUR 1.02. In conformity with Aalberts Industries' consistent policy of setting aside approximately 25% of the realised profit for dividend distribution purposes, the General Meeting of Shareholders will be asked to declare a dividend for 2008 of EUR 0.28 per ordinary share having a nominal value of EUR 0.25. The dividend will be payable in cash or, at the discretion of the shareholder, in the form of ordinary shares chargeable to the tax exempt share premium account or to the unappropriated profit. This represents a fall in the dividend of 13% compared to 2007. At the end of trading on 12 May 2009, the stock dividend exchange ratio will be determined on the basis of the volume-weighted average price of all Aalberts Industries N.V.'s shares traded on 6, 7, 8, 11 and 12 May 2009 and in such a way that the value of the dividend in shares is virtually equivalent to the cash dividend.

Sustainable entrepreneurship

In accordance with the law and vis-à-vis its customers and other stakeholders, Aalberts Industries has an obligation to make every effort to apply sustainable practices if it wishes to be one of the leading players in its respective markets The company strives to be viewed by its customers, shareholders and employees as an entrepreneurial, innovative and reliable organisation; one which is making a sustainable contribution to society. In addition, Aalberts Industries is constantly trying to improve its entrepreneurial policy, work methods and know-how in respect of sustainable entrepreneurship in order to enhance its leading position. In so doing, the company tries to achieve an optimum balance between this objective and the results, taking account of the expectations of all its stakeholders. Socially responsible entrepreneurship forms an intrinsic part of the day-to-day management of the group. Aspects such as environmental protection and improving safety have constant management attention, not simply due to its legal obligation but also because experience has demonstrated that proper focus on these topics will structurally improve the results. Annually, the Management Board issues a report as complete as possible in respect of the sustainability policy executed. In 2008, the Management Board again considered whether or not it should publish a separate sustainability report, however, it continues to be of the opinion that the most appropriate place to deal with this subject is in the annual report, due to the fact that it forms an integral part of daily operational activities and should, therefore, be viewed in that context.

Environmental care and Safety

The Management Board and the management of the group companies regularly assess the production processes and methods to ensure that these satisfy any changed conditions or requirements. In striving to achieve sustainable production methods, Aalberts Industries does its utmost to prevent or minimise any noise pollution, ground, water and air contamination, and the generation of waste material or dangerous substances. As environmental care forms a direct part of the day-to-day management, Aalberts Industries has defined the following points and objectives as guidelines for its employees and management:

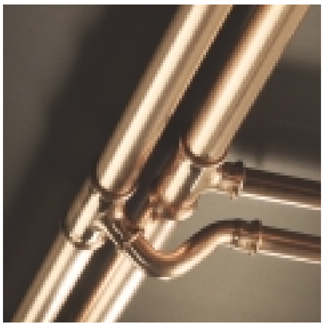
- Prevailing legal environmental regulations and provisions should be observed at all times and, where possible, more action should be taken than strictly required if this contributes to the realisation of objectives in the field of environmental care and safety.
- Continuous consciousness-raising and clear practical guidelines will ensure that environmental care and safety receive constant attention and safeguard the careful use of these factors.
- The approach adopted should, at all times, be devoted to preventing or restricting any form of ground, water and air contamination, noise

BROEN-Zawgaz
Ball valve for gas with lubricant injection system

Henco
Plastic push fitting (double backplate elbow)

Simplex
VarioCon design adjustable thermostatic valve for radiators

Pegler Yorkshire
Copper Press-fit jointing system with 'Leak Before Press' for instant identification of incomplete joints



Standard Hidráulica
Clever luxurious sanitary tap

pollution, the production of waste materials and the use of dangerous substances.
- The use of materials and natural resources should be reduced by developing new products and processes, stimulating recycling and implementing the most modern production and assembly techniques.
- Energy and water saving measures should be stimulated, by reusing released energy and/or used cooling water.

Safety and the quality of employment conditions in the group have a high priority. The objective of Aalberts Industries' policy is that employees can undertake their work under safe and healthy conditions, whilst simultaneously keeping an eye on and paying attention to the protection of third parties and the environment. This objective forms the point of departure for the health and safety policy implemented in the various group companies as, primarily, a line management responsibility. The day-to-day execution of the policy is based on a number of group principles, the following being the most important:
- offering the employees adequate training and education;
- ensuring clear communication and guidelines, including the safe guarding of such;
- carrying out regular audits and immediately following up on any actions in response to the audits;
- carrying out periodic inventories and evaluation of the risks, and discussing these with management.

The group companies have a strong healthcare policy, as a result of which the level of absenteeism is, in general, relatively low. Absence due to industrial injury was also low in 2008. The results of the execution of the health and safety policy are maintained by each group company separately and discussed with the Management Board. In 2008 a number of new measures were taken which will enhance the safety on the work floor, such as the installation of additional laser detectors and/or the fencing off of moving machine parts. To supplement the objectives outlined above, the majority of group companies have compiled and implemented an environmental and safety plan for each production facility.

Human resources

Aalberts Industries strives to be among the preferred employers within its diverse markets and geographic areas. In addition, the company is continually focused on attracting, developing and retaining talented individuals. As a company, Aalberts Industries has set itself high ambitions and motivates its people through the decentralised organisational structure to make a positive contribution to these ambitions. An important area of attention is the retention and stimulation of management potential. On the one hand, this is achieved through the creation of personal development plans, including challenging career prospects and, on the other, by allowing far-reaching decentralised operational responsibility, so that employees are able to act directly and flexibly. By applying this management philosophy consistently, a culture has been created within Aalberts Industries in which the local management teams are motivated to increase both the results of their own company and those of the group as a whole.

Policy and Structure

The Management Board of Aalberts Industries has defined the following principles for the group's human resources policy:
- stimulating an entrepreneurial culture;
- paying attention to the environment, safety and social development;
- training and educating employees and management;
- creating challenging career perspectives;
- offering employment conditions and a remuneration structure in line with the market.

The principles outlined above form the point of departure for the human resources policy observed in each of the decentralised group companies. Given the diversity of people, cultures and nationalities, local management has the autonomy to apply its own local human resource policy within the framework outlined above. The Management Board and the management of the various group companies have regular discussions about the state of affairs, during these discussions the policy in respect of personnel and potential management team appointments are frequently items on the agenda.

Enhancing mutual cooperation remains an important spearhead for the Management Board. This does not only refer to the stimulation of cross-selling opportunities in the group, but also to sharing know-how and learning from best-practice examples in areas such as sales, efficiency enhancement, safety and the environment. Furthermore, the Management Board actively stimulates group companies to investigate the extent to which opportunities exist to purchase semi-manufactured products and processes from each other, rather than from third parties, as this would immediately have a positive effect on the degree of capacity utilisation and the retention of margins in the group. In 2008, a number of specific projects were started which are intended to raise the degree of cross-selling and mutual purchasing of semi-manufactured products and processes.
The challenge continues to be that of retaining a decentralised structure and responsibilities while, at the same time, encouraging the group companies to cooperate with one another as much as possible. Consequently, in conjunction with the group directors, the Management Board devotes considerable time to stimulate communication between the group companies, so that the latter optimally investigate joint opportunities which will strengthen both the individual companies and the group as a whole.

In the last financial year, a few changes were made to the responsibilities of the various group directors. Firstly, the responsibility for Flow Control Southern Europe was expanded to include Henco; in respect of markets, customers and portfolios, Henco complements Comap excellently. Secondly, following the establishment of a new management and organisational structure in Germany, a new managing director was appointed for Flow Control Germany. While in the United States, a new managing director was appointed to the dispense systems organisation. For the rest, the organisational structure, that is the division into the two core activities Industrial Services and Flow Control, remained unchanged. The manageability and efficacy of the decentralised approach is constantly being reviewed by the Management Board. The Management Board has regular meetings with the operational management and is responsible for ensuring that, within the prescribed framework and strategic objectives, the decentralised management does everything possible to get the maximum from its respective company or region.

Personnel developments in numbers

The average number of employees grew in 2008 from 10,686 to 11,530. At the end of 2008, the number of employees was 10,880, in comparison to 10,918 at the end of 2007. In the second half of 2008, the workforce was reduced by around 1,000 employees, due to the exceptional market conditions.

Geographic spread of employees (x1)	**2008**	**%**	**2007**	**%**
Germany	2,132	19	2,154	19
France	1,826	17	1,927	18
Benelux	1,758	16	1,607	15
Eastern Europe	1,624	15	1,411	13
United Kingdom	1,229	11	1,265	12
United States	992	9	1,229	11
Scandinavia	425	4	465	4
Spain & Portugal	290	3	319	3
Other	604	6	541	5
Total	**10,880**	**100**	10,918	100

Managerial aspects

Risk profile

As an international group of industrial companies, the markets in which Aalberts Industries is active have diverse natures and develop distinctively. Moreover, Aalberts Industries does not only supply products and services to a wide range and number of sectors but, as a group, is also active in a large number of countries and geographical regions, all developing differently. In the first instance, most of these markets and geographical regions are, to a great extent, driven by the economic conditions and the mid to long-term view of these conditions. The last months of 2008 have demonstrated, that the various markets in which the group is active can be negatively influenced by factors over which Aalberts Industries has no influence. Aalberts Industries aims to make the most of both positive and negative developments in individual markets by ensuring a global spread of its activities over a large number of customers, products and markets, including having leading market positions in its principal markets. An even greater diversification of Aalberts Industries is an important strategic objective to which considerable attention is being paid both by operational management as well as by means of the capital expenditure policy. In addition to the economic conditions and outlook, Aalberts Industries is dependent on a number of factors partially derived from these, including fluctuations in the prices of raw materials and energy. In the first place Aalberts Industries aims to manage these risks by having a structured approach to its purchasing policy which consolidates the volumes being purchased and, secondly, by concluding dynamic purchasing contracts, in terms of prices, volumes and periods, with diverse suppliers. Furthermore, reducing the use of raw materials and controlling the energy costs remain important spearheads in both the day-to-day management and the development of new products and processes. In addition, Aalberts Industries attempts to manage the effect of the volatility on the financial results by implementing raw material price rises into the end product price within a short timeframe.

In its day-to-day activities, Aalberts Industries is susceptible to a number of operational risks. In particular, these relate to the technological state and continuity of the production resources, the ability of products and processes to compete, environmental management and safety. To remain competitive, Aalberts Industries invests in a sizeable annual expenditure programme focusing on the most modern production technologies. In addition, the group invests considerable sums in the development of both new products and processes to meet current and anticipated market developments. Environmental care forms an integral part of the day-to-day management. Consequently, operational management actively follows legislative developments in respect of the environment and industrial innovations concentrating on the control of environmental risks and sensitivities (for further information please see the section ‘Environmental Care and Safety’).

In addition to the risks outlined above, Aalberts Industries is also susceptible to certain financial risks. These relate in particular to foreign exchange fluctuations, credit and interest rate risks. By coordinating the various currency flows at holding company level and consolidating the flows of purchases and sales in foreign currencies regionally, the group does its utmost to neutralise the sensitivity to exchange rate fluctuations. Mainly due to the strong depreciation of the British pound in the last weeks of 2008 this policy could not fully prevent the impact of the exchange rate fluctuations on the results in euros. In respect of the credit risk, the group operates a restrictive policy in which the creditworthiness of customers is repeatedly checked and the accounts receivable portfolio is, in the main, credit insured. The interest rate risk is relatively limited and the group has various ways of actively managing any interest rate fluctuations through its contracts.
Regarding the EUR 100.8 million penalty imposed by the European Commission in 2006 for an alleged infringement of EU competition laws, there were no changes in 2008. In 2007, Aalberts Industries took legal measures which followed logically from the appeal

lodged with the Court of Justice in Luxembourg; there was no follow-up to these measures in 2008. Given that the penalty relates to the period in which Aalberts Industries was the owner of the companies being fined, there is no legal right of recourse to the previous owner of these companies. As the Management Board continues to be of the opinion that no competition laws were infringed, it has decided that no provision would be made for this matter. In January 2007, Aalberts Industries provided the European Commission with a bank guarantee.

Risk management

The internal risk management systems are intended to ensure that the most important risks are identified and that appropriate control measures are drawn up in respect of these risks. The internal risk management systems are tailored to their practical applicability, taking account of the decentralised structure and the day-to-day working environment within Aalberts Industries. Aalberts Industries' financial reporting has been established within a strict framework of budgeting and reporting. At regular intervals, the individual group companies and clusters report their financial results, including the associated risks, to the holding company. These reports are regularly discussed in detail and, with the assistance of the holding company's financial department, the Management Board critically assesses the accuracy and completeness of these reports, including adherence to the prescribed risk management policy. Despite the risk management and control systems in place within Aalberts Industries, there can be no absolute guarantee that mistakes, fraud, losses or illegal activities will be entirely prevented.

Taking account of the above, the Management Board is of the opinion that Aalberts Industries' internal risk management and control systems offer a reasonable degree of certainty that the financial reporting does not contain any material inaccuracies. Moreover, the Management Board has had no indications that the risk management and control systems did not function properly in the 2008 financial year. Nor has the Management Board any reason to suppose that the risk management and control systems will not function adequately in 2009. For the director's statement of responsibilities reference is made to page 33.

Corporate governance

Since the introduction of the Dutch Corporate Governance Code in 2004, the principles laid down in this Code relating to sound corporate governance and best practice provisions have been regularly discussed during meetings of the Supervisory and Management Boards. In the opinion of both the Supervisory and Management Board, Aalberts Industries pursues a consistent corporate governance policy based on the rule 'apply or explain'. Aalberts Industries supports the principles of the Corporate Governance Code and applies the best practice provisions of this Code almost entirely. To a limited degree, Aalberts Industries has tailored the Code to its own specific circumstances, as is explained in detail on the company's website; in addition, the website includes the exceptional rules and regulations drawn up in response to the prevailing Corporate Governance Code. As it is applied within the company, the Management Board views the Corporate Governance Code, adopted by the shareholders, as formal confirmation of the company's tradition of conducting a transparent, dynamic and principled management policy; an approach upheld since the group was first listed on the Amsterdam stock exchange. The main modifications to the generally proposed Corporate Governance Code relate to the following subjects:

1. *Management Board:* The company deems it essential that it is able to offer conditions of employment such that the right people can be attracted to the right positions. The appointments should not be limited to certain periods of time. Members of the Management Board require the approval of the Supervisory Board before accepting supervisory directorships in other companies. Private investment interests do not need to be disclosed. On termination of an employment contract, account will be taken of the existing employment relation-

ship and legislation; this will also apply to new appointments.

2. *Supervisory Board:* Members of the Supervisory Board will not be prohibited from holding shares in Aalberts Industries. Former members of the Management Board will be eligible for membership of the Supervisory Board and, moreover, eligible to be chairman. In terms of expertise, the composition of the Supervisory Board should be such that the members of the Board are able to fulfil their responsibilities as one corporate body. The maximum period in office will be three periods of four years, but in the interests of the company this period may be deviated from. Aalberts Industries will not impose any maximum on the number of supervisory directorships held by members of its Supervisory Board, but will, in this respect, aim to apply qualitative criteria. Prior to accepting an appointment (reappointment) to the Supervisory Board of another company, Supervisory Board members will consult the Supervisory Board and the chairman of the Management Board to establish whether the acceptance of the appointment (reappointment) is compatible with membership of Aalberts Industries' Supervisory Board.
3. Given the nature and scope of the group, there is no necessity to create the position of company secretary.
4. *Provision of information:* New information will be equally and simultaneously disseminated. The provision of information to individuals must also take place on the basis of the principle referred to above. The external auditor will not be invited to attend the General Meeting of Shareholders, unless legislation requires this or the Supervisory Board decides otherwise. However, prior to this meeting, the company will make it possible to submit written questions to the external auditor regarding formal aspects of the annual auditor's report.

Together with the explanatory notes given on the website, the Management Board believes it has completely fulfilled the principle 'apply or explain'.

All the regulations contained in Aalberts Industries' prevailing Code pertaining to reporting and transparency of information have been incorporated into this annual report and Aalberts Industries' website. The entirety of the Corporate Governance Code as enforced within Aalberts Industries remained unaltered in 2008.

Decision-making

The duties and powers of the General Meeting of Shareholders, the Supervisory Board, the Management Board and the Stichting Prioriteit 'Aalberts Industries N.V.' have been so defined that a well-balanced allocation has been achieved as regards control and influence of the respective constituent bodies of the company. In this way, Aalberts Industries has, as far as possible, ensured that when essential decisions are made account is taken of the interests of all the company's stakeholders, and that decision-making is undertaken in a prudent manner at all times.

Director's statement of responsibilities

In accordance with new statutory provisions, the Executive Board states, to the best of her knowledge, that:

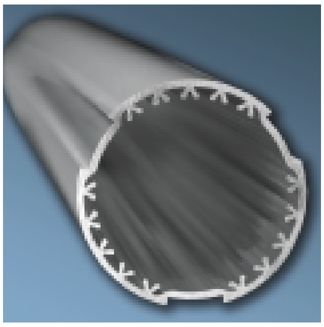
1. The financial statements, as shown in this report, provide a true and fair view of the assets, liabilities, financial position and result for the financial year of Aalberts Industries N.V. and its subsidiaries included in the consolidated statements;
2. The annual report, as shown in this report, provides a true and fair view of the position at the balance sheet date and the business conducted during the financial year of Aalberts Industries N.V. and its subsidiaries, details of which are contained in the financial statements.

The annual report provides information on any material risks to which Aalberts Industries N.V. is exposed.

Jan Aalberts, *President & CEO*

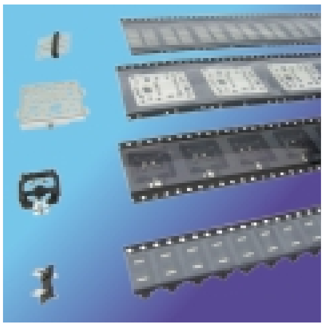
Eurocast & AHC
Electronic housing for Thales (used processes: lost wax casting, nickel-plating and coating)

Mifa
Conductor for an ergonomic seat



Traterh
HART-COAT® process for hard anodising of aluminium alloys

Metalis Cotterlaz
Connectors in SMT (surface-mount technology) packaging on printed circuit board



2008 Financial statements and proposed dividend

The financial statements for the year ending 31 December 2008 were compiled by the Management Board and signed by the Executive Board and the Supervisory Board. The auditor's report from PricewaterhouseCoopers Accountants N.V. is included on page 80 of the financial statements. The Management Board will present the 2008 financial statements to the General Meeting of Shareholders for adoption. The Supervisory Board will advise the General Meeting of Shareholders to adopt these financial statements, including a proposed dividend of EUR 0.28 per ordinary share.

Composition of the Management Board and the Supervisory Board

On 1 October 2008, Mr Pelsma, who has held various positions in the group since May 1999, was appointed Aalberts Industries' Chief Operating Officer. This appointment fits well with the objective of increasing interaction between and with group companies, whilst simultaneously retaining the decentralised structure.
On conclusion of the General Meeting of Shareholders, held on 23 April 2008, Mr Land retired having already indicated he did not wish to stand for re-election for a third term of four years. The Supervisory Board is extremely appreciative of Mr Land's involvement and contribution to the successful development of Aalberts Industries over the last number of years. During the first few months of the 2008 financial year, the Supervisory Board consisted of five members and after the General Meeting of Shareholders of four; the Supervisory Board is of the opinion that, given the scope and international character of Aalberts Industries, either four or five supervisory directors is an appropriate number.

The work of the Supervisory Board

In the 2008 financial year, the Supervisory Board undertook several activities. It met six times in the presence of the Management Board and met once when the Management Board was not present. Permanent agenda items during the meetings with the Management Board included reviews from the Management Board regarding the state of affairs within the company, the development of the results and balance sheet, and the market developments and outlook. Furthermore, the Management Board offered progress reports in respect of the large ongoing and more strategic projects. Other subjects of attention were the organisational structure and the human resources policy. The strategy implemented by the company was also dealt with and attention paid to the principal risks linked to the management of the group. The planning and operation of the internal risk management and control systems associated with these risks were periodically evaluated and discussed with the Board.
As well as the regular items on the agenda, the semi-annual and annual figures, the dividend policy including the dividend proposal for the year 2007, and the corporate governance structure were topics discussed during the meetings. Special attention was paid to the clearly volatile market developments which eventually resulted in the general, unanticipated, market slowdown confronting the group in the last few months of 2008. The Supervisory Board approved the operational plan for the coming financial year, which includes the group's financial objectives, the strategy to realise these objectives and the preconditions corresponding to this strategy. In conformity with the practice of the Board, the June meeting was combined with a company visit, this time to Henco in Herentals, Belgium.

Corporate Governance Code

The Supervisory Board ascertained that the Corporate Governance Code was functioning well within the full range of practices and procedures, as these apply within Aalberts Industries. In this context, the Board and the Management Board discussed the updating of the Dutch Corporate Governance Code (Tabaksblat Code) as presented by the Corporate Governance Code Monitoring Committee (Frijns Committee). The Board and the Management Board also discussed the potential effect these changes could have on Aalberts Industries.

Independence
In the opinion of the Supervisory Board, the composition of the Board is such that the members are able to act critically and independently in respect of one another and the Management Board, as laid down in the Corporate Governance Code and article 4 of its own regulations. This means that the legislative and statutory duties of the Supervisory Board are being fulfilled, including giving advice, both solicited and unsolicited, and acting as counsel to the Management Board.

Remuneration and Audit Committee
In accordance with Article 8 of its regulations, the Supervisory Board has not set up any separate committees but fulfils both duties as one body. During meetings in 2008, and acting as one body, the Supervisory Board considered performance appraisal, financial reporting and the prevailing remuneration policy.

Performance appraisal
In a closed meeting, the Supervisory Board assessed its own performance as a body, and the performance of each individual member. During this meeting, the performance of the Management Board as a whole and that of each individual member was also assessed.

Auditing
As is standard practice for Aalberts Industries, the Supervisory Board asked the external auditor to explain the significance of the 2007 annual figures and the 2008 semi-annual figures. On both occasions there was a discussion about the work undertaken, the figures to be published, the way in which the Board exercises its supervisory role and the role of the external auditor.

Remuneration policy

In accordance with the remuneration policy adopted by the General Meeting of Shareholders for members of the Executive Board, the remuneration is made up of the components: fixed salary, variable salary, and pension contributions. The level and composition is determined on the basis of the Dutch employment market and designed in such a way that the company is in a position to attract, motivate and retain highly qualified Management Board members. Important principles in this context include: a competitive package of employment conditions, a stimulating result-dependent component and remuneration geared to individual responsibilities, experience and performance. The variable component is directly related to the earnings per share up to a maximum of 75% of the annual salary. To find out the exact remuneration for the members of the Executive Board, please see the notes to the annual financial statements. The principles of the remuneration policy outlined above also apply to the members of Aalberts Industries' top management, although these may be adapted to suit local situations. Furthermore, the result-dependent component is based on the manager's specific objectives and challenges, these being discussed and laid down periodically. In addition to the short term variable salary a medium term variable component has been introduced in 2008 for members of the top management. This concerns a conditional performance share plan which, after a period of three years, grants participants a number of shares depending on the group achieving certain targets. The Supervisory Board's remuneration remained unchanged in 2008.

In conclusion, the Supervisory Board would like to compliment the employees and management of Aalberts Industries on the results achieved in 2008, not least because of the exceptional circumstances they had to face; in particular they would like to say how much they value the effort and dedication shown. And, last but not least, the Board would once again like to thank all the shareholders for having placed their trust in Aalberts Industries.

Langbroek, 25 February 2009

Cor Brakel, *Chairman*
Dries van Luyk
Henk Scheffers
Walter van de Vijver

Supervisory Board

Cor Brakel (1937)
Chairman
Dutch nationality.
Former President & CEO of Wolters Kluwer N.V.
Appointed 1999. Present term until 2011.
Other relevant positions: President Supervisory Board Berlage Winkelfonds Duitsland B.V. and USG People N.V.

Dries van Luyk (1945)
Dutch nationality.
Former Managing Director Division Passage KLM Royal Dutch Airlines.
Appointed 1996. Present term until 2009.
Other relevant positions: President Supervisory Board Jetair W.W. AG, President Advisory Council Key Technology, Inc. and Member Advisory Council Deerns Group.

Henk Scheffers (1948)
Dutch nationality.
Former Board Member of SHV Holdings N.V.
Appointed 2007. Present term until 2011.
Other relevant positions: Vice President Supervisory Board Flint Holding N.V., Member Supervisory Board Royal FrieslandCampina N.V. and Wolters Kluwer N.V. and Member Investment Committee NPM Capital N.V.

Walter van de Vijver (1955)
Dutch nationality.
CEO of Delta Hydrocarbons B.V.
Appointed 2007. Present term until 2011.
Other relevant positions: Member Advisory Council Heerema Marine Contractors, Senior Advisor McKinsey & Company Consulting, Member International Advisory Council of Reliance Industries (India).

Management Board

Jan Aalberts (1939)
President & Chief Executive Officer
Executive director. Dutch nationality.
Founder of Aalberts Industries in 1975.
Current position since 1987.
No other relevant positions.

John Eijgendaal* (1964)
Chief Financial Officer
Dutch nationality.
Employed in the Aalberts Industries Group since 1989; current position since 1999. No other relevant positions.

Robert Jan Lousberg (1968)
Director
Dutch nationality.
Appointed 2006. No other relevant positions.

Wim Pelsma* (1963)
Chief Operating Officer
Dutch nationality.
Employed in the Aalberts Industries Group since 1999; current position since 2008. No other relevant positions.

** At the General Meeting of Shareholders, to be held on 20 April 2009, Mr. Eijgendaal and Mr. Pelsma will be nominated to be appointed executive directors.*

Operational Management

Industrial Services

Peter Kopp (1947) / Helmut Nolte (1951)
Pierre Petitjean (1966)
Erik Zantinge (1965) / Geert Smits (1964)

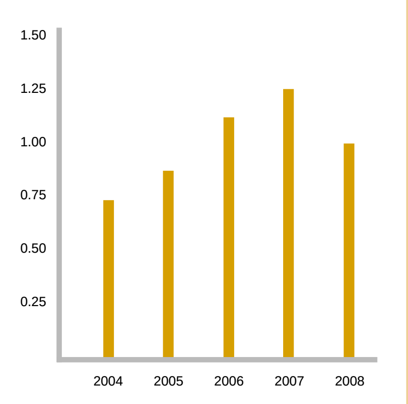
Flow Control

Mark Holladay (1965)
David Lease (1955)
Georg Lechtenböhmer (1959)
Jack McDonald (1961)
Mike Saunders (1956)

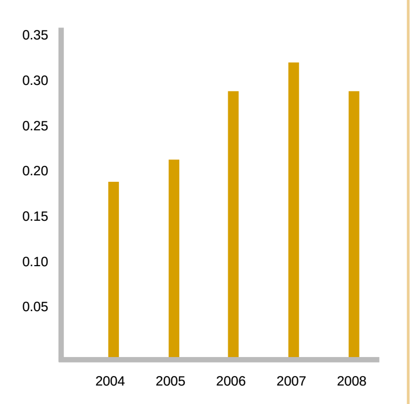
Stock exchange information	2008	2007	2006	2005	2004
Highest price in EUR	**14.68**	21.95	16.70	11.63	8.93
Lowest price in EUR	**4.77**	12.30	11.05	8.34	5.09
Closing price at year-end in EUR	**5.06**	13.60	16.38	11.21	8.93
Price / earnings ratio	**5.0**	10.8	14.9	13.2	12.2
Average stock exchange revenue (in EUR x 1,000)	**7,035**	8,324	4,908	2,384	1,743
Number of shares in issue at year-end (in millions)	**103.3**	102.0	98.2	97.6	96.9
Average number of shares in issue (in millions)	**103.3**	101.7	98.2	97.6	96.9
Market capitalisation at year-end (x EUR million)	**523**	1,387	1,609	1,095	865

Price movements in ordinary shares 2004 - 2008
(in EUR)

Earnings per ordinary share*
(in EUR)



Dividend per ordinary share
(in EUR)



* *Before amortisation*

The Aalberts Industries N.V. Share

Listing

Since March 1987, Aalberts Industries has been listed on the Amsterdam stock exchange and forms a part of the AMX index of the NYSE Euronext Securities Market in Amsterdam. In addition Euronext.liffe launched equity options on Aalberts Industries shares. At the end of 2008, there were 103,303,427 ordinary shares in circulation with a nominal value of EUR 0.25 and a market capitalisation of approximately EUR 523 million.

Dividend Policy

Aalberts Industries' intention is to earmark some 75% of the net profit before amortisation, achieved in 2008 to further growth and to strengthen the position of the company, while some 25% will be distributed by way of an option dividend to shareholders. This policy is the same as the policy observed in previous years. Shareholders may opt to have the dividend paid entirely in cash or, alternatively, in shares in the form of shares chargeable to the tax-exempt share premium account or to the unappropriated profit.

Shareholders' interests

About 85% of the ordinary shares are freely marketable. At the end of 2008, 450,000 outstanding cumulative preference shares in Aalberts Industries N.V. were held by the trust office 'Stichting Administratiekantoor Financieringspreferente Aandelen Aalberts Industries', which certified the shares. At the end of 2008, Aalberts Industries purchased this last block of 450,000 cumulative preference shares. At the General Meeting of Shareholders to be held on 20 April 2009, Aalberts Industries will request permission to withdraw these cumulative preference shares and, in so doing, reduce the total of issued share capital.

On the basis of the Decree on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions and in accordance with the Financial Supervision Act, shareholders are obliged to report any ownership in excess of 5% of the outstanding ordinary shares, consequently the following holders of ordinary shares are detailed: Aalberts Beheer B.V. (7.63%), reported 1 November 2006 and WAM Acquisitions GP, Inc. (5.92%), reported 1 November 2006; these percentages relate to the total capital issued. At the end of 2008, Aalberts Beheer B.V. / J. Aalberts held 13.28% of the ordinary shares.

Further information

The most recent press releases and (semi-)annual reports are available on the website: www.aalberts.com. The information in this report and the reports from previous years can also be consulted and downloaded.

Financial agenda *(subject to change)*

20 April 2009	General Meeting of Shareholders in the Okura Hotel, Amsterdam (start: 14:00 hrs)
22 April 2009	Ex-dividend listing
22 April – 11 May 2009	Option period stock dividend or cash dividend
24 April 2009	Record date
12 May 2009	Trading update (after close of trading)
12 May 2009	Fixation of stock dividend conversion ratio (after close of trading)*
15 May 2009	Making payable of dividend and delivery of new ordinary shares
13 August 2009	Publication of interim figures 2009 (before start of trading)
5 November 2009	Trading update (before start of trading)
25 February 2010	Publication of annual figures 2009 (before start of trading)

* *The stock dividend will be determined based on the volume weighted average price of all Aalberts Industries N.V. shares traded on 6, 7, 8, 11 and 12 May 2009, in such a way that the value of the dividend in shares is substantially the same as the value of the cash dividend.*

Financial Statements
2008

Aalberts Industries

Contents of financial statements 2008

1 Consolidated balance sheet

(in EUR x 1,000)	notes	31-12-2008	31-12-2007
Assets			
Goodwill	9	445,557	308,783
Other intangible assets	9	149,141	101,410
Property, plant and equipment	10	516,265	444,931
Deferred income tax assets	17	25,501	16,310
Non-current assets		**1,136,464**	871,434
Inventories	11	360,168	328,142
Trade receivables	12	178,686	205,425
Other current assets	13	28,029	29,367
Cash and cash equivalents		100	127
Current assets		**566,983**	563,061
Total assets		**1,703,447**	1,434,495
Equity and liabilities			
Shareholders' equity	3	577,010	530,448
Minority interests	3	9,943	7,775
Total equity		**586,953**	538,223
Non-current borrowings	16	572,849	350,798
Cumulative preference shares	16	–	10,210
Employee benefit plans	18	27,708	32,305
Deferred income tax liabilities	17	37,615	23,538
Other provisions	18	5,907	7,052
Non-current liabilities		**644,079**	423,903
Current borrowings	16	107,826	93,866
Current portion of non-current borrowings	16	84,623	70,137
Trade and other payables		181,400	190,303
Current income tax liabilities		1,653	20,335
Other current liabilities	19	96,913	97,728
Current liabilities		**472,415**	472,369
Total equity and liabilities		**1,703,447**	1,434,495

2 Consolidated income statement

(in EUR x 1,000)	notes	2008	2007
Revenue		**1,750,752**	1,702,523
Raw materials and work subcontracted		(735,937)	(723,763)
Personnel expenses	21	(466,737)	(442,879)
Depreciation of property, plant and equipment	10	(70,059)	(60,943)
Amortisation of intangible assets	9	(12,246)	(9,271)
Other operating expenses	22	(296,518)	(281,687)
Total operating expenses		**(1,581,497)**	(1,518,543)
Operating profit		**169,255**	183,980
Interest income	23	7,842	5,393
Interest expenses	23	(52,282)	(41,175)
Foreign currency exchange results	23	(7,212)	3,700
Derivative financial instruments	23	(4,518)	1,917
Net finance cost		**(56,170)**	(30,165)
Profit before tax		**113,085**	153,815
Tax expenses	24	(19,250)	(33,784)
Profit after tax		**93,835**	120,031
Attributable to:			
Ordinary shareholders		92,753	118,690
Minority interest		1,082	1,341
Earnings per ordinary share (before amortisation)			
Basic	25	1.02	1.26
Diluted	25	1.02	1.26

3 Consolidated statement of changes in equity

(in EUR x 1,000)	Issued capital	Share premium account	Other reserves	Currency translation and hedging reserve	Retained earnings	Share-holders' equity	Minority interests	Total equity
As at 1 January 2007	24,559	149,320	110,209	(469)	100,030	383,649	3,913	387,562
Dividend 2006	201	(201)	–	–	(12,550)	(12,550)	(96)	(12,646)
Profit appropriation	–	–	87,480	–	(87,480)	–	–	–
Issue of share capital	750	53,832	–	–	–	54,582	–	54,582
Profit for the period	–	–	–	–	118,690	118,690	1,341	120,031
Exchange rate differences	–	–	–	(13,923)	–	(13,923)	51	(13,872)
Acquisitions	–	–	–	–	–	–	2,566	2,566
As at 31 December 2007	25,510	202,951	197,689	(14,392)	118,690	530,448	7,775	538,223
Dividend 2007	328	(328)	–	–	(15,256)	**(15,256)**	(2)	**(15,258)**
Profit appropriation	–	–	103,434	–	(103,434)	**–**	–	**–**
Profit for the period	–	–	–	–	92,753	**92,753**	1,082	**93,835**
Exchange rate differences	–	–	–	(27,084)	–	**(27,084)**	(1,127)	**(28,211)**
Fair value changes derivative financial instruments	–	–	–	(5,031)	–	**(5,031)**	–	**(5,031)**
Deferred taxes on fair value changes	–	–	–	1,180	–	**1,180**	–	**1,180**
Acquisitions	–	–	–	–	–	**–**	2,215	**2,215**
As at 31 December 2008	**25,838**	**202,623**	**301,123**	**(45,327)**	**92,753**	**577,010**	**9,943**	**586,953**

4 Consolidated cash flow statement

(in EUR x 1,000)	**2008**	**2007**
Cash flows from operating activities		
Operating profit	169,255	183,980
Adjustments for:		
Depreciation of property, plant and equipment	70,059	60,943
Amortisation of intangible assets	12,246	9,271
Result on sale of equipment	807	(568)
Changes in provisions and other movements	(2,960)	(16,527)
Changes in inventories	846	(4,186)
Changes in trade and other receivables	42,307	13,879
Changes in trade and other payables	(28,062)	(16,741)
Changes in working capital	15,091	(7,048)
Cash flow from operations	**264,498**	230,051
Finance income received	8,074	16,078
Finance expenses paid	(62,901)	(43,093)
Income taxes paid	(44,989)	(31,693)
Net cash from operating activities	**164,682**	171,343
Cash flows from investing activities		
Acquisition of subsidiaries	(277,875)	(107,127)
Purchase of property, plant and equipment	(109,294)	(105,675)
Purchases of intangible assets	(3,458)	(2,007)
Proceeds from sale of equipment	3,235	5,171
Investments in associated companies and other cash flows	–	3
Net cash from investing activities	**(387,392)**	(209,635)
Cash flows from financing activities		
Proceeds from issue of share capital	–	54,582
Proceeds from non-current borrowings	315,718	97,413
Repayment of non-current borrowings	(85,995)	(76,069)
Dividends paid	(15,256)	(12,550)
Minority interest and other cash flows	32	(96)
Net cash from financing activities	**214,499**	63,280
Net increase/(decrease) in cash and current borrowings	**(8,211)**	24,988
Cash and current borrowings at beginning of period	(93,739)	(117,539)
Net increase/(decrease) in cash and current borrowings	(8,211)	24,988
Currency differences on cash and current borrowings	(5,776)	(1,188)
Cash and current borrowings at end of period	**(107,726)**	(93,739)
Cash	100	127
Current borrowings	(107,826)	(93,866)
Cash and current borrowings at end of period	**(107,726)**	(93,739)

5 Notes to the consolidated financial statements

Aalberts Industries N.V. and its subsidiaries (together these are referred to as the Group) with two core activities, Industrial Services and Flow Control, occupies top positions in the market in each of these activities. Industrial Services activities include the development, production, processing and sale of complex parts for high-grade industrial end products based on customer specifications. The parts and services are supplied to a large number of market segments, such as precision engineering, medical, automotive, electro-metallic, aerospace, defence, aluminium, telecom and semiconductor industries. Flow Control activities include the development, production and sale of products and systems for connecting, distributing and regulating liquids and gases. These products and systems are supplied worldwide to the wholesale trade, OEMs, gas producers, utility corporations, laboratories and the beer and soft drink industries.
Aalberts Industries N.V. is a publicly traded company incorporated in Utrecht and domiciled in Langbroek, the Netherlands. The consolidated IFRS financial statements of the company for the year ended 31 December 2008 comprise the company and its subsidiaries. The financial statements have been adopted by the Supervisory Board on 25 February 2009 and will be submitted for approval to the General Meeting of Shareholders on 20 April 2009. The financial statements have been prepared by the Management Board and released for publication on 26 February 2009.

6 Summary of significant accounting policies

6.1 Basis for preparation

The European regulation number 1606 came into force on 1 January 2005 and consequently the Group has adopted the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union for the preparation of consolidated statements. The financial statements are presented in EUR x 1,000, unless mentioned otherwise. The financial statements are prepared on the historical costs basis except derivative financial instruments which are stated at their fair value. Employee benefits are based on the projected unit credit method. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.3. Standards and interpretations to existing standards that are not yet effective and have not been early adopted are the following:

Endorsed by the European Union:
- IFRS 3R (Business combinations)

Not yet endorsed by the European Union:
- IAS 1 amendment (Presentation of financial statements: a revised presentation)
- IFRS 1 amendment (IAS 27 Cost of an investment in a subsidiary, jointly-controlled entity or associate)
- IAS 32 amendment (Puttable financial instruments and obligations arising on liquidation)
- IAS 23 amendment (Borrowing costs)
- IFRS 2 amendment (Share-based payment)
- IFRIC 13 (Customer loyalty programmes)
- IFRS 8 (Operating segments)

It is not foreseen that these will have a material impact, besides extended disclosures.

Standards and interpretations to existing standards adopted for the first time in 2008 and being relevant are the following:
- IAS 39 amendment (Reclassification of financial instruments)
- IFRIC 11 (Group and treasury share transactions)
- IFRIC 10 (Interim financial reporting and impairment)
- IFRIC 14 (IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction)

The adoption did not have impact on the financial statements.

6.2 Basis for consolidation

6.2.1 Subsidiaries
Subsidiaries are those entities controlled by the company. Control exists when the company has the power to govern directly or indirectly the financial and operational policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the control ceases.

6.2.2 Investments in associated companies
Associates are those entities in which the Group holds, directly or indirectly, significant influence, but no control, over the financial and operating policies. Associates are initially valued at cost and subsequently valued using the equity method. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates based on the equity method accounting, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the net book amount of the associate, the net book amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

6.2.3 Business combinations
Newly acquired group companies are included at their fair value upon consolidation as from the time the power of control was acquired, taking into account the fair value of the assets, liabilities and contingent liabilities. All the identifiable intangible assets of the acquired business are recorded at their fair values. Intangible assets are separately identified and valued. An asset is identifiable when it either arises from contractual or other legal rights, or is separable. An asset is separable if it could be sold, on its own or with other assets. The purchase price, being the total consideration including directly attributable acquisition costs, is then allocated across the fair value of all assets and liabilities with any residual allocated to goodwill. Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (negative goodwill) is recognised immediately in the income statement. Minority interests in group result and equity are stated separately.

6.2.4 Intercompany and related party transactions
The Executive and Supervisory Board and the group companies have been identified as related parties. Transactions with the Executive Board and the Supervisory Board only consist of remuneration. Transactions between group companies including unrealised gains on these transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Transactions with minority interests are treated as third party transactions.

6.3 Segment reporting

A business segment is a distinguishable component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The Group's primary format for reporting segment information is the business segment, the secondary is the geographical segment.

6.4 Foreign currency transactions and translation

6.4.1 Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euros, which is the presentation currency of the Group and the functional currency of the parent company.

6.4.2 Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions (spot rate). Foreign currency exchange gains and losses resulting from the settlement of financial transactions and from the translation at year-end exchange rates of borrowings and cash denominated in foreign currencies are recognised in the income statement as finance cost. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euros at foreign currency exchange rates effective at the date the values were determined. A summary of the main currency exchange rates applied in the year under review and the preceding year reads as follows:

Currency exchange rates	2008 Year-end	2008 Average	2007 Year-end	2007 Average
1 British pound (GBP) = EUR	1.027	1.260	1.357	1.462
1 US dollar (USD) = EUR	0.710	0.683	0.679	0.731

6.4.3 Group companies
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates. All resulting exchange differences are recognised as a separate component of equity.

6.5 Intangible assets

6.5.1 Goodwill
Goodwill represents the excess of the costs of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition, irrespective any minority interest. All business combinations are accounted for by applying the purchase accounting method. Goodwill is allocated to cash generating units, being the business segments benefiting from the business combination in which the goodwill arose. Goodwill is not amortised but is tested annually for impairment. In respect of associated companies, the net book amount of goodwill is included in the net book amount of the investment in the associated company.

6.5.2 Software
Acquired software is capitalised and stated at cost less accumulated amortisation and impairment losses. Software is amortised over the useful life, normally 3 years.

6.5.3 Research and development
Expenditure on research and development activities, undertaken with the prospect of gaining new technical knowledge and new commercially feasible products is recognised in the income statement. When future benefits from the development activities can reliably be measured, development costs are capitalised. Otherwise they will be expensed through the income statement.

6.5.4 Other intangible assets
Other intangible assets include brand names and customer base. Intangible assets that are acquired through acquired companies are initially valued at fair value. This fair value is subsequently treated as deemed cost. These identifiable intangibles are then systematically amortised over the expected useful life between 10 and 20 years.

6.5.5 Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

6.5.6 Amortisation
The straight-line amortisation method is used, based on the estimated useful life of the intangible asset. The amortisation period and the amortisation method have been reviewed at least at each financial year-end. If the expected useful life of the intangible asset was significantly different from previous estimates, the amortisation period has been changed accordingly. Goodwill is not subject to amortisation.

6.6 Property, plant and equipment

6.6.1 Valuation
Property, plant and equipment are stated at cost less accumulated depreciation based on the estimated useful life of the assets concerned and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of directly attributable overheads.

6.6.2 Subsequent expenditure
The Group recognises in the net book amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs such as repair and maintenance costs are recognised in the income statement as an expense as incurred. Depreciation is not applied to property, plant and equipment in progress.

6.6.3 Depreciation
For depreciation, the straight-line method is used. The useful life and residual value are reviewed periodically through the life of an asset to ensure that it reflects current circumstances. The useful life of the following categories are used for depreciation purposes:

Category	Useful life (minimum)	Useful life (maximum)
Land	Infinite	Infinite
Buildings and installations	5 years	40 years
Machinery	5 years	15 years
Other factory equipment	3 years	10 years
Office equipment	3 years	5 years
Computer hardware	3 years	5 years
Company cars	3 years	5 years
Commercial vehicles	3 years	6 years

6.7 Impairment of non-financial assets

Circumstances may arise where the net book amount of an asset may not be economically recoverable from future business activity. Although future production may be technically possible and for commercial reasons necessary, this may be insufficient to recover the current carrying value in the future. Under these circumstances, it is required that a write-down of the net book amount to the recoverable amount (the higher of its fair value less cost to sell and its value in use) are charged as an immediate impairment expense in the income statement. Goodwill and intangible assets with indefinite lives are tested for impairment annually, whereas other assets should be tested when circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) subject to management review and monitoring. An impairment loss will be reversed if there is a change in the estimates used to determine the recoverable amount of the assets since the last impairment loss was recognised. The net book amount of the asset will be increased to its recoverable amount. Goodwill is never subject to reversion of impairment losses recognised.

6.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories, other than those for which specific identification of costs are appropriate, is assigned by using weighted average cost formula. Borrowing costs are excluded.

6.9 Trade receivables

Trade receivables are initially recognised at fair value and subsequently valued at amortised cost, taking into account unrecoverable receivables. Indications for unrecoverable receivables are based on the past due aging (in general when receivables are past due between 60 to 90 days a provision is accounted for) and credit insurance conditions, if applicable.

6.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and current borrowings for the purpose of the statement of cash flows.

6.11 Share capital

Ordinary and priority shares are classified as equity.

6.12 Derivatives and borrowings

Derivatives are stated at fair value. The change in fair value is included in net finance cost if no hedge accounting is applied. Fair value changes for derivative cash flow hedges which are accounted for under hedge accounting are added or charged directly to equity, taking taxation into account. Upon expiration the result from derivatives is brought to the income statement in association with the hedged items. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Cumulative preference shares are classified as non-current liabilities. The dividends on these cumulative preference shares are recognised in the income statement as finance cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

6.13 Finance leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

6.14 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their net book amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

6.15 Employee benefit plans

The Group has a number of pension plans in accordance with local conditions and practices. Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. In the UK, Germany, France, Italy and Norway, the plans are partly defined benefit plans. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit obligations are measured at present value, taking into account actuarial assumptions; plan assets are valued at fair value. The net periodic pension costs (consisting of service costs, interest costs and expected return on assets) are recognised as personnel expenses.
The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by

discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.
Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.
For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

6.16 Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions have been made in connection with liabilities related to normal business operations. These comprise mainly restructuring costs and environmental restoration. The provisions are mainly non-current.

6.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business. Revenue includes the proceeds of goods and services supplied, excluding VAT and net of price discounts and bonuses. The proceeds of goods supplied are recognised as soon as all major ownership rights and risks in respect of the goods have been transferred to the buyer. Sales of services are recognised in the accounting period in which the services are rendered on the basis of the actual service provided as a proportion of the total services to be provided. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

6.18 Other income

Other income is income not related to the key business activities of the Group or relates to incidental and/or non-recurring items, like income from the sale of non-monetary assets and or liabilities, commissions from third parties and government grants. Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all related conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match the costs they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of that property plant and equipment.

6.19 Net finance cost

Interest expense and income on current and non-current borrowings, dividend on cumulative preference shares, foreign currency exchange results and fair value changes on derivative financial instruments are recognised in the income statement in net finance cost if no hedge accounting is applied. Results from derivative interest instruments for which hedge accounting is applied are brought from equity to net finance cost upon expiration and in relation with the hedged item.

6.20 Taxation

Income tax expenses are based on the pre-tax profit at the ruling tax rate, taking into account any tax-exempt results, tax losses carried forward and fully or partly deductible costs.

6.21 Share in result of associated companies

This item represents the share in the net profit of associated companies not included in the consolidation, and the profit realised on the disposal of associated companies.

6.22 Notes to the consolidated cash flow statement

The cash flow statement is drawn up using the indirect method. The cash paid for the acquired group companies, less the available cash, is recorded under cash flow from investing activities. The changes in assets and liabilities as a result of acquisitions are eliminated from the cash flows arising from these assets and liabilities. These changes have been incorporated in the cash flow from investment activities under ‘Acquisition of subsidiaries’. The net cash flow consists of the net change of cash and current borrowings in comparison with the previous year under review.

6.23 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operational leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

6.24 Dividend distribution

Dividend distribution to the ordinary shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company’s shareholders.

7 Financial risk management

7.1 Financial risk factors

The Group’s activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department ‘Group Treasury’ under policies approved by the Management Board. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency exchange risk, interest rate risk, credit risk, and the use of derivative financial instruments and non-derivative financial instruments. These principles may differ per group company or business unit being a result of different local market circumstances.

7.1.1 Market risk

The Group operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the US dollar and the British pound. Foreign currency exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign currency exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury is responsible for managing the net position in each foreign currency. In general, remaining substantial currency risks are covered by using currency instruments. The Group has several foreign subsidiaries of which the net equity is subject to currency risk. Where possible, this currency risk is hedged by financing the subsidiaries concerned with loans denominated in de relevant currencies, subject of course to the legal and fiscal opportunities and limitations.

The US dollar and British pound are the major foreign currencies for the Group. At 31 December 2008, if the euro had weakened against the US dollar by 10%, with all other variables held constant, the net result of the Group would have been impacted by negative EUR 3.8 million (2007: negative EUR 1.9 million). This impact is mainly due by revaluation of working capital and loans. The net equity at year-end would have been impacted by positive EUR 3.7 million (2007: positive EUR 4.2 million). At 31 December 2008, if the euro had weakened against the British pound by 10%, with all other variables held constant, the net result of the Group would have been impacted by positive EUR 3.3 million (2007: positive EUR 4.5 million). This impact is mainly due by revaluation of working capital and loans. The net equity at year-end would have been impacted by positive EUR 9.2 million (2007: positive EUR 7.1 million). The impact of derivative financial instruments is excluded from this sensitivity analysis.

The Group is exposed to commodities price risk because of its dependence on certain raw materials especially copper. Generally, commodity price variances are absorbed by the sales price developments. Additionally the Group makes use of its strong position in the market for commodities to realise the purchase and delivery of raw materials at the best possible conditions. Where considered necessary, exposures with high risk may be covered through commodity future contracts, besides currency and interest hedging derivatives to cover market risks relating to foreign currency exchange rates and interest rates.

7.1.2 Credit risk

The Group has no significant concentrations of credit risk due to the diversification of activities and markets. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history, as also required by credit insurance. The vast majority of companies in the Group make use of credit insurance, unless approved by higher management. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The maximum credit risk on financial assets amounts to EUR 214,632 (2007: EUR 240,003), being the total carrying value of these assets before provisions for impairment of receivables.

7.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping credit lines available at a number of well-known financial institutions. On the basis of cash flow forecasting models, the Group is testing on a periodic basis, whether the available credit facilities will cover the expected credit need. Based on these analyses, the Group believes that the current expected credit need is sufficiently covered. On a going concern basis, except for major acquisitions, the Group therefore expects to be able to cover cash flow from investing and financing activities out of the cash flow from operating activities.

7.1.4 Cash flow and interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises mainly from non-current borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to interest rate risk. Group policy is to maintain the majority of its borrowings in floating rate instruments. Where considered applicable the Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. At 31 December 2008, if the interest levels for euro would have been 100 basis points higher, with all other variables constant, the net result of the Group would have been impacted by negative EUR 3.9 million (2007: negative EUR 2.3 million), mainly as a result of higher interest expenses on floating rate borrowings. The net equity at year-end would have been impacted with the same amount. The impact of derivative financial instruments is excluded from this sensitivity analysis.

7.1.5 Capital risk

In order to manage going concern for shareholders and other stakeholders the Group periodically monitors the capital structure in consistency with the industry and financial institutions through the following principal financial ratios: Debt service ratio (net debt / EBITDA on 12 months rolling basis, 2008: 2.9, 2007: 2.1), Interest cover (EBITA / net interest expense, 2008: 4.1, 2007: 5.4) and gearing (net debt / total equity, 2008: 1.3, 2007: 1.0).

7.2 Accounting for hedging activities

The Group uses financial instruments like interest rate swaps, currency contracts and commodity futures to hedge cash flow risks from non-current borrowings, foreign currency exchange and commodity prices. In accordance with its treasury policy, the Group neither holds nor issues derivate financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Changes in the fair value of these financial instruments are recognised immediately in the income statement. However, where the derivatives qualify for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item being hedged. The valuation of the fair value is done by the financial institutions where the instruments are held, and derived from the related official rates and listings.

If a derivative financial instrument is designated as a hedge against the variability in the cash flows of a recognised asset, liability or highly probable forecasted transaction, the effective part of the hedge is recognised directly in equity. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or liability, the associated gain or loss that was recognised directly in equity is brought to the income statement. Where hedge accounting is applied, the Group has documented the relationship between hedging instruments and hedged items, as well as its risk management objectives for undertaking these hedge transactions.

During 2008, the Group has defined cash flow hedge relations for certain financial instruments that cover interest risk as well as for some derivative financial instruments that are used to hedge the foreign currency exchange risk of forecasted transactions.

7.3 Critical accounting estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. The estimates and assumptions are based on experience and factors that are believed to be reasonable under circumstances. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The accounting policies have been consistently applied by group entities to all periods presented in these consolidated financial statements.

7.3.1 Estimated impairments of goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 6.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The impairment model used is the discounted cash flow method using a weighted average cost of capital (WACC), the determination of useful lives and residual values require the use of estimates.

7.3.2 Estimated useful lives and residual values
For depreciation and amortisation, the straight-line method is used. The useful life and residual value of property plant and equipment and intangible assets are reviewed periodically during the life of the asset to ensure that it reflects current circumstances.

7.3.3 Pension plans
Since the Group is dealing with long-term obligations and uncertainties, assumptions are necessary for estimating the amount the Group needs to invest to provide those benefits. Actuaries calculate the defined benefit obligation partly based on information from management such as future salary increase, the rate of return on plan investments, mortality rates, and the rates at which plan participants are expected to leave the system because of retirement, disability and termination.

7.3.4 Taxes
The Group is subject to taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the company tax and deferred tax provisions in the period in which such determination is made.

8 Segment reporting

8.1 Primary reporting format - business segments

As at 31 December 2008, the Group is organised on a worldwide basis into two main business segments, Industrial Services and Flow Control. Unallocated mainly consist of supporting activities at holding level and (deferred) income tax assets. The eliminated intersegment revenue is not substantial.

2008	Industrial Services	Flow Control	Unallocated	Total
Revenue	515,173	1,235,579	–	**1,750,752**
EBITDA	74,045	177,455	60	**251,560**
EBITDA as % of revenue	14.4	14.4	–	**14.4**
Operating profit (EBITA)	42,359	139,142	–	**181,501**
EBITA as % of revenue	8.2	11.3	–	**10.4**
Capital expenditure	50,467	60,066	11	**110,544**
Depreciation	31,686	38,313	60	**70,059**
Amortisation	3,146	8,965	135	**12,246**
Average number of employees (x1 FTE)	4,640	6,872	18	**11,530**
Number of employees at year-end (x1 FTE)	4,253	6,608	19	**10,880**
Assets	514,488	1,161,441	27,518	**1,703,447**
Liabilities	84,370	211,741	15,867	**311,978**

2007	Industrial Services	Flow Control	Unallocated	Total
Revenue	505,996	1,196,527	–	1,702,523
EBITDA	87,913	166,207	75	254,195
EBITDA as % of revenue	17.4	13.9	–	14.9
Operating profit (EBITA)	58,319	134,932	–	193,251
EBITA as % of revenue	11.5	11.3	–	11.4
Capital expenditure	52,515	56,214	87	108,816
Depreciation	29,594	31,274	75	60,943
Amortisation	1,758	7,513	–	9,271
Average number of employees (x1 FTE)	4,368	6,303	15	10,686
Number of employees at year-end (x1 FTE)	4,356	6,544	18	10,918
Assets	459,050	956,121	19,324	1,434,495
Liabilities	98,180	217,711	11,506	327,397

Intersegment transfer or transactions are entered into under transfer pricing terms and conditions that are comparable with terms and conditions with unrelated third parties. Segment assets consist primarily of intangible assets, property, plant and equipment, inventories, trade debtors and other current assets. Segment liabilities do not include borrowings, finance leases and other liabilities that are incurred for financing rather than operating purposes. In addition, segment liabilities do not include deferred tax liabilities and current income tax liabilities.

8.2 Secondary reporting format - geographical segments

The Group's two business segments operate in nine geographical areas. Revenue is allocated based on the geographical location of the customers.

Revenue	2008	%	2007	%
Germany	310,331	17.7	293,702	17.2
Benelux countries	256,155	14.6	237,647	14.0
United Kingdom	228,281	13.1	270,201	15.9
Eastern Europe	214,071	12.2	153,346	9.0
France	203,176	11.6	200,113	11.8
United States	177,182	10.1	194,441	11.4
Scandinavia	89,962	5.2	89,145	5.2
Spain & Portugal	80,233	4.6	92,440	5.4
Other	191,361	10.9	171,488	10.1
Total	**1,750,752**	**100.0**	1,702,523	100.0

Assets are allocated based on the country in which the assets are located:

Total assets	2008	%	2007	%
Germany	339,720	19.9	310,538	21.7
Benelux countries	411,686	24.2	180,110	12.6
United Kingdom	168,800	9.9	199,840	13.9
Eastern Europe	113,898	6.7	107,058	7.5
France	303,150	17.8	301,504	21.0
United States	189,079	11.1	161,533	11.3
Scandinavia	60,820	3.6	63,148	4.4
Spain & Portugal	77,026	4.5	80,972	5.6
Other	13,768	0.8	13,482	0.9
Unallocated	25,500	1.5	16,310	1.1
Total	**1,703,447**	**100.0**	1,434,495	100.0

Capital expenditure is allocated based on the country in which the assets are located:

Capital expenditure	2008	%	2007	%
Germany	27,761	25.1	21,912	20.1
Benelux countries	31,021	28.1	21,028	19.3
United Kingdom	4,591	4.2	7,162	6.6
Eastern Europe	12,502	11.3	13,379	12.3
France	14,082	12.7	27,269	25.1
United States	7,694	7.0	5,340	4.9
Scandinavia	8,617	7.8	4,954	4.6
Spain & Portugal	3,695	3.3	5,440	5.0
Other	581	0.5	2,332	2.1
Total	**110,544**	**100.0**	108,816	100.0

8.3 Analyses of revenue by category

Revenue	2008	%	2007	%
Sales of goods	1,537,058	87.8	1,463,428	86.0
Services	213,694	12.2	239,095	14.0
Total	**1,750,752**	**100.0**	1,702,523	100.0

9 Intangible assets

	Goodwill	Software	Other	Other intangible assets
As at 1 January 2007				
Cost	270,372	21,272	76,323	97,595
Accumulated amortisation	–	(18,290)	(9,568)	(27,858)
Net book amount	270,372	2,982	66,755	69,737
Year ended 31 December 2007				
Opening net book amount	270,372	2,982	66,755	69,737
Additions	–	2,051	33	2,084
Disposals	–	(74)	(3)	(77)
Acquisition of subsidiaries	43,162	145	42,724	42,869
Amortisation	–	(1,863)	(7,408)	(9,271)
Currency translation	(4,751)	(37)	(3,895)	(3,932)
Closing net book amount	308,783	3,204	98,206	101,410
As at 31 December 2007				
Cost	308,783	22,424	114,660	137,084
Accumulated amortisation	–	(19,220)	(16,454)	(35,674)
Net book amount	308,783	3,204	98,206	101,410
Year ended 31 December 2008				
Opening net book amount	**308,783**	**3,204**	**98,206**	**101,410**
Additions	–	3,179	145	**3,324**
Disposals	–	(6)	(5)	**(11)**
Acquisition of subsidiaries	141,157	237	57,422	**57,659**
Amortisation	–	(2,249)	(9,997)	**(12,246)**
Currency translation	(4,383)	(2)	(993)	**(995)**
Closing net book amount	**445,557**	**4,363**	**144,778**	**149,141**
As at 31 December 2008				
Cost	445,557	24,267	170,869	**195,136**
Accumulated amortisation	–	(19,904)	(26,091)	**(45,995)**
Net book amount	**445,557**	**4,363**	**144,778**	**149,141**

Other intangible assets mainly consist of intangible assets which arose in acquisitions. Approximately two third of the book amount relates to customer bases. The remainder relates to brand names.

Goodwill is not amortised and has an indefinite useful life at the time of recognition. A segment level summary of the goodwill allocation is shown below:

Goodwill allocation 2008	Industrial Services	Flow Control	Total Group
Germany	83,326	28,027	**111,353**
Benelux countries	3,932	117,894	**121,826**
United Kingdom	2,707	75,090	**77,797**
Eastern Europe	–	17,379	**17,379**
France	21,235	17,314	**38,549**
United States	15,697	33,775	**49,472**
Scandinavia	6,150	1,051	**7,201**
Spain & Portugal	6,365	15,615	**21,980**
Total	**139,412**	**306,145**	**445,557**

Goodwill allocation 2007	Industrial Services	Flow Control	Total Group
Germany	72,406	28,027	100,433
Benelux countries	3,932	1,310	5,242
United Kingdom	3,576	78,955	82,531
Eastern Europe	–	18,487	18,487
France	20,249	18,487	38,736
United States	1,679	32,342	34,021
Scandinavia	6,279	1,074	7,353
Spain & Portugal	6,365	15,615	21,980
Total	114,486	194,297	308,783

Goodwill is tested annually for impairment per cash generating unit. Relevant business segments have been identified as cash generating units. The recoverable amount of a cash generating unit is determined based on value-in-use calculations. These calculations are pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated without any growth. The growth rate does not exceed the long-term average growth rate for the business in which the cash generating unit operates.

Impairment assumptions	Industrial Services	Flow Control
Valuation basis	Value in use	Value in use
Valuation method	Discounted cash flow	Discounted cash flow
Key assumptions:		
Growth rate	2% (2007: 4%)	3% (2007: 7%)
Discount rate	8%	8%
Projected period	5 years	5 years
Approved period	5 years	5 years

Management determined budgeted growth rate based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. After conducting impairment tests on all cash generating units within the Group, no impairment was necessary since the discounted future cash flows from the cash generating units exceeded the value of the goodwill. Although the strategic goals within the Group have not changed, impairment assumptions have been adjusted in accordance with current market conditions.

10 Property, plant and equipment

	Land and buildings	Plant and equipment	Other	Under construction	Total
As at 1 January 2007					
Cost	263,965	726,047	52,494	28,579	1,071,085
Accumulated depreciation	(110,511)	(536,571)	(45,976)	–	(693,058)
Net book amount	153,454	189,476	6,518	28,579	378,027
Year ended 31 December 2007					
Opening net book amount	153,454	189,476	6,518	28,579	378,027
Additions	9,701	60,926	3,339	34,850	108,816
Assets taken into operation	3,574	17,326	623	(21,523)	–
Disposals	(565)	(1,939)	(513)	(1,586)	(4,603)
Acquisition of subsidiaries	13,315	15,111	1,402	1,092	30,920
Depreciation	(10,103)	(47,355)	(3,485)	–	(60,943)
Currency translation	(2,120)	(5,065)	242	(343)	(7,286)
Closing net book amount	167,256	228,480	8,126	41,069	444,931
As at 31 December 2007					
Cost	285,290	776,517	53,033	41,069	1,155,909
Accumulated depreciation	(118,034)	(548,037)	(44,907)	–	(710,978)
Net book amount	167,256	228,480	8,126	41,069	444,931
Year ended 31 December 2008					
Opening net book amount	**167,256**	**228,480**	**8,126**	**41,069**	**444,931**
Additions	21,409	52,082	4,273	32,780	**110,544**
Assets taken into operation	12,816	23,311	537	(36,664)	**–**
Disposals	(850)	(2,323)	(193)	(983)	**(4,349)**
Acquisition of subsidiaries	22,106	27,194	975	91	**50,366**
Depreciation	(11,743)	(54,585)	(3,731)	–	**(70,059)**
Currency translation	(4,892)	(8,290)	(839)	(1,147)	**(15,168)**
Closing net book amount	**206,102**	**265,869**	**9,148**	**35,146**	**516,265**
As at 31 December 2008					
Cost	333,798	874,778	55,838	35,146	**1,299,560**
Accumulated depreciation	(127,696)	(608,909)	(46,690)	–	**(783,295)**
Net book amount	**206,102**	**265,869**	**9,148**	**35,146**	**516,265**

At year-end, group companies had investment commitments outstanding in respect of property, plant and equipment to an amount of EUR 45,932 (2007: EUR 51,454) of which EUR 35,146 (2007: EUR 41,069) has been capitalised on the balance sheet as advance payment. Assets under construction comprises for EUR 4,934 of buildings. The real estate of some German and French group companies as well as some machines in France are encumbered by a mortgage.

11 Inventories

	2008	2007
Raw materials	83,987	82,201
Work in progress	60,704	61,599
Finished goods	204,990	173,272
Other inventories	10,487	11,070
Total	**360,168**	328,142

The costs of inventories recognised as an expense and impairment losses on inventories are included in 'raw materials and work subcontracted'. No inventories are pledged as security for liabilities. The provision for write-down of inventories, due to obsolescence and slow moving amounts to EUR 30,640 (2007: EUR 28,897).

12 Trade receivables

	2008	2007
Trade receivables	186,503	210,509
Less: provision for impairment of receivables	(7,817)	(5,084)
Trade receivables - net	**178,686**	205,425

There is no concentration of credit risk with respect to trade receivables, as the Group has a large customer base which is internationally dispersed and makes use of credit insurance for a majority of its receivables. Impairment losses on trade receivables are included in the 'other operating expenses' EUR 1,004 (2007: EUR 512). The carrying amount approximates the fair value.

The past due aging analysis of the Trade receivables is as follows:

	2008	2007
Not past due	125,558	152,009
Past due less than 30 days	34,747	38,397
Past due between 30 days and 60 days	14,818	11,023
Past due between 60 days and 90 days	4,703	3,982
Past due more than 90 days	6,677	5,098
Trade receivables	**186,503**	210,509

The majority of the carrying amounts of the Group's Trade receivables are denominated in the functional currency of the reported entities.

	2008	2007
Euro	133,442	154,993
US dollar	18,763	17,194
British pound	20,245	23,059
Other currencies	14,053	15,263
Trade receivables	**186,503**	210,509

13 Other current assets

	2008	2007
Prepaid and accrued income	11,581	11,762
Derivative financial instruments	620	2,124
Other receivables	15,828	15,481
Total	**28,029**	29,367

The carrying amount approximates the fair value.

14 Financial instruments

	Assets 2008	Assets 2007	Liabilities 2008	Liabilities 2007
Interest rate swap	–	1,963	5,121	–
Foreign currency exchange contracts	620	161	2,188	558
Metal hedging contracts	–	–	1,023	518
Total	**620**	2,124	**8,332**	1,076

The principal amounts of the outstanding interest rate swap contracts at 31 December 2008 were EUR 350,888 (2007: EUR 300,826) and for foreign currency exchange contracts EUR 27,547 (2007: EUR 19,320) and for metal hedging contracts EUR 4,186 (2007: EUR 5,329). The majority of the outstanding foreign currency exchange and metal hedging contracts has a short term nature. Interest rate swaps maturity is directly related to the bank borrowings concerned (note 16.1).The fair value of financial instruments equals the market value at 31 December 2008. This valuation has been carried out by the financial institutions where the instruments are held and derived from the related official rates and listings.

15 Equity

The total number of ordinary shares outstanding at year-end was 103.3 million shares (2007: 102.0 million shares) with a par value of EUR 0.25 per share. In addition, there are 100 priority shares issued with a par value of EUR 1.00 per share.

16 Borrowings

16.1 Non-current borrowings

	Bank borrowings	Finance leases	Total	Cumulative preference shares
As at 31 December 2007	390,114	30,821	420,935	10,210
New borrowings	314,915	803	**315,718**	–
Acquired borrowings	5,664	370	**6,034**	–
Repayments	(73,276)	(2,509)	(**75,785**)	(10,210)
Translation differences	(9,879)	449	(**9,430**)	–
As at 31 December 2008	**627,538**	**29,934**	**657,472**	**–**

The current portion of non-current borrowings amounts to EUR 84,623 (2007: EUR 70,137) and is presented within the current liabilities. A number of financial covenants related to bank borrowings were entered into with financial institutions and mainly relate to interest cover and debt-service ratio (net debt / EBITDA on a 12 months rolling basis). These covenants have been met as per 31 December 2008. The carrying amount approximates the fair value; the effective interest rate approximates the average interest rate. The average interest rate for bank borrowings was between 3.5% and 6.5%.

The Certificates of Preference Shares issued against financing preference shares are held by the 'Stichting Administratiekantoor Financieringspreferente Aandelen Aalberts Industries'. The aim of the foundation is the acquisition by title of trust and administration of registered cumulative preference shares in the capital of the company. The foundation was incorporated on 12 March 1999 under Dutch law, and has its registered office in Utrecht. In December 2008, 450,000 cumulative preference shares were repurchased at par value for EUR 10,210. The average dividend on the cumulative preference shares in the year under review amounted to 2.8% (2007: 3.9%).

The maturity of bank borrowings is as follows:

Maturity bank borrowings	2008	2007
Within 1 year	82,383	67,914
Between 1-5 years	435,061	278,058
Over 5 years	110,094	44,142
Total	**627,538**	390,114

The Group's bank borrowings are denominated in the following currencies:

Bank borrowings	2008	2007
Euro	499,713	267,204
US dollar	76,213	56,402
British pound	35,207	60,153
Other currencies	16,405	6,355
Total	**627,538**	390,114

16.2 Finance leases

Maturity finance leases	2008	2007
Minimum lease payments:		
Within 1 year	3,886	4,083
Between 1-5 years	17,054	16,168
Over 5 years	29,219	31,486
	50,159	51,737
Future finance charges:		
Within 1 year	1,647	1,860
Between 1-5 years	7,930	7,216
Over 5 years	10,648	11,840
	20,225	20,916
Present value of finance lease:		
Within 1 year	2,240	2,223
Between 1-5 years	9,124	8,952
Over 5 years	18,570	19,646
Present value of finance lease in the balance sheet	**29,934**	30,821

16.3 Current borrowings

Current borrowings are short-term credit facilities given by a number of credit institutions. The total of these facilities at year-end 2008 amounted to EUR 364 million (2007: EUR 344 million), of which EUR 108 million was used (2007: EUR 94 million). The carrying amount approximates the fair value.

17 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Particularly in Germany, Aalberts Industries has carry-forward tax losses amounting to some EUR 21 million. The related deferred income tax assets have not been recorded, since future usage is depending on, among other things, profit-earning capacity and the outcome of pending tax audits. Deferred income tax assets mainly relate to pensions and capitalised losses. Deferred income tax liabilities mainly relate to

The actuarial assumptions used for the calculations of the retirement benefit obligations are:

Actuarial assumptions 2008	Germany	France	United Kingdom
Discount rate	6.25%	5.25%	6.75%
Expected return on plan assets	4.00%	4.00%	7.11%
Rate of inflation	2.00%	2.00%	2.90%
Future salary increases	2.00%	2.00%	3.40%

Actuarial assumptions 2007	Germany	France	United Kingdom
Discount rate	5.40%	5.25%	6.00%
Expected return on plan assets	4.00%	4.00%	7.56%
Rate of inflation	1.50%	2.30%	3.20%
Future salary increases	2.50%	2.00%	3.70%

Movement of liability recognised on the balance sheet	(Partly) funded obligations	Plan assets	Net liability	Unfunded obligations	Un-recognised actuarial gains and losses	Un-recognised past service cost	Total
As at 1 January 2007	111,674	(90,117)	21,557	11,699	872	93	34,221
Acquisitions	–	–	–	642	–	–	642
Current service cost	3,504	–	3,504	134	–	–	3,638
Interest cost	5,647	–	5,647	462	–	–	6,109
Contributions by employer	–	(3,294)	(3,294)	–	–	–	(3,294)
Contributions by participants	586	(586)	–	–	–	–	–
Expected return on plan assets	–	(6,431)	(6,431)	–	–	–	(6,431)
Actuarial gains and losses	(2,619)	1,378	(1,241)	(1,313)	2,474	–	(80)
Benefits paid	(6,780)	6,780	–	(656)	–	–	(656)
Past service cost	(229)	–	(229)	(16)	–	245	–
Curtailments and settlements	(458)	(27)	(485)	(183)	–	–	(668)
Currency translation	(7,923)	7,617	(306)	(634)	(236)	–	(1,176)
As at 1 January 2008	**103,402**	**(84,680)**	**18,722**	**10,135**	**3,110**	**338**	**32,305**
Acquisitions	204	(80)	**124**	215	–	–	**339**
Current service cost	1,893	–	**1,893**	248	–	–	**2,141**
Interest cost	5,602	–	**5,602**	598	–	–	**6,200**
Contributions by employer	–	(2,741)	**(2,741)**	–	–	–	**(2,741)**
Contributions by participants	558	(558)	**–**	8	–	–	**8**
Expected return on plan assets	–	(5,866)	**(5,866)**	–	–	–	**(5,866)**
Actuarial gains and losses	(16,936)	17,580	**644**	(400)	(377)	–	**(133)**
Benefits paid	(4,596)	4,596	**–**	(838)	–	–	**(838)**
Past service cost	(43)	–	**(43)**	(42)	–	(32)	**(117)**
Curtailments and settlements	(846)	–	**(846)**	735	–	–	**(111)**
Currency translation	(20,737)	17,696	**(3,041)**	(63)	(375)	–	**(3,479)**
As at 31 December 2008	**68,501**	**(54,053)**	**14,448**	**10,596**	**2,358**	**306**	**27,708**

The actual return on plan assets was negative EUR 11,713 (2007: positive EUR 5,053). The expected return on plan assets for bonds is based upon long bond yields at balance sheet date, for equities, long bond yields are added with an appropriate risk premium based upon the market conditions at balance sheet date.

The plan assets consist of following categories:

Plan asset categories	2008	2007
Equities	58%	74%
Bonds	31%	22%
Other net assets	11%	4%
Total	**100%**	100%

18.2 Other provisions

	2008	2007
As at 1 January	**7,052**	6,981
Additional provisions	1,691	2,105
Acquisitions	499	21
Used during year	(2,224)	(153)
Currency translation	(235)	(77)
Unused amounts reversed	(876)	(1.825)
As at 31 December	**5,907**	7,052

The other provisions have been made in connection with liabilities related to normal business operations, which include restructuring and environmental restoration.

19 Other current liabilities

	2008	2007
Social security charges and taxes	17,680	15,670
Value added tax	2,831	3,852
Accrued expenses	28,484	26,831
Amounts due to personnel	33,795	41,298
Derivative financial instruments	8,331	1,076
Other	5,792	9,001
Total	**96,913**	97,728

The carrying amount approximates the fair value.

20 Other income

Other income is income not related to the key business activities of the Group or relates to incidental and/or non-recurring items, like government grants for an amount of EUR 1,600 (2007: EUR 2,107).

21 Personnel expenses

	2008	2007
Wages and salaries	(374,028)	(354,421)
Social security charges	(63,422)	(60,652)
Pension expenses:		
Defined benefit plans	(2,115)	(2,568)
Defined contribution plans	(12,781)	(12,017)
Other expenses related to employees	(14,391)	(13,221)
Total	**(466,737)**	(442,879)

In the year under review, the average number of full-time employees amounted to 11,530 (2007: 10,686). The remuneration of the Executive and Supervisory Board is disclosed as part of the company financial statements.

The weighted average applicable domestic tax rate decreased due to changes in the country mix and decreasing tax rates mainly in Europe. For 2008 the weighted average applicable domestic tax rate amounted to 27.2% (2007: 29.0%).

25 Earnings and dividends per share

	2008	2007
Net profit before amortisation	104,999	127,962
Weighted average number of ordinary shares in issue (x1)	103,353,408	101,664,133
Basic earnings per ordinary share before amortisation	**1.02**	1.26
Net profit before amortisation	104,999	127,962
Weighted average number of ordinary shares in issue (x1)	103,353,408	101,664,133
Diluted earnings per ordinary share before amortisation	**1.02**	1.26

The dividends paid in 2008 were EUR 0.32 per share (2007: EUR 0.28 per share). A dividend in respect of the year ended 31 December 2008 of EUR 0.28 per share will be proposed at the Annual General Meeting of Shareholders to be held on 20 April 2009. These financial statements do not reflect this dividend payable.

26 Contingencies

The Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business. It is not anticipated that any material liabilities will rise from the contingent liabilities. The Group has given guarantees in the ordinary course of business amounting to EUR 11,231 (2007: EUR 6,712) to third parties.
On 20 September 2006, contrary to the expectations of both the Management Board and its legal advisors, Aalberts Industries and two of its subsidiaries were informed by the European Commission that a fine of EUR 100.8 million had been imposed on the basis of an alleged infringement of EU competition laws.
After detailed legal analysis of the argumentation and the factual reconfirmation that Aalberts Industries and the subsidiaries concerned had not infringed any competition laws, the Management Board, in consultation with its legal advisors, lodged an appeal with the Court of Justice in Luxemburg. As the Management Board is of the opinion that no competition laws have been infringed and is prepared to do its utmost to fight the decision using all means appropriate, the Board decided that no provision would be made for this matter. Aalberts Industries has provided a bank guarantee to the European Commission for an amount of EUR 107.6 million.

27 Operational lease and rent commitments

It has been agreed with banks that no security will be provided to third parties without the banks' permission. The real estate of some German and French group companies as well as some machines in France are encumbered by a mortgage.

Operational lease and rent commitments	**2008**	**2007**
Due in less than 1 year	15,854	18,179
Due between 1 and 5 years	33,419	33,840
Due from 5 years or more	14,558	11,250
Total commitments	**63,831**	63,269

28 Business combinations

The Group acquired the following entities during 2008:

Group company	Main locations	Consolidated as from	Group activity
Integrated Dynamics Engineering	Germany/US	01-01-2008	Industrial Services
Duralloy	Germany/Switzerland	01-01-2008	Industrial Services
Cotterlaz Components	France	01-01-2008	Industrial Services
Henco Industries	Belgium	01-04-2008	Flow Control
Zawgaz	Poland	01-05-2008	Flow Control

28.1 Integrated Dynamics Engineering GmbH / Integrated Dynamics Engineering Inc.

On 8 January 2008, the Group announced that it has acquired 80% shareholding in Integrated Dynamics Engineering GmbH and 100% of Integrated Dynamics Engineering Inc. (IDE). IDE is one of the leading global players active in the development, production and supply of environmental disturbance control systems (vibration, acoustic and environmental stray fields) for the semiconductor and lithography industries. These systems are based on patented intellectual property and software applications. Other business lines include precision motion controls and robots. IDE provides the semiconductor and lithography industries with the required controlled environment to operate their extreme high precision processes (nanotechnology). Next to these markets, IDE is active as supplier to the medical sector providing electromagnetic stray field controls for MRI scan machines. With locations in Frankfurt, Boston and Tokyo, IDE employs 160 people and generates an annual revenue of circa EUR 32 million. IDE has been consolidated as of 1 January 2008 and has been financed from own resources.

28.2 Duralloy Süd GmbH / Duralloy AG

On 11 February 2008, the Group announced that it has acquired Duralloy Süd GmbH in Germany and Duralloy AG in Switzerland, hereinafter called Duralloy, a leading provider of thin dense chromium surface treatment. Duralloy concentrates on providing a range of high quality surface treatment technologies of which the most important is the innovative and patented Duralloy® coating structure. This technology provides a thin dense surface structure to products, thereby increasing the resistance, anti-friction and hardness of the products. Whereas Duralloy provides a unique innovative surface treatment technology, complementary to the current coating processes, it fits very well within the strategy of Industrial Services. The acquired activities generate an annual revenue of EUR 7 million. Duralloy has been consolidated as of 1 January 2008 and has been financed from own resources.

28.3 Cotterlaz Components S.A.

On 15 February 2008, the Group announced that it has acquired Cotterlaz Components S.A. in France, an international group specialised in precision metal stamping and plastic insert moulding of complex metal parts. The acquired businesses are an extension of the Industrial Services activities in France and Eastern Europe. Cotterlaz is leading in the design and manufacture of custom-made connectors and antennas, serving a wide range of tailored applications for the automobile, electrical engineering and telecom industries. The acquisition of Cotterlaz fits well within the strategy of Industrial Services as it provides the expertise of plastic insert moulding of complex metal parts, complementary to the stamping business. The acquired activities generate an annual revenue of EUR 16 million. Cotterlaz has been consolidated as of 1 January 2008 and has been financed from own resources.

28.4 Henco Industries N.V.

On 9 April 2008, the Group announced that it has acquired Henco Floor N.V. and Henco Industries N.V. in Belgium, hereinafter called Henco, one of the leading European producers of multilayer tube and fittings for inside building systems. Henco provides a full range of complementary plastic systems (high-grade multi-layer tube and fittings) which significantly strengthens Aalberts Industries' market position.
Henco, employing 250 employees, generating an annual revenue of around EUR 105 million and is well positioned for further profitable growth. Henco has been consolidated as of 1 April 2008 and was financed from credit facilities.

28.5 Zawgaz Sp. z.o.o.

On 16 May 2008, the Group announced that it has acquired 100% of the shares of the Polish company Zawgaz Sp. z.o.o., specialised in the production of steel ball valves.
Zawgaz, with approx. 120 employees generating circa EUR 7 million of annual revenue, is supplier of a wide range of steel ball valves for the Polish district heating, petrochemical and natural gas industry. Zawgaz has become part of the Danish BROEN Group, a leading producer of, among other things, steel ball valves for district heating and gas distribution systems in Western and Eastern Europe (including Russia), the US and China. Zawgaz has been consolidated as of 1 May 2008 and was financed from own resources.

28.6 Fair value of acquired companies

The fair value of assets and liabilities arising from acquisitions are as follows:

	Industrial Services	Flow Control	Total Group
Property, plant and equipment	6,709	43,657	**50,366**
Intangible fixed assets	213	48	**261**
Inventories	6,367	42,707	**49,074**
Receivables and other current assets	11,475	12,100	**23,575**
Payables and other current liabilities	(7,621)	(15,490)	**(23,111)**
Cash and current borrowings	8,327	1,678	**10,005**
Employee benefit plans	(339)	–	**(339)**
Other provisions	(499)	–	**(499)**
Non-current borrowings	(5,414)	(911)	**(6,325)**
Net deferred tax assets (liability)	133	3,400	**3,533**
Minority interest	(2,215)	–	**(2,215)**
Net assets acquired	**17,136**	**87,189**	**104,325**
Purchase consideration settled in cash	61,126	226,754	**287,880**
Goodwill / Intangibles / Deferred tax	**43,990**	**139,565**	**183,555**
Purchase consideration settled in cash	61,126	226,754	**287,880**
Cash and current borrowings in subsidiaries acquired	(8,327)	(1,678)	**(10,005)**
Cash outflow on acquisitions	**52,799**	**225,076**	**277,875**

The goodwill connected with acquired business mainly consists of anticipated synergies and know how. The increase in the 2008 revenue due to the consolidation of the acquisitions amounted to approximately EUR 121 million, the largest contribution being made by Henco Industries (Flow Control), consolidated since 1 April 2008. The complete 12 months consolidation of the companies acquired in 2007 had an effect of EUR 10 million on the 2008 revenue. The contribution from the acquisitions in operating profit made in 2008 was EUR 18 million.

29 Related parties

The Executive and Supervisory Board and the group companies have been identified as related parties. No material transactions have been executed other than intercompany transactions and remuneration under normal business conditions.

30 Events after the balance sheet date

Alphacan's heating and sanitary activities

On 13 November 2008, the Group announced it has acquired the heating and sanitary activities of Alphacan, a subsidiary of the French Arkema Group. The acquired assets and business will be integrated into the French group company Comap.

The activities fit very well within Aalberts Industries' strategy to provide its customers a complete portfolio of heating, sanitary and water quality solutions. The acquired business is active throughout the French market, manufacturing and selling cross-linked polyethylene tubes and systems to the building, professional and DIY channels. The business, which is based principally in Nevers, France, employs approximately 85 people generating annual revenues of EUR 25 million. The current management team will remain with the company.

The acquisition will be consolidated as of 1 January 2009 and will be financed from own resources.

31 Company balance statement before profit appropriation

(in EUR x 1,000)	notes	31-12-2008	31-12-2007
Fixed assets			
Intangible fixed assets			
Other intangible fixed assets	33	254	306
Tangible fixed assets			
Other tangible fixed assets	33	72	100
Financial fixed assets			
Investments in subsidiaries	33	723,964	689,215
Loans to group companies		192,000	–
		916,290	689,621
Current assets			
Debtors			
Other debtors, prepayments and accrued income		19,402	6,551
		19,402	6,551
Total assets		**935,692**	696,172
Equity and liabilities			
Shareholders' equity	33		
Issued capital		25,838	25,510
Share premium account		202,623	202,951
Other reserves		301,123	197,689
Currency translation and hedging reserve		(45,327)	(14,392)
Retained earnings		92,753	118,690
		577,010	530,448
Non-current liabilities			
Non-current borrowings	33	200,000	–
Cumulative preference shares	33	–	10,210
		200,000	10,210
Provisions			
Deferred taxation		**4,441**	4,441
Current liabilities			
Credit institutions		147,124	146,990
Trade creditors		98	326
Taxation and social security charges		25	79
Other payables, accruals and deferred income		6,994	3,677
		154,241	151,072
Total equity and liabilities		**935,692**	696,172

32 Company income statement

(in EUR x 1,000)	2008	2007
Profit from subsidiaries after tax	92,692	118,565
Other income and expenses after tax	61	125
Profit of the Group	**92,753**	118,690

33 Notes to the company financial statements

33.1 Accounting principles

The company financial statements of Aalberts Industries N.V. are prepared in accordance with Generally Accepted Accounting Principles in the Netherlands and compliant with the requirements included in Part 9 of Book 2 of the Netherlands Civil Code. As from 2005, Aalberts Industries N.V. prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS) as adopted by the European Union.
Use has been made of the possibility to apply the accounting policies used for the consolidated financial statements to the financial statements of the company. These accounting policies have been used as of 1 January 2004 and the differences resulting from the change in accounting policies are recorded in equity. The company income statement has been drawn up using the exemption of article 402 of Part 9, Book 2 of the Netherlands Civil Code.
The subsidiaries are stated at net asset value, based upon policies applied in the consolidated financial statements.

The average number of employees amounts to 10 full time equivalents (2007: 9), at year-end 11 (2007: 9).

33.2 Fixed assets

	Other tangibles fixed assets	Software
As at 1 January 2008		
Cost	528	360
Accumulated depreciation	(428)	(54)
Net book amount	**100**	**306**
Movements 2008		
Additions	10	50
Depreciation	(38)	(102)
	(28)	**(52)**
As at 31 December 2008		
Cost	538	410
Accumulated depreciation	(466)	(156)
Net book amount	**72**	**254**

33.3 Financial fixed assets

	Investments in subsidiaries
As at 1 January 2008	**689,215**
Share in 2008 profit	92,692
Increase in capital and acquisitions	42,512
Dividends paid	(69,520)
Currency translation and fair value changes after tax	(30,935)
As at 31 December 2008	**723,964**

33.4 Shareholders' equity

(in EUR x 1,000)	Issued capital	Share premium account	Other reserves	Currency translation and hedging reserve	Retained earnings	Total
As at 1 January 2007	24,559	149,320	110,209	(469)	100,030	383,649
Dividends 2006	201	(201)	–	–	(12,550)	(12,550)
Profit appropriation	–	–	87,480	–	(87,480)	–
Issue of share capital	750	53,832	–	–	–	54,582
Profit for the period	–	–	–	–	118,690	118,690
Exchange rate differences	–	–	–	(13,923)	–	(13,923)
As at 31 December 2007	25,510	202,951	197,689	(14,392)	118,690	530,448
Dividends 2007	328	(328)	–	–	(15,256)	**(15,256)**
Profit appropriation	–	–	103,434	–	(103,434)	**–**
Issue of share capital	–	–	–	–	–	**–**
Profit for the period	–	–	–	–	92,753	**92,753**
Exchange rate differences	–	–	–	(27,084)	–	**(27,084)**
Fair value changes derivative financial instruments	–	–	–	(5,031)	–	**(5,031)**
Deferred taxes on fair value changes	–	–	–	1,180	–	**1,180**
As at 31 December 2008	**25,838**	**202,623**	**301,123**	**(45,327)**	**92,753**	**577,010**

The authorised share capital amounts to EUR 73.6 million divided into:

- 144,000,000 ordinary shares of EUR 0.25 par value each
- 24,999,900 preference shares of EUR 1.00 par value each
- 100 priority shares of EUR 1.00 par value each
- 4,200,000 cumulative preference shares of EUR 3.00 par value each

As at 31 December 2008, 103,353,408 ordinary shares and 100 priority shares were issued. The issued share capital increased in the course of the year under review by 1,314,275 ordinary shares as a result of payment of stock dividend for the year 2007.
The currency translation and hedging reserve are not to be used for profit distribution.

33.5 Cumulative preference shares

The Certificates of Preference Shares issued against financing preference shares are held by the 'Stichting Administratiekantoor Financieringspreferente Aandelen Aalberts Industries'. The aim of the foundation is the acquisition by title of trust and administration of registered cumulative preference shares in the capital of the company. The foundation was incorporated on 12 March 1999 under Dutch law, and has its registered office in Utrecht. In December 2008, 450,000 cumulative preference shares were repurchased at par value for EUR 10,210. The average dividend on the cumulative preference shares in the year under review amounted to 2.8% (2007: 3.9%).

33.6 Profit appropriation

In accordance with the resolution of the General Meeting of Shareholders held on 23 April 2008, the profit for 2007 has been appropriated in conformity with the proposed appropriation of profit stated in the 2007 Financial Statements.
The net profit for 2008 attributable to the ordinary shareholders amounting to EUR 92,753 shall be available in accordance with Article 30, paragraph 3 of the articles of association. The Executive Board proposes to declare a dividend of EUR 0.28 in cash per ordinary share of EUR 0.25 par value, or, at the discretion of the shareholders, in ordinary shares. At the shareholder's option, payment in shares

will be charged to the retained earnings or to the tax-exempt share premium account. Any residual profit shall be added to reserves.

33.7 Non-current borrowings

For the purpose of acquisitions the company took up a 7 year loan issued by a Dutch credit institution against a floating interest rate based upon Euribor plus an agreed margin.

33.8 Audit fees

Group auditors' fees amounted to EUR 1,950 (2007: EUR 1,710). No other services of any substance were rendered by the Group auditors.

33.9 Remuneration of the Executive and Supervisory Board

In 2008, total remuneration of the Executive Board amounted to EUR 750 (2007: EUR 782). Mr. J. Aalberts received a salary of EUR 505 (2007: EUR 480) and a bonus amounting to EUR 245 (2007: EUR 302). At year-end he held a total of 13,721,456 ordinary shares (2007: 13,721,456) in Aalberts Industries N.V.

The following fixed individual remunerations were paid to members of the Supervisory Board:

(in EUR x 1,000)	**2008**	**2007**
C.J. Brakel, *Chairman*	50	48
A.H. Land	20	40
A.B. van Luyk	40	40
P.W.A. Niessen	–	12
H. Scheffers	40	30
W. van de Vijver	40	30
Total	**190**	200

No loans, advances, guarantees or options have been granted to the members of the Supervisory Board. At year-end, the Supervisory Board members did not hold any shares in Aalberts Industries N.V.

33.10 Liability

The company has guaranteed the liabilities of most of its Dutch group companies in accordance with the provisions of article 403, paragraph 1, Book 2, Part 9 of the Netherlands Civil Code. As a consequence, these companies are exempt from publication requirements. The company forms a tax unity with almost all of its Dutch subsidiaries. The company therefore is liable for the tax obligations of the tax unity as a whole.

Langbroek, 25 February 2009

The Executive Board
Jan Aalberts, *President & CEO*

The Supervisory Board
Cor Brakel, *Chairman*
Dries van Luyk
Henk Scheffers
Walter van de Vijver

34 Special controlling rights under the articles of association

One hundred issued and paid-up priority shares are held by Stichting Prioriteit 'Aalberts Industries N.V.', whose executive committee consists of Executive Board and Supervisory Board members of the company and an independent third party. Every executive committee member who is also a member of the Executive Board of Aalberts Industries N.V. has the right to cast as many votes as there are executive committee members present or represented at the meeting who are also members of the Supervisory Board of Aalberts Industries N.V. Every executive committee member who is also a member of the Supervisory Board has the right to cast as many votes as there are executive committee members present or represented at the meeting who are also members of the Executive Board of Aalberts Industries N.V. The independent member of the executive committee has the right to cast a single vote.

The following principal powers are vested in the holders of priority shares:
- authorisation of every decision to issue shares;
- authorisation of every decision to limit or exclude the preferential rights of shareholders in the event of an issue of ordinary shares;
- authorisation of every decision to buy paid-up shares in shareholders' equity or certification thereof without payment or subject to conditions;
- authorisation of every decision to dispose of shares held by the company;
- authorisation of every decision to reduce the issued capital through the cancellation of shares or through a decrease in the par value of shares by amending the articles of association;
- authorisation of the transfer of preference shares;
- determination of the number of members of the Executive Board;
- to make a binding nomination to the General Meeting of Shareholders concerning the appointment of management and supervisory board members;
- to approve the sale of a substantial part of the operations of the company;
- to approve acquisitions that would signify an increase of more than 15% in the company's revenue, or that would involve more than 10% of the company's balance sheet total;
- to approve the borrowing of funds that would involve an amount of EUR 100 million or more;
- to recommend to the General Meeting of Shareholders a change in the Articles of Association, a legal merger, a split-up or the dissolution of the company.

The full text of the Articles of Association of Aalberts Industries N.V. may be found on its website: www.aalberts.com.

35 Auditors' report to the General Meeting of Shareholders

Report on the financial statements

We have audited the accompanying financial statements 2008 of Aalberts Industries N.V., Langbroek as set out on pages 41 to 78. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company profit and loss account for the year then ended and the notes.

The management board's responsibility

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

Auditor's responsibility

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

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Aalberts Industries N.V. as at 31 December 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Aalberts Industries N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

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

Amsterdam, 25 February 2009
PricewaterhouseCoopers Accountants N.V.

P. Jongerius RA

List of group companies

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Netherlands

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(f) +31 (0) 343 565 081
(e) info@aalberts.nl
(w) www.aalberts.com

The following significant group companies are included in the consolidated financial statements of Aalberts Industries N.V. It concerns wholly owned subsidiaries, unless indicated otherwise.

Industrial Services

Company name	Country	City	Website (www)
Industrial Products Group			aiis-group.com
Adex B.V.	NLD	Venlo	
Machinefabriek Dedemsvaart B.V.	NLD	‘t Harde	
Eurocast B.V.	NLD	Apeldoorn	
Fijnmechanische Industrie Venray B.V.	NLD	Cuijk	
Germefa B.V.	NLD	Alkmaar	
Hartman Fijnmechanische Industrie B.V.	NLD	Groenlo	
Integrated Dynamics Engineering GmbH (80%)	DEU	Raunheim	
Integrated Dynamics Engineering, Inc.	USA	Randolph MA	
Integrated Dynamics Engineering Ltd.	JPN	Tokyo	
Kluin Wijhe B.V.	NLD	Wijhe	
Machinefabriek Van Knegsel B.V.	NLD	Vessem	
Leco Products B.V.	NLD	Ede	
Mifa Aluminium B.V.	NLD	Venlo	
Mogema B.V.	NLD	‘t Harde	
Nowak S.A.S.	FRA	Pancé	
Overeem B.V.	NLD	Ede	
Machinefabriek Technology Twente B.V.	NLD	Hengelo	
Metalis Group			
Cotterlaz Jean S.A.S.	FRA	Marnaz	
Cotterlaz Connectors Shenzhen Ltd.	CHN	Shenzhen	
Cotterlaz Connectors Slovakia spol.s.r.o.	SVK	Presov	
Metalis S.A.S.	FRA	Chaudefontaine	
Metalis Genlis S.A.S.	FRA	Genlis	
Metalis HPS S.A.S.	FRA	Montbrison	
Metalis Polska Sp. z.o.o.	POL	Dzierżoniów	
Material Technology			
Accurate Brazing Corporation	USA	Goffstown NH	
AHC Oberflächentechnik Ges. m.b.H	AUT	St. Pantaleon	
AIMT AHC Oberflächentechnik GmbH	DEU	Kerpen	
AIMT AHC Oberflächentechnik GmbH	DEU	Burg	
AIMT AHC Oppervlaktetechnieken B.V.	NLD	Eindhoven	
AIMT AHC France S.A.S.	FRA	Faulquemont	
AIMT AHC Special Coatings GmbH	DEU	Kerpen	
AIMT Hærderiet A/S	DNK	Skanderborg	
AIMT Härterei Hauck GmbH	DEU	Remscheid	
AIMT Härterei Hauck Süd GmbH	DEU	Gaildorf	
AIMT Heat & Surface Treatment B.V.	NLD	Eindhoven	
AIMT Italia srl (90%)	ITA	Opera MI	
AIMT Mamesta B.V.	NLD	Lomm	
AIMT Metasa, S.A. (90.25%)	ESP	Zaragoza	
AIMT Métatherm S.A.S.	FRA	Vermondans	
AIMT Polska Sp. z.o.o.	POL	Gorzyce	

List of group companies

Company name	Country	City	Website (www)
Raufoss Water & Gas AS	NOR	Raufoss	isiflo.com
Raufoss Metall GmbH	DEU	Hemer	isiflo.com
VSH Fittings B.V.	NLD	Hilversum	vsh.nl
VSH Flow Control N.V.	BEL	Wijnegem	vsh.nl
Flow Control United Kingdom			
Pegler Limited	GBR	Doncaster	pegleryorkshire.co.uk
Pegler Yorkshire Group Limited	GBR	Leeds	pegleryorkshire.co.uk
Pegler (Jiangmen) Plumbing and Heating Equipment Co. Ltd.	CHN	Jiangmen City, Guangdong	pegleryorkshire.co.uk
Yorkshire Fittings Gyártó Kft.	HUN	Budapest	pegleryorkshire.co.uk
Flow Control United States			
Elkhart Products Corporation	USA	Elkhart IN	elkhartproducts.com
Elkhart Products Limited	CAN	Burlington ON	elkhartproducts.com
LASCO Fittings, Inc.	USA	Brownsville TN	lascofittings.com
North American Dispense Systems, Inc.	USA	San Antonio TX	nadsinc.com
Taprite-Fassco Mfg., Inc.	USA	San Antonio TX	taprite.com
Flow Control Southern Europe			
Aalberts Industries (Shanghai) Co., Ltd.	CHN	Shanghai	
Aqua-Touch Pty. Ltd.	ZAF	Randburg	comap.co.za
Clesse Industries S.A.S.	FRA	Cournon d'Auvergne	clesse-industries.com
Clesse Industries (Shanghai) Co. Ltd.	CHN	Shanghai	clesse-industries.com
Clesse (UK) Limited	GBR	Wolverhampton	clesse.co.uk
Comap S.A.	FRA	Lyon	comap.fr
Comap N.V.	BEL	Dworp	comap.be
Comap do Brasil Ltda	BRA	Sorocaba, est. de Sao Paulo	comap.com.br
Comap Handelsgesellschaft m.b.H.	AUT	Vienna	comap-group.com
Comap Hellas S.A.	GRC	Athens	comap.gr
Comap Hungaria Kft.	HUN	Budaörs	comap.hu
Comap Iberica, S.A.	ESP	Barcelona	comap.es
Comap Industria SPA	ITA	Roncadelle	comapitalia.com
Comap Industries S.A.	FRA	Abbeville	comap.fr
Comap (Italia) S.r.l.	ITA	Torbole Casaglia	comapitalia.com
Comap Nordic AB	SWE	Vellinge	comap-group.com
Comap Plastic Industries SAS	FRA	Nevers	comap-group.com
Comap Polska Sp. z.o.o.	POL	Warsaw	comap.pl
Comap Praha s.r.o.	CZE	Jesenice u Prahy	comappraha.cz
Comap RUS OOO	RUS	Moscow	comap.ru
Comap Westco. Ltd	GBR	Leigh Lancashire	comap.co.uk
Henco Floor N.V.	BEL	Herentals	henco.be
Henco Industries N.V.	BEL	Herentals	henco.be
Grupo Hidroaplicaciones Y Gas, S.L.	ESP	Madrid	hidroaplicaciones.com
Nova Comet, S.r.l.	ITA	Torbole Casaglia (BS)	clesse-industries.com
Standard Hidráulica S.A.	ESP	Barcelona	standardhidraulica.com