

STORK®

Annual Report 2009

Stork B.V.

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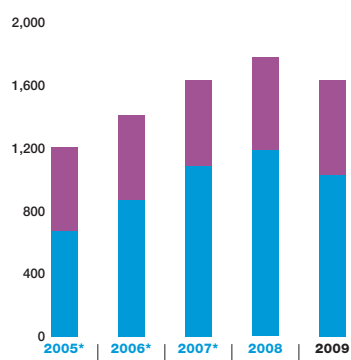
Key financial figures

(in € million, unless stated otherwise)

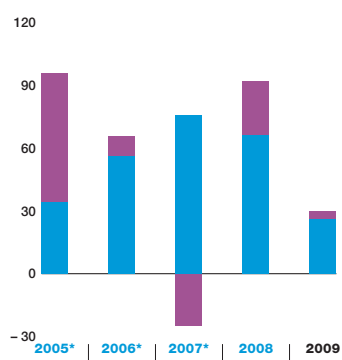
	2009	2008	2007*	2006*	2005*
Stork Technical Services					
Net turnover	1,031	1,185	1,089	872	673
Result before depreciation and amortisation (EBITDA)	54	112	108	76	52
Operational result	26	66	76	56	34
Order book	530	473	289	205	255
Number of employees at 31 December	9,496	10,611	9,321	6,080	5,329
Fokker Aerospace					
Net turnover	602	597	543	539	535
Result before depreciation and amortisation (EBITDA)	63	62	8	35	74
Operational result	4	26	(25)	10	62
Order book	840	831	818	773	617
Number of employees at 31 December	3,573	3,700	3,604	3,507	3,358
Other activities					
Net turnover (Inter company elimination)	(8)	(10)			
Result before depreciation and amortisation (EBITDA)	1	11			
Operational result	(12)	(1)			
Order book	–	–			
Number of employees at 31 December	76	75			
Stork B.V.					
Net turnover	1,626	1,772			
Result before depreciation and amortisation (EBITDA)	118	184			
Operational result	17	91			
Result after tax	36	84			
Order book	1,370	1,304			
Number of employees at 31 December	13,145	14,386			

* Years before 2008 are presented for reference purposes only.

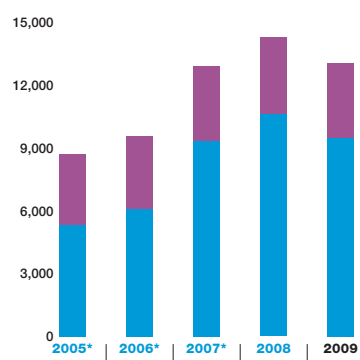
Net turnover
(in € million)



Operational result
(in € million)



Number of employees



Organisational structure

Executive Board

Sj.S. Vollebregt* (Chairman and CEO)

J. Turkesteen* (CFO)

H.E.H. Bouland* (COO)

D. Meikle**

	Director	Controller	HRM
Stork Technical Services	D. Meikle** J.M. Ros**	J.G.B.J. Hooge Venterink**	I.J.H. Vermeulen MA
Fokker Aerospace	H. Büthker** J.P.D.M. Lagasse** R.A.M. van Dijk MBA** E.E. Schelling MBA	G.J.H. Wijnands R.J.H. Hutten RC A. Hermsen RC A. Franken	R.M. Clermonts J.M. Matthijssen BA H.C.M. Vreeburg

Corporate Legal

Corporate Control

Corporate HRM

Mrs. H.F.M. Defesche

M.T van Wijk RA

I.J.H. Vermeulen MA

* Member of the Board of Management and Group Management Committee.

** Member of the Group Management Committee.

Vision

Stork companies excel in the development and availability of critical components, industrial services and expert knowledge for Technical Services and Aerospace's customers at a competitive rate.

Mission

Build superior specialist businesses for future generations, generate adequate funding for growth and as a result grow our shareholders equity investment accordingly.

Core activities

Stork Technical Services

- Mechanical and electrical services focusing on maintenance, modification and overhaul of existing facilities for chemicals, oil & gas and power industries
- Asset management services, including management of complete shutdowns
- Consultancy and technical (maintenance) management
- Reliability and integrity services in the range of corrosion, materials, maintenance and structural related consultancy and engineering
- Manufacturing and servicing of replacement components for the power industry
- On-site thermal processing and inspection technologies
- Manufacturing of heat treatment equipment
- Materials testing, failure analysis, metallurgic analysis and calibration services
- Sales and rental of specialised equipment

Fokker Aerospace

- Project handling, system engineering and supply chain management
- Design, development and production of complex lightweight structures for the aviation, aerospace and defence industries
- Design, development and production of electrical wiring and interconnection systems for aircraft and engines
- Design, development, production and maintenance of composite and metal landing gear
- Component supply, repair and maintenance solutions for operators of commercial and defence aircraft
- Type Certificate Holder for the Fokker fleet and therefore responsible for airworthiness
- Integrated technical and maintenance services aimed at the effective operation of the worldwide Fokker fleet and other aircraft
- MRO, modifications and conversions commercial and defence aircraft for other applications

Composition of the Supervisory Board

The Supervisory Board consists of the following members: Mr. J.H. Schraven (Chairman), Mr. M.S. Gumienny (Vice Chairman), Mr. E.J.F.H.C. Ernst, Mr. P.F. Hartman, Mr. C.J. van den Driest and Mr. A Thordarson. Mr. Schraven, Mr. Hartman and Mr. van den Driest are independent within the meaning of the Dutch Corporate Governance Code. Mr. Hartman and Mr. van den Driest have been recommended by the Central Works Council of Stork. Mr. Gumienny and Mr. Ernst are both from Candover, whereas Mr. Thordarson is from Eyrir Invest.

In carrying out its duties and in its contacts the Supervisory Board has at all times focused on the interests of the company and its related businesses, and in doing so constantly gave careful attention to the interests of all stakeholders of Stork.

Consultation with the Executive Board

As per 1 February 2009 Doug Meikle joined Stork and was appointed CEO of the newly formed group Stork Technical Services. In this function, Mr. Meikle joined the Supervisory Board meetings as a member of the Executive Board of Stork.

The regular meetings of the Supervisory Board were held on a monthly basis. Except for one meeting in the summer which was held by a telephone conference, all Supervisory Board meetings were held physically. In 2009 the Supervisory Board of Stork met on 14 occasions all of which in the presence of the Executive Board. In the event that a Supervisory Board member could not be present in person, he participated via video conference or telephone conference. No member of the Supervisory Board was frequently absent.

In addition, regular meetings were held between individual members of the Supervisory Board and of the Executive Board, whereby particularly the Chairman of the Supervisory Board and Mr. Ernst as Chairman of the Audit Committee maintained intensive contact with the CEO and the CFO. Significant parts of the regular meetings in February, May, August and November were devoted to the financial results of Stork, with the findings of the Audit Committee playing an important role on each of these occasions. The uncertainty in the economic environment was closely monitored throughout the year 2009 to assess potential implications for Stork.

Consultation with the Central Works Council

Members of the Supervisory Board were present at 3 of the consultative meetings of the Central Works Council. Furthermore there were regular meetings between the chairman and members of the Supervisory Board with the chairman, co-chairman and secretary of the Central Works Council.

Financial statements 2009

The external auditors, KPMG Accountants N.V, have audited the financial statements for 2009 prepared by the Executive Board. For the Auditors' report we refer to page 63.

The Audit Committee and the Supervisory Board discussed the financial statements with the Executive Board in the presence of KPMG.

The financial statements for 2008, the dividend proposal, the Management Letter of the external auditor, the Letter of Representation, the Declaration on risk management and the 2008 annual report were discussed at the March 2009 meeting.

The Operational Plan and the Investment Plan for 2010 were discussed and approved in the December meeting.

The Executive Board furthermore consults the Supervisory Board on potential and actual major projects at each meeting. The same applies to important acquisitions and disposals arising in relation to the implementation of the strategy. Where necessary or useful the specific approval of the Supervisory Board is sought. In addition, the course of affairs and the strategy of Stork Technical Services and Stork Fokker Aerospace were repeatedly discussed partially in the presence of management of the relevant strategic units. Also the policy of Stork and incident rates regarding Safety, Health, Environment and Quality

(SHEQ) were reviewed and discussed. During the whole year the Supervisory Board also closely monitored the financial position of Stork relating to the financial covenants with the banks.

In a meeting held without the presence of the Executive Board, the Supervisory Board assessed its own functioning against the requirements stated in the Outline profile of the Supervisory Board. At this same meeting, the functioning of the Executive Board and of its individual members was discussed.

Audit Committee

The Audit Committee met four times in the presence of the CEO, CFO, corporate controller, the head of Operational Audits and external auditor, in each case prior to the meeting of the Supervisory Board covering the quarterly results. The Audit Committee discussed the following key subjects and reported on these to the Supervisory Board:

- The quarterly results and the annual results.
- The findings of the external auditor from the auditing process, the management letter and the follow-up of the recommendations contained therein.
- The internal control framework, including the functioning and the findings of the internal operational audits.
- Risk Management.
- Dividend policy.
- Financing issues.

On each occasion the Audit Committee concluded that the results and figures presented by the Executive Board had been produced in a methodical and structured way, and that they provided a true and fair representation of the actual situation. The committee also concluded on the basis of its findings that the internal control framework operates properly, and the whole Supervisory Board supported this conclusion.

Remuneration Committee

The remuneration committee consisted during 2009 of the following members : Mr. C.J. van den Driest (Chairman) and Mr. M.S. Gumienny. The committee met on two occasions in March and in December, apart from consultations held by telephone.

In the March meeting it has been decided to leave the remuneration policy for the Executive Board unchanged for the year 2009, and in addition it has been decided to leave actual salary levels of the Executive Board also unchanged for the year 2009 in view of the very difficult economic situation. Other items on the agenda of the March meeting included the review of performance against the financial and personal targets for the year 2008, on the basis of which the bonuses for the year have been determined. At the same meeting also the Management Agenda 2009 including new financial as well as personal targets for the year 2009 have been discussed and agreed upon on the basis of 'the ambitious but doable' principle.

In the December meeting the remuneration policy for 2010 has been discussed for Stork in general and for the Executive Board in particular. At this meeting also proposals for the financial and personal targets for 2010 were reviewed in general. The specific targets for 2010 have been defined and will be formalised after closing of the 2009 accounts in the first remuneration committee meeting in 2010.

Finally, the Supervisory Board would like to thank the employees of Stork for their commitment and contribution to Stork under continuous difficult circumstances.

General

The year 2009 can be described as a year in which the world and in particular the Western hemisphere experienced a severe economic downturn after the unfolding of the banking crisis in the second half of 2008. Like many other companies, the recession has also affected Stork's results for 2009 and measures have been taken to adjust to the changed landscape. Despite the economic headwind Stork has continued to execute its strategy and has focused on the management of the core activities Stork Technical Services and Fokker Aerospace. Turnover decreased with 8% to € 1.6 billion, and the operational result over 2009 was € 17 million compared to an operational result of € 91 million over 2008. Investments for an amount of €67 million were a mixture of replacement and expansion investments and tailored to the current circumstances. The order book for the coming two years has increased to an amount of € 1.4 billion, which increase is a reflection of the ability to secure a number of important long-term contracts in both the Technical Services and Aerospace business units. Improving operational excellence is firmly embedded in the organisation through the World Class Performance (WCP) programme. Stork employs over 13,000 people around the world, of whom around 50% in the Netherlands.

Financial performance in 2009

The operational result of Stork B.V. in 2009 was € 17 million (2008: € 91 million) based on a turnover of € 1.6 billion (2008: € 1.8 billion). The turnover and EBITDA of Stork Technical Services decreased to € 1.0 billion (2008: € 1.2 billion) respectively € 54 million (2008: € 112 million). Both the generic and specialists' activities showed a lower result, partially as a consequence of restructuring provisions taken to further streamline the organisation. The turnover and EBITDA at Fokker Aerospace remained at the same level as in previous year at € 0.6 billion respectively € 63 million with most business lines showing a performance in line with 2008.

The Stork Group is financed through a combination of external bank financing and a (subordinated) shareholder loan on which no cash interest is payable. At end-2009 the net external debt for the Stork Group was slightly over € 500 million, which amounts to 3.9 times of operational EBITDA. The bank financing which was provided by a syndicate of banks in 2008, has a duration of 8 years and is largely repayment free until 2015. Stork has been in full compliance with the bank covenants throughout 2009.

Strategy

In 2009 Stork continued to build on the solid base laid in past years with the aim of improving the quality of its profits, creating value in both the short and long term and strengthening focus on the core activities. Organic growth and focus on achieving operational excellence are required to build a strong competitive position and realise market leadership. This strategy provides a basis for long term continuity and sustained value creation.

Within the strategy, Stork focuses on further development of the core activities Stork Technical Services and Fokker Aerospace. The underlying companies are specialists in their fields, each with leading market and technology positions and strongly placed for further growth. Both Stork Technical Services and Aerospace have a 'triple A' customer base and an outstanding track record in technological innovation and the development of advanced service concepts.

Core activities

Stork Technical Services

Stork Technical Services is a knowledge-intensive provider of integrated technical services and components for the modification and maintenance of process plants and machines in the industrial market. The focus is on creating added value by optimising the total cost of ownership. This implies the lowest possible cost per unit of product during the life cycle of an installation or machine (Asset and Integrity Management).

The growth strategy of Stork Technical Services focuses on the attractive markets for oil, chemicals, gas, energy and the related specialised services. These markets proved to be not immune to the economic crisis, but in the longer term developments are expected to be positive. The economic recession has made its effects felt in the US and European industrial sector, leading to cutbacks in investment and major renovation budgets. As a result, Stork Technical Services aims at further increasing the efficiency of its partnerships with customers by presenting creative solutions. These solutions focus on an integrated process approach and increased cost transparency. This creates predictability for customers, and reduces the complexity of plant management.

Stork Technical Services expects that the market segments in which it operates will continue to be affected by the general economic circumstances in 2010. The general maintenance market is expected to remain at the lower activity level as experienced during 2009 with persistent focus by customers on cost-reduction and -containment programmes. After reducing temporary staff during 2009, further rationalisation programmes are executed to reduce overhead expenses and increase operational efficiency.

The Mechanical and Electrical Services and Asset Management Solutions are concentrated mainly in Europe and South America. The more specialised technical expertise is represented worldwide, and is grouped in distinct clusters: Power Services, Thermal & Inspection Services and Materials Technology. The portfolio is complemented by the Benelux based niche players Sales & Rental Services and Manufacturing Services. A new organisation is created in 2009 along the regional and business lines in order to maximise realisation of the synergies between all services offered and operate as one fully integrated customer focussed industrial service provider. As soon as the markets begin to recover, this is to provide the base for further international expansion.

Financial results 2009

The performance of Stork Technical Services in 2009 has been impacted by the severe market situation. Turnover decreased by 13% to € 1,031 million, and EBITDA decreased from € 112 million in 2008 to € 54 million in 2009. The impact of the decrease in turnover could be offset to a significant extent by the reduction of the flexible labour force. Restructuring programmes have been executed to further improve operational efficiency. The costs associated with these programs amount to € 11 million. The benefits of these programmes are partially realised in 2009, but the full benefits will materialise in 2010 and further.

The order book (for the coming two years) remains strong at € 530 million, which indicates that Stork Technical Services is successful in securing new and extending existing long-term contracts. Multi-year contracts for the maintenance of the gas stations for Nederlandse Aardolie Maatschappij and the maintenance of a gas treatment plant in Colombia are important orders received during the year. Stork Technical Services had over 9,500 employees at the end of 2009.

Fokker Aerospace

Fokker Aerospace develops and produces complex (lightweight) structures and electrical wiring systems for the aviation and aerospace industries. The service activities are directed at flight hour arrangements for the maintenance of components and providing (integrated) logistics and engineering services for the Fokker fleet, as well as other aircraft types such as the Bombardier Dash 8.

The aviation industry is significantly affected by the economic recession, though a distinction needs to be made between the military aircraft, large commercial aircraft and business jets segments. In particular the latter segment has seen a sharp drop in deliveries, whereas military aircraft was hardly impacted thus far. With respect to existing development programmes the risk of cancellation is remote, but the anticipated ramp-up will be less steep than originally projected by the customers. In the long term this is a market with stable growth and an irreversible development in the direction of sustainable aviation with efficient aircraft and lower environmental impact. The use of lighter materials such as Glare and composites by Fokker Aerostructures perfectly matches these trends. Further, Fokker Aerospace plays a leading role in this area through its many years of experience in the development and application of these materials. Its knowledge and experience as integrator, based on the Fokker legacy, are important distinguishing characteristics in the market. They are also decisive factors in supporting customers in solving complex design problems for structural components and production, both in the Netherlands and in other countries.

The business model, which Fokker Elmo Wiring Systems has been following since the 1990s, seamlessly matches the current market developments. Under this model, the design and development of wiring systems for commercial aircraft are carried out in the Netherlands, with series production taking place in China and development of a comparable model in Turkey for wiring systems for military aircraft programmes.

Particularly in the current economic situation, customers' goals of reducing costs and increasing the flexibility of their cost structure are resulting in a sustained trend towards outsourcing.

The split of Fokker Services into modification engineering service, fleet life cycle support and supply chain management services on the one hand and air frame maintenance, repair and overhaul services ('MRO') on the other hand has proved to be beneficial for both activities. The first type of services was continued under the name of Fokker Services and is focusing on providing aircraft operators with components and services for Fokker and other aircraft. The number of Fokker aircraft which remained in operational use did relatively well. In the near future a number of larger European operators have to make decisions on the composition of their fleet, which will impact the number of Fokker aircraft these operators will continue to operate. These aircraft tend to be gradually repositioned worldwide. Fokker Services is expanding the turnover on other types of aircraft, such as the Bombardier Dash-8. The MRO activities, Fokker Aircraft Services, in Woensdrecht were able to turnaround the unsatisfactory performance in past years and have built a stronger foundation for the future. Fokker Aircraft Services has also expanded its services base to Boeing 737 aircraft during 2009.

Financial results 2009

Fokker Aerospace showed a satisfactory performance in 2009. Turnover increased by 1% to € 602 million, and EBITDA increased to €63 million. For most Aerospace lines of business the performance was in line with the results as shown in 2008. A significant improvement was realised with respect to aircraft conversion activities. Through World Class Performance programmes the Aerospace lines of business continue to make progress in the further improvement of efficiency, cycle times and quality of the operational processes.

The order book (for the coming two years) is € 840 million, which forms a solid base for the mid-term future. During 2009 Fokker Aerostructures was rewarded a contract for the production of outboard flaps for the new Airbus A350. Development is continuing on the tail section and floor panels for the GulfstreamG650 business jet and a number Aerospace business units are ramping up for the full scale production of the F-35 Lightning II (JSF), of which the total order value is estimated at several billion US\$ for the Aerospace business as a whole. The negotiations between the government and the Dutch aerospace industry about the correct interpretation of the joint financing agreement of 2002 have come to a conclusion. The NH90 (helicopter) programme approaches the final certification of the two main helicopter types and is developing efficient manufacturing and delivery processes. In addition, attention starts to focus on the aftermarket sales for the NH90 helicopters. Aerospace had almost 3,600 employees at the end of 2009.

Safety, Health, Environment and Quality

Safety as a core value is driven and promoted by the Executive Board, for example through mandatory guidelines. This is a license to operate and the target is to reduce the number of accidents resulting in absence from work by at least 10% per year. Increasing safety awareness and improving safety among employees are the subjects of continuous efforts in the form of thematic actions, instruction and training.

The working safety approach is based on the Deming circle; a yearly cycle of planning, action, measuring the results and then adjusting the plan. As well as this structural approach, targeted safety audits were also carried out in the companies during 2009. Attention was further paid to the dissemination of safety-related knowledge and experience, with the emphasis on the shopfloor. This includes people holding each other accountable for unsafe behaviour.

HRM policy

Stork again made significant investments in (professional) training in 2009. The World Class Performance (WCP) programme was further embedded in the organisation, based on the strategy of also creating value through operational excellence. The contribution of HRM within the WCP programme is focused on extra attention for leadership and its development, in which change management skills are of great importance.

Selected employees have received specific training and are actively involved in the WCP programme. This has allowed an increasingly complete set of modules to be developed, which employees can put into practice directly. These modules are focused on the one hand on developing increased expertise in specialised areas, and on the other hand on efficient and effective working methods in relation to both the organisation and customers.

The economic situation means that the scarcity of technical staff has improved somewhat. However the shortage of people with the expertise required for the markets in which Stork operates is structural. Stork is therefore continuing its strategy in relation to the recruitment and retention of young people. This includes good representation in activities at the universities (of technology) and technical colleges, as well as other initiatives to increase the interest of young people in technology, for example in partnership with the Royal Netherlands Air Force and KLM in 2009. In addition, Stork is giving sustained attention to continuous employee education and training, both internally and together with external parties.

Risk management

The Stork internal risk management system is based on the COSO framework. The significant risks to which Stork is exposed are identified and assessed at reporting unit level, and are then evaluated and discussed at corporate level.

This also applies to the exposure of Stork from its use of financial instruments relating to credit risk, liquidity risk, market risk and capital management. Further details on the objectives, policies and processes to measure and manage these risks are described in the disclosure notes to the financial statements.

The Executive Board believes in relation to the financial reporting risks that the risk management and monitoring process provides an adequate degree of certainty, and that the financial reporting is free of material misstatements. The policy remains focused on the constant assessment and improvement of the risk management system, with the aim of continuous optimisation of the reliability and effectiveness of these processes. The Executive Board regularly discusses these processes and their monitoring with the Audit Committee and the Supervisory Board.

Outlook for 2010

Stork is focusing on further successful and sustained growth of its core activities. Clear ambitions in this respect have been formulated and there is a robust foundation on which to build. The present economic climate requires diligence in exploring new markets, products or business lines. At the same time opportunities to strengthen and grow the core activities Stork Technical Services and Fokker Aerospace are likely to emerge in the coming years. Under the right conditions Stork will seize the opportunities that fit within the overall strategy.

In addition to 13,000 employees worldwide, Stork has a flexible 'shell' in terms of personnel of more than 10%, which allows it to absorb the fluctuations in the economy. In addition, Stork generates a solid cash flow which creates a buffer against the economic crisis. Stork will continue to devote a great deal of energy and attention to structural improvement of profitability and capital intensity, with the ambition to be in the top 25% of the benchmark group. Stork will continue to invest in its customers, people, products, (technology) projects and lines of business.

For 2010, given the mixed signals with respect to timing and speed of economic recovery, we are cautious in our outlook. At the same time we feel that the measures taken in 2009 provide a solid base to move forward quickly and reap the full benefits when recovery takes off.

Sj.S. Vollebregt (Chairman and CEO)

J. Turkesteen (CFO)

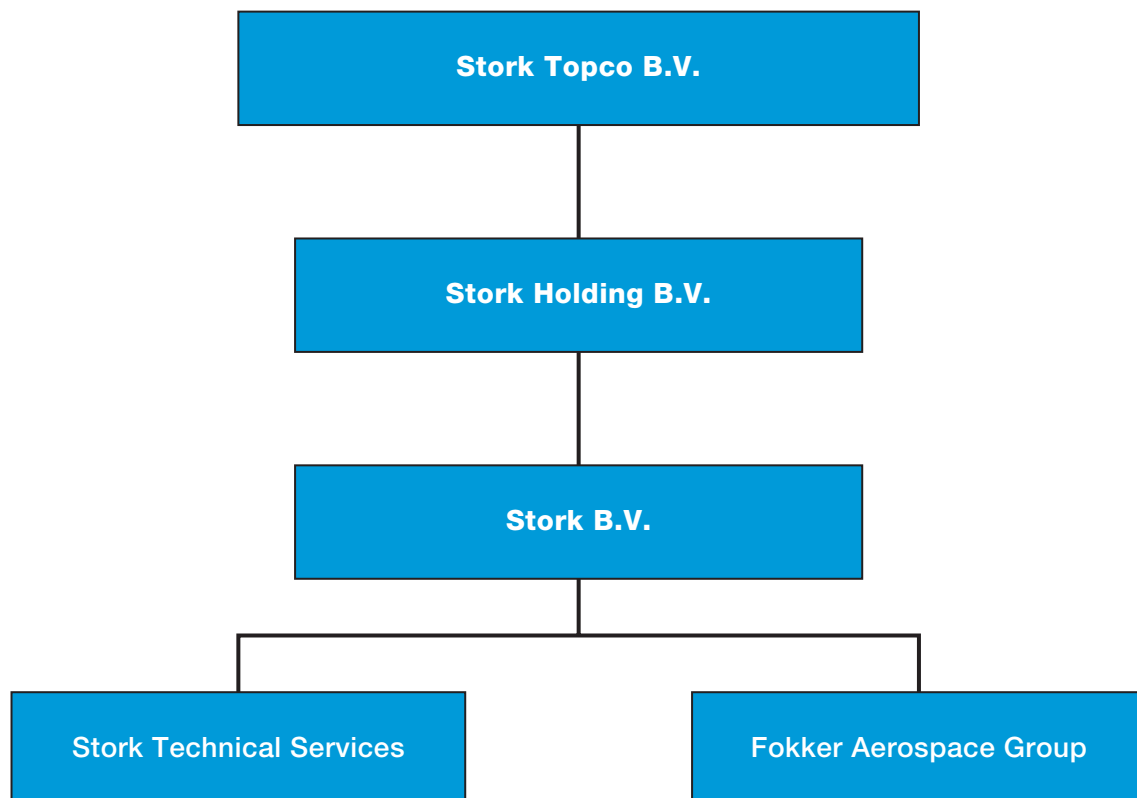
H.E.H. Bouland (COO)

D. Meikle

The Stork group

After a public bid by a consortium led by Candover Partners Limited Ltd. on the shares of Stork N.V., the shares were delisted from Euronext Stock Exchange on 20 February 2008. As a result of this public to private transaction, a corporate restructuring took place, which involved amongst others the change from Stork N.V. into a B.V., followed by a merger between Stork B.V. and the bidding company, London Acquisition B.V. (which was thereafter immediately renamed into Stork B.V.).

The shares in the Stork Group are indirectly held by funds managed by Candover, Eyrir Invest and management participation funds. Stork Topco B.V. is the ultimate Dutch holding company and head of the Dutch tax fiscal unity. Stork Holding B.V. holds the main part of the syndicate credit facility. Stork Topco B.V. and Stork Holding B.V. can be classified as the financial holding companies of the Group. Stork B.V. is the parent company of the operating companies. The Group structure is as follows:



Stork B.V.

Stork B.V. is a limited liability company according to Dutch Law, with its corporate seat in Amsterdam, the Netherlands. Because of Stork's size, the Dutch rules to statutory two-tier entities ('structuurvennootschap') are applicable.

A picture of the structure of the Stork Group including the ultimate holding company, Stork Topco B.V., can be found on page 12 of this annual report.

Since Stork B.V. is no longer a listed company, the Netherlands Corporate Governance Code is not applicable to Stork B.V. Nonetheless; Stork's corporate governance practices are in conformity with most of the best practice provisions of the Code.

General Meeting of Shareholders

In accordance with the articles of association of Stork B.V., the General Meeting of Shareholders has the power to determine the number of managing and supervisory directors, to adopt the remuneration policy of the Executive Board and to determine the remuneration of the Supervisory Board members. The approval of the General Meeting of Shareholders is furthermore required for resolutions of the Executive Board about an important change of the identity or the nature of the company.

Executive Board

The Executive Board of Stork B.V. is responsible for the management of Stork, which means, among other things, that it is responsible for achieving the company's targets, strategy and managing the risks inherent in the business activities.

The Executive Board is accountable to the Supervisory Board and to the General Meeting of Shareholders. The Executive Board is guided by the interests of Stork as a whole and its business, taking into consideration the relevant interests of all those involved in Stork.

The Executive Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with Stork's activities and for the financing of the Company.

The Executive Board is appointed by the Supervisory Board and consists of at least three members. As of 2008 (new) members are appointed for a period of four years and can immediately qualify for re-appointment. They can be dismissed (and suspended) by the Supervisory Board.

The Executive Board needs the approval of the Supervisory Board for a number of decisions in accordance with the law and the articles of association.

Supervisory Board

The Supervisory Board has the task of supervising the policy of the Executive Board and the general course of affairs of the Company and the business connected with it. The Supervisory Board supports the Executive Board with advice.

The responsibility for the discharge of its duties rests collectively with the Supervisory Board.

The Supervisory Board consists of at least five members and are appointed by the General Meeting of Shareholders upon nomination of the Supervisory Board. One third of the members of the Supervisory Board are nominated upon recommendation of the Works Council, unless the Supervisory Board objects to the recommendation based on the expectation that the recommended person will be unsuitable for the performance of the duties or that the Supervisory Board will not be suitably composed. The members are appointed for a period of four years but can immediately qualify for re-appointment, up till a maximum period of twelve years or upon reaching the age of seventy. The remuneration of the members of the Supervisory Board are determined by the General Meeting of Shareholders.

In performing its duties the Supervisory Board acts in accordance with the interests of the Company and the business connected with it, taking into account the interests of the Company's stakeholders. Members of the Supervisory Board carry out their duties in accordance with the law. The Supervisory Board is responsible for the quality of its own performance.

The Supervisory Board has drawn up an outline profile of its size and composition. The outline profile is available on written request to the Company for the attention of the Company Secretary.

The supervision of the Executive Board by the Supervisory Board includes: (i) the achievement of the Company's objectives; (ii) the company strategy and risks inherent in the business activities; (iii) the structure and operation of the internal risk management and control systems; (iv) the financial reporting process; and (v) compliance with the applicable legislation and regulations.

Financial reporting

The Executive Board is responsible for the quality and the completeness of publicly disclosed financial statements.

The Supervisory Board shall supervise compliance with internal procedures as defined by the Executive Board for the drawing up and publication of the annual accounts.

The annual financial statements of Stork B.V. are prepared in accordance with International Financial Reporting Standards (IFRS, as adopted by the EU). The annual report is available in the English language only. The annual financial statements are signed by the members of the Executive Board and the Supervisory Board. The Supervisory Board or (the chairman of) its Audit Committee discusses the prepared annual financial statements with the external auditor prior to signing of the financial statements.

Information on members of the Executive Board

Sj.S. Vollebregt (1954)

Nationality: Dutch

Chairman Board of Management and Chief Executive Officer since 2002

Supervisory Board memberships: none

Other activities: none

J. Turkesteen (1963)

Nationality: Dutch

Member Board of Management since 1 August 2008 and Chief Financial Officer since 1 October 2008

Supervisory Board memberships: none

Other activities: none

H.E.H. Bouland (1949)

Nationality: Dutch

Member Board of Management and Chief Operations Officer since 1998

Supervisory Board memberships: none

Other activities: Advisory Board University Fund Delft, board member STEM Industrial Marketing Centre, board member Materials Innovation Institute M2i, board member Association FME CWM

D.E. Meikle (1962)

Nationality: American

Member of the Executive Board and Chief Executive Officer of Stork Technical Services since February 2009

Supervisory Board memberships: none

Other activities: none

Information on members of the Supervisory Board

J.H. Schraven (1942) (chairman) ¹⁾

First appointed 2008

Member until AGM 2012

Nationality: Dutch

Former chairman VNO-NCW, former president Shell Nederland BV

Other Supervisory Board memberships: Corus Nederland BV, Tata Steel Ltd (India), Nuon Energy BV, Fortis Obam NV.

Management and supervisory positions: chairman Netherlands Normalisation Institute (NEN), chairman Netherlands Blood Supply Foundation Sanquin, board member Rotterdam Philharmonic Orchestra, board member Carnegie Foundation

Other activities: chairman Board European Issuers (Brussels)

M.S. Gumienny (1959) (vice chairman) ²⁾

First appointed 2008

Member until AGM 2012

Nationality: British

Chairman Candover Partners Limited

Non executive directorships: EurotaxGlass, Gala Coral Group Limited, Parques Reunidos, Technogym SpA, Ontex

¹⁾ Member Audit Committee.

²⁾ Member Remuneration Committee and Chairman Audit Committee 1-1-2010.

E.J.F.H.C. Ernst (1972) ³⁾

First appointed 2008

Member until AGM 2012

Nationality: Dutch

Consultant to Candover Partners Limited

Non executive directorships: none

P.F. Hartman (1949)

First appointed 2008

Member until AGM 2012

Nationality: Dutch

President & CEO KLM nv

Other Supervisory Board memberships: Kenya Airways Group, Board of Directors CAI – Compagnia Aerea Italiana S.p.A., Supervisory Board Netherlands Board of Tourism and Conventions

Management and supervisory positions: Advisory Board of University Fund Delft, Advisory Board of Rotterdam School of Management Erasmus University, Advisory Board of Royal Netherlands Air Force Historic Flight, Advisory Board of IBFA and Advisory Board of Made in Scotland

Other activities: Fundraising Committee WNF, Recommendation Committee for the following organisations: Dutch Dakota Association, Royal Netherlands Navy Marines Band, Holland Aviation House, Industria Congres, Hoogvliegers Foundation, National Management Science Congress (Landelijk Congres der Bestuurskunde, LCB), Sustainable Aviation Platform (Platform Duurzame Luchtvaart, PDL)

C.J. van den Driest (1947) ⁴⁾

First appointed 2006

Member until AGM 2012

Nationality: Dutch

Former chairman Board of Management Koninklijke Vopak N.V.

Other Supervisory Board memberships: Anthony Veder Group N.V., Darlin N.V., Dura Vermeer Groep N.V., Van Oord N.V., Koninklijke Vopak N.V., Van Gansewinkel Groep B.V.

A.O. Thordarson (1969)

First appointment in (June) 2008

Member until AGM 2012

Nationality: Icelandic

Chief Executive Officer Eyfir Invest ehf

Other Supervisory Board memberships: chairman Marel Food Systems hf, board member Egils Brewery

Management and supervisory positions: Board of Advisors Arctic Venture

The profile of the Supervisory Board can be found on www.stork.com.

³⁾ Chairman Audit Committee until 1-1-2010.

⁴⁾ Chairman Remuneration Committee.

Consultation with the Central Works Council

Introduction

The Annual Report for 2009 of the Central Works Council provides an overview of the most important events and topics dealt with during the year. The works council was restored to its full numerical strength halfway through the year, following the smoothly run election in May. The economic situation meant that a lot of attention was given during the year to the financial position of Stork. In addition, a number of advisory requests were dealt with in relation to the formation of Stork Technical Services.

Overview

The Central Works Council met on six occasions for regular consultative meetings in 2009. Nine meetings (of which one by telephone) were held for mutual discussions between council members.

Subjects discussed in the regular meetings included the following:

- Annual and quarterly results
- Spearhead areas in 2009 for the Executive Board
- Management agendas
- Advisory request on the appointment of Douglas Meikle (CEO-Stork Technical Services) and the formation of the Stork Technical Services management board
- Advisory request on the intended resolution to combine the SUs Stork Services and Specialists into a single Stork Technical Services group
- Advisory request on the top management structure of Stork Technical Services
- Advisory request on Stork as risk-bearing employer for the WGA (Return to Work Scheme for the Partially Disabled)
- Advisory request on Corporate Finance
- Confirmation of the advice given in 2007 on guarantor coverage test
- Pensions study
- Measures to address possible effects of difficult economic conditions
- World Class Performance
- Election for the Central Works Council, May 2009

In all meetings, discussions were held with the chairman of the Executive Board, and the Corporate HRM director was present at almost all the meetings. A delegation from the Supervisory Board was present at five of the consultative meetings. Discussions were also held on a number of occasions between a delegation of the Central Works Council and a member of the Supervisory Board.

Composition of the Central Works Council

The composition of the council changed as a result of the election held in May. Based on the numbers of employees within the companies, the Central Works Council now consists of 5 representatives from the Fokker companies and 6 from Stork Technical Services.

During the meeting in July, Jan Plat and Sjoerd Vollebregt thanked the two retiring members – Ben Eikens and Paul de Jong – and presented them with a token of appreciation for their efforts as members of the Central Works Council.

The Central Works Council now has the following members (company names as applicable from January 2010):

Jan C. Plat (chairman)	(Stork Technical Services)
Gerard Goedkoop (secretary)	(Stork Technical Services)
Guus Janssen (vice-chairman)	(Fokker Aerostructures)
Bert Boersma	(Fokker Aerostructures)
Frans van der Heyden	(Fokker ELMO)
Jacob van de Velde (2nd secretary)	(Fokker Aircraft Services)
Hans Hamers	(Fokker Services)
Tonnie Eulink	(Stork Technical Services)
Fred van 't Padje	(Stork Technical Services)
Herman Marcus	(Stork Technical Services)
Rins de Bruin	(Stork Technical Services)

Financial Statements 2009

Stork B.V.

Consolidated income statement

(in € x 1,000)

	2009	For the period 21-06-2007 – 31-12-2008
Net turnover ³¹	1,625,661	1,772,040
Cost of sales	(1,246,572)	(1,313,466)
Gross operating income	379,089	458,574
Sales costs	(91,589)	(85,258)
General administrative expenses ³⁶	(256,465)	(300,834)
Other operating income ³⁷	(13,859)	18,052
	(361,913)	(368,040)
Operational result	17,176	90,534
Financial income ³⁸	34,318	31,333
Financial expense ³⁹	(12,390)	(13,633)
Issuing costs ³⁹	–	(14,511)
Share of profit of associates	2,957	4,992
Result before tax	42,061	98,715
Income tax ⁴⁰	(6,136)	(14,855)
Result after tax	35,925	83,860
Attributable to:		
Equity holders of the company (net result)	35,839	83,862
Minority interest	86	(2)

Consolidated statement of comprehensive income

(in € x 1,000)

	2009	For the period 21-06-2007 – 31-12-2008
Result after tax	35,925	83,860
Other comprehensive income		
Foreign currency translation differences for foreign operations	(264)	(1,136)
Effective portion of changes in fair value of cash flow hedges	(11,901)	(21,018)
Net change in fair value of cash flow hedges transferred to income statement ⁵⁷	19,762	(11,412)
Other comprehensive income for the period	7,597	(33,566)
Total comprehensive income for the period	43,522	50,294
Total result attributable to:		
Equity holders of the company	43,436	50,296
Minority interest	86	(2)
	43,522	50,294

Consolidated statement of changes in equity

(in € x 1,000)

	Share capital	Share premium			Legal reserve	Other reserve	Total	Minority interest	Total equity
			Translation reserve	Reserve for development	Cashflow hedge reserve				
Opening balance	18	-	-	-	-	-	18	-	18
Share capital	-	-	-	-	-	-	-	-	-
Shareholder capital	31,233	1,555,006	-	-	-	-	1,586,239	-	1,586,239
Total comprehensive income (loss)	-	-	(1,136)	-	(32,430)	83,862	50,296	(2)	50,294
Capitalised development costs	-	-	-	21,345	-	(21,345)	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	(20)	(20)	74	54
Balance as at 31-12-2008	31,251	1,555,006	(1,136)	21,345	(32,430)	62,497	1,636,533	72	1,636,605
Reclassification*	-	-	-	-	50,423	(50,423)	-	-	-
Balance as at 01-01-2009	31,251	1,555,006	(1,136)	21,345	17,993	12,074	1,636,533	72	1,636,605
Total comprehensive income (loss)	-	-	(264)	-	7,861	35,839	43,436	86	43,522
Capitalised development costs	-	-	-	27,067	-	(27,067)	-	-	-
Dividend	-	(469,055)	-	-	-	-	(469,055)	-	(469,055)
Other movements	-	-	-	-	-	-	-	-	-
Balance as at 31-12-2009	31,251	1,085,951	(1,400)	48,412	25,854	20,846	1,210,914	158	1,211,072

* The comparable figures for 2008 have been adjusted for comparison purposes as disclosed in note 57.

Consolidated balance sheet

(in € x 1,000)

	2009	2008*
Non-current assets		
Property, plant and equipment ⁴¹	286,632	371,824
Goodwill ⁴²	561,572	564,067
Other intangible assets ⁴²	275,532	281,948
Investments in associates ⁴³	33,572	33,003
Receivables from associates ⁴³	117	117
Derivative financial instruments ⁵⁷	51,307	36,855
Loans to parent companies ⁴⁴	–	418,000
Deferred tax assets ⁵¹	3,048	7,004
	1,211,780	1,712,818
Current assets		
Inventories ⁴⁵	169,786	184,902
Due from customers ⁴⁶	112,610	134,013
Trade and other receivables ⁴⁷	322,705	365,955
Cash and cash equivalents ⁴⁸	314,316	310,410
Assets classified as held for sale ⁴⁹	34,200	–
	953,617	995,280
Assets	2,165,397	2,708,098
Equity ⁵⁰		
Share capital ⁵⁰	31,251	31,251
Share premium ⁵⁰	1,085,951	1,555,006
Legal reserve ⁵⁰	72,866	38,202
Other reserve	20,846	12,074
Total equity attributable to equity holders of the company	1,210,914	1,636,533
Minority interest ⁵⁰	158	72
Total equity	1,211,072	1,636,605
Non-current liabilities		
Long-term debts ⁵²	201,087	224,333
Employee benefits ⁵⁵	14,538	15,016
Provisions ⁵⁴	21,881	31,453
Derivative financial instruments ⁵⁷	32,216	19,924
Deferred tax liabilities ⁵¹	94,256	94,036
	363,978	384,762
Current liabilities		
Due to customers ⁴⁶	194,905	213,440
Trade and other payables ⁵³	326,483	403,720
Current tax payable	10,843	19,187
Bank overdraft ⁴⁸	14,325	15,128
Provisions ⁵⁴	43,791	35,256
	590,347	686,731
Liabilities	2,165,397	2,708,098

* The comparable figures for 2008 have been adjusted for comparison purposes as disclosed in note 57.

Consolidated cash flow statement

(in € x 1,000)

	2009	For the period 21-06-2007 – 31-12-2008
Operational result	17,176	90,534
Adjustments for:		
Depreciation of property, plant and equipment	43,348	42,970
Impairment of property, plant and equipment	20,400	–
Amortisation and impairment of intangible fixed assets	33,933	35,830
Result from divestments of property, plant, equipment and others	4,340	(3,517)
Result from divestments of subsidiaries and associates	3,820	–
Changes in provisions	573	(7,916)
Cash flow from ordinary operations before movements in working capital	123,590	157,901
Movements in inventories	12,554	(13,954)
Movements in receivables	54,509	7,842
Movements in liabilities	(101,589)	(2,893)
	(34,526)	(9,005)
Cash flow from operational activities	89,064	148,896
Income tax paid	(9,774)	(10,451)
Interest paid	(7,067)	(2,071)
Finance costs	(13)	(36,152)
Financial instruments	4,406	22,300
Cash flow to financing operations	(12,448)	(26,374)
Interest received	40,150	8,804
Dividends received	1,827	11,152
Proceeds from sale of property, plant and equipment	19,780	13,621
Proceeds from sale of subsidiaries	9,100	447,971
Investments in property, plant and equipment	(40,462)	(69,722)
Investments in other intangible fixed assets	(27,067)	(21,345)
Acquisition of subsidiaries	–	(1,578,610)
Cash flow from investment activities	3,328	(1,188,129)
Dividends paid	(469,055)	–
Additional capital and loans to group companies	418,000	1,168,257
(Repayments of) and receipts from long-term debts	(24,192)	191,400
Cash flow from financing activities	(75,247)	1,359,657
Net cash flow	4,697	294,050
Exchange rate and translation differences on cash	12	1,214
Movements in liquidity	4,709	295,264
Liquidity at opening balance	295,282	18
Liquidity at 31 December	299,991	295,282
Bank overdraft	14,325	15,128
Cash and cash equivalents	314,316	310,410

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Explanatory notes to consolidated financial statements

Stork B.V. (further referred to as 'Stork'), a private company with limited liability, was founded on 21 June 2007. Stork has its statutory seat in Amsterdam, the Netherlands. Its headoffice is located in Naarden. Stork Holding B.V. is the parent and London Acquisition Luxco S.a.r.l. the ultimate parent company of Stork B.V.

1 Consolidation principles

In the consolidated financial statements, Stork and the entities in which it directly or indirectly holds more than half of the shares or has a predominant influence on the management are consolidated in full. Minority interests in equity and result are stated separately. Associates are entities in which the group has a significant influence on the financial and operational policy but not a controlling interest. A significant influence is assumed to exist if the group holds between 20 and 50 per cent of the voting rights of another entity. Joint ventures are entities which the group jointly controls, and in which this control is laid down in an agreement and in which strategic decisions about the financial and operational policy are taken by unanimous agreement.

Associates and entities which Stork jointly controls are valued on the basis of the 'equity' method (investments are recognised according to the 'equity' method) and are initially recognised at cost. The investment of Stork includes goodwill as determined on acquisition, net of any cumulative impairment losses. The consolidated financial statements include the share of Stork in the total result and the movements in equity of non-consolidated investments recognised according to the 'equity' method, after correction of the accounting policies in accordance with the policies of Stork, from the date on which Stork first held a significant influence until the date that significant influence or joint control ceases to exist.

If the share of Stork exceeds the interest in an investment valued according to the 'equity' method, the carrying amount of that interest (including any long-term investments) in the balance sheet of Stork is reduced to zero and further losses are no longer taken into account except to the extent that Stork has entered into an obligation or has made payments on behalf of an investment valued according to the 'equity' method.

A jointly controlled activity is a joint venture in which each participant uses its own assets for the joint activities.

The consolidated financial statements include the assets controlled by Stork and the obligations which Stork enters into in carrying out the joint activity, as well as the costs incurred by Stork and the share of the income earned by Stork in the joint activity.

Intragroup balances and any unrealised gains and losses on intragroup transactions or income and expenses are eliminated in the preparation of the consolidated financial statements. Unrealised profits from transactions with associates and jointly controlled entities are eliminated to the extent of the interest held by Stork in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication for impairment.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within group equity except that any share capital of the acquired entities is recognised as part of the share premium. Any cash paid for the acquisition is recognised directly in equity.

2 Significant accounting policies

3 General

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and with Title 9 Book 2 of the Netherlands Civil Code. The consolidated financial statements were authorised for issue by the Executive Board and Supervisory Board on 1 April 2010.

The financial statements are presented in euros, rounded to the nearest thousand, unless explicitly stated otherwise.

The financial statements are prepared on historical cost basis, except for (derivative) financial instruments which are measured at fair value. Assets held for sale are stated at the lower of carrying amount or fair value minus the cost to sell.

For the separate income statement of Stork B.V., use is made of the exemption pursuant to Section 2:402 of Book 2 of the Netherlands Civil Code. Certain comparative amounts have been reclassified to conform with the current year's presentation (note 50 and 57).

4 Changes in accounting policies

Accounting for borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, Stork capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously Stork immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of IAS 23 Borrowing Costs in accordance with the transitional provisions of such standard; comparative figures have not been restated. There have been no qualifying assets in 2009 resulting in the capitalisation of borrowing costs.

Presentation of financial statements

Stork applies revised IAS 1 Presentation of Financial Statements, which became effective as of 1 January 2009. As a result, Stork presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

5 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into euro at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into euro at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in euro at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to euros at the exchange rate at the date that the fair value was determined. Exchange rate differences arising on retranslation are recognised in the income statement, except for a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

Translation of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euro at the exchange rates applying on the balance sheet date. The turnover and expenses from foreign operations are translated into euro at a moving average exchange rate. Income and costs from foreign activities subject to hyper inflation are translated into euro at the exchange rate at reporting date. This situation did not occur in 2009 and 2008. Exchange rate translation differences are recognised directly in the translation reserve.

6 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments assets held by Stork are loans & receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprises of trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. These amounts are included in the component cash and cash equivalents.

The group has loans and borrowing, bank overdrafts and accounts payable as non derivative financial liabilities. Such liabilities are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value, attributable transaction costs are recognised in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value of forward exchange contracts is based on their listed market price, if available, and otherwise by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

Fair value of interest rate swaps is based on broker quotes, which are tested on reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

1. Other non-trading derivatives

When a derivative is not designated in a qualifying hedge relationship, all changes in its fair value are recognised in the income statement.

2. Cash flow hedges

When a derivative is designated as a hedge instrument in a hedge, to hedge a particular risk in a cash flow or a forecasted transaction that would effect the income statement, the effective portion of the changes in fair value are recognised in equity in the cash flow hedge reserve. The amount deferred in equity is transferred to the income statement when the hedged cash flows affect the income statement. Any ineffective portion of the changes in fair value are recognised immediately in the income statement. When a financial instrument expires or is sold, the cumulative gain or loss remains in equity when the hedged transaction is still expected to occur. This gain or loss is recognised in accordance with the above principle when the transaction takes place. If the cash flow is no longer expected to occur, the cumulative unrealised gain or loss, which is deferred in equity, is immediately recognised in the income statement.

Effective 1 January 2009, Stork adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, being derivative financial instruments. This requires disclosure of fair value measurements by level of fair value measurement hierarchy. The fair values of Stork derivative financial instruments are measured using a level 2 valuation method. Level 2 fair values are based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

7 Financial risk management

Stork has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- capital management

This note presents information about the exposure of Stork to each of the above risks including the objectives, policies and processes to measure and manage risk. Further quantitative disclosures are included in the notes to the consolidated financial statements.

Risk management framework

The Executive Board has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established and monitored on a consistent and regular basis. Risk management is firmly embedded in the normal course of business and operational audits are periodically executed to confirm compliance with these policies and procedures.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from accounts receivable from customers.

Stork's exposure to credit risk is limited to the balance sheet items receivables from associates, derivative financial instruments, trade and other receivables and cash and cash equivalents.

Stork follows an active policy to minimise credit risks. The ways in which this is achieved include the recruitment and training of professional credit managers, the use of sales information systems, strict internal guidelines, the consultation of external sources, requesting security for payment or prepayment and concluding credit-risk insurances. There is no concentration of credit risks for significant amounts at debtors. Stork does not purchase credit derivatives to hedge the credit risk on customers.

Allowance for impairment represents the estimate of incurred losses in respect of trade and other receivables. The main components of the allowance are a specific loss component that relates to individually significant exposures and a collective loss component for similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data.

Liquidity risk

Liquidity risk is the risk that Stork will encounter difficulty in meeting the obligations regarding financial liabilities that are settled by delivering cash or another financial asset.

Stork's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to Stork's reputation. Stork ensures by working capital management and other procedures that it has sufficient cash on demand to meet expected operational expenses for a certain period, including the servicing of financial obligations. In addition, through the syndicate credit facility Stork has secured credit lines to cover for any temporary shortfall of available cash.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect Stork's income or the value of its holdings of financial instruments.

The objective of the market risk management of Stork is to manage and control market risk exposure within acceptable parameters.

Stork uses derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. Generally, Stork seeks to apply hedge accounting or make use of natural hedges in order to minimise the effects of foreign currency fluctuations in the income statement.

Derivatives used are forward exchange contracts. Transactions are entered into with a limited number of counterparties with strong credit ratings. Foreign currency rate hedging operations are governed by internal policies and rules approved and monitored by the Executive Board.

Capital management

There were no major changes in Stork's approach to capital management during the year. The Executive Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business and acquisitions. Capital is herein defined as equity attributable to equity holders of the Company (total equity minus minority interests).

Stork is not subject to externally imposed capital requirements other than the legal reserves explained in note 50.

8 Income statement

The following policies are applied for the determination of the results.

9 Net turnover

This is the turnover from the sale of goods and services and construction contracts to third parties, less discounts and taxes charged on turnover.

Turnover from the sale of goods is allocated to turnover after delivery and transfer of legal ownership, except where the production of the goods forms part of a project contract.

Where the results of project contracts or services to third parties can be estimated reliably, turnover and costs are determined in proportion to the stage of completion of the project. The stage of completion is assessed from the ratio of costs incurred to expected total costs.

Project costs, including tender costs, are charged to the income statement for the period in which these are incurred. If it may be assumed that the total contract costs will exceed the associated turnover, the expected loss is recognised directly in the income statement. If the outcome of projects cannot reliably be estimated, the turnover is recognised to the level of costs incurred that are likely to be recoverable.

10 Cost of sales

Cost of sales include the direct attributable costs of producing the goods and services sold. It also includes movements in the provisions with the exception of provisions recognised under general administrative expenses.

11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

12 Financial income and expenses

Interest income and expense are recognised in the income statement using the effective interest method. Costs incurred in relation to financing are shown separately and include commitment fees.

13 Income tax

Income tax comprises both current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to a business combination or items recognised directly in equity.

Current tax is the expected tax payable/ receivable on the taxable income for the year, using the applicable tax rates for that year, and any adjustment to tax payable/receivable in respect of previous years. Deferred tax is the expected future tax on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and for tax purposes, using the enacted or substantially enacted tax rates at the balance sheet date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

14 Balance sheet

15 Property, plant and equipment

Valuation is at cost less accumulated depreciation and impairment losses. Depreciation is linear and calculated at fixed percentages, based on the expected useful life of the asset and taking into account any residual value. Land is not depreciated. The costs of assets produced in-house comprise material costs, direct labour costs, a first estimate where relevant of the dismantling and disposal costs of the asset and the restoration costs of the site on which the asset is located, and the directly identifiable indirect production costs.

Property, plant and equipment included as a result of a business combination are initially recognised at fair value, which is based on the market value. The market value of property is the estimated value on the value date for which an immovable property can be traded between an informed buyer and a seller in an objective business transaction in which both parties acted carefully and without compulsion. The market value of other tangible assets and inventory is based on listed market prices of comparable assets and articles.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the income statement.

The estimated useful life for each asset category is:

Buildings	25 – 30 years
Machines and equipment	5 – 15 years
Other productive assets	3 – 11 years
Assets not used in production	10 – 30 years

Residual values and useful life, if significant, are reassessed annually.

16 Intangible fixed assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures and represents the difference between the costs of acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any cumulative impairment losses. Goodwill is allocated to cash flow-generating units and tested annually. For associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on acquisition is recognised directly in the income statement.

Development costs

Costs incurred for research activities carried out with the aim of gaining new scientific or technical knowledge and understanding are charged to the income statement when they are incurred.

Costs incurred for development activities, in which the research results are applied in a plan or design for the production of new or significantly improved products and processes, are capitalised if the product or process is technically and commercially feasible, if the costs can be measured reliably and Stork has sufficient resources to complete the development. The capitalised costs comprise material costs, direct labour costs and the directly identifiable indirect costs. The other development costs are charged to the income statement when they are incurred, except where they are covered by credits committed by the Ministry

of Economic Affairs. These credit commitments are allocated to long-term debt in the financial statements. The capitalised development costs are valued at cost less cumulative amortisation (see below) and impairment losses.

Start-up costs and costs incurred for training, relocation or reorganisation are charged directly to the income statement.

Other intangible fixed assets from acquisitions

Intangible fixed assets acquired as part of a business combination are initially recognised at fair value. The fair value of acquired patents and trademarks is determined using the discounted estimated royalties avoided by the ownership of said patent or trademark. The fair value of other intangible assets acquired is based on the discounted cash flow from the use and final sale of the assets.

Other intangible fixed assets

The other intangible fixed assets acquired by Stork are valued at cost less cumulative amortisation and impairment losses.

Amortisation

Amortisation is charged on a linear basis to the income statement, based on the estimated useful life of the intangible assets, with the exception of goodwill, capitalised development costs and intangible assets with an indefinite life. The amortisation of the capitalised development costs of Aerospace programmes is based on the projected number of shipsets under the programme. Amortisation of other intangible assets starts as soon as the assets are ready for use.

The estimated useful life is as follows:

Patents and trademarks	10 – 30 years
Capitalised development costs	5 – 10 years
Other intangible fixed assets	10 – 20 years

Residual values and useful life, if significant, are reassessed annually.

Any impairment losses are recognised in the income statement.

17 Leased assets

Leases which assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the balance sheet.

18 Inventories

Inventories are valued at cost or net realisable value if lower. Net realisable value is the estimated sale price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is based on the purchase price (based on the first-in first-out principle) plus the costs of bringing the inventories to their existing location and condition. Semi-finished goods are valued at the direct attributable costs to bring the inventories into their existing location and condition.

19 Work in progress

Work in progress is valued at cost plus profit recognised to date, less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects plus an allocation of the fixed and variable indirect costs in relation to the contract activities of Stork based on the normal operating capacity. Contracts for which the balance of costs incurred and profit recognised exceeds the progress billing are presented as due from customers. Contracts for which the balance of costs incurred and profit recognised is less than the progress billing are presented as due to customers.

20 Trade and other receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs and are subsequently valued at amortised cost, less any provisions considered necessary for doubtful debtors.

21 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and other deposits which are available on call. Current account credits which are available for direct withdrawal and form an integrated part of the treasury activities of Stork are allocated to cash in the cash flow statement.

22 Impairment

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite life, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted, using a cash generating unit specific discount rate to their present value.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill (if applicable) allocated to the cash-generating units and then to reduce the carrying amounts of other assets in the unit on a pro rata basis.

If a reduction in the fair value of a financial asset available for sale is allocated directly to equity and there is an objective indication that the asset is impaired, the cumulative loss that had been recognised directly to equity is recognised in the income statement, even though the financial asset concerned has not been derecognised. The cumulative loss recognised in the income statement is the difference between cost and the current fair value, less any impairment loss on that financial asset that is already recognised in the income statement.

An impairment loss relating to a receivable stated at the amortised cost is reversed if the increase, after deduction of this charge, of the recoverable amount can objectively be related to an event that took place after the impairment loss was recognised. Impairment losses are not reversed in relation to goodwill.

For other assets, impairment losses are reversed if the estimates on which the recoverable amount is determined have changed. Impairment losses are only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount after deduction of depreciation or amortisation in a situation in which no impairment loss would have been recognised.

23 Equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share premium

Share premium is classified as equity. The share premium account is the capital that a company raises upon issuing shares that is in excess of the nominal value of the shares.

Dividend

Dividends are recognised as liabilities in the period in which these are declared.

24 Long-term debts

Long-term debts are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing debts are valued at amortised cost using the effective interest method.

The tranches borrowed under the syndicate credit facility are stated as long-term debt on the balance sheet.

25 Provisions

Provisions are recognised for present legal or constructive obligations, as a result of a past event, that can be estimated reliably and where it is probable that an outflow of economic benefits will be required. Short-term provisions are shown at fair value. Long-term provisions are shown at present value based on a pre-tax rate which represents both the current market interest rate as well as the liability's specific risks.

26 Employee benefits

Stork has several pension plans in accordance with local rules and conditions. Based on IAS 19, several of these plans are classified as Defined Benefit plans. In general, these plans are funded by payments to insurance companies or to funds administered by third parties. For the majority of its employees, Stork has pension plans in which the liabilities to employees are based primarily on the number of years of service and the salary levels.

The liabilities for these pension plans are covered systematically by insurance contracts or by the inclusion of liabilities in the balance sheet. Investments are made primarily in fixed-interest securities, listed shares and related instruments, and real estate.

The most important plan in this regard is administered by Stichting Pensioenfonds Stork (Stork Pension Fund Foundation). The pension commitments of Dutch Stork operating companies (so-called average salary schemes) are managed by Stichting Pensioenfonds Stork. The coverage ratio is determined annually, based on actuarial calculations and guidelines issued by the Dutch Central Bank. Taking into account the outcome of this determination, the pension contributions are determined and if possible the conditional indexation is effected. Of the contributions as determined annually, 50% are payable by the company and 50% by the employee. At year-end 2009 the coverage ratio was approximately 100% (2008: 90%).

The net liabilities of Stork arising out of Defined Benefit commitments are calculated separately for each plan by estimating the pension benefits built up by employees in exchange for their services in the financial year and earlier periods. These pension benefits are discounted to determine their present value, from which the fair value of the plan is deducted. The liability is calculated by means of the projected unit credit method. The discount rate is the yield on the balance sheet date of AA credit-rated bonds that have maturity dates approximating that of the Stork Defined Benefit obligation.

If the pension benefits of a plan have improved, the part of the improved pension benefits relating to the past service by employees is recognised on a linear basis to the income statement over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses in the calculation of the obligation of Stork in respect of a pension plan, to the extent that any cumulative unrecognised actuarial gains or losses exceed 10% of the greater of the present value of the Defined Benefit obligations or the fair value of the plan assets, are recognised in the income statement over the expected average remaining period of service of the employees participating in that plan. Otherwise the actuarial gain or loss is not recognised.

If the calculation results in a benefit, the recognised asset is limited to an amount maximally equal to the economic benefits available. The calculation is performed by qualified actuaries.

A Defined Contribution plan is a plan to provide benefits after retirement in which an entity makes fixed contributions to a separate entity, and legally has no constructive obligation to make further contributions. Obligations relating to Defined Contribution pension plans are charged to the income statement as employee remuneration expenses when the contributions are payable. Contributions paid in advance are presented as assets to the extent that cash repayment or a reduction in future contributions is available.

27 Other assets and liabilities

Other assets and liabilities are stated at amortised cost.

28 Cash flow statement

The indirect method is used for the cash flow statement, in which the movements in cash are determined on the basis of the operational result as presented in the consolidated income statement including discontinued operational activities. Transactions which have not yet led to cash flow are not taken into account in the cash flow statement. Asset/liability transactions are presented as acquisitions and divestments. Resulting cash flows as presented in the consolidated cash flow statement do not correspond to the movements stated in the consolidated balance sheet.

29 Discontinued operations and non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Non-current assets held for sale and discontinued operations are measured at the lower of carrying amount or fair value less cost to sell. Any gain or loss from discontinued operations, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the financial statements and related notes for all years presented.

30 New standards and interpretations not yet applied

A number of new standards, amendments to standards and interpretations were not yet effective in 2009 and have accordingly not been applied to the consolidated financial statements.

- Revised IFRS 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Group's operations:
 - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
 - Transaction costs, other than share and debt issue costs, will be expensed as incurred.

- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements. The revised IFRS 3 is subject to endorsement by the EU.

- Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the income statement. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

Other than the new standards listed above, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these financial statements. It is expected that none of these at the moment identified changes will have an effect on the consolidated financial statements of the Group.

31 Net turnover

Analysis of Stork net turnover:

	2009	2008
Turnover from sale of goods and services	1,272,846	1,435,747
Turnover from construction contracts	352,815	336,293
	1,625,661	1,772,040

32 Salaries and social security contributions

Analysis of total salaries and social security contributions:

	2009	2008
Salaries	486,902	487,721
Social security contributions	69,717	68,433
Pension premiums and other post-retirement payments	58,345	48,063
	614,964	604,217
Of which in the Netherlands	421,564	401,790

Pension premiums and other post-retirement payments are recognised in the income statement as follows: costs of sales: € 32.7 million (2008: € 31.8 million), sales costs € 4.2 million (2008: € 4.4 million), general administrative expenses € 14.0 million (2008: € 11.9 million) and other operating income (expense) € 7.5 million (2008: nil).

33 Personnel

The average number of employees is divided among the groups as follows:

	2009	2008
Technical Services	9,769	9,884
Aerospace	3,623	3,642
Holdings and other activities	77	85
	13,469	13,611

34 Remuneration of Board of Management

	2009	2008
Salaries	1,685	1,789
Profit sharing and bonus payments*	540	578
Post-employment benefits**	343	671
Post-employment benefits** to former directors	1,012	214
	3,580	3,252

* Granted for financial year (not yet formally confirmed for 2009).

** Pension expenses etc.

35 Remuneration of Supervisory Board

	2009	2008
Remuneration	512	480
Former Supervisory Board members	–	55
	512	535

No loans, advances or guarantees have been granted to the members of the Supervisory Board.

36 General administrative expenses

General administrative expenses consist primarily of (indirect) personnel expenses, depreciation, administrative expenses, provision for doubtful debts, research costs and non-capitalised development costs as well as depreciation of capitalised development costs, offset with received subsidies.

37 Other operating income (expense)

	2009	2008
Licensing costs	(153)	(230)
Book profit (loss) on disposed property, plant and equipment	(4,340)	8,282
Impairment loss on remeasurement of real estate classified as held for sale	(20,400)	–
Book profit (loss) on divestments	(3,820)	–
Gain on debt buy-back	22,316	10,000
Recovery pension premiums	(7,500)	–
Other	38	–
	(13,859)	18,052

Stork has disposed part of the real estate through a sale and leaseback transaction, which resulted in a book loss in 2009. Another part of real estate is designated as held for sale per the end of 2009 and has resulted in an impairment in connection with the lower expected sales price less costs to sell.

Stork has sold a number of investments in subsidiaries and associates during 2009 resulting in a net book loss. The investments in subsidiaries sold concern SSI Inc. in Canada, MSW SA in Argentina and Exmont in Slovakia, the investments in associates sold concern UCN and APP.

Through its wholly owned subsidiary Paris Finance B.V., Stork has acquired part of the outstanding debt at a discount and received a fee for cancellation of committed unused credit facilities, which resulted in a book gain.

Stork has paid recovery pension premiums during 2009 in connection with the recovery plan of the Stork pension fund, reference is made to note 55 Employee benefits.

38 Financial income

	2009	2008
Interest received from banks	1,990	6,620
Interest received from parent companies	27,829	13,226
Exchange rate differences	4,028	10,290
Other interest income	471	1,197
	34,318	31,333

39 Financial expense

	2009	2008
Interest paid on long-term debts	(12,390)	(13,633)
Issuing costs	–	(14,511)
	(12,390)	(28,144)

40 Income tax

Recognised in the income statement

(in € x million)

	2009	2008
Income tax payable for financial year	(4.9)	(25.3)
Corrections for previous years	(2.1)	0.1
	(7.0)	(25.2)
Deferred income tax		
Origination and reversal of temporary differences	13.2	7.2
Effect of tax losses recognised	(12.3)	(5.9)
Reduction in tax rate	–	–
Income due to capitalised tax loss carry-forward	–	9.0
	0.9	10.3
Total income tax in the income statement	(6.1)	(14.9)
Allocation of income tax		
Income tax on result of subsidiaries	(6.1)	(15.9)
Income tax on result of Stork B.V.	–	1.0
	(6.1)	(14.9)

Besides the Dutch tax laws, the activities of Stork are subject to various tax regimes in other countries, with different legal tax rates. The weighted average legal corporation tax rate of 6.1% (2008: 9.9%) is the weighted average of 0% tax rate for the Dutch tax fiscal unity and 45.7% (2008: 30.6%) for the combined foreign activities. The weighted average tax rate for the foreign activities is impacted in 2009 by the combination of tax losses resulting from divested activities and tax profits in other entities. Stork B.V. is part of the Dutch tax fiscal unity of Stork Topco B.V. for corporation tax purposes and as such no current tax is recognised on a Stork B.V. level. In the financial statements an effective tax rate is recognised of 15.6% (2008: 15.9%) of the result before tax.

Reconciliation of effective tax rate

	2009	2008
Result before tax in the income statement	42.1	98.7
minus: share of profit of associates	3.0	5.0
Result before tax for income tax purposes	39.1	93.7
Weighted average legal corporation tax rate	6.1%	2.4 (9.9%) (9.3)
Non-deductible costs	(1.3%)	(0.5) (9.5%) (8.9)
Effect of tax losses utilised	–	– 3.4% 3.2
Reversal of capitalised tax assets	(3.6%)	(1.4) – –
Current year losses not resulting in a deferred tax asset	(11.5%)	(4.5) – –
Correction for previous years	(5.4%)	(2.1) 0.1% 0.1
Effective tax rate	(15.6%)	(6.1) (15.9%) (14.9)

The deferred tax recognised directly in equity relates to the cash flow hedge reserve and amounts to € 8.8 million at year-end 2009 (2008: € 3.8 million).

41 Property, plant and equipment

	Land and buildings	Machines and equipment	Other productive assets	Under construction	Not used in the production process	Total
Historic costs	221,454	138,392	33,768	21,099	81	414,794
Depreciation and impairment losses	(9,298)	(23,831)	(9,834)	–	(7)	(42,970)
Carrying amount as at 31-12-2008	212,156	114,561	23,934	21,099	74	371,824
Investments	1,563	16,381	3,562	18,956	–	40,462
Disposals	(21,488)	(6,305)	(1,417)	(151)	–	(29,361)
Depreciation	(9,583)	(23,256)	(10,502)	–	(7)	(43,348)
Impairment	(20,400)	–	–	–	–	(20,400)
Reclassification to assets held for sale	(34,200)	–	–	–	–	(34,200)
Exchange rate differences	(351)	881	408	70	–	1,008
Other movements	1,319	(869)	197	–	–	647
Completed property, plant and equipment	3,336	8,936	1,871	(14,143)	–	–
Carrying amount as at 31-12-2009	132,352	110,329	18,053	25,831	67	286,632
Historic costs	167,268	150,535	29,165	25,831	81	372,880
Depreciation and impairment losses	(34,916)	(40,206)	(11,112)	–	(14)	(86,248)
Carrying amount as at 31-12-2009	132,352	110,329	18,053	25,831	67	286,632

Stork has pledged most of its assets on behalf of the syndicate credit facility. See also note 52.

An impairment charge is recognised on real estate reclassified to assets held for sale. The impairment represents the difference between book value and the lower expected sales price less costs to sell.

42 Intangible fixed assets

	Goodwill	Development costs	Other	Total
Historic costs	564,067	104,452	213,326	881,845
Amortisation and impairment losses	–	(11,301)	(24,529)	(35,830)
Carrying amount as at 31-12-2008	564,067	93,151	188,797	846,015
Fair value adjustments	(1,885)	–	–	(1,885)
Investments	–	27,067	–	27,067
Deconsolidation	(753)	–	–	(753)
Amortisation	–	(18,633)	(15,300)	(33,933)
Exchange rate differences	143	639	(189)	593
Carrying amount as at 31-12-2009	561,572	102,224	173,308	837,104
Historic costs	561,572	132,158	213,137	906,867
Amortisation and impairment losses	–	(29,934)	(39,829)	(69,763)
Carrying amount as at 31-12-2009	561,572	102,224	173,308	837,104

Amortisation and impairment losses

Included in amortisation and impairment losses is an impairment loss of € 9.7 million in relation to a cost overrun on development cost in an Aerospace programme.

The amortisation is shown under the following items in the income statement:

	2009	2008
Cost of sales	(15,629)	(7,586)
Sales costs	(1)	(2)
General administrative expenses	(18,303)	(28,242)
	(33,933)	(35,830)

The following units contain significant goodwill items:

	2009	2008
Technical Services	462,982	465,477
Aerospace	98,590	98,590
	561,572	564,067

Goodwill is tested annually for impairment. The recoverable amount of goodwill is determined based on expected cashflows within the cash generating units of the group to which the goodwill is allocated. Key assumptions used in the calculation are the cash generating unit specific discount rates and growth rates for revenue and related expenditure. Discount rates are arrived at based on pre-tax rates that reflect current market conditions and adjusted for specific risks associated with the cash generating unit. Growth rates are based on industry growth forecasts. Cash flow forecasts are based on the 5 year strategic plan and for certain Aerospace units on the 10 year period programme database.

The discount rates used in the calculation varied between 9.0% and 9.5% and were comparable to 2008. For all cash generating units the recoverable amounts exceeded the carrying amounts and as a consequence no impairment losses were recognised in 2009 (2008: nil).

43 Investment in associates

Significant associates included are: Stork Prints Group Holding B.V. (Boxmeer, 38.9%); S.A.B.C.A. (Brussels, 43.6%); SPM B.V. (Hengelo, 36%); and several associated participating interests that are not materially significant.

	Associates	Loans	Total
Carrying amount as at 01-01-2009	33,003	117	33,120
Share of profit of associates	2,957	–	2,957
Impairments	–	–	–
Dividends received	(1,827)	–	(1,827)
(Des)investments	(667)	–	(667)
Other movements	106	–	106
Carrying amount as at 31-12-2009	33,572	117	33,689

During 2009, the investments in UCN N.V. and APP Beheer B.V. have been sold, the gain has been included in Other operational income (expense).

The table below shows the summarised financial data of the significant associates, based on the latest available information. The 2009 figures are based on December 2009, with the exception of S.A.B.C.A., which publishes its results half-yearly. The figures for 2008 are based on December 2008 figures.

2009	Assets	Liabilities	Turnover	Profits/ Loss (-)
Stork Prints Group Holding B.V.	94.7	88.0	153.0	3.2
S.A.B.C.A. N.V.	258.1	190.2	82.2	3.4
SPM B.V.	25.3	15.6	22.2	0.1

2008	Assets	Liabilities	Turnover	Profits/ Loss (-)
Stork Prints Group Holding B.V.	108.8	106.3	181.6	5.8
S.A.B.C.A. N.V.	258.8	193.9	137.0	10.0
SPM B.V.	25.9	15.7	27.7	0.9

44 Loans to parent companies

The loans to Stork Topco B.V. and Stork Holding B.V. have been repaid late 2009 as part of the dividend distribution to the parent company. The outstanding amounts per the end of 2008 were € 138 million respectively € 280 million with an interest rate of 6.5%.

45 Inventories

	2009	2008
Raw materials and consumables	47,917	61,365
Semi-finished products	59,956	63,531
Trading inventories and finished products	61,913	60,006
	169,786	184,902

46 Work in progress

	2009	2008
Due from customers, recognised under current assets	112,610	134,013
Due to customers, recognised under current liabilities	(194,905)	(213,440)
	(82,295)	(79,427)
Direct costs of current projects	906,387	655,323
Profits minus losses taken on these projects	(263,408)	56,355
Billed on current projects	(662,473)	(689,885)
	(19,494)	21,793
Provisions for foreseeable losses on current projects	(62,801)	(101,220)
	(82,295)	(79,427)

The provision for loss orders regarding major Aerospace programmes is calculated at actual exchange rates. For programmes where cash flow hedge accounting is applied an amount equal to the exchange rate difference is reclassified from the cash flow hedge reserve to provisions for foreseeable losses on current projects.

47 Trade and other receivables

	2009	2008
Debtors (medium term)	16	17
Debtors (current)	293,397	311,731
Prepaid costs	14,249	11,515
Interest from parent companies	–	13,226
Other receivables	15,043	29,466
	322,705	365,955

Debtors (current)

	2009	2008
Gross trade receivables	254,851	284,380
Receivables from parent companies	18,608	–
Receivables from associates	32,609	35,462
	306,068	319,842
Provision for doubtful debtors	(12,671)	(8,111)
	293,397	311,731

Ageing of trade receivables

	2009	2008
Not yet due	157,092	176,889
Due 0 – 30 days	47,545	57,370
Due 31 – 60 days	16,809	17,748
Due 61 – 120 days	11,649	8,988
Due more than 120 days	21,756	23,385
	254,851	284,380

The addition to the provision for doubtful debtors is shown in the income statement under general and administrative expenses.

48 Cash and cash equivalents

	2009	2008
Cash and banks	128,916	112,410
Segregated account	125,400	185,000
Deposits	60,000	13,000
	314,316	310,410
Bank overdraft	(14,325)	(15,128)
	299,991	295,282

The cash on the segregated accounts can only be used for cash collateral regarding guarantees (€ 85.0 million, 2008: € 85.0 million), and financing of capital expenditures (€ 40.4 million, 2008: € 100.0 million).

49 Non-current assets held for sale

Stork is in the process of selling the real estate of its Woensdrecht facilities to a joint venture, in which Stork will participate for 20%. A large part of the real estate will be leased back through an operational lease. The real estate is valued per 31 December 2009 at the expected sales price.

Stork has sold in February 2010 part of the real estate in Hengelo. The real estate is valued per 31 December 2009 at the sales price of the transaction less costs to sell.

An impairment loss of € 20,400 on the remeasurement of the assets to be disposed based on its fair value less costs to sell has been recognised in Other operating income (expense).

50 Equity

The summary of movements in equity is presented in the Consolidated statements of changes in equity.

Share capital

The authorised share capital comprises of 50,000,000 ordinary shares of € 1.–.

Share premium

The share premium is available for distribution to the shareholder. During 2009 a dividend distribution was made to settle the intercompany loans to Stork Topco B.V. and Stork Holding B.V.

Reserve for development costs

A legal reserve is held for capitalised development costs.

Translation reserve

The translation reserve comprises all differences in foreign currency arising as a result of the translation of the financial statements of subsidiaries with a functional currency other than the euro and the loans designated as a hedge for these foreign investments.

Cash flow hedge reserve

Stork applies cash flow hedge accounting for a large proportion of the currency concluded with banks. The currency forward contracts are primarily euro/US dollar future contracts relating to the Aerospace group. The cash flow hedge reserve comprises the effective part of the changes in value of the financial instruments for which cash flow hedge accounting is applied. In addition, the cash flow hedge reserve is reduced by a correction made for hedged Aerospace programmes that would become wholly or partly loss-making on the basis of calculations at the current exchange rate, as described in note 46. The cash flow hedge reserve is also reduced by the inclusion of a deferred tax position.

Dividend proposal

The Executive Board proposed to make no other dividend payment for 2009 other than as mentioned under the Share premium paragraph above.

Minority interest

Minority interest relates to the share of third parties in the shareholders' equity of consolidated subsidiaries.

51 Deferred tax position

	Opening balance as at 01-01-2009	2009 movements recognised via	Balance as at 31-12-2009	
		Income statement	Equity	
Intangible fixed assets	(55,339)	4,580	–	(50,759)
Property, plant and equipment	(45,431)	6,434	–	(38,997)
Inventories	2,169	105	–	2,274
Receivables	(11,520)	1,891	–	(9,629)
Debts	2,791	640	–	3,431
Provisions:				
• employee benefits	(2,658)	81	–	(2,577)
• restructuring	4,018	508	–	4,526
• guarantees	3,152	444	–	3,596
• others	4,698	(1,488)	–	3,210
Fiscal value of tax losses carried forward	14,868	(12,300)	–	2,568
Cash flow hedge reserve	(3,780)	–	(5,071)	(8,851)
Deferred tax assets / (liabilities)	(87,032)	895	(5,071)	(91,208)

The deferred tax position in the consolidated balance sheet consists of the deferred tax positions of each company that is individually liable for taxation (as an independent taxpayer or as part of a consolidated tax group). The deferred tax assets and liabilities are attributable to the following categories:

	2009			2008		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance
Property, plant and equipment	7	(39,004)	(38,997)	1,072	(56,411)	(55,339)
Intangible fixed assets	1,237	(51,996)	(50,759)	902	(46,332)	(45,431)
Inventories	4,218	(1,944)	2,274	4,113	(1,944)	2,169
Receivables	274	(9,903)	(9,629)	145	(11,665)	(11,520)
Debts	3,431	–	3,431	3,033	(243)	2,791
Provisions:						
• employee benefits	653	(3,229)	(2,576)	726	(3,383)	(2,658)
• restructuring	4,526	–	4,526	4,018	–	4,018
• guarantees	3,599	(4)	3,595	3,157	(5)	3,152
• others	3,210	–	3,210	4,719	(20)	4,698
Fiscal value of tax losses carried forward	2,568	–	2,568	14,868	–	14,868
Cash flow hedge reserve	–	(8,851)	(8,851)	–	(3,780)	(3,780)
Gross tax assets / (liabilities)	23,723	(114,931)	(91,208)	36,751	(123,783)	(87,032)
Balance of tax assets and liabilities	(20,675)	20,675	–	(29,747)	29,747	–
Net tax assets / (liabilities)	3,048	(94,256)	(91,208)	7,004	(94,036)	(87,032)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2009	2008
Temporary differences eligible for carry-forward	–	788
Tax losses		
Duration unlimited	2,274	1,805
Duration > 10 years	3,531	260
Duration 5 > 10 years	228	–
Duration 1 > 4 years	1,216	2,914
Duration < 1 year	–	–
	7,249	4,979

52 Long-term debts

	Currency	Nominal interest rate	Year of maturity	31-12-2009	31-12-2008
Long-term loans					
• Guarantee Facility 1	EUR	Euribor + 2.75%	2015	49,066	85,000
• Capex 2 Loan	EUR	Euribor + 3.00%	2016	45,427	50,000
• Capex 3 Loan	EUR	Euribor + 3.50%	2017	45,426	50,000
• Loans provided by the Nederlands Instituut voor Vliegtuigontwikkeling en Ruimtevaart	EUR	Average interest 5%		29,606	22,726
• Loans to MASA, Columbia	COP	Variable		30,739	14,320
• Other loans	EUR			823	2,287
				201,087	224,333
Repayments due in 2010				–	–
				201,087	224,333
Of which with a remaining term of more than 5 years				149,141	185,000

The loans provided by the Nederlands Instituut voor Vliegtuigontwikkeling en Ruimtevaart have no fixed term.

Syndicate credit facility

On 17 January 2008 a credit facility was arranged with a syndicate of credit institutions and became available for Stork and parent companies. The several facilities of the syndicate finance are secured by the assets of most of the operating companies and had an original term between seven and approximately ten years. For Stork it comprises the facilities as listed in the table above, the Guarantee Facility 1, the Capex 2 Loan and the Capex 3 Loan, which are all fully drawn per 31 December 2009. Further details of the total facility are described in note 60.

During 2009, Paris Finance BV, a wholly owned subsidiary of Stork acquired € 45,081 of outstanding debt under the Capex 2 Facility, the Capex 3 Facility and the Guarantee Facility 1 and as a result Stork, through Paris Finance BV, has become a party to the relevant loan documentation and has waived certain rights under the loan documentation. The syndicate loan amounts are presented on a net basis, where the debt held by Paris Finance BV is deducted from the total outstanding debt.

No commitments or debt has been cancelled or repaid as a result of the debt buy-back.

Paris Finance B.V. further received a settlement fee from members of the bank syndicate in exchange for cancellation of part of the undrawn revolving credit facility and Capex 1 Facility.

The book profit as a result of the buy-back and settlement are included under Other operational income (expense) in the income statement.

All facilities have a floating interest rate basis. Part of the floating interest rate exposure of the syndicate facility has been hedged and converted into fixed rates, this hedge only applies to Stork Holding B.V. (please refer to note 57). The Capex 2 Facility, Capex 3 Facility and the Guarantee Facility are fully drawn. The proceeds have been placed on an aggregated cash account and have been (partly) applied to the funding of capital expenditures and cash collateral for bank guarantees.

Sensitivity analysis

A change of 100 basis points in interest rates constantly applied during the reporting period would have increased (decreased) equity and profit or loss by € 1.8 million (2008; € 1.0 million). The analysis is performed on the same basis for 2008.

During 2009 and 2008, Stork did not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at reporting date would not affect profit or loss or equity.

In respect of the syndicate credit facility Stork Group has to comply with four financial covenants on a quarterly basis.

The financial covenants are:

- cash flow cover, defined as cash flow divided by net debt service
- interest cover, defined as EBITDA divided by net finance charges
- leverage, defined as net debt divided by EBITDA
- capital expenditure, fixed amount not to be exceeded.

Stork Group complied with the financial covenants throughout 2009.

53 Trade and other payables

	2009	2008
Trade creditors	129,632	196,766
Amounts due to associates	408	638
Other taxes and social insurance contributions	16,521	22,355
Pensions	1,523	12,114
Prepayments received	2,066	2,458
Other liabilities	176,333	169,389
	326,483	403,720

54 Provisions

	Balance at 01-01-2009	Addition charged to income statement	Release amount credited to income statement	Movements*	Balance at 31-12-2009
Reorganisation provision	17,366	12,689	(1,574)	(9,044)	19,437
Environmental provision	716	50	–	(2)	764
Guarantees	18,578	7,853	(5,247)	(73)	21,111
Liabilities relating to employees	14,056	901	(307)	(1,615)	13,035
Claims, disputes and other contractual obligations	15,993	3,785	(5,672)	(2,781)	11,325
	66,709	25,278	(12,800)	(13,515)	65,672
Of which short-term	35,256				43,791
Provisions with a remaining term longer than 5 years	18,233				9,704

* Movements relate to deductions for the intended purpose and unwinding of discounts.

Reorganisation provision

The estimated costs are based on a plan that has been agreed by the management and employee representatives.

Disbursements are expected to take place mainly during the next two years.

Environmental provision

The estimated costs are related to environmentally beneficial measures and reducing noise nuisance as well as other factors, and are based on research reports. The provision is expected to be used within 1 to 3 years based on a detailed plan.

Guarantees

The provision for guarantees is related to guarantees issued contractually on products and services supplied and should cover possible costs arising from not meeting agreed quality requirements under normal conditions of use. The provision is based on estimates derived from historic guarantee data relating to comparable products and services. In general the liabilities are expected to arise in the next two years, with the exception of a number of major aircraft programmes.

Liabilities relating to employees

The provision for employee related liabilities, other than pension schemes, is based on agreed compensation schemes as well as other factors, some of which have a longer term.

Claims, disputes and other contractual obligations

The claims, disputes and other contractual obligations consist of sums for which it is probable that compensation should be paid or provided. The provisions are best estimates, made on the basis of information currently available to Stork, and will largely expire within 5 years.

55 Employee benefits

(in € x million)

The breakdown of the employee benefits obligation as per 31 December 2009 is as follows.

	The Netherlands		Other countries		Total	
	2009	2008	2009	2008	2009	2008
Defined benefit obligation	(1,842.1)	(1,962.5)	(10.0)	(11.6)	(1,852.1)	(1,974.1)
Plan assets	1,922.5	1,739.2	1.6	1.6	1,924.1	1,740.8
Net position	80.4	(223.3)	(8.4)	(10.0)	72.0	(233.3)
Unrecognised actuarial gains and losses	(73.9)	237.0	(0.9)	-	(74.8)	237.0
The effect of limiting the asset*	(9.0)	(16.6)	-	-	(9.0)	(16.6)
Subtotal - balance liability	(2.5)	(2.9)	(9.3)	(10.0)	(11.8)	(12.9)
Other liabilities relating to pensions	(1.5)	(1.5)	(1.2)	(0.6)	(2.7)	(2.1)
Pension liabilities	(4.0)	(4.4)	(10.5)	(10.6)	(14.5)	(15.0)

Defined benefit obligation

	The Netherlands		Other countries		Total	
	2009	2008	2009	2008	2009	2008
Opening balance as per 1 January	1,962.5	1,822.4	11.6	20.4	1,974.1	1,842.8
Service costs	24.4	24.4	0.2	0.2	24.6	24.6
Interest costs	104.2	101.3	0.5	0.9	104.7	102.2
Plan participants contributions	22.7	20.7	-	-	22.7	20.7
Actuarial gains and losses	(178.8)	77.9	(0.7)	-	(179.5)	77.9
Benefits paid	(92.9)	(84.2)	(0.2)	(0.5)	(93.1)	(84.7)
Curtailment**	-	-	-	(7.3)	-	(7.3)
Transfer of provision to other liabilities relating to pensions	-	-	(1.4)	-	(1.4)	-
Changes in exchange rates	-	-	-	(2.1)	-	(2.1)
Balance as at 31-12-2009	1,842.1	1,962.5	10.0	11.6	1,852.1	1,974.1

* A net pension asset will be recognised for the first time when economic benefits become available.

** The amount mentioned in the curtailment reporting line in the comparatives for 2008 relates to Stork Protech UK.

Plan assets

	The Netherlands		Other countries		Total	
	2009	2008	2009	2008	2009	2008
Opening balance as per 1 January	1,739.2	1,837.6	1.6	10.9	1,740.8	1,848.5
Expected returns on plan assets	101.5	117.4	0.1	0.5	101.6	117.9
Employer's contribution	39.4	24.8	–	0.4	39.4	25.2
Plan participants contributions	22.7	20.7	–	–	22.7	20.7
Actuarial gains and losses	112.6	(177.1)	0.1	(0.1)	112.7	(177.2)
Benefits paid	(92.9)	(84.2)	(0.2)	(0.5)	(93.1)	(84.7)
Curtailment**	–	–	–	(7.5)	–	(7.5)
Changes in exchange rates	–	–	–	(2.1)	–	(2.1)
Balance as at 31-12-2009	1,922.5	1,739.2	1.6	1.6	1,924.1	1,740.8

The net period pension costs of the above pension plans

	The Netherlands		Other countries		Total	
	2009	2008	2009	2008	2009	2008
Service costs	24.4	24.4	0.2	0.2	24.6	24.6
Interest costs	104.2	101.3	0.5	0.9	104.7	102.2
Expected returns on plan assets	(101.5)	(117.4)	(0.1)	(0.5)	(101.6)	(117.9)
Amortised actuarial gains and losses	2.8	–	0.1	0.1	2.9	0.1
Curtailment**	–	–	–	0.2	–	0.2
The effect of limiting the asset*	9.0	16.6	–	–	9.0	16.6
Pension expense	38.9	24.9	0.7	0.9	39.6	25.8

* A net pension asset will be recognised for the first time when economic benefits become available.

** The amount mentioned in the curtailment reporting line in the comparatives for 2008 relates to Stork Protech UK.

The other pension plans are mainly based on a Defined Contribution plan. The costs of these plans were € 18.0 million in 2009 (2008: € 22.3 million).

These costs also include costs in relation to the early retirement scheme for the industry (so-called 55+plan). In fact this involves a Defined Benefit plan. This is processed as a Defined Contribution plan, because the administration of the industry pension fund is not structured to provide the requested information. There is no obligation to compensate for any shortfalls in the fund, nor is there any entitlement to any surpluses.

The pension contribution expected to be paid by Stork for 2010 is € 45 million (2009: € 50 million).

As a result of the coverage ratio of 90% at the end of 2008, a recovery plan was set up in 2009 by the Stork Pension Fund. Under this recovery plan the pension fund has claimed recovery premiums from Stork. In 2009 Stork has paid recovery premiums for an amount of € 10.6 million. Stork is disputing the remaining amount of recovery premiums that may be due per 31 December 2009. The amount under dispute is approximately € 35 million. This amount has not been provided in these financial statements.

The weighted average assumptions on which the calculation of the pension obligations is based are as follows:

	The Netherlands		Other countries		Total	
	2009	2008	2009	2008	2009	2008
Pension obligation as at 31 December:						
Discount rate used	5.0	5.3	5.3	6.1	5.0	5.3
Expected return on plan assets	5.9	5.9	5.0	5.3	5.9	5.9
Future salary increases	3.0	3.0	2.8	2.3	3.0	3.0
Future pension increases	1.0	2.0	1.0	1.0	1.0	2.0

The mortality table used for the Netherlands is based on the Prognosis table 2005-2050 of the Actuariel Genootschap.

The assumptions for the expected return on plan assets have been reached on the basis of assessment of the historic returns of the various categories in which the investments are made. The historic returns on these asset categories are weighted on the basis of the expected long-term allocation of the plan assets.

The return on plan assets for 2009 is estimated at 12.0% positive (2008: 12.7% negative).

The plan assets consist primarily of fixed-interest securities, listed shares and related instruments, as well as property. The allocation of the investments per asset category for the pension plans in the Netherlands at 31 December 2009 and 2008 is as follows:

	Percentage allocation of investment as at 31-12	
	2009	2008
Shares and related instruments	36	35
Fixed-interest securities	43	46
Property	14	17
Other	7	2
Total	100	100

Historical summary

	2009	2008
Cash value of the obligations related to defined benefit plans	(1,852.1)	(1,974.1)
Fair value of the plan assets	1,924.1	1,740.8
Net assets/(obligations)	72.0	(233.3)
Experience adjustments incurred on obligations of the plan	(33.0)	(134.0)
Experience adjustments incurred on plan assets	113.0	(177.1)

56 Financial instruments

Credit risk

Credit risk is the risk that one party to a financial instrument fails to fulfill its obligations, causing the other party to sustain a financial loss. Stork's counterparties in derivative financial instruments and liquidities transactions are limited to financial institutions with high creditworthiness (a minimum S&P credit rating of A). Stork aims to diversify its net position (balance of receivables and payables relating to financial instruments) over a number of counterparties.

As at 31 December 2009, accounts receivable amounts to € 323 million (2008: € 366 million). This amount includes a bad debt provision of € 12.7 million (2008: € 8.1 million).

Liquidity risk

Liquidity risk is the risk that Stork will have difficulty in raising the financial resources required to honor the commitments relating to financial instruments. Careful liquidity risk management entails that Stork maintains sufficient liquid resources.

As at 31 December 2009, Stork's cash position amounts to € 314 million and Stork has access to a € 94.8 million revolving credit facility and a € 25.3 million capital expenditure facility which are undrawn.

Non-derivative financial liabilities

The following are the contractual maturities (excluding interest payments) of financial liabilities.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Long-term debt	201,087	201,087	–	–	12,986	38,960	149,141
Trade and other payables	326,486	326,486	326,486	–	–	–	–
Bank overdraft	14,325	14,325	14,325	–	–	–	–
	541,898	541,898	340,811	–	12,986	38,960	149,141

No maturity analyses for derivative financial instruments are included because the maturity of these derivatives is naturally hedged.

57 Currency management

General

Stork aims to limit the currency exposure by entering into euro forward exchange contracts, with the main exposure concentrated in Aerospace Industries in US dollars. Currency risks in the tender stage are managed through tender conditions and are not hedged by derivatives. After signing of a contract, the currency exposure is hedged in accordance with Stork's treasury policy, in general by means of forward exchange contracts.

With respect to currency risk exposure, Stork distinguishes the currency exposure in Aerospace Industries and other entities due to the specific nature. Please find below a further explanation of the categories:

Currency exposure Aerospace Industries

95% of the FX derivatives Stork enters into are related to Aerospace business. The main exposure is on the dollar position and due to the size and the long-term of the contracts the USD exposure is significant for Stork as total.

The hedge policy of Stork is to hedge a substantial part of the best estimated expected cash flows. The aim is to hedge more than 80% of these cash flows, while market or other factors, such as the (long) term of forecasted cash flows, might lead to decisions not to achieve this percentage. Stork has applied a structural and consistent method for all programs to estimate the expected cash flows. Based on these projected cash flows, Stork enters into FX derivatives to mitigate the risk.

Please find below the best estimate of the expected cash flows per 31 December 2009.

Expected US-dollar cash flow (in million)

2010	2011	2012	2013	2014	> 2014	Total
276	219	183	152	173	619	1,622

Of the total expected cash flow as per 31 December 2009 of \$1,622 million (2008: \$1,259 million), 57% was hedged by FX derivatives (2008: 67%). At the end of 2009, Stork hedged 100% of the expected cash flows up to and including 2012, with forward exchange contracts. For this purpose Stork has substantial credit facilities with six banks for forward exchange contract transactions with terms from 3 to 15 years.

For the majority of the derivatives cash flow hedge accounting is applied to mitigate P&L volatility. Please find below a movement table of the derivatives allocated to Aerospace Industries and accordingly the cash flow hedge reserve:

The policy of Stork is to link the term of the foreign currency contracts with the expected cash flows. If this is not possible a roll-over strategy is applied.

Derivatives Aerospace Industries

(in € x million)

	Fair value	Notional in USD
Derivatives as per 1 January 2009	8.0	843.7
Fair value movement 2009	6.2	83.2
Derivatives as per 31 December 2009	14.2	926.9

Movements in cash flow hedge reserve

	Foreign exchange 2009	Foreign exchange 2008*
Gross Cash flow hedge reserve opening balance	(39,532)	(89,493)
Increase through effective hedge	(25,534)	26,461
Recycling to income statement	15,974	24,809
Ineffectiveness	3,512	(1,309)
Gross Cash flow hedge reserve ending balance	(45,580)	(39,532)
Cash flow hedge provision	10,865	17,758
Cash flow hedge deferred tax position	8,851	3,781
Net Cash flow hedge reserve ending balance	(25,864)	(17,993)

* The comparable figures for 2008 have been adjusted for comparison purposes as a result of a reclassification from other reserves to the cashflow hedge reserve in the opening balance of 2008.

Currency management for other activities

Stork's treasury policy extends also to procedures for exposures related to other activities than Aerospace Industries. In general, currency risks at the start of contracts which will generate a certain cash flow are 100% hedged. Currency exposures during the proposal phase are mainly hedged by exchange rate clauses in the contract. No cash flow hedge accounting is applied on these derivatives and as result the fair value changes of these derivatives are recognised in the income statement (2009: € (3.8) million, 2008: € 8.8 million).

Derivatives non Aerospace Industries

(in € x million)

	Fair value	Notional in USD
Derivatives as per 1 January 2009	8.8	60.7
Fair value movement 2009	(3.8)	(19.5)
Derivatives as per 31 December 2009	4.9	41.3

The exposure exists of \$ 67 million purchase contracts (2008: \$ 143 million) and \$ 109 million sales contracts (2008: \$ 204 million). The average term of the derivative portfolio is 6 months.

Sensitivity analysis

A decrease of 10% in the spot rate of the US dollar and related currencies in relation to the euro would have had a negative effect on Stork's 2009 result before taxes by an expected approximate 3% (2008: 3%). This calculation takes account of the forward exchange contracts concluded with banks. This analysis assumes that all other variables, in particular interest rates, remain constant.

58 Overview financial instruments

Overview derivative financial instruments

(in € x million)

	31-12-2009		31-12-2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Forward exchange contracts:				
• Aerospace	14.2	14.2	8.0	8.0
• Other	4.9	4.9	9.0	9.0
Interest rate swaps Stork Holding B.V.	32.2	32.2	20.0	20.0
Interest rate swaps (external)	(32.2)	(32.2)	(20.0)	(20.0)

Stork B.V. enters into interest rate derivatives on behalf of Stork Holding B.V.

The interest rate used in calculating the fair value of derivatives as at 31 December 2009 was based on market rates. These are shown below.

	2009	2008
Derivatives		
Euro interest rate	0.3 – 3.6%	2.5 – 3.7%
US dollar interest rate	0.2 – 4.0%	0.8 – 2.9%

Overview non-derivatives financial instruments

	31-12-2009		31-12-2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	323	323	366	366
Cash and cash equivalents	314	314	310	310
Trade and other payables	(326)	(326)	(404)	(404)
Long-term debts	201	201	224	224
Bank overdrafts	(14)	(14)	(15)	(15)
	498	498	481	481

59 Contingent liabilities

Guarantees issued

At 31 December 2009 guarantees issued to third parties totalled € 134.3 million (2008: € 126.1 million).

Contingencies

Stork and its consolidated companies are involved in a number of (potential) legal actions. Based on currently available information and legal opinions, Stork believes that the outcomes of these legal actions will either have no significant adverse effect on the financial position of the company, or that any possible adverse effects are adequately reflected in provisions.

Further Stork is in discussion with the Stork Pension Fund about the financial consequences of the recovery plan as prepared by the pension fund (see note 55).

60 Related parties

The ultimate parent company of Stork B.V. is London Acquisition Luxco S.a.r.l., with its statutory seat in Luxembourg. Stork Topco B.V. is the head of the Dutch tax fiscal unity for corporation tax purposes. According to the standard conditions, each of the companies is liable for tax payable of all the companies included in the legal entity.

The shares in the Stork Group are indirectly held by funds managed by Candover, Eyrir Invest and management participation funds. The Executive Board as well as certain other senior staff members of the company participate.

Stork B.V. pledged most of its assets in the Netherlands, USA and Germany on behalf of the syndicate credit facility.

The table below shows the specification of the € 608 million of the syndicate credit facility held by Stork Holding B.V.

	Currency	Nominal interest rate	Year of maturity	Debt 31-12-2009	Debt 31-12-2008
Long-term loans					
Senior Loan A	USD	Libor + 2.50%	2015	92,906	95,580
Senior Loan B	USD	Libor + 3.00%	2016	31,500	32,407
Senior Loan B	EUR	Euribor + 3.00%	2016	129,050	129,050
Senior Loan C	USD	Libor + 3.50%	2017	31,500	32,407
Senior Loan C	EUR	Euribor + 3.50%	2017	129,050	129,050
Mezzanine Loan	EUR	Euribor + 3.50% and 7.25% non cash	2017	212,319	197,356
Capitalised Finance Costs				(18,807)	(20,933)
				607,519	594,917
Repayments due in 2010				(6,089)	–
				601,430	594,917
Of which with a remaining term of more than 5 years				527,800	526,471

The interest management of Stork B.V. is related to interest risk exposure of the Stork Group. Stork B.V. uses interest rate swaps to cover these interest rate risks, mainly on behalf of Stork Holding B.V.

Relationships between related parties exist between Stork and its subsidiaries, associates and joint ventures (see note 43), the Stork Pension Fund and the directors and higher management of the company.

The result of the AJS, Stork GLT joint ventures is at the disposal of both Stork and the other participants in the joint venture. To support the activities of the joint venture, the participants increase their investments in the joint venture if necessary.

A loan of € 300,000 has been granted to a member of the Executive Board.

61 Current commitments

Investment commitments relating to assets on order are € 1.1 million (2008: € 5.5 million).

62 Non-current commitments

Commitments relating to rental and operational leasing contracts are € 57.4 million (2008: € 37.3 million).

	2009	2008
Shorter than 1 year	11.5	10.9
Between 1 and 5 years	24.1	18.2
Longer than 5 years	21.7	8.2

During the year ended 31 December 2009 an amount of € 11.0 million was recognised as an expense in the income statement in respect of operating leases (2008: € 12.7 million).

63 Legal and constructive obligations

Stork participates in a number of joint ventures in which it has accepted individual liability for the obligations entered into by the joint venture.

This relates to the following joint ventures:

- The NH90 helicopter. A joint venture of Stork Fokker AESP with, among others, Eurocopter and Agusta in the NH90 helicopter.
- Stork Groningen Long Term. A joint venture of Stork Industry Services together with Jacobs Engineering, Siemens and Yokogawa for the renovation of the Groningen Gas Fields.
- AJS. A joint venture of Stork Industry Services with Amec and Jacobs Engineering, to carry out the renovation of a number of offshore projects in the North Sea.

64 Estimates and judgments by management

The Executive Board has discussed with the Audit Committee the development and selection of, and gaining information about, the critical principles for financial reporting and estimates, as well as the application of these principles and estimates.

Primary sources of uncertainties in estimates

Note 22 contains information about the assumptions and the corresponding risk factors relating to impairment of goodwill and intangible fixed assets resulting from business combinations. Note 6 gives an analysis of the financial instruments, as well as of the risks relating to changes in currency values.

Recoverability of development costs

The most important part of development costs consists of non-recurring costs for aircraft programmes within Aerospace. The recoverability of the carrying amount is assessed periodically on the basis of expected cash flows based on market and customer estimates of quantities sold. These estimates are made with an appropriate degree of prudence. The carrying amount of development costs is included in note 42.

Assumptions concerning pensions

Note 55 contains information concerning the valuation of pension obligations. Stork assumes longer-term returns on invested assets, taking into account the asset mix of the Stork Pension Fund. If the actual returns are lower than expected, this would have a negative effect on the unrecognised actuarial results of Stork. Secondly, a decline in the long-term market interest rate and therefore the applied discount rate would mean an increase in the obligations and as a result also in the unrecognised actuarial results. Both factors could lead to higher pension charges as of 2011.

Assumptions concerning the valuation of the deferred tax position

Note 13 provides information about the assumptions and the corresponding risk factors in relation to the valuation of the deferred tax position.

Company income statement of Stork B.V.

(in € x 1,000)

	2009	For the period 21-06-2007 – 31-12-2008
Income from subsidiaries after taxes	26,682	106,780
Other results after tax	9,243	(22,920)
Net result	35,925	83,860

Company balance sheet of Stork B.V.

(in € x 1,000)

After appropriation of profit	2009	2008*
Non-current assets		
Property, plant and equipment ⁶⁷	243	417
Derivative financial instruments ⁷⁴	51,307	36,855
Financial fixed assets ⁶⁸	1,470,617	1,906,369
	1,522,167	1,943,641
Current assets		
Current tax asset	–	2,265
Cash and cash equivalents	46,697	35,295
Trade and other receivables ⁶⁹	22,408	41,895
	69,105	79,455
Assets	1,591,272	2,023,096
Equity		
Share capital ⁷⁰	31,251	31,251
Share premium ⁷⁰	1,085,951	1,555,006
Legal reserve ⁷⁰	72,866	38,202
Other reserve ⁷⁰	20,846	12,074
	1,210,914	1,636,533
Provisions ⁷²	111,268	103,030
Current liabilities		
Derivative financial instruments ⁷⁴	32,216	19,924
Trade and other payables ⁷³	51,874	78,609
	84,090	98,533
Non current liabilities		
Long-term debts ⁷¹	185,000	185,000
	185,000	185,000
Liabilities	1,591,272	2,023,096

* The comparable figures for 2008 have been adjusted for comparison purposes as disclosed in note 57.

Notes to the separate financial statements

65 General

The separate financial statements are part of the 2009 financial statements of Stork B.V. For the separate income statement of Stork B.V., use is made of the exemption pursuant to Section 2:402 of Book 2 of the Netherlands Civil Code.

66 Principles for valuation and determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its separate financial statements, Stork B.V. makes use of the option provided in Section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result for the separate financial statements of Stork B.V. are the same as those for the consolidated financial statements. In this context, investments in companies in which significant control is exercised are measured according to the net asset value method.

The consolidated financial statements are prepared according to the standards set by the International Accounting Standards Board (IASB) and accepted by the European Union and with Title 9 Book 2 of the Netherlands Civil Code. For a description of these accounting principles, reference is made to the accounting principles with the consolidated financial statements.

The share in the result of enterprises in which the company has holdings comprises the share of Stork B.V. in the result of these participating interests. Results on transactions in which transfer of assets and liabilities has occurred between Stork B.V. and its participating interests, and mutually between participating interests with each other, are not recognised insofar as these can be considered as not realised.

67 Property, plant and equipment

	Land and buildings	Other productive assets	Total
Historic cost	257	442	699
Depreciation and impairment losses	(143)	(139)	(282)
Carrying amount as at 31-12-2008	114	303	417
Carrying amount opening balance as per 01-01-2009	114	303	417
Depreciation	(61)	(113)	(174)
Carrying amount as at 31-12-2009	53	190	243
Historic cost	257	442	699
Depreciation and impairment losses	(204)	(252)	(456)
Carrying amount as at 31-12-2009	53	190	243

68 Financial fixed assets

	Interest in group companies	Associates	Loans to group companies	Total
Carrying amount as at 31-12-2008	1,252,022	18,272	636,075	1,906,369
Result of subsidiaries	24,796	1,886	–	26,682
Divestments	(3,446)	(668)	–	(4,114)
Capital contribution	81,889	–	–	81,889
Dividends received	(66,063)	(233)	–	(66,296)
Exchange rate differences	(1,681)	–	1,417	(264)
Movements in loans	–	–	(473,649)	(473,649)
Carrying amount as at 31-12-2009	1,287,517	19,257	163,843	1,470,617

Stork B.V. has (directly or indirectly) capital interests in the group companies presented on page 66.

69 Trade and other receivables

	2009	2008
Debtors (current)	86	528
Debtors subsidiaries	880	7,970
Receivables from associates	11	23
Interest parent companies	18,608	13,226
Other receivables	2,823	20,148
	22,408	41,895

70 Equity

The equity in the Stork B.V. separate financial statements is reconciled with the equity in the consolidated financial statements. For details of the movements in equity, reference is made to the Consolidated statement of changes in equity and note 50.

The authorised share capital comprises of 50,000,000 ordinary shares of € 1.–. Per 31 December 2009 31.250.528 ordinary shares were issued.

The share premium is exempted from tax in the Netherlands and therefore freely available for payment to shareholders.

71 Long-term debts

	Currency	Nominal interest rate	Year of maturity	Debt 31-12-2009	Debt 31-12-2008
Long-term loans					
• Guarantee Facility 1	EUR	Euribor + 2.375%	2015	85,000	85,000
• Capex 2 Loan	EUR	Euribor + 2.375%	2016	50,000	50,000
• Capex 3 Loan	EUR	Euribor + 2.625%	2017	50,000	50,000
				185,000	185,000
Repayments due in 2010				–	–
				185,000	185,000
Of which with a remaining term of more than 5 years				185,000	185,000

As explained in note 52 to the consolidated financial statement, Paris Finance B.V., a wholly owned subsidiary of Stork, has acquired € 45,081 of outstanding debt under the facilities presented above. The acquired debt has not been cancelled and therefore the amounts are presented in Stork B.V. on a gross basis, whereas the debt in the consolidated financial statements is presented on a net basis.

72 Provisions

	Balance at 01-01-2009	Addition charged to income statement	Release amount credited to income statement	Movements*	Balance at 31-12-2009
Deferred tax liabilities	87,388	7,404	–	5,071	99,863
Reorganisation liabilities	5,675	–	140	(1,508)	4,307
Claims, disputes and other contractual obligations	5,417	(588)	–	(1,701)	3,128
Pension liabilities	4,550	–	–	(580)	3,970
	103,030	6,816	140	1,282	111,268
Of which short-term	6,921				6,795
Of which with a remaining term longer than 5 years	1,078				1,331

73 Trade and other payables

	2009	2008
Due to customers*	10,865	17,758
Trade creditors	3,617	5,225
Group company creditors	1,249	375
Pensions	–	224
Other taxes and social security contributions	1,187	16,794
Other liabilities	34,956	38,233
	51,874	78,609

* This item relates to the provision for loss orders for major aircraft programmes, which would be loss-making only on the basis of calculation at fair value. Since cash flow hedge accounting is applied at corporate level by Stork B.V., the related provision is therefore recognised in the Company income statement of Stork B.V. The background to cash flow hedge accounting is explained in note 6 to the consolidated financial statements.

74 Derivative financial instruments

For an explanation concerning financial instruments, reference is made to note 58.

75 Employee costs and benefits

For the employee costs, reference is made to note 34 in which the remuneration of the Board of Management is set out. The employees of Stork B.V. have the same Defined Benefit pension plan as described in the consolidated financial statements. In view of the fact that the attribution of the liabilities and investments of the Stork Pension Fund Foundation to such a small population relative to the total number of participants in the Stork Pension Fund Foundation would lead to a high degree of inaccuracy, the contributions paid to the Stork Pension Fund Foundation are regarded as a pension cost.

76 Liabilities not shown on the balance sheet

Individual liability and guarantees

At 31 December 2009, guarantees issued to third parties totalled € 81.1 million (2008: € 52.7 million).

For most of the Dutch operating companies listed on page 66, declarations in accordance with article 403 of the Dutch civil code have been issued by Stork B.V. and as a consequence Stork B.V. is jointly and severally liable for all debts of these subsidiaries.

77 Subsequent events

No events with a material impact on the financial statements as per 31 December 2009 have occurred.

Naarden, 1 April 2010

Supervisory Board

J.H. Schraven (Chairman)

M.S. Gumienny (Vice Chairman)

E.J.F.H.C. Ernst

P.F. Hartman

C.J. van den Driest

A.O. Thordarson

Executive Board

Sj.S. Vollebregt (Chairman)

J. Turkesteen

H.E.H. Bouland

D.E. Meikle

We hereby present you with these financial statements for your assessment and confirmation at the General Meeting of Shareholders on 26 April 2010.

To: The general meeting of shareholders of Stork B.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Stork B.V., Amsterdam, as set out on page 19 to 62.

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 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2009, the company income statement for the year then ended and the notes.

Management's responsibility

Management 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 by the Executive 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Stork B.V. as at 31 December 2009, 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 Stork B.V. as at 31 December 2009, 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 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report by the Executive Board is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 1 April 2010

KPMG ACCOUNTANTS N.V.

A.S. Welling RA

Provisions of the articles of association regarding profit distribution (article 26)

1. Distribution of profits to the shareholders and others entitled to distribution of profits may be made only insofar as the net assets exceed the paid in and called up part of the capital plus the reserves which must be maintained by virtue of the law.
2. Distribution of profits may be made only after the annual accounts evidencing justification of such distribution are drawn up.
3. At the expense of the profit such a reserve will be made as the Management Board will determine subject to the approval of the Supervisory Board.
4. The then remaining profit will be at the disposal of the General Meeting of Shareholders.
5. Resolutions to discontinue the reserves formed by virtue of paragraph 3 in part or in full can only be passed by the General Meeting of Shareholders on a proposal of the Management Board with the approval of the Supervisory Board.

List of major consolidated operating companies

(100% owned, unless otherwise stated)

Stork Technical Services

Stork Industry Services B.V., Utrecht (NL)
E&I Service Zeeland B.V., Vlissingen (NL)
Stork Maintenance Management B.V., Utrecht (NL)
Stork MEC N.V., Antwerp (BE)
SSI Cambridge Inc., Cambridge (CA)
licorr Ltd., Aberdeen (GB)
Stork Turbo Blading B.V., Sneek (NL)
Stork Turbo Service B.V., Almere (NL)
Stork Turbo Service GmbH, Regensburg, Essen (DE)
Stork H&E Turbo Blading Inc., Ithaca (US)
Stork Gears & Services B.V., Rotterdam (NL)
Stork Trading B.V., Hengelo (NL)
Stork Thermeq B.V., Hengelo (NL)
Stork Materials Technology B.V., Amsterdam (NL)
Stork Cellramic Inc., Milwaukee (US)
Stork Technimet Inc., New Berlin (US)
Stork Materials Testing and Inspection Inc., Huntington Beach (US)
Stork Herron Testing Laboratories Inc., Cleveland (US)
Stork Testing and Metallurgical Consulting Inc., Houston (US)
Stork East West Technology Corp., Jupiter (US)
Schielab B.V., Breda (NL)
Stork Intermeas N.V., Antwerp (BE)
Stork Twin City Testing Inc., St.Paul (US)
Stork Cooperheat (UK) Ltd., Skelmersdale of Merseyside (GB)
Stork Thermal Equipment Ltd., Skelmersdale of Merseyside (GB)
Cooperheat Saudi Arabia Co Ltd., Jubail, Kingdom of Saudi Arabia (SA)
Cooperheat Middle East, Dubai, United Arab Emirates (AE)
Stork Cooperheat of Australia (Pty) Ltd, Wetherill Park (AU)
Mecánicos Asociados S.A., Bogota, Colombia (COL), 70%
Stork Special Products B.V., Zwolle (NL)
Stork Primoteq B.V., Hengelo (NL)
2Rent B.V., Rozenburg (NL)
Interlas B.V., Rozenburg (NL)
2Rent N.V., Antwerp (BE)
HiTecs B.V., De Meern (NL)

Fokker Aerospace

Stork Fokker AESP B.V., Papendrecht, Hoozevee (NL) (Renamed into Fokker Aerostructures B.V. per 1 January 2010)
Fokker Elmo B.V., Hoogerheide (NL)
Fokker Elmo Electrical Systems Co Ltd., Langfang (CN)
Fokker Elmo Aerospace Industries LLC, Izmir (TR)
Stork SP Aerospace B.V., Helmond (NL) (Renamed into Fokker Landing Gear B.V. per 1 March 2010)
Fokker Services B.V., Nieuw-Vennep (NL)
Fokker Aircraft Services B.V., Hoogerheide (NL)
Fokker Services Asia Pte. Ltd., Singapore (SG)
Fokker Services Inc., Atlanta (US)
Fokker Airinc, Fairhope (US)
Aerotron AirPower Inc., LaGrange (US)

Others and Holdings

Stork United Corporation LLC., Charlotte (US)

Stork Power Services USA Holding Inc., Charlotte (US)

SMT USA Holding Inc., Charlotte (US)

Stork German Holding GmbH, Regensburg (DE)

Use has been made of the exemption provided by Section 2:403, part IX, Book of the Netherlands Civil Code with respect to most of the Dutch operating companies.

Glossary of terms

Capital employed Property, plant and equipment plus financial fixed assets plus working capital.

Cash flow hedge reserve Part of equity to which is charged the change in the cumulative value of the difference between the nominal value and the current value of derivative financial instruments to which cash flow hedge accounting is applicable.

Corporate Governance Relates to the management of the company, the supervision of the management, the accountability of management and the way in which stakeholders can exert an influence on decision making.

COSO framework Framework for risk control in accordance with the system of the Committee of Sponsoring Organizations of the Treadway Commission (see www.coso.org).

Costs of capital The costs that have to be paid for a specific form of capital, expressed as a percentage of the amount of the capital concerned.

Derivative financial instruments are instruments used for financing and riskmanagement. Their value is derived from the changes in the value of underlying assets such as shares, interest rates, currencies or commodities.

EBIT Earnings before interest and taxes and net finance expenses. Operational result, including exchange rate differences and income from associates.

EBITDA Earnings before interest, taxes, depreciation and amortisation.

IFRS International Financial Reporting Standards. Also referred to as IAS (International Accounting Standards).

Net asset value The value of a company expressed by the difference between assets and liabilities.

Net debt Long-term debts and bank overdrafts less cash.

Net turnover Realised sales proceeds less any discounts granted to customers.

Non-recurring costs Investments in design,

development and production of aerospace programmes.

Operational result The net turnover of a company minus the costs that are made to achieve that turnover. No allowance is made in the calculation of the operational result for interest receipts or payments, exchange rate differences, income from associates and minority interests, or taxation payable.

Return on average capital employed The EBIT of the current financial year divided by the average capital employed, calculated on the basis of the balance at the end of the preceding year and the end of the current year.

Return on Sales EBIT divided by net turnover.

WACC Weighted Average Cost of Capital. The weighted average of the required profitability on equity and borrowed capital.

Working capital Current assets (excluding cash and cash equivalents and deferred tax claims) minus provisions and –current liabilities.

Colophon

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