Annual Report 2009

Aalberts Industries

Annual Report

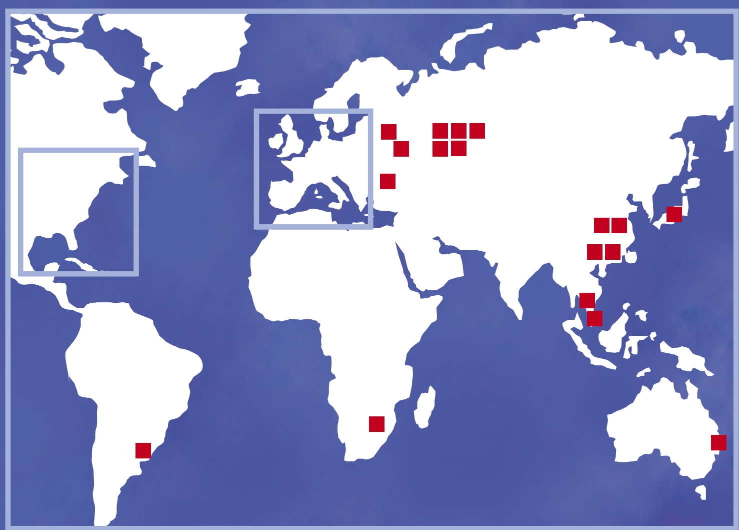
2009

Aalberts Industries

Contents

Aalberts Industries at a glance

Locations



Aalberts Industries at a glance

Profile

General

Aalberts Industries is an international group of industrial companies with two, mutually reinforcing, core activities: Industrial Services and Flow Control.

The group companies are leading players in their respective markets and constantly strive to strengthen this position. The ways in which this is achieved include a continuous process of innovation in terms of products, systems and processes combined with a focused market approach. Aalberts Industries' decentralised organisational structure in which responsibility for the day-to-day operations rests with the management of the group companies stimulates entrepreneurship. Group company managements report business progress to the holding company on a regular basis. There is also frequent contact between the Management Board and the group company managements.
Aalberts Industries continuously strengthens its leading market positions through a combination of profitable organic growth and the selective acquisition of complementary companies that fit within the strategy. Focused diversification, a steady increase in earnings per share and solid balance sheet ratios are key.
Aalberts Industries has been quoted on the stock exchange since 1987. At the end of 2009 Aalberts Industries employed around 10,000 people who worked in more than 140 group companies in over 30 countries. Revenue for 2009 amounted to EUR 1,405 million.

Industrial Services

The Industrial Services core activity concentrates on supplying products, systems and processes to specific market segments including the semiconductor and automotive industries, the medical sector, the aerospace and defence industries, precision engineering and the sustainable energy sector. This is achieved with the help of a number of specialised and complementary technologies.

More and more often Aalberts Industries is acting as a strategic partner and supplying a package of products, systems and processes. In this context innovation, development and suitability for specific applications are of vital importance to customers.
On the one hand the companies develop, produce and assemble market-specific products for high-quality systems. On the other hand the companies improve the properties and characteristics of (own) products by using processes such as heat and surface treatment. Many of these processes are patented.

Flow Control

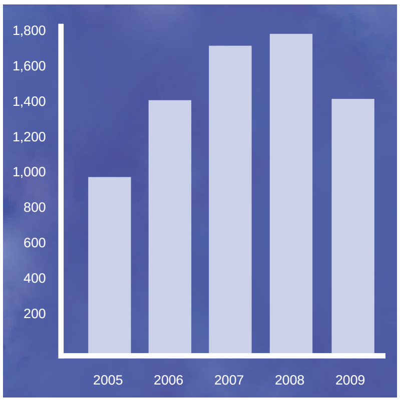
Flow Control's core activity is the development, production and assembly of products and systems for the distribution and regulation of liquids and gases. There is a continuous focus on a complete portfolio of products for residential new-build, renovation and maintenance, commercial buildings, utility networks, district heating, fire protection and security, irrigation systems, the beer and soft drinks industry and other industries. Increasingly systems are being specified that improve the energy-efficiency of the distribution of heat and cooling.

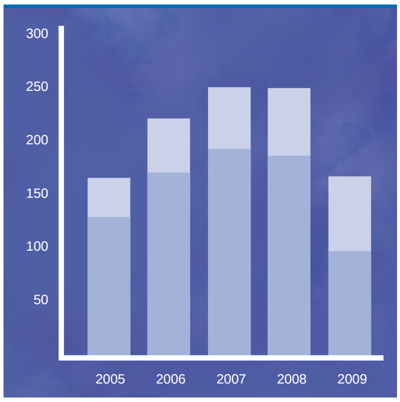
Aalberts Industries' products and systems are supplied worldwide to wholesalers, OEMs, utility companies (water and gas), district heating and various other industries. Due to its complete portfolio, market-oriented regional approach, widespread geographical presence and use of high-quality, efficient production technologies Aalberts Industries ranks among the global market leaders in this field.

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

Aalberts Industries at a glance

Revenue
(in EUR x million)

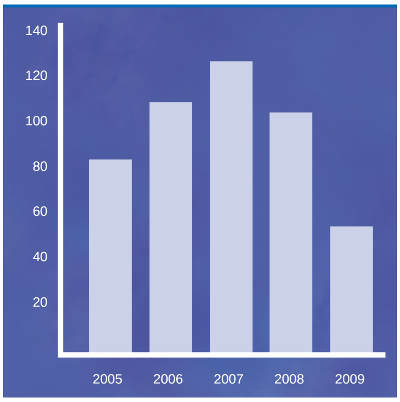


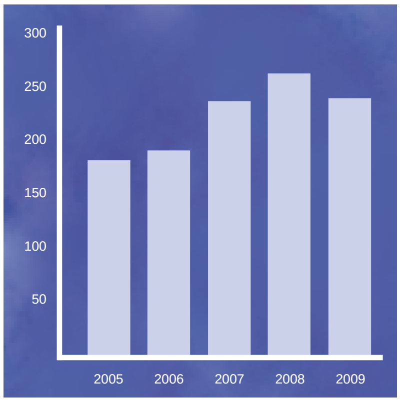


Operating profit EBITDA
(in EUR x million)

Operating profit EBITA
(in EUR x million)

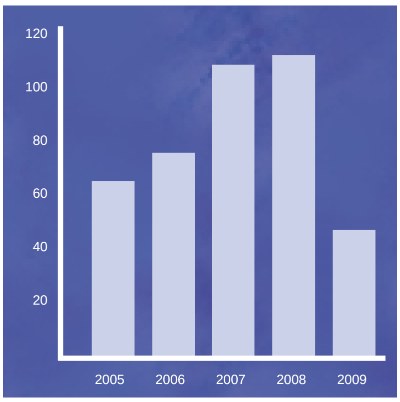
Net profit*
(in EUR x million)

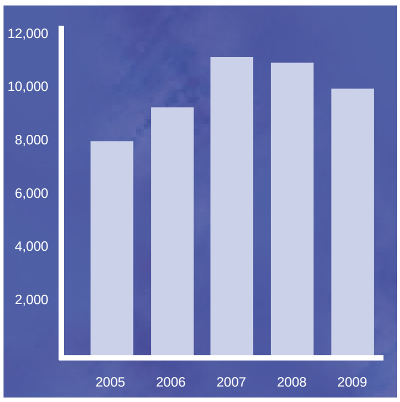




Cash flow from operations
(in EUR x million)

Capital expenditure
(in EUR x million)





Number of employees
(at year-end)

* Before amortisation

Aalberts Industries at a glance

Key figures	2009	2008	2007	2006	2005
Results *(in EUR x million)*					
Revenue	1,404.9	1,750.8	1,702.5	1,440.3	1,055.0
Added-value	827.6	1,014.8	978.8	874.7	690.7
Operating profit before depreciation (EBITDA)	168.8	251.6	254.2	222.1	167.1
Operating profit (EBITA)	98.9	181.5	193.3	168.1	120.4
Net profit*	54.2	105.0	128.0	107.5	83.1
Depreciation	69.9	70.1	60.9	54.0	46.7
Cash flow* (net profit plus depreciation)	124.1	175.1	188.9	161.4	129.8
Cash flow from operations	240.5	264.5	230.1	186.0	176.7
Balance sheet *(in EUR x million)*					
Intangible fixed assets	584.8	594.7	410.2	340.1	288.6
Property, plant and equipment	493.6	516.3	444.9	378.0	321.6
Capital expenditure	45.1	110.5	108.8	77.3	64.5
Net working capital	243.6	315.8	292.0	265.8	181.5
Total equity	626.5	587.0	538.2	387.6	302.2
Net debt	630.6	765.2	524.9	532.9	439.2
Total assets	1,577.9	1,703.4	1,434.5	1,278.9	978.0
Number of employees at year end					
Industrial Services	3,706	4,253	4,356	4,086	4,002
Flow Control	6,276	6,608	6,544	5,264	3,998
Other	17	19	18	20	17
Total	9,999	10,880	10,918	9,370	8,017
Ratios					
Added-value as a % of revenue	58.9	58.0	57.5	60.7	65.5
EBITDA as a % of revenue	12.0	14.4	14.9	15.4	15.8
EBITA as a % of revenue	7.0	10.4	11.4	11.7	11.4
Interest cover* (twelve months rolling)	5.8	6.0	7.3	8.8	10.4
Net profit* as a % of revenue	3.9	6.0	7.5	7.5	7.9
Total equity as a % of total assets	39.7	34.5	37.5	30.3	30.9
Net debt / Total equity	1.0	1.3	1.0	1.4	1.5
Leverage ratio (twelve months rolling)	3.4	2.9	2.0	2.3	2.4
Number of issued shares *(x million)*					
Ordinary shares (average)	106.1	103.3	101.7	98.2	97.6
Ordinary shares (at year end)	106.1	103.3	102.0	98.2	97.6
Cumulative preference shares	–	0.45	1.00	1.55	2.10
Figures per ordinary share					
Cash flow*	1.17	1.69	1.86	1.64	1.33
Earnings per share*	0.51	1.02	1.26	1.09	0.85
Dividend	0.13	0.28	0.32	0.28	0.21
Price at year end	10.09	5.06	13.60	16.38	11.21

** Before amortisation*

Strategy

General

Aalberts Industries' strategy is aimed at achieving sustainable and profitable growth, both organically and through acquisitions. This strategy is formulated primarily by the holding, supported by specific input from the group companies. The strategy is discussed at various levels within the organisation. This broadens the platform for implementation and stimulates mutual cooperation and knowledge sharing.

Industrial Services

The strategy for the Industrial Services core activity is aimed at strengthening its market positions by increasing the application possibilities of innovative and high-value technologies. Industrial Services focuses on several specialised and complementary technologies and on specific market segments: the semiconductor and automotive industries, the medical sector, the aerospace and defence industries, precision engineering and sustainable energy. Customers are supplied with a range of products, systems and material-treatment processes. Finding the right answer to specific customer needs combined with high-quality technologies and short lead times is a top priority. More and more often Aalberts Industries is acting as a strategic partner. The development, production and assembly of systems and the supply of a complete end-product is the objective. Direct involvement in the development of customers' new products and processes enables Industrial Services to deliver a unique and maximum added-value. As far as the production facilities are concerned, the centre of gravity is in Western Europe from where products are exported around the world. A limited number of facilities can be found in North America, Eastern Europe and the Far East.

Flow Control

The strategy for the Flow Control core activity is aimed at the supply of a complete package of products and systems for the distribution and regulation of fluids and gases. The focus is on the residential new-build, renovation and maintenance markets and the commercial buildings, utility networks, district heating, fire protection and security, irrigation and other industry markets. More and more use is being made of the existing local sales and distribution networks in the various countries through cross-selling. The products and brand names handled by the local sales and distribution networks are increasingly being specified by the regulatory bodies in Europe and North America. The development, production and assembly of own-brand products is achieved with the aid of automated production methods and on the basis of high-quality technology. Flow Control continuously strives to fill the gaps in its product portfolio in the different market segments and countries in which it operates and, through its extensive product portfolio, to offer heat and cooling distribution systems that provide more comfort and are more energy-efficient.

Research & Development

Research & development and (technological) innovation are essential components of the strategies of both Aalberts Industries' core activities. Every year this results in a constant stream of new products and innovative revisions to existing products, processes and systems. Increasingly higher-quality production technology and highly automated production processes are two of the factors that form the basis on which Aalberts Industries' unique and outstanding market positions are maintained or improved. The guiding principle behind this continuous process for Aalberts Industries - the ability to answer the customer's specific requirements – leads to a further broadening of the product and process portfolio. The exchange of technologies between and within Industrial Services and Flow Control results in even better customer service. Innovation also leads to local product requirements being met. Aalberts Industries strives to use sustainable materials whenever possible.

Objectives

Aalberts Industries strives for stable growth that exceeds the market average. The company's objectives have remained the same for several decades:

Stable growth of earnings per share
The primary objective is a stable growth of average earnings per share over several years.

Stable revenue growth
Stable revenue growth is essential for the long-term retention of market positions and the achievement of profit growth. This revenue growth is achieved through both organic growth and selective acquisitions.

A balanced distribution of the result
A balanced distribution of the result across geographical markets, market segments and customers means dependence on a specific market or customer is limited and contributes towards the continuity of the company.

Leading market positions
Aalberts Industries strives for a leading position in specific market segments. In many European countries and in North America the company is often either the market leader or well placed thanks to its focus.

Solid balance sheet ratios
To achieve and continue its expansion-oriented strategy the available financing opportunities are constantly being optimised. The company's financial objectives are:

- Total equity of ≥ 30% of total assets;
- An interest cover ratio of ≥ 4;
- A gearing of ≤ 1,5.

Implementation of the objectives in 2009

Stable growth of earnings per share
Between 1992 and 2007 earnings per share rose by an average of 17% a year. Since 2008 it has proven impossible to maintain this growth. In 2009 the foundation that will enable the old levels to be achieved once again was laid.

Stable revenue growth
Due to the low level of activities in 2009 revenue fell. A steady, upwards trend will, however, be achieved again as soon as the markets improve.

A balanced distribution of the result
More focused sales efforts in terms of market segments, products, customers, geographical regions and added-value will ensure the continued achievement of a balanced distribution of the result in the future, in part through a combination of organic growth and acquisitions.

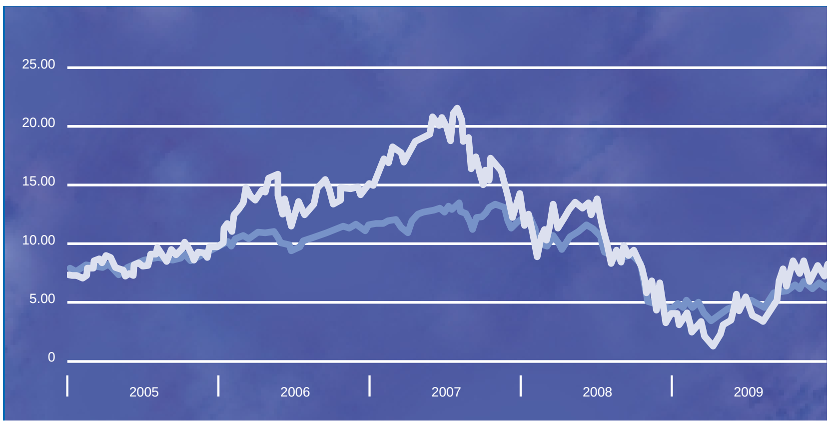
Leading market positions
Industrial Services focuses on a selective number of markets in which customers demand high-quality products, systems and processes. Since 2009 Industrial Services has profited from the market's growing preference for dealing with solid and stable suppliers and the strategy aimed at partnerships with major customers. Flow Control ranks among the global players in the sector thanks to its unique portfolio and widespread sales network. Continuous product renewal, selective acquisitions and the strengthening of the sales platforms combined with cross-selling and cross-production will improve the leading market positions.

Solid balance sheet ratios
In 2009 Aalberts Industries maintained its solid balance sheet ratios by focusing on profitability, working capital control and cash flow.

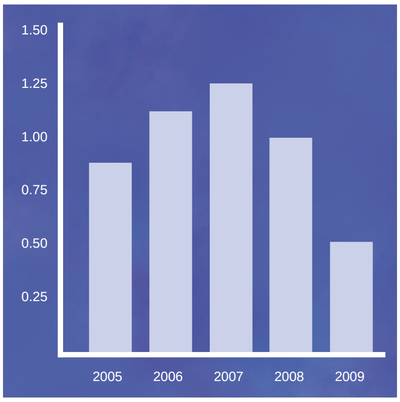
Stock exchange information	2009	2008	2007	2006	2005
Highest price in EUR	**10.35**	14.68	21.95	16.70	11.63
Lowest price in EUR	**3.30**	4.77	12.30	11.05	8.34
Closing price at year-end in EUR	**10.09**	5.06	13.60	16.38	11.21
Price / earnings ratio at year end	**19.8**	5.0	10.8	14.9	13.2
Average stock exchange revenue (in EUR x 1,000)	**4,432**	7,035	8,324	4,908	2,384
Number of shares in issue at year-end (in millions)	**106.1**	103.3	102.0	98.2	97.6
Average number of shares in issue (in millions))	**106.1**	103.3	101.7	98.2	97.6
Market capitalisation at year-end (x EUR million)	**1,070**	523	1,387	1,609	1,095

Price movements in ordinary shares Aalberts Industries N.V. 2005 - 2009
(in EUR)

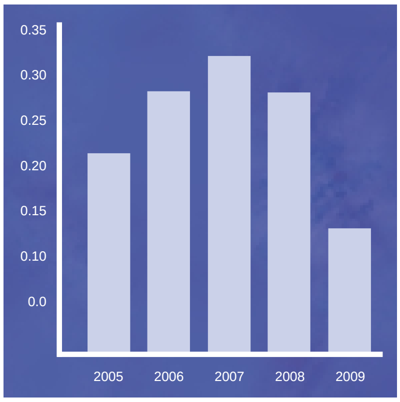
Price movements AEX 2005 - 2009
(in EUR)



Earnings per ordinary share*
(in EUR)



** Before amortisation*



Dividend per ordinary share
(in EUR)

The Aalberts Industries N.V. share

Listing

Since March 1987 Aalberts Industries has been quoted on the Amsterdam stock exchange where it is included in the AMX-index of NYSE Euronext Securities Market. In 2006 Euronext.liffe also introduced options in Aalberts Industries shares. At the end of 2009, 106,060,577 ordinary shares with a nominal value of EUR 0.25 were in circulation and the market capitalisation amounted to EUR 1,070 million.

Dividend policy

In line with its dividend policy, which has not changed in recent years, Aalberts Industries intends retaining around 75% of the net profit before amortisation achieved in 2009 for further growth and to strengthen the company's financial position, and distributing around 25% to its shareholders. The dividend will be paid either entirely in cash or entirely in shares charged to the tax exempt share premium reserve or to the unappropriated profit, whichever the shareholder prefers.

Shareholders' interests

Approximately 85% of the ordinary shares are freely tradable. Based on the Disclosure of Interests Act and in accordance with the Financial Supervision Act, shareholders holding more than 5% of the outstanding ordinary shares must be made known. On 1 November 2006 Aalberts Beheer B.V. reported the holding of 7.63% of the total capital. At the end of 2009 Mr. Aalberts held, privately and via Aalberts Beheer B.V., a total of 13.29% of the ordinary shares.

Conditional awarding of shares to Management Board members and group company managers

Remuneration for the long-term performance of the management is in the form of a conditional awarding of shares. The performance targets relate to the achievement of the strategic plan and the creation of value over a period of three years. At the end of the three years the degree to which the targets have been achieved is evaluated and the number of shares to be awarded unconditionally is determined.

Prevention of misuse of insider information

In 2009 revised rules regarding the notification and regulation of transactions in shares went into force for the Supervisory Board members, the Management Board members, group company managers and other designated persons including corporate staff. A record of all insiders is maintained by the compliance officer.

Further information

The most recent press releases, half-yearly reports and annual reports are published on the company's website: www.aalberts.com. The information contained in this and previous annual reports may be viewed and downloaded.

District heating (Flow Control)

*Aalberts Industries offers a wide range of products for **district heating**. These systems – which in many cases are energy-efficient and, therefore, sustainable – are sold in Eastern and Western Europe and the fast-growing Chinese market. The range of ball valves produced for this market at various facilities in Poland and Denmark includes special large-diameter ball valves weighing up to around 1,000 kilo. In Russia products are manufactured for the local market. Aalberts Industries also supplies valves for gas applications.*

Financial calendar *(provisional)*

01 April 2010	Registration date for the General Meeting
21 April 2010	Trading update (before start of trading)
22 April 2010	General Meeting in the Okura Hotel, Amsterdam, starting at 14.00 hours
26 April 2010	Quotation ex-dividend
26 April - 14 May 2010	Dividend option period (stock or cash dividend)
17 May 2010	Swap ratio notification (after close of trading)
19 May 2010	Dividend made payable and delivery of new ordinary shares
12 August 2010	Publication of half-yearly figures 2010 (before start of trading)
28 October 2010	Trading update (before start of trading)
23 February 2011	Publication of annual figures 2010
21 April 2011	General Meeting in the Okura Hotel, Amsterdam, starting at 14.00 hours

* *The stock dividend swap ratio is determined on the basis of the volume-weighted average price of all Aalberts Industries N.V. shares traded on 11, 12, 13, 14 and 17 May 2010, in such a way that the value of the stock dividend is virtually the same as that of the cash dividend.*

*In the **automotive industry** Aalberts Industries is active as a partner in the field of heat treatment and surface treatment processes (chemical coatings), for example for engines and drive shafts, and supplies the industry (in)directly with a wide range of parts including windscreen wipers and doorposts. Aalberts Industries also supplies valves for vehicles fuelled by CNG (Compressed Natural Gas).*

Management and Supervision

Supervisory Board

Dries van Luyk (1945)
Dutch nationality.
Former Managing Director Passage Division KLM Royal Dutch Airlines.
First appointed 1996. Current term ends 2011.
Other relevant functions: Chairman Supervisory Board Jetair W.W. AG, Chairman Advisory Board Key Technology, Inc., Member Advisory Board Deerns Group.

Henk Scheffers (1948), *Chairman*
Dutch nationality.
Former Board member SHV Holdings N.V.
First appointed 2007. Current term ends 2011.
Other relevant functions: Vice-chairman Supervisory Board Flint Holding N.V., Member Supervisory Boards of Royal FrieslandCampina N.V., Koninklijke BAM Groep N.V. and Wolters Kluwer N.V., Member Investment Committee NPM Capital N.V.

Walter van de Vijver (1955)
Dutch nationality.
CEO of Reliance Industries E&P International.
First appointed 2007. Current term ends 2011.
Other relevant functions: Member Advisory Board Heerema Marine Contractors, Senior Advisor McKinsey & Company Consulting, Member International Advisory Board Reliance Industries (India).

Management Board

Jan Aalberts (1939), *President & Chief Executive Officer*
Dutch nationality. Founded Aalberts Industries in 1975. First appointed 1987. No other relevant functions.

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

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

Operational Management

Industrial Services

Oliver Jäger (1967)	Material Technology
Pierre Petitjean (1966)	Metalis
Erik Zantinge (1965)	Industrial Products

Flow Control

Michiel Boehmer (1969)	Flow Control Northern Europe
Dale Dieckbernd (1951)	Elkhart Products
Dominique de Gelis (1954)	Flow Control Southern Europe
Eddy Hendrickx (1962)	Henco Industries
David Lease (1955)	Taprite
Georg Lechtenböhmer (1959)	Flow Control Germany
Jack McDonald (1961)	LASCO Fittings
Mike Saunders (1956)	Flow Control UK & Middle East

The equipment and tools in the world around us are more and more often provided with **semiconductors** *(chips). Chips are, in their turn, manufactured in semiconductor production platforms. As a strategic partner to this very fast-growing industry Aalberts Industries' activities include the design and manufacture of products and systems for existing and future platforms.*

Financial statements 2009 and dividend proposal

The financial statements for the financial year ending 31 December 2009 were prepared by the Management Board, signed by the Supervisory Board and certified by PricewaterhouseCoopers Accountants N.V. The auditor's report is included on page 83 of the financial statements. The Management Board will present the 2009 financial statements to the General Meeting for adoption. The Supervisory Board advises the shareholders to adopt these financial statements, including the proposed dividend of EUR 0.13 per ordinary share.

Composition of the Management Board and Supervisory Board

During the General Meeting on 20 April 2009 Messrs. John Eijgendaal (CFO) and Wim Pelsma (COO) were appointed as statutory members of the Management Board as of 21 April 2009.
After the General Meeting Mr. Dries van Luyk was reappointed as a member of the Supervisory Board for a term of two years. Although this reappointment means Mr. Van Luyk's membership of the Supervisory Board will continue for more than the maximum of 12 years specified in the Corporate Governance Code, the Stichting Prioriteit "Aalberts Industries N.V." deems that in the interest of continuity within the Supervisory Board Mr. Van Luyk should remain a member of the Supervisory Board until after the 2011 General Meeting.
On 19 October 2009 the Chairman of the Supervisory Board, Mr. Cor Brakel, passed away very suddenly. We are very grateful for the ten years during which Mr. Brakel was very involved with the company as a member of the Supervisory Board and for the decisive, scintillating and creative way in which he chaired the Supervisory Board's meetings since 2007.
After internal consultation Mr. Henk Scheffers was appointed Chairman of the Supervisory Board of Aalberts Industries.
During the General Meeting on 22 April 2010 the Stichting Prioriteit "Aalberts Industries N.V." will recommend the appointment of Mr. Martin van Pernis as a new member of the Supervisory Board. For the past seven years Mr. Van Pernis (1945) has been the Chairman of the Board of Management of Siemens Nederland N.V. Previously he filled various positions for Siemens, both internationally and within the Netherlands. The other relevant functions of Mr. Van Pernis include Deputy Chairman of the General Management of the FME/CWM Association and various other Supervisory Board memberships and community functions.
The composition of the Supervisory Board is in accordance with the profile as published on Aalberts Industries' website.

The work of the Supervisory Board

During the year under review the Supervisory Board met six times in the presence of the Management Board. The Supervisory Board held two further meetings in the absence of the Management Board during which the functioning of its own Board and the Management Board were discussed. Regular agenda items during the meetings with the Management Board included the Management Board's reports of Aalberts Industries' day-to-day business progress, the development of the financial results, market developments and outlook. Other topics included the organisational structure, the human resources policy, the strategy and the principal operating risks. The composition and functioning of the internal risk management and control systems associated with these risks were evaluated and discussed with the Board on a regular basis. The half-yearly and annual figures, the dividend policy, the dividend proposal for 2008 and the Corporate Governance structure were also discussed. Special attention was paid to international market developments and the group's lower level of activity. The Supervisory Board approved the 2010 business plan and the strategy that must result in the achievement of the (financial) objectives. The December meeting was combined with a visit to one of the group companies, this time Seppelfricke Armaturen in Gelsenkirchen, Germany.

Corporate governance

The Supervisory Board ascertained that the corporate governance structure functioned well throughout the entire range of regulations and procedures as applicable within Aalberts Industries. The Supervisory Board and Management Board also discussed the updating of the Dutch Corporate Governance Code (Tabaksblat Code) presented by the Corporate Governance Code Monitoring Committee (Frijns Committee and Streppel Committee) and the potential effect of the revisions on Aalberts Industries.

Independence
In the Supervisory Board's opinion the composition of the Board is such that the members can operate critically and independently of each other and the Management Board as stipulated in the Corporate Governance Code and Article 4 of its own Rules. This means that the legal and statutory duties of the Supervisory Board are being fulfilled, including providing the Management Board with solicited and unsolicited advice and support.

Remuneration and Audit Committees
In accordance with Article 8 of its Rules the Supervisory Board has not set-up separate Remuneration and Audit Committees but fulfils the tasks of these committees as a whole. In this context, in 2009 the Supervisory Board considered performance appraisal, financial reporting and the prevailing remuneration policy.

Performance appraisal
During a closed meeting the Supervisory Board evaluated the performance of the Supervisory Board and its individual members and the performance of the Management Board and its individual members.

External auditor
As is customary for Aalberts Industries, the Supervisory Board discussed the half-yearly and annual figures with the external auditor. On both occasions the discussions included the work that had been carried out, the internal risk management and control systems, the figures to be published, the manner in which the Supervisory Board executed its supervisory role and the role of the external auditor. It has been decided to propose to the General Meeting, to be held 22 April 2010, to reappoint PricewaterhouseCoopers Accountants N.V. for the financial year 2010.

Remuneration policy

Introduction
In accordance with the Articles of Association, the remuneration of the individual Management Board members (including share-based payment) is determined by the Supervisory Board within the framework of the Management Board remuneration policy approved by the General Meeting.

Within the framework of the best practice principles contained in the Monitoring Committee Corporate Governance Code, the Supervisory Board had brought the remuneration policy more in line with Aalberts Industries' strategy, risks and financial objectives. In so doing the Supervisory Board has striven for a good balance between the fixed and variable remuneration and the short and long-term remuneration.

The remuneration policy for the Management Board explained below has been drawn up by the Supervisory Board and will be put before the General Meeting on 22 April 2010 for approval.

Objective
The objective of the remuneration policy is to recruit, motivate and retain managers with industry branch experience for the Management Board. The salary structure for the Management Board is aimed at an optimum balance between the company's short-term results and long-term goals.

The total remuneration of Management Board members comprises the following components:

- a fixed basic salary;
- a short-term variable income in cash for short-term (one-year) performance;
- a long-term variable income in shares for long-term (three years) performance;
- a pension plan.

Basic salary

Once a year the Supervisory Board will determine whether and to what extent the basic salary will be adjusted taking into account factors including market developments and the results of Aalberts Industries.

Short-term variable income

The variable income is an important component of the remuneration package. Management Board members are awarded an annual bonus for the achievement of targets set in advance (including earnings per share, net working capital and organic growth). The targets are set by the Supervisory Board at the beginning of each financial year. The variable income package is, to a great extent, performance-based and can, if the targets are achieved ('at target'), add a maximum of 75% to the basic salary.

Long-term variable income

The long-term variable income of Management Board members is in the form of a conditional awarding of shares. The performance targets are focused on the strategic plan and the creation of added-value over a period of three years after which the Supervisory Board assesses the extent to which the performance targets have been achieved and decides how many shares will be awarded unconditionally. Shares awarded conditionally must be held for at least five years, or until termination of employment by Aalberts Industries if this is sooner, unless the Compliance Officer can be shown that shares are sold to pay tax obligations related to the awarding of these shares.

Pension plan

The Management Board participates in a pension plan (average salary or available contribution plan) with a retirement age of 65 years. Management Board members are responsible for payment of a third of the contribution.

Amendment

Each year the Supervisory Board will review the Management Board remuneration policy and assess its market conformance. Amendments will be put before the General Meeting.

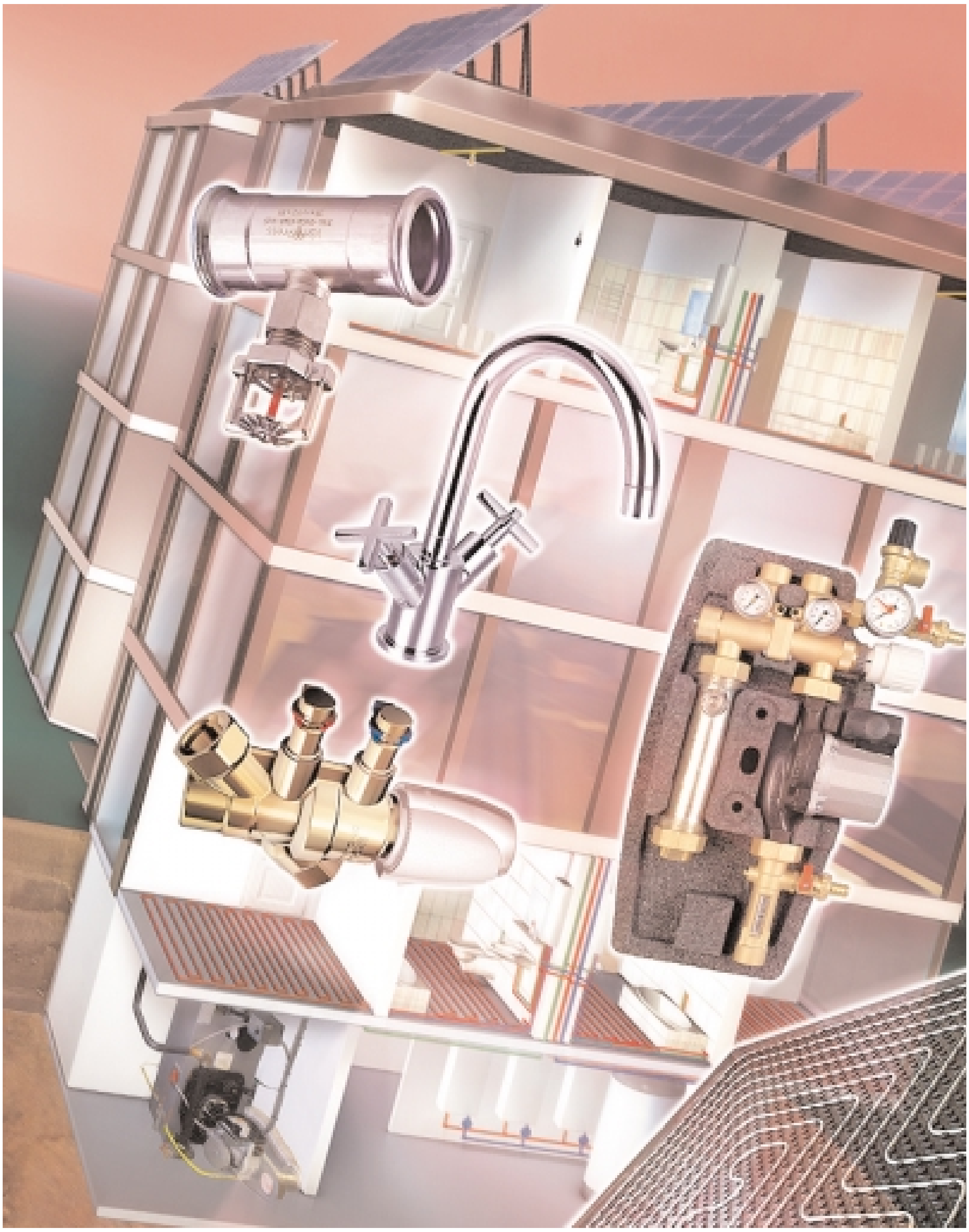
Note of thanks

The Supervisory Board would like to thank all employees of Aalberts Industries for the commitment, involvement and extra efforts to withstand the difficult circumstances in 2009.

Langbroek, 24 February 2010

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

Aalberts Industries offers a wide range of products for the distribution and control of liquids and gases for ***residential new-build, renovation and maintenance and commercial buildings*** *including sprinkler systems and solar powered systems for the circulation and heating of water. Aalberts Industries also supplies floor heating and building management systems for controlling the flow and temperature of water. The product portfolio for sanitary and associated piping systems includes (luxury) taps.*



Introduction by the President & CEO

The sudden death of the Chairman of our Supervisory Board, Cor J. Brakel, on 19 October 2009 affected us deeply. For the past 10 years his contribution has been considerable and he was very involved with the ins and outs of the company.

Improved strategic position

In 2009 we improved our strategic position on many fronts. Despite a significantly lower level of activity both a positive net result and a positive net cash flow were achieved. Our market position was strengthened with a higher added-value. Costs were reduced structurally and the management focused on working capital management combined with organisational improvements and investments.

The strategy continues

Despite set-backs in every market, in 2009 we continued our strategy. At the end of 2008 we responded rapidly to market developments. Although this meant that during 2009 we had to reduce our workforce by around 900 employees on balance, our sales and R&D activities were not affected. Essential knowledge was not only kept within the company, it was expanded. As a result of this, and the considerable investments of recent years, the possibilities for product development have been retained intact. This is one of our strategic cornerstones.

Market positions strengthened

In 2009 the markets underwent a clear slowdown, which in the first half of the year led to significantly reduced activity levels, especially for Industrial Services. During the second half of the year a slight upwards trend became apparent for both core activities. Overall revenue fell by 20% to EUR 1,405 million (2008: EUR 1,751 million) and net profit fell to EUR 54.2 million (2008: EUR 105.0 million). Industrial Services achieved a negative EBITA margin of 1.8%, primarily due to destocking at customers. We did benefit from the market trend towards a preference for solid and stable suppliers and from our strategic focus on partnerships with major customers. Flow Control achieved an EBITA margin of 10.1% by reducing costs and maintaining the sales prices of our portfolio. Thanks to the outlined strategy, which included paying extra attention to a pro-active approach to customers, we strengthened our market positions.

A far better second half of 2009

Both core activities achieved much better results during the second half of 2009 than they had in the first half of the year. This was due to a combination of stringent cost savings and the fact that customers stopped reducing their stock and activity levels rose slightly. In 2010 this upwards trend will be continued by a further implementation of our strategy, an improved sales approach in respect of our portfolio, increasing benefits from acquisitions and the substantial level (an average of EUR 100 million a year) of capital expenditure in 2006 to 2008. In geographical terms, in addition to the further strengthening of our activities in Western Europe additional attention is paid to the United States and Eastern Europe.

2010 and beyond

As far as our strategy and business operations are concerned we will emerge strengthened from the current market situation. Despite the conditions we have again proven to be very capable of adding value. This is something to be proud of. The foundations for our future have been strengthened further. Many actions have been started and measures taken will enable us to profit from the positive developments. Our ambition of achieving further sustainable and profitable growth, both organically and through acquisitions, remains unchanged. Without the trust of customers and the continued dedication of our motivated employees solid growth would not be possible and we would like to take this opportunity to thank all of them for their continued support during the past, difficult year.

Langbroek, 24 February 2010

Jan Aalberts

The ***medical sector*** *is characterised by rapid growth and a high degree of innovation. This dovetails perfectly with Aalberts Industries' strategy. Aalberts Industries develops solutions for highly complex customer-specific needs and specialises in the manufacture of products for medical equipment including scanners and products for orthopaedic applications, such as replacement knees. Heat treatment and surface treatment techniques are used in this sector and Aalberts Industries also supplies very advanced high-pressure control systems for artificial respirators.*

Key figures Aalberts Industries *(in EUR x million)*	**2009**	**2008**	**Change**
Revenue	1,404.9	1,750.8	(20%)
Operating profit (EBITDA)	168.8	251.6	(33%)
EBITDA as a percentage of revenue	12.0	14.4	–
Operating profit (EBITA)	98.9	181.5	(46%)
EBITA as a percentage of revenue	7.0	10.4	–
Capital expenditure	45.1	110.5	(59%)
Depreciation	69.9	70.1	–
Average number of employees (x1)	10,241	11,530	(11%)
Number of employees at year-end (x1)	9,999	10,880	(8%)

General

Although Aalberts Industries was confronted with difficult market conditions throughout 2009, a slight upwards trend did become apparent during the second half of the year. Thanks to pro-active management the added-value margin as a percentage of revenue improved. The results of the implemented measures included improved efficiency and structurally lower costs. In 2010 the focus will remain on cost control and working capital optimisation. Also will be worked hard on new product introductions, put more effort into sales and implement further organisational improvements.

During the second half of the year volumes in the most important markets for Industrial Services improved slightly, partly thanks to more repeat orders. Aalberts Industries profited from the market trend towards a preference for solid and stable suppliers and the strategy aimed at partnerships with major customers. A more intensive market approach combined with extra sales effort has resulted in new customers. The number of orders from the semiconductor and medical industries picked up in the second half of the year. The automotive market recovered slightly as the year progressed and profited from the halt to inventory reductions. The level of activities in the precision engineering market remained low while the trend in the aerospace industry was downwards.

Inventory reductions by Flow Control's customers came to a virtual halt in the second half of the year. In accordance with the strategy the market positions were strengthened through more intensive key account management, the introduction of new products and systems and a further acceleration and intensifying of cross-selling. Extra focus was also concentrated on market segments with substantial growth prospects including energy-efficiency systems for the distribution of heat and cooling, district heating, fire protection and security systems and systems for utility networks. In 2009 the renovation and maintenance activities developed steadily while the residential new-build market was challenging. The social housing and commercial buildings sector remained reasonably stable; in a number of countries the renovation sector grew more than the new-build sector. The utility market showed a slight improvement, partly supported by governmental projects.

Financial results

Revenue

In 2009 Aalberts Industries achieved revenue of EUR 1,405 million, a drop of 20% compared with 2008 (EUR 1,751 million). Organic revenue fell by 20%. Exchange rate fluctuations and the resulting translation differences had a negative effect on revenue of around EUR 35 million (2%). During 2009 the British pound (-11%), the Polish zloty (-19%) and the Russian rouble (-17%) were noticeably weaker in comparison to the euro. The American dollar was, on average, 5% stronger than the euro. Industrial Services achieved revenue of EUR 361 million (2008: EUR 515 million) and Flow Control EUR 1,044 million (2008: EUR 1,236 million).

Geographical spread of revenue *(in EUR x million)*	**2009**	**%**	**2008**	**%**
Germany	241.4	17	310.3	17
Benelux	226.4	16	256.2	15
United Kingdom	174.9	12	228.3	13
France	172.0	12	203.2	12
Eastern Europe	152.1	11	214.1	12
United States	149.9	11	177.2	10
Scandinavia	73.1	5	90.0	5
Spain & Portugal	51.3	4	80.2	5
Other European countries	82.2	6	100.2	6
Other countries outside Europe	81.6	6	91.1	5
Total	**1,404.9**	**100**	1,750.8	100

Added-value margin

In 2009 the added-value margin (revenue minus raw materials and work subcontracted) amounted to EUR 827.6 million (2008: EUR 1,014.8 million), or 58.9% (2008: 58.0%) of revenue.

Operating profit

In 2009 operating profit before depreciation and amortisation (EBITDA) fell by 33% to EUR 168.8 million (2008: EUR 251.6 million) and the EBITDA margin was 12.0% (2008: 14.4%). Flow Control's EBITDA margin fell to 13.8% (2008: 14.4%) and Industrial Services' to 6.8% (2008: 14.4%). In 2009 depreciation and amortisation amounted to a total of EUR 82.7 million (2008: EUR 82.3 million). Compared with 2008 the operating profit after depreciation and before amortisation (EBITA) in 2009 was 46% lower at EUR 98.9 million (2008: EUR 181.5 million). The EBITA margin for 2009 was 7.0% (2008: 10.4%). In 2009 Flow Control achieved an EBITA margin of 10.1% (2008: 11.3%) despite the challenging market situations and Industrial Services an EBITA margin of 1.8% negative (2008: 8.2% positive). Clearly the general market slow-down and relatively high level of fixed costs was more problematic for Industrial Services. In response a number of measures were taken, such as a substantial reduction of the workforce including the related incidental expenses. These measures did not totally offset the effects of the general market slow-down in 2009.

Net finance cost

In 2009 net interest expense amounted to EUR 32.3 million compared with EUR 44.5 million in 2008. This decrease was due to sharply reduced interest rates, lower average working capital and lower net debt throughout 2009. The depreciation of the British pound, the Polish zloty and the Russian rouble also had a considerable influence on the net finance cost with an exchange rate result of EUR 2.8 million negative (2008: EUR 7.2 million negative). The profit on financial instruments amounted to EUR 0.5 million positive (2008: EUR 4.5 million negative). This meant the total net finance cost amounted to EUR 34.6 million (2008: EUR 56.2 million).

Tax on profits

In 2009 tax on profits amounted to EUR 9.5 million (2008: EUR 19.3 million). The effective tax rate rose slightly to 18.4% (2008: 17.0%). This still relatively low tax rate was mainly due to the contribution towards the profit before tax from countries where lower tax rates apply, (one-time) contributions from the adjustments of previous years, the utilisation of tax loss carry forwards and the continued optimisation of the group's fiscal-legal structure.

Net profit

The net profit before amortisation for the 2009 financial year amounted to EUR 54.2 million (2008: EUR 105.0 million), a drop of 46%. Earnings (before amortisation) per ordinary share in 2009 were EUR 0.51 (2008: EUR 1.02), a reduction of 50%.

Profit appropriation

The number of issued ordinary shares at the end of 2009 was 106.1 million (end of 2008: 103.3 million). The increase was the result of the stock dividend over 2008. It will be proposed to the General Meeting that the dividend per ordinary share over 2009 be fixed at EUR 0.13 to be paid, according to the shareholders' preference, in cash or in ordinary shares charged to the tax exempt share premium reserve or the unappropriated profit. This is consistent with Aalberts Industries' policy of paying out around 25% of the achieved net profit before amortisation as dividend and, for 2009, means a reduction of 54% compared with 2008 (EUR 0.28). The stock dividend will be fixed on 17 May 2010 after trading closes based on the volume-weighted average price of all ordinary shares in Aalberts Industries N.V. traded on 11, 12, 13, 14 and 17 May 2010 in such a way that the value of the dividend in shares is virtually equivalent to the cash dividend.

Capital expenditure and cash flow

In 2009 capital expenditure on property, plant and equipment amounted to EUR 45.1 million, of which EUR 10.0 million related to Industrial Services and EUR 35.1 million to Flow Control. A significant portion of this expenditure comprised the completion phase of capital expenditure invested in 2007 and 2008. In recent years significant sums have been invested in the modernisation and expansion of the production means and methods. Thanks to this expenditure Aalberts Industries is in a very good position to retain its competitiveness even with a limited capital expenditure programme.
Although net working capital still amounted to EUR 344.5 million at the end of June 2009, by the end of the year the sharp focus on working capital management had reduced it to EUR 243.5 million (end of 2008: EUR 315.8 million). In 2009 cash flow (net profit plus depreciation) was EUR 124.1 million (2008: EUR 175.1 million). Cash flow from operations amounted to EUR 240.5 million in 2009 (2008: EUR 264.5 million). This clearly reflects Aalberts Industries' considerable cash flow generation capabilities.

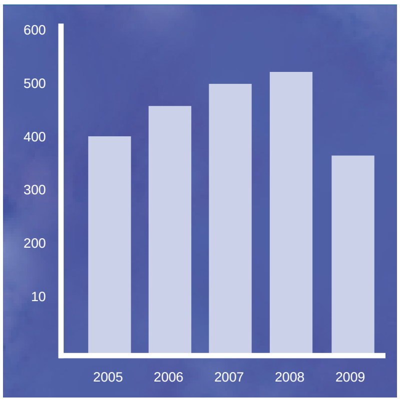
Balance sheet ratios and covenants

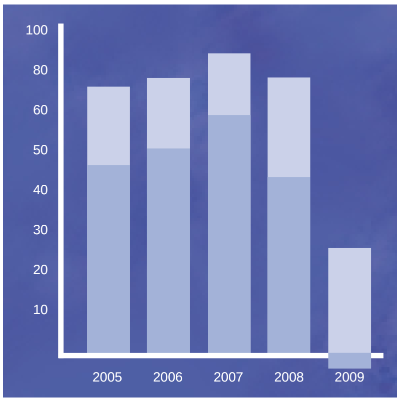
At the end of 2009 total equity amounted EUR 626.5 million (end of 2008: EUR 587.0 million) or 39.7% of total assets (2008: 34.5%). At the end of June 2009 net debt amounted to EUR 787.7 million. During the second half of 2009 this was reduced by over EUR 157 million to EUR 630.6 million at the end of the year (end of 2008: EUR 765.2 million). The agreement reached with banks regarding an amendment and expansion of the covenants mean the net debt/EBITDA leverage ratio (as at the end of 2009: <4.5, mid 2010: <4.0 and end of 2010: <3.5) and the interest margin have been adjusted. Aalberts Industries amply met the terms of its covenants and the primary financial ratios developed as follows in 2009:

- Leverage ratio: Net debt / EBITDA (twelve months rolling) from 2.9 to 3.4;
- Interest cover ratio: EBITDA / net interest expense (twelve months rolling) from 6.0 to 5.8;
- Gearing: Net debt / total equity from 1.3 to 1.0.

Key figures Industrial Services *(in EUR x million)*	**2009**	**2008**	**Change**
Revenue	361.0	515.2	(30%)
Operating profit (EBITDA)	24.4	74.1	(67%)
EBITDA as a percentage of revenue	6.8	14.4	–
Operating profit (EBITA)	(6.4)	42.4	–
EBITA as a percentage of revenue	(1.8)	8.2	–
Capital expenditure	10.0	50.5	(80%)
Depreciation	30.8	31.7	(3%)
Average number of employees (x1)	3,847	4,640	(17%)
Number of employees at year-end (x1)	3,706	4,253	(13%)

Revenue
(in EUR x million)

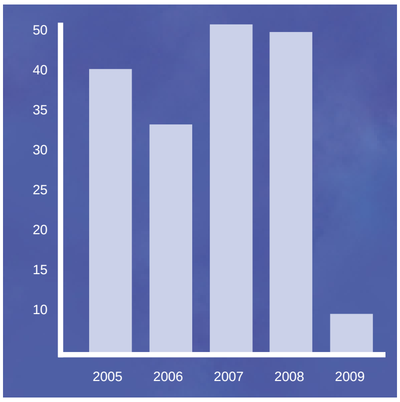


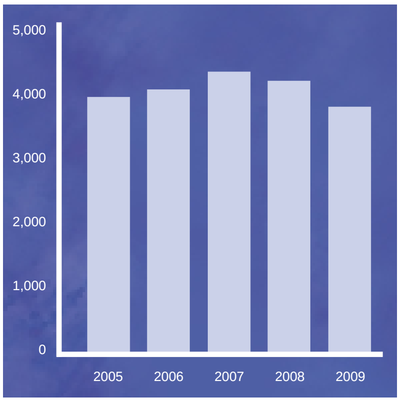


Operating profit EBITDA
(in EUR x million)

Operating profit EBITA
(in EUR x million)

Capital expenditure
(in EUR x million)





Number of employees
(at year-end)

Headlines Industrial Services

Financial

In 2009 Industrial Services' revenue fell by 30% to EUR 361.0 million (2008: EUR 515.2 million). During the first half of the year under review demand dropped steeply due to customers reducing their inventories. This trend reversed during the second half of the year. In the first half of the year business development led to a reduction of (personnel) costs. The operating profit before depreciation and amortisation (EBITDA) amounted to EUR 24.4 million (6.8% of revenue) compared with EUR 74.1 million in 2008 (14.4% of revenue). In 2009 EBITA was EUR 6.4 million negative compared with EUR 42.4 million positive in 2008.

General

Industrial Services supplies products, systems and processes to specific market segments, such as the semiconductor and automotive industries, the medical sector, the aerospace and defence industries, the precision engineering sector and the sustainable energy market. This is achieved with the aid of a number of specialised and complementary technologies. As far as production facilities are concerned the geographical centre of gravity is in Western Europe from where products are exported worldwide. There are also several facilities in North America, Eastern Europe and the Far East.

Despite its wide diversity global market conditions had a noticeable effect on the group's result. Industrial Services is increasingly involved as a strategic partner in many market sectors and geographical regions and with patented surface treatment processes. Thanks to the strength of this approach and its unique portfolio and technologies the group can continue to command attractive margins and retain customers for long periods. On the down side the group is also greatly dependent on the success of its customers in their own end markets.

In 2009 capital expenditure was EUR 10.0 million (2008: EUR 50.5 million).

Semiconductor industry

For this industry the group produces and assembles systems for existing and future semiconductor platforms. Heat treatment activities were also carried out in the United States and the Netherlands.

At the beginning of 2009 the activities in this market were at a very low level. From the third quarter on the market picked up thanks to more investment by customers. The strategy was given further substance with more and more partnerships with customers for the supply of total systems.

Automotive industry

Industrial Services supplies the automotive industry with heat and surface treatment processes as well as a broad portfolio of products and systems. Most of the production and services facilities serving this market are located in Europe with a few in the United States.

The first half of 2009 was characterised by a sharp decrease in demand due to inventories of end products being reduced by manufacturers and the supply chain. In the second half of the year this trend ground to a virtual halt and there were even signs of a steady market recovery. During the year under review considerable effort was put into a further improvement of the service provision and delivery times. Sales efforts were intensified and the approach to the market was more targeted.

Aerospace industry (Industrial Services)

*The **aerospace industry** is working more and more with a limited number of extremely specialised and absolutely reliable suppliers. Aalberts Industries is active across a broad front in this sector. In addition to supplying specialist products Aalberts Industries heat treats or surface treats the products of third parties. Examples include products for the fuselage, wings, jet engines, turbines and undercarriages.*

Medical sector

In the medical sector Aalberts Industries' activities include both the manufacture of products, for example for medical equipment or orthopaedic applications, and heat and surface treatment technologies. Innovation is a key characteristic of the medical sector. This dovetails well with the company's strategy and Industrial Services' ability to develop specific solutions to customers' needs.

During the year under review developments in this sector could best be described as 'difficult'. The market for medical equipment was weak but improved during the second half of the year.

Aerospace and defence industry

Industrial Services supplies this sector with a number of specialist products and systems, such as fully-assembled aluminium lens systems. Complete business jet wings and other products are surface treated by our factory in France.
In the UK Industrial Services treats (military) aircraft undercarriages and also heat treats turbine components.

Although revenue remained at a reasonable level during the first half of 2009 thanks to the large number of on-going projects and customers, during the second half of the year projects tailed off and fewer orders were received.

The defence industry is a reasonably stable market and many new orders were received and new products developed throughout the year.

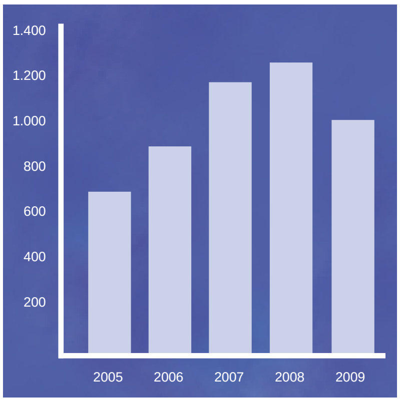
Precision engineering

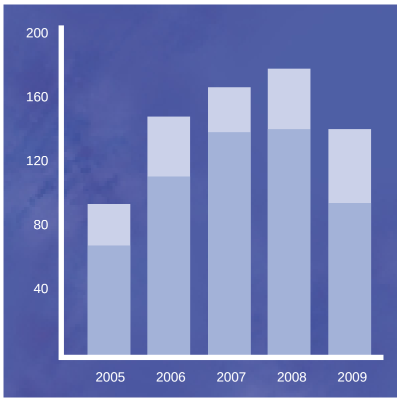
The international precision engineering market is a major source of activities for the German service centre network, which includes the most up-to-date and efficient production facilities for the highly automated treatment and finishing of large volumes of metal products. The German group profited from the developments in some sectors in which specific processes were in demand. The Dutch operating companies focused on several sectors, including precision engineering for which Germany is an important market.

During the second half of the year demand decreased as projects came to an end and customers' investment levels fell.

Key figures Flow Control *(in EUR x million)*	**2009**	**2008**	**Change**
Revenue	1,043.9	1,235.6	(16%)
Operating profit (EBITDA)	144.4	177.5	(19%)
EBITDA as a percentage of revenue	13.8	14.4	–
Operating profit (EBITA)	105.3	139.1	(24%)
EBITA as a percentage of revenue	10.1	11.3	–
Capital expenditure	35.1	60.0	(42%)
Depreciation	39.1	38.4	2%
Average number of employees (x1)	6,376	6,872	(7%)
Number of employees at year-end (x1)	6,276	6,608	(5%)

Revenue
(in EUR x million)

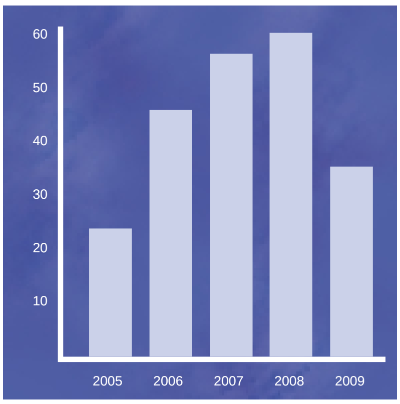


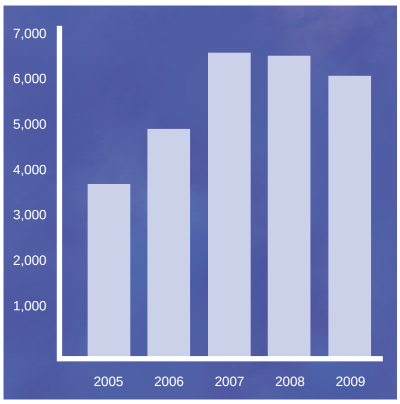


Operating profit EBITDA
(in EUR x million)

Operating profit EBITA
(in EUR x million)

Capital expenditure
(in EUR x million)





Number of employees
(at year-end)

Headlines Flow Control

Financial

In 2009 Flow Control achieved revenue of EUR 1,043.9 million (2008: EUR 1,235.6 million). Fluctuations in exchange rates and the translation effect incurred was EUR 31 million negative (2.5%). Customers' inventory reductions were especially noticeable in the first half of the year. To maintain product margins there was a keen focus on cost savings across the board. Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 144.4 million (13.8% of revenue) compared with EUR 177.5 million in 2008 (14.4% of revenue). The EBITA amounted to EUR 105.3 million compared with EUR 139.1 million in 2008.

General

Flow Control focuses on the development, production and assembly of products and systems for the distribution and regulation of liquids and gases. The market segments in which Flow Control operates include residential new-build, renovation and maintenance, commercial buildings, utility networks, district heating, fire protection and security, irrigation systems, the beer and soft drinks industry and other industries. Flow Control is playing an increasing role in the energy-efficiency of the distribution of heat and cooling. Flow Control supplies wholesalers, OEMs water and gas companies, the district heating market and other industries worldwide and, thanks to its complete product portfolio, market-oriented regional approach, broad geographical spread and application of high-quality and efficient production technology ranks amongst the world's market leaders.

Flow Control showed a mixed picture as far as developments per country or geographical region were concerned. The emphasis on cross-selling within Flow Control during 2009 and the optimum use of the existing and strengthened sales and distribution network resulted in many new products and customers. Concentrating volumes into so-called competence centres – specialised product locations per product group – led to a higher yield from activities (cross-production). There was a sharper focus on market segments that will further accelerate growth in markets, such as energy-efficient systems for the distribution of heat and cooling, district heating systems, fire protection and security systems and systems for utility networks.

In 2009 capital expenditure in property, plant and equipment amounted to EUR 35.1 million (2008: EUR 60.0 million) and was aimed mainly at a further improvement of the group's competitive position through the development and production of new and innovative products and systems.

Germany

In Germany the market for Flow Control's activities developed steadily throughout the year. The clustered, unambiguous sales approach – the supply of a total package while maintaining specialism and focus – implemented in 2008 was improved. A targeted approach to major customers based on a strengthening of sales management and many supplementary products received considerable attention and the sale of specifications was also intensified. Increases in solar-energy products and customers, as well as sales of energy-efficient systems, were achieved.

Benelux

Customers continued to reduce their inventories throughout the year and the project market showed reticence in the second half of the year. A further clustering of sales strength resulted in more intensive cooperation between group companies. Henco, which was acquired in 2008, began making use of various group sales and distribution channels. Many new products and an improved floor heating concept were introduced.

Utility companies *are an important customer group for Aalberts Industries. The wide range of products and systems supplied to water and gas companies covers every link in the chain from the primary network to the meters installed in buildings and includes systems that enable meters to be read remotely. Repairs, for example of leaks, are also carried out with the help of own products.*

United Kingdom

In 2009 the sober market conditions were offset by a further intensifying of the sales approach to (commercial) projects and the introduction of many new products. The residential building market was confronted with a low activity level. The renovation and maintenance market was more or less stable. The number of projects in the commercial building market fell slightly in the second half of the year.

Eastern Europe

In Eastern Europe the picture was mixed. Fluctuating exchange rates had a negative effect on both revenue and profit development. By contrast the clustering of the sales force and the intensifying of cross-selling led to additional revenue and, to an extent, offset the market slowdown. Several product groups succeeded in increasing their market share. Activities in the renovation and maintenance market increased thanks to a keener focus on sales in this segment.

Russia, the Ukraine, the Baltic states, Romania and Bulgaria continued experiencing liquidity problems, which resulted in fewer new projects in various market segments. In Russia this was offset to a degree by governmental projects in the field of district heating although activities in the market as a whole were at a lower level than in the preceding year. At the end of 2009 a new district heating production facility with a floor area of 10,000 m^2 was completed. In Poland, Hungary and the Czech Republic the activities remained stable but at a lower level than in 2008.

France

In 2009 the French market was reasonably stable. The acquisition of Alphacan at the beginning of January strengthened the portfolio with the development, production and sale of polyethylene tubing (PEX) and floor heating products. In the first half of the year Alphacan was integrated successfully into the French Comap organisation. Sales efforts were increased in several ways. Export management and project sales were strengthened and this created more cohesion with the activities in Spain and Italy. Various new group products were also introduced. The combined logistics sales platform means customers can be offered the complete product portfolio.

United States

The United States continued to be confronted with difficult market conditions. The added-value margins were maintained. A number of new products were introduced and the first steps were taken towards a further clustering of the sales forces of the American companies. Thanks to a targeted sales approach the products were made more end-user specific through the use of their own brand names. This has increased the opportunities for further growth as more products per dwelling/building can be sold to the end-user. Efforts to strengthen the market position and increase the volume through targeted acquisitions that reinforce the portfolio are continuing. The introduction of more production flexibility and automation in order to reduce costs remains a key area of attention.

The cooperation with the European beer and soft drinks activities was expanded still further.

Scandinavia

The Scandinavian countries were confronted with difficult market conditions during the first half of the year. Signs of a slight recovery became apparent during the second half of the year, partly thanks to a clustered sales approach and a sharper focus on project specification. The management of various locations was reinforced.

Spain and Portugal

In Spain and Portugal market conditions remained bad and the residential new-build sector and utilities market had a particularly difficult year. Some compensation was offered by the renovation and maintenance market which, now the new-build market is shrinking, is expected to remain stable in the coming years. Complementary sanitary products were introduced successfully both for local and export purposes. The organisation was streamlined by concentrating the sales force in one place.

The rest of Europe

Austria and Switzerland saw a stable market development while Italy and Greece had to cope with market conditions that remained difficult. In Italy the sales and production activities operate from a single organisation.

Organisational developments

During the year under review a new group director Material Technology was appointed. The group management of Comap took over responsibility for the Spanish Flow Control companies and is responsible for the total offering of the group portfolio of Flow Control Southern Europe. To accelerate the achievement of the many opportunities within the group, Henco, which was acquired in 2008, reports directly to the holding company. The management of Flow Control United States also reports directly to the holding company to accelerate the clustering of the sales force and the introduction of supplementary group products on the American market while, at the same time, enabling the group management of Pegler Yorkshire to focus more on the expansion of Flow Control's position in the United Kingdom and the Middle East. A new group director of Flow Control Northern Europe was appointed. The management of the companies was strengthened in various places with more focus on the market.

Employee numbers

As a result of the exceptional global market conditions, in 2009 the workforce was reduced by around 900 employees on balance. The average number of employees fell from 11,530 to 10,241. The number of employees at the end of 2009 was 9,999 (end of 2008: 10,880).

Geographic spread of employees (x1)	**2009**	**%**	**2008**	**%**
Germany	1,951	20	2,132	19
France	1,629	16	1,826	17
Benelux	1,533	15	1,758	16
Eastern Europe	1,417	14	1,624	15
United Kingdom	1,149	12	1,229	11
United States	1,022	10	992	9
Scandinavia	390	4	425	4
Spain & Portugal	242	2	290	3
Other	666	7	604	6
Total	**9,999**	**100**	10,880	100

Outlook

When the market improves Aalberts Industries will emerge strengthened due to the implementation of structural cost reductions, organisational improvements and a more active market approach.

Barring unforeseen circumstances, in 2010 Aalberts Industries expects an improved result compared to 2009, despite the fact that a broad-based recovery is still not in sight in the various markets.

Solid balance sheet ratios will be maintained through a continuing focus on profitability, working capital management and cost control.

Management Board declaration

The Management Board declares that, to the best of its knowledge:

1. the financial statements as included in this report provide a true and fair picture of the assets, liabilities, financial position and profit for the financial year of Aalberts Industries N.V. and the operating companies included in the consolidated statements;
2. the annual report as included in this report provides a true and fair picture of the situation on the balance sheet date and the business development during the financial year of Aalberts Industries N.V. and the operating companies included in the consolidated statements.

This annual report provides information regarding the material risks to which Aalberts Industries N.V. is exposed.

Langbroek, 24 February 2010

Jan Aalberts, *President & CEO*
John Eijgendaal, *CFO*
Wim Pelsma, *COO*

*Aalberts Industries supplies plastic products for **irrigation systems** for various applications including golf courses, city parks and football fields. Aalberts Industries occupies a leading position in the U.S. golf course sector and now exports its expertise in this sector to the fast-growing Chinese market and to other up-and-coming countries in South-East Asia. Plastic products and systems are also supplied to the **spa & swimming pool sector.***

General information

Introduction

Aalberts Industries strives for sustainable profit growth with good margins through, amongst other factors, optimum cooperation between the various group companies and a broad, but focused, spread of the activities in terms of both geography and (end) market segments. Aalberts Industries aims to provide its customers with more and more added-value. This is achieved through the combination of specialised and, in their markets, leading group companies, technologies (many of which are developed in-house) and the related and increasingly high-quality services provision in the form of innovative systems (production) processes and products.

In addition to revenue and profit growth other key priorities for Aalberts Industries are human resources policy, safety, the environment and welfare. Reliability and sustainability are core policy themes for remaining one of the leading players in our markets. As a result of this operating strategy and the company's policy and proper corporate governance, risks are stringently controlled by Aalberts Industries. Where possible and sensible risks are hedged.

Sustainable entrepreneurship

Aalberts Industries strives to be perceived by its customers, shareholders and employees as an entrepreneurial, innovative and reliable organisation that makes a sustainable contribution towards society. Aalberts Industries' consistently endeavours to improve its company policy, working methods and expertise regarding sustainable entrepreneurship in order to further strengthen its leading position. In so doing the company endeavours to achieve an optimum balance between these objectives and its results, taking into account the expectations of all its stakeholders. Caring for the environment and improving safety are given constant management attention, not simply because of the company's legal obligations regarding these aspects but also because experience has shown that a proper focus on these topics leads to a structural improvement of the results. In its annual report Aalberts Industries endeavours to provide as complete a picture as possible of its policy in respect of sustainability.

Environmental care and Safety

The Management Board and group company managements regularly assess the production processes and methods to ensure that they comply with any amended conditions or requirements. In striving to achieve sustainable production methods Aalberts Industries does its utmost to prevent or minimise noise nuisance, soil, water and air pollution and the generation of waste material or hazardous materials. As environmental care forms a direct component of day-to-day operations, Aalberts Industries has formulated the following principles and objectives as a guideline for its employees:

- The current environmental legislation, regulations and provisions should be complied with and, whenever possible, exceeded if this contributes towards the achievement of the objectives in the field of environmental care and safety.
- The continuous raising of awareness and clear, practical guidelines ensure environmental care and safety are paid constant attention and safeguarded.
- An approach that is continuously focused on the prevention or limiting of soil, water and air pollution, noise nuisance, the production of waste materials and the use of hazardous materials.
- The reduction of materials and natural resources use by developing new products and processes, stimulating recycling and implementing the most up-to-date production and assembly techniques.
- The stimulation of energy and water saving measures by reusing released energy and/or used cooling water.

Safe and high-quality working conditions are a priority for Aalberts Industries and the policy is aimed at ensuring employees can perform their tasks in safe and healthy conditions while bearing in mind and paying attention to the protection of others and the environment. This objective is the guiding principle of the health and safety policy that is primarily the responsibility of the line management and that is implemented in the various group companies. The day-to-day implementation of the policy is based on a number of group principles. The most important of these are:

- sufficient employee training and education;
- clear communication and guidelines including safeguarding;
- regular audits and the immediate following-up of any recommended actions;
- a regular listing and evaluation of risks and the discussion of the risks with the management.

Thanks to the stringent health policy implemented by the group companies absenteeism is, in general, relatively low. In 2009 the number of job-related accidents was, once again, low. The results of the implementation of the health and safety policy are recorded by each individual group company and discussed with the Management Board. In 2009 several new measures were introduced. To give substance to the objectives outlined above most group companies have drawn-up and implemented an environment and safety plan for each production facility. These plans will be revised during 2010. During this revision the group companies will share their experiences and best practices will be implemented.

Personnel and Organisation

Aalberts Industries strives to rank amongst the preferred employers in its diverse markets and geographical regions. The company focuses continuously on the recruitment, development and retention of talented, enterprising people. Aalberts Industries is very ambitious and motivates its people through its decentralised organisation structure and by giving them individual responsibilities. One key area of attention is the retention and stimulation of potential managers. This is put into practice through a combination of the creation of personal development plans, including challenging career prospects, and the allowing of far-reaching operational responsibility so that employees are able to act quickly and proactively. The consistent application of this management philosophy has resulted in the creation of an Aalberts Industries culture in which local management teams are motivated to increase the results of both their own company and the group as a whole.

Policy and Structure

The following principles form the basis of the group’s human resources policy:

- the stimulation of an entrepreneurial culture;
- a focus on the environment, safety and social developments;
- the training and education of employees and management;
- the creation of challenging career prospects;
- a market-conforming salary structure and employment conditions.

These principles form the basis for the human resources policy in every decentralised group company. Given the diversity of people, cultures and nationalities the local management has the autonomy to fill in the details of its local human resources policy within the framework outlined above. The Management Board and the managements of the individual group companies have regular discussions regarding business development and the human resources policy and appointments at a management team level are frequent agenda items.

Increasing mutual cooperation and optimising synergy remain strategic spearheads. This not only means stimulating cross-selling opportunities within the group but also sharing know-how and learning from best practice examples in the field of sales, efficiency improvement, safety and the environment. Group companies are also actively encouraged to investigate the extent of opportunities to purchase semi-finished products or processes from each other (cross-production) rather than from third parties. This makes an immediate contribution towards improving the group's capacity utilisation and margin. In 2009 this led to a significant insourcing of profitable production. Upholding the decentralised structure and responsibilities while encouraging as much cooperation as possible between the group companies continues to be challenging. The Management Board devotes considerable time stimulating communication between the group companies so that together they make the best possible use of opportunities to strengthen not only their own companies but also the group as a whole.

Managerial aspects and Risk profile

Markets

As an international group of industrial companies Aalberts Industries not only supplies a wide range of very diverse markets that develop in their own way but is also active in many countries and geographical regions which also develop differently. Most of these markets and geographical regions are driven primarily by economic conditions and expectations.

Aalberts Industries is also dependent on a number of factors that are, to a degree, related to this and that affect the procurement market including the development of raw materials and energy prices. The group focuses on managing these risks, in the first instance through a structured approach to its procurement policy. This consolidates purchasing volumes and results in the signing of purchase contracts with suppliers that are dynamic in terms of prices, volumes and periods. The reduction of material usage and the management of energy costs are important spearheads in both day-to-day operations and the development of new products and processes. Aalberts Industries also tries to manage the effects of volatility on the financial results by passing on price increases in the end product within a very short space of time.

Aalberts Industries responds as far as possible to developments in individual markets through a global spread of its activities across a large number of customers, products and markets and by gaining leading positions in its principal markets. An even greater diversification of Aalberts Industries is an important strategic objective to which considerable attention is paid in both the company's capital expenditure policy and its operations.

Operating activities

Aalberts Industries is susceptible to a number of operating risks related primarily to the technological condition and continuity of the production resources, the competitiveness of products and processes, environmental control and safety. To ensure Aalberts Industries remains competitive, every year its capital expenditure programme includes a substantial investment in the most up-to-date production technologies. The group also invest considerable sums in the development of new products and processes that dovetail with market developments. Environmental care is an integrated component of day-to-day operations and operational management actively follows developments related to legislative stipulations in the field of the environment and industrial innovations and aimed at the management of environmental risks and sensitivities (see: Environmental care and Safety).

Financial risks

Aalberts Industries has a solid balance sheet and implements an active policy of optimising the balance sheet ratios in order to limit the financial risks and maintain the company's long-term financial solidity. In this context the stock exchange quotation provided a sensible contribution towards the achievement of the (financial) operating objectives. This means that when companies are acquired a well-considered choice can be made when determining the optimum financing mix.

Aalberts Industries is susceptible to certain financial risks (for a detailed examination of these risks see pages 58 up to and including 61 of the financial statements) the most significant of which are currency, credit and interest rate risks. By coordinating the currency streams at holding company level and consolidating the purchasing and sales streams in certain currencies regionally, the group does its utmost to neutralise its sensitivity to exchange rate fluctuations. In general Aalberts Industries is most sensitive to currency fluctuations in the British pound, the US dollar, the Polish zloty and the Russian rouble. As far as credit risks are concerned the group follows a restrictive policy in which the creditworthiness of customers is repeatedly checked and most of the accounts receivable portfolio is credit insured. The interest rate risk is relatively limited and the group has various options for actively managing interest rate fluctuations through contracts.

Every year Aalberts Industries commits considerable means to broaden and improve its portfolio in terms of the quality and sustainability of the solutions. The R&D expenditure is charged directly to the income statement.

Legal risks
Contrary to the expectations of the Management Board and its legal advisors, on 20 September 2006 Aalberts Industries and two of its group companies were fined EUR 100.8 million for an alleged infringement of EU competition regulations. After a thorough legal analysis of the arguments and in view of the opinion, based on the facts, that Aalberts Industries had not infringed any competition regulations, the Management Board, in consultation with its legal advisors, lodged an appeal with the Court of Justice in Luxembourg. The hearing took place on 2 February 2010 and the judgement is expected later this year. As the Management Board is of the opinion that no competition regulations were infringed, no provision has been formed for this matter. In January 2007 Aalberts Industries provided the European Commission with a bank guarantee that in January 2010 was extended for two years.

Risk management
The internal risk management systems are intended to ensure that the most important risks are identified and appropriate control measures implemented. The internal risk management systems are tailored to their practical application, taking into account the decentralised structure and day-to-day working environment within Aalberts Industries. Aalberts Industries' financial reporting has been formulated within a strict framework of budgeting and reporting. The individual group companies report their financial results, including the associated risks, to the Managing Board in accordance with a regular schedule. The reports are discussed in detail with the Management Board which, supported by the financial department, critically assesses the accuracy and completeness of the reports including compliance with the prescribed risk management policy. Despite Aalberts Industries' risk management and control systems there can be no absolute guarantee that all mistakes, fraud, losses or illegal transactions can be prevented.

Taking the above into account the Management Board is of the opinion that the risk management and control systems offer a reasonable assurance that the financial reporting does not contain any material misstatement. The Management Board has had no indications that these systems have not functioned properly during the year under review. Nor has the Management Board any reason to assume that the risk management and control systems will not continue to function adequately during the current financial year. The Management Board's declaration of responsibilities is included on page 35 of this document.

Corporate governance

Since the introduction of the Dutch Corporate Governance Code in 2004, the principles of sound company management and best practice provisions included in this Code have been discussed regularly during the Supervisory Board and Management Board meetings. In the opinion of the Supervisory Board and the Management Board Aalberts Industries pursues a consistent corporate governance policy based on the ‘apply or explain’ rule. Aalberts Industries endorses the principles of the Corporate Governance Code and applies virtually all the best practice provisions of this Code. Aalberts Industries has, to a limited extent, tailored the Code to specific circumstances within the company. A detailed explanation can be found on the company’s website as can the exceptional rules and regulations that have been drawn-up in response to the current Corporate Governance Code. The Management Board views the corporate governance structure as approved by the shareholders and applied within the company as formal confirmation of the implementation of an open, dynamic and honest management policy. This has been company tradition since its initial stock exchange listing in 1987. The main amendments to the standard Corporate Governance Code relate to the following topics:

1. *Management Board:* The company deems it important that it is able to offer employment conditions such that the right people can be recruited for the right positions. The term of the appointment is unlimited. Management Board members must obtain the approval of the Supervisory Board before accepting Supervisory Board memberships of other companies. Private investments need not be disclosed. When employment is terminated existing employment conditions and relationships are taken into account. This also applies to new appointments.
2. *Supervisory Board:* Supervisory Board members are not prohibited from holding shares in Aalberts Industries. A former Management Board member may be appointed a member of, or the Chairman of, the Supervisory Board. With regard to expertise, the composition of the Supervisory Board will be such that together its members can fulfil their responsibilities. The maximum duration of membership is three terms of four years, but in the interests of the company deviation from this is possible. Aalberts Industries does not specify the maximum number of Supervisory Board memberships that may be held by a member of its Supervisory Board but strives to apply a qualitative check. Before accepting an appointment (reappointment) as a member of the Supervisory Board of another company, a member of Aalberts Industries’ Supervisory Board must consult the Supervisory Board and the President of the Management Board in order to establish whether the acceptance of the (re)appointment is compatible with membership of Aalberts Industries’ Supervisory Board.
3. *Company Secretary:* The nature and size of the group is such that the creation of the position of Company Secretary is deemed unnecessary.
4. *Provision of information:* New information will be disseminated simultaneously and equally. Individuals are provided with information on the basis of the above principle. The external auditor will not be invited to attend the General Meeting unless this is legally required or the Supervisory Board decides otherwise; the company will enable questions regarding the audit to be submitted to the external auditor in writing prior to this meeting.

The Management Board believes that with the explanatory notes as published on the website it has complied in full with the principle of ‘apply or explain’. All the regulations pursuant to the Code that are applicable to Aalberts Industries in respect of reporting and transparency of information have been incorporated in this annual report and Aalberts Industries’ website. During 2009 there were no changes to the corporate governance structure as applied by Aalberts Industries.

Decision making

The tasks and powers of the General Meeting, the Supervisory Board, the Management Boards and the Stichting Prioriteit 'Aalberts Industries N.V.' have been defined in such a way that a well-balanced allocation has been achieved in respect of the participation and influence of the company bodies. This has ensured, insofar as this is possible, that when essential decisions are made the interests of all the company's stakeholders are taken into account and that the decision making process can, at all times, be conducted in a prudent manner.

Financial Statements

2009

Aalberts Industries

Contents of financial statements 2009

1 Consolidated balance sheet

before profit appropriation

(in EUR x 1,000)	notes	31-12-2009	31-12-2008
Assets			
Goodwill	9	446,380	445,557
Other intangible assets	9	138,432	149,141
Property, plant and equipment	10	493,586	516,265
Deferred income tax assets	17	19,743	25,501
Non-current assets		**1,098,141**	1,136,464
Inventories	11	298,434	360,168
Trade receivables	12	153,737	178,686
Other current assets	13	27,495	28,029
Cash and cash equivalents		100	100
Current assets		**479,766**	566,983
Total assets		**1,577,907**	1,703,447
Equity and liabilities			
Shareholders' equity	3	615,657	577,010
Minority interests	3	10,860	9,943
Total equity		**626,517**	586,953
Non-current borrowings	16	468,387	572,849
Employee benefit plans	18	27,946	27,708
Deferred income tax liabilities	17	38,182	37,615
Other provisions	18	5,697	5,907
Non-current liabilities		**540,212**	644,079
Current borrowings	16	54,038	107,826
Current portion of non-current borrowings	16	108,242	84,623
Trade and other payables		160,450	181,400
Current income tax liabilities		458	1,653
Other current liabilities	19	87,990	96,913
Current liabilities		**411,178**	472,415
Total equity and liabilities		**1,577,907**	1,703,447

2 Consolidated income statement

(in EUR x 1,000)	notes	2009	2008
Revenue		**1,404,933**	1,750,752
Raw materials and work subcontracted		(577,310)	(735,937)
Personnel expenses	20	(412,065)	(466,737)
Depreciation of property, plant and equipment	10	(69,925)	(70,059)
Amortisation of intangible assets	9	(12,738)	(12,246)
Other operating expenses	21	(246,745)	(296,518)
Total operating expenses		**(1,318,783)**	(1,581,497)
Operating profit		**86,150**	169,255
Interest income	22	5,543	7,842
Interest expenses	22	(37,803)	(52,282)
Foreign currency exchange results	22	(2,835)	(7,212)
Derivative financial instruments	22	451	(4,518)
Net finance cost		**(34,644)**	(56,170)
Profit before tax		**51,506**	113,085
Tax expenses	23	(9,501)	(19,250)
Profit after tax		**42,005**	93,835
Attributable to:			
Ordinary shareholders		41,471	92,753
Minority interest		534	1,082
Earnings per ordinary share (before amortisation)			
Basic	24	0.51	1.02
Diluted	24	0.51	1.02

3 Consolidated statement of changes in equity

(in EUR x 1,000)	Issued capital	Share premium account	Other reserves	Currency translation and hedging reserve	Retained earnings	Share-holders' equity	Minority interests	Total equity
As at 1 January 2008	25,510	202,951	197,689	(14,392)	118,690	530,448	7,775	538,223
Dividends 2007	328	(328)	–	–	(15,256)	(15,256)	(2)	(15,258)
Profit appropriation	–	–	103,434	–	(103,434)	–	–	–
Contributions and acquisitions	–	–	–	–	–	–	2,215	2,215
Comprehensive income								
Profit for the period	–	–	–	–	92,753	92,753	1,082	93,835
Exchange rate differences	–	–	–	(27,084)	–	(27,084)	(1,127)	(28,211)
Fair value changes derivative financial instruments	–	–	–	(5,031)	–	(5,031)	–	(5,031)
Deferred taxes on fair value changes	–	–	–	1,180	–	1,180	–	1,180
Total comprehensive income	–	–	–	(30,935)	92,753	61,818	(45)	61,773
As at 31 December 2008	25,838	202,623	301,123	(45,327)	92,753	577,010	9,943	586,953
Dividends 2008	677	(677)	–	–	(10,747)	**(10,747)**	(87)	**(10,834)**
Profit appropriation	–	–	82,006	–	(82,006)	**–**	–	**–**
Contributions and acquisitions	–	–	–	–	–	**–**	101	**101**
Total result								
Profit for the period	–	–	–	–	41,471	**41,471**	534	**42,005**
Exchange rate differences	–	–	–	5,563	–	**5,563**	369	**5,932**
Fair value changes derivative financial instruments	–	–	–	3,442	–	**3,442**	–	**3,422**
Deferred taxes on fair value changes	–	–	–	(1,082)	–	**(1,082)**	–	**(1,082)**
Total result	**–**	**–**	**–**	**7,923**	**41,471**	**49,394**	**903**	**50,297**
As at 31 December 2009	**26,515**	**201,946**	**383,129**	**(37,404)**	**41,471**	**615,657**	**10,860**	**626,517**

4 Consolidated cash flow statement

(in EUR x 1,000)	**2009**	**2008**
Cash flows from operating activities		
Operating profit	86,150	169,255
Adjustments for:		
Depreciation of property, plant and equipment	69,925	70,059
Amortisation of intangible assets	12,738	12,246
Result on sale of equipment	322	807
Changes in provisions and other movements	(3,155)	(2,960)
Changes in inventories	66,567	846
Changes in trade and other receivables	27,359	42,307
Changes in trade and other payables	(19,414)	(28,062)
Changes in working capital	74,512	15,091
Cash flow from operations	**240,492**	264,498
Finance income received	4,668	8,074
Finance expenses paid	(42,871)	(62,901)
Income taxes paid	(6,067)	(44,989)
Net cash from operating activities	**196,222**	164,682
Cash flows from investing activities		
Acquisition of subsidiaries	(1,865)	(277,875)
Purchase of property, plant and equipment	(50,292)	(109,294)
Purchase of intangible assets	(1,838)	(3,458)
Proceeds from sale of equipment	3,543	3,235
Net cash from investing activities	**(50,452)**	(387,392)
Cash flows from financing activities		
Proceeds from non-current borrowings	189	315,718
Repayment of non-current borrowings	(83,084)	(85,995)
Dividends paid	(10,747)	(15,256)
Minority interest and other cash flows	64	32
Net cash from financing activities	**(93,578)**	214,499
Net increase/(decrease) in cash and current borrowings	**52,192**	(8,211)
Cash and current borrowings at beginning of period	(107,726)	(93,739)
Net increase/(decrease) in cash and current borrowings	52,192	(8,211)
Currency differences on cash and current borrowings	1,596	(5,776)
Cash and current borrowings at end of period	**(53,938)**	(107,726)
Cash	100	100
Current borrowings	(54,038)	(107,826)
Cash and current borrowings at end of period	**(53,938)**	(107,726)

5 Notes to the consolidated financial statements

Aalberts Industries N.V. and its subsidiaries (together these are referred to as the Group) with two core activities, Industrial Services and Flow Control, occupies top positions in the market in each of these activities. The Industrial Services core activity concentrates on supplying products, systems and processes to specific market segments including the semiconductor and automotive industries, the medical sector, the aerospace and defence industries, precision engineering and the sustainable energy sector. This is achieved with the help of a number of specialised and complementary technologies. Flow Control's core activity is the development, production and assembly of products and systems for the distribution and regulation of liquids and gases. There is a continuous focus on a complete portfolio of products for residential new-build, renovation and maintenance, commercial buildings, utility networks, district heating, fire protection and security, irrigation systems, the beer and soft drinks industry and other industries. Increasingly systems are being specified that improve the energy-efficiency of the distribution of heat and cooling.
Aalberts Industries N.V. is a publicly traded company incorporated in Utrecht and domiciled in Langbroek, the Netherlands. The consolidated IFRS financial statements of the company for the year ended 31 December 2009 comprise the company and its subsidiaries. The financial statements have been adopted by the Supervisory Board on 24 February 2010 and will be submitted for approval to the General Meeting on 22 April 2010. The financial statements have been prepared by the Management Board and released for publication on 25 February 2010.

6 Summary of significant accounting policies

6.1 Basis for preparation

The European regulation number 1606 came into force on 1 January 2005 and consequently the Group has adopted the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union for the preparation of consolidated statements. The financial statements are presented in EUR x 1,000, unless mentioned otherwise. The financial statements are prepared on the historical costs basis except derivative financial instruments which are stated at their fair value. Employee benefits are based on the projected unit credit method. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.3. Standards and interpretations to existing standards that are not yet effective and have not been early adopted are the following:
Endorsed by the European Union:
- IFRS 3R (Business combinations)
- IFRS 16 (Hedges of a Net Investment in A Foreign Operation)

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

Standards and interpretations to existing standards adopted for the first time in 2009 and being relevant are the following:
- IFRS 8 (Operating segments)
- IAS 1 amendment (Presentation of financial statements: a revised presentation)
- IAS 23 amendment (Borrowing costs)
- IAS 32 amendment (Puttable financial instruments and obligations arising on liquidation)
- IFRS 2 amendment (Share-based payment)

The adoption did not have impact on the financial statements.

6.2 Basis for consolidation

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

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

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

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

6.3 Segment reporting

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

6.4 Foreign currency transactions and translation

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

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

Currency exchange rates	2009 Year-end	2009 Average	2008 Year-end	2008 Average
1 British pound (GBP) = EUR	1.111	1.123	1.027	1.260
1 US dollar (USD) = EUR	0.698	0.720	0.710	0.683

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates.

All resulting exchange differences are recognised as a separate component of equity.

6.5 Intangible assets

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

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

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

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

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

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

6.6 Property, plant and equipment

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

6.6.2 Subsequent expenditure
The Group recognises in the net book amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs such as repair and maintenance costs are recognised in the income statement as an expense as incurred. The difference between opening and closing balance of assets under construction normally consists of additions and reclassifications to other categories within property, plant and equipment

6.6.3 Depreciation

For depreciation, the straight-line method is used. The useful life and residual value are reviewed periodically through the life of an asset to ensure that it reflects current circumstances. Depreciation is not applied to property, plant and equipment under construction. The useful life of the following categories are used for depreciation purposes:

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

6.7 Impairment of non-financial assets

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

6.8 Inventories

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

6.9 Trade receivables

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

6.10 Cash and cash equivalents

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

6.11 Share capital

Ordinary and priority shares are classified as equity.

6.12 Derivatives and borrowings

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

6.13 Finance leases

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

6.14 Deferred income tax

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

6.15 Employee benefit plans

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

6.16 Provisions

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

6.17 Revenue recognition

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

6.18 Other income

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

6.19 Net finance cost

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

6.20 Taxation

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

6.21 Share in result of associated companies

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

6.22 Notes to the consolidated cash flow statement

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

6.23 Operational leases

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

6.24 Dividend distribution

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

7 Financial risk management

7.1 Financial risk factors

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

7.1.1 Market risk

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

The US dollar and British pound are the major foreign currencies for the Group. At 31 December 2009, if the euro had weakened against the US dollar by 10%, with all other variables held constant, the net result of the Group would have been impacted by negative EUR 2.1 million (2008: negative EUR 3.8 million). The net equity at year-end would have been impacted by positive EUR 4.7 million (2008: positive EUR 3.7 million). At 31 December 2009, if the euro had weakened against the British pound by 10%, with all other variables held constant, the net result of the Group would have been impacted by positive EUR 2.5 million (2008: positive EUR 3.3 million). The net equity at year-end would have been impacted by positive EUR 10.6 million (2008: positive EUR 9.2 million). The impact of derivative financial instruments is excluded from this sensitivity analysis.

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

7.1.2 Credit risk

The Group has no significant concentrations of credit risk due to the diversification of activities and markets. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history, as also required by credit insurance. The vast majority of companies in the Group make use of credit insurance, unless approved by higher management. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The maximum credit risk on financial assets amounts to EUR 186,663 (2008: EUR 214,632), being the total carrying value of these assets before provisions for impairment of receivables.

7.1.3 Liquidity risk

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

7.1.4 Cash flow and interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises mainly from non-current borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to interest rate risk. Group policy is to maintain the majority of its borrowings in floating rate instruments. Where considered applicable the Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. At 31 December 2009, if the interest levels for euro would have been 100 basis points higher, with all other variables constant, the net result of the Group would have been impacted by negative EUR 5.6 million (2008: negative EUR 3.9 million), mainly as a result of higher interest expenses on floating rate borrowings. The net equity at year-end would have been impacted with the same amount. The impact of derivative financial instruments is excluded from this sensitivity analysis.

7.1.5 Capital risk

In order to manage going concern for shareholders and other stakeholders the Group periodically monitors the capital structure in consistency with the industry and financial institutions through the following principal financial ratios:leverage ratio (net debt / EBITDA on 12 months rolling basis), 2009: 3.4, (2008: 2.9), interest cover ratio (EBITDA / net interest expense on 12 months rolling basis), 2009: 5.8,(2008: 6.0) and gearing (net debt / total equity), 2009: 1.0, (2008: 1.3).

7.2 Accounting for hedging activities

The Group uses financial instruments like interest rate swaps, currency contracts and commodity futures to hedge cash flow risks from non-current borrowings, foreign currency exchange and commodity prices. In accordance with its treasury policy, the Group neither holds nor issues derivate financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Changes in the fair value of these financial instruments are recognised immediately in the income statement. However, where the derivatives qualify for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item being hedged. The valuation of the fair value is done by the financial institutions where the instruments are held, and derived from the related official rates and listings.
If a derivative financial instrument is designated as a hedge against the variability in the cash flows of a recognised asset, liability or highly probable forecasted transaction, the effective part of the hedge is recognised directly in equity. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or liability, the associated gain or loss that was recognised directly in equity is brought to the income statement. Where hedge accounting is applied, the Group has documented the relationship between hedging instruments and hedged items, as well as its risk management objectives for undertaking these hedge transactions.
As from 2008 the Group has defined cash flow hedge relations for certain financial instruments that cover interest risk as well as for some derivative financial instruments that are used to hedge the foreign currency exchange risk of forecasted transactions.

7.3 Critical accounting estimates and assumptions

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

7.3.1 Estimated impairments of goodwill

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

7.3.2 Estimated useful lives and residual values

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

7.3.3 Pension plans

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

7.3.4 Taxes

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

8 Segment reporting

8.1 Primary reporting format - business segments

As at 31 December 2009, the Group is organised on a worldwide basis into two main business segments, Industrial Services and Flow Control. Unallocated mainly consist of supporting activities at holding level and (deferred) income tax assets. The eliminated intersegment revenue is not substantial.

2009	Industrial Services	Flow Control	Unallocated	Total
Revenue	360,995	1,043,938	–	**1,404,933**
EBITDA	24,382	144,364	68	**168,814**
EBITDA as % of revenue	6.8	13.8	–	**12.0**
Operating profit (EBITA)	(6,368)	105,257	–	**98,889**
EBITA as % of revenue	(1.8)	10.1	–	**7.0**
Capital expenditure	9,969	35,101	–	**45,070**
Depreciation	30,750	39,107	68	**69,925**
Amortisation	3,267	9,320	151	**12,738**
Average number of employees (x1 FTE)	3,847	6,376	18	**10,241**
Number of employees at year-end (x1 FTE)	3,706	6,276	17	**9,999**
Assets	464,768	1,088,793	24,346	**1,577,907**
Liabilities	73,660	195,524	12,963	**282,147**

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

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

8.2 Secondary reporting format - geographical segments

Revenue is allocated based on the geographical location of the customers.

Revenue	2009	%	2008	%
Germany	241,450	17.2	310,331	17.7
Benelux	226,361	16.1	256,155	14.6
United Kingdom	174,867	12.4	228,281	13.1
France	172,041	12.2	203,176	11.6
Eastern Europe	152,110	10.8	214,071	12.2
United States	149,915	10.7	177,182	10.1
Scandinavia	73,050	5.2	89,962	5.2
Spain & Portugal	51,294	3.7	80,233	4.6
Other	163,845	11.7	191,361	10.9
Total	**1,404,933**	**100.0**	1,750,752	100.0

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

Total assets	2009	%	2008	%
Germany	322,501	20.4	339,720	19.9
Benelux	388,273	24.6	411,686	24.2
United Kingdom	145,652	9.2	168,800	9.9
France	266,448	16.9	303,150	17.8
Eastern Europe	118,161	7.5	113,898	6.7
United States	173,581	11.0	189,079	11.1
Scandinavia	59,826	3.8	60,820	3.6
Spain & Portugal	71,607	4.5	77,026	4.5
Other	12,115	0.8	13,768	0.8
Unallocated	19,743	1.3	25,500	1.5
Total	**1,577,907**	**100.0**	1,703,447	100.0

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

Capital expenditure	2009	%	2008	%
Germany	5,702	12.7	27,761	25.1
Benelux	14,736	32.7	31,021	28.1
United Kingdom	3,689	8.2	4,591	4.2
France	5,351	11.9	14,082	12.7
Eastern Europe	8,030	17.8	12,502	11.3
United States	3,300	7.3	7,694	7.0
Scandinavia	2,663	5.9	8,617	7.8
Spain & Portugal	960	2.1	3,695	3.3
Other	639	1.4	581	0.5
Total	**45,070**	**100.0**	110,544	100.0

8.3 Analyses of revenue by category

Revenue	2009	%	2008	%
Sales of goods	1,242,948	88.5	1,537,058	87.8
Services	161,985	11.5	213,694	12.2
Total	**1,404,933**	**100.0**	1,750,752	100.0

9 Intangible assets

	Goodwill	Software	Other	Other intangible assets
As at 1 January 2008				
Cost	308,783	22,424	114,660	137,084
Accumulated amortisation	–	(19,220)	(16,454)	(35,674)
Net book amount	308,783	3,204	98,206	101,410
Year ended 31 December 2008				
Opening net book amount	308,783	3,204	98,206	101,410
Additions	–	3,179	145	3,324
Disposals	–	(6)	(5)	(11)
Acquisition of subsidiaries	141,157	237	57,422	57,659
Amortisation	–	(2,249)	(9,997)	(12,246)
Currency translation	(4,383)	(2)	(993)	(995)
Closing net book amount	445,557	4,363	144,778	149,141
As at 31 December 2008				
Cost	445,557	24,267	170,869	195,136
Accumulated amortisation	–	(19,904)	(26,091)	(45,995)
Net book amount	445,557	4,363	144,778	149,141
Year ended 31 December 2009				
Opening net book amount	**445,557**	**4,363**	**144,778**	**149,141**
Additions	–	1,526	349	1,875
Disposals	–	(37)	–	(37)
Acquisition of subsidiaries	40	–	150	150
Amortisation	–	(2,270)	(10,468)	(12,738)
Currency translation	783	16	25	41
Closing net book amount	**446,380**	**3,598**	**134,834**	**138,432**
As at 31 December 2009				
Cost	446,380	24,534	171,364	195,898
Accumulated amortisation	–	(20,936)	(36,530)	(57,466)
Net book amount	**446,380**	**3,598**	**134,834**	**138,432**

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

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

Goodwill allocation 2009	Industrial Services	Flow Control	Total Group
Germany	83,350	33,390	**116,740**
Benelux	3,932	117,894	**121,826**
United Kingdom	2,928	55,756	**58,684**
France	21,235	26,283	**47,518**
Eastern Europe	–	22,942	**22,942**
United States	15,458	33,213	**48,671**
Scandinavia	6,209	1,071	**7,280**
Spain & Portugal	6,349	16,370	**22,719**
Total	**139,461**	**306,919**	**446,380**

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

Goodwill is tested annually for impairment per cash generating unit. Relevant business segments have been identified as cash generating units. The recoverable amount of a cash generating unit is determined based on value-in-use calculations. These calculations are pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated taking into account a long term average growth rate.

Impairment assumptions	Industrial Services	Flow Control
Valuation basis	Value in use	Value in use
Valuation method	Discounted cash flow	Discounted cash flow
Key assumptions:		
Growth rate	4% (2008: 2%)	4% (2008: 3%)
Long-term average growth rate (after 5 years)	2% (2008: 0%)	2% (2008: 0%)
Discount rate	9% (2008: 8%)	9% (2008: 8%)
Projected period	5 years	5 years
Approved period	5 years	5 years

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

10 Property, plant and equipment

	Land and buildings	Plant and equipment	Other	Under construction	Total
As at 1 January 2008					
Cost	285,290	776,517	53,033	41,069	1,155,909
Accumulated depreciation	(118,034)	(548,037)	(44,907)	–	(710,978)
Net book amount	167,256	228,480	8,126	41,069	444,931
Year ended 31 December 2008					
Opening net book amount	167,256	228,480	8,126	41,069	444,931
Additions	21,409	52,082	4,273	32,780	110,544
Assets taken into operation	12,816	23,311	537	(36,664)	–
Disposals	(850)	(2,323)	(193)	(983)	(4,349)
Acquisition of subsidiaries	22,106	27,194	975	91	50,366
Depreciation	(11,743)	(54,585)	(3,731)	–	(70,059)
Currency translation	(4,892)	(8,290)	(839)	(1,147)	(15,168)
Closing net book amount	206,102	265,869	9,148	35,146	516,265
As at 31 December 2008					
Cost	333,798	874,778	55,838	35,146	1,299,560
Accumulated depreciation	(127,696)	(608,909)	(46,690)	–	(783,295)
Net book amount	206,102	265,869	9,148	35,146	516,265
Year ended 31 December 2009					
Opening net book amount	**206,102**	**265,869**	**9,148**	**35,146**	**516,265**
Additions	3,308	19,224	2,163	20,375	**45,070**
Assets taken into operation	1,629	18,237	384	(20,250)	**–**
Disposals	(2,032)	(1,145)	(408)	(280)	**(3,865)**
Acquisition of subsidiaries	3,290	100	–	–	**3,390**
Depreciation	(12,034)	(54,438)	(3,453)	–	**(69,925)**
Currency translation	680	1,589	141	241	**2,651**
Closing net book amount	**200,943**	**249,436**	**7,975**	**35,232**	**493,586**
As at 31 December 2009					
Cost	338,324	903,358	58,009	35,232	**1,334,923**
Accumulated depreciation	(137,381)	(653,922)	(50,034)	–	**(841,337)**
Net book amount	**200,943**	**249,436**	**7,975**	**35,232**	**493,586**

At year-end, group companies had investment commitments outstanding in respect of property, plant and equipment to an amount of EUR 43,809 (2008: EUR 45,932) of which EUR 35,232 (2008: EUR 35,146) has been capitalised on the balance sheet as advance payment. Assets under construction comprises for EUR 10,084 of buildings. The real estate of some German and French group companies as well as some machines in France are encumbered by a mortgage.

11 Inventories

	2009	2008
Raw materials	65,608	83,987
Work in progress	47,654	60,704
Finished goods	175,803	204,990
Other inventories	9,369	10,487
Total	**298,434**	360,168

The costs of inventories recognised as an expense and impairment losses on inventories are included in 'raw materials and work subcontracted'. No inventories are pledged as security for liabilities. The provision for write-down of inventories, due to obsolescence and slow moving amounts to EUR 27,803 (2008: EUR 30,640).

12 Trade receivables

	2009	2008
Trade receivables	159,068	186,503
Less: provision for impairment of receivables	(5,331)	(7,817)
Trade receivables	**153,737**	178,686

There is no concentration of credit risk with respect to trade receivables, as the Group has a large customer base which is internationally dispersed and makes use of credit insurance for a majority of its receivables. Impairment losses on trade receivables are included in the 'other operating expenses' and amount to EUR 1,015 (2008: EUR 1,004). The carrying amount approximates the fair value.

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

	2009	2008
Not past due	118,750	125,558
Past due less than 30 days	25,762	34,747
Past due between 30 days and 60 days	8,333	14,818
Past due between 60 days and 90 days	1,053	4,703
Past due more than 90 days	5,170	6,677
Trade receivables	**159,068**	186,503

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

	2009	2008
Euro	101,435	133,442
US dollar	18,754	18,763
British pound	23,133	20,245
Other currencies	15,746	14,053
Trade receivables	**159,068**	186,503

13 Other current assets

	2009	2008
Prepaid and accrued income	15,786	11,581
Derivative financial instruments	497	620
Other receivables	11,212	15,828
Total	**27,495**	28,029

The carrying amount approximates the fair value.

14 Financial instruments

	Assets 2009	Assets 2008	Liabilities 2009	Liabilities 2008
Interest rate swap	–	–	4,224	5,121
Foreign currency exchange contracts	322	620	92	2,188
Metal hedging contracts	175	–	–	1,023
Total	**497**	620	**4,316**	8,332

The principal amounts of the outstanding interest rate swap contracts at 31 December 2009 were EUR 123,432 (2008: EUR 350,888) and for foreign currency exchange contracts EUR 14,847 (2008: EUR 27,547) and for metal hedging contracts EUR 2,418 (2008: EUR 4,186). The majority of the outstanding foreign currency exchange and metal hedging contracts has a short term nature. Interest rate swaps maturity is directly related to the bank borrowings concerned (note 16.1).The fair value of financial instruments equals the market value at 31 December 2009. This valuation has been carried out by the financial institutions where the instruments are held and derived from the related official rates and listings.

15 Equity

The total number of ordinary shares outstanding at year-end was 106.1 million shares (2008: 103.3 million shares) with a par value of EUR 0.25 per share. In addition, there are 100 priority shares issued with a par value of EUR 1.00 per share.

16 Borrowings

During 2009 Aalberts Industries has agreed with the banks upon adjustment and widening of the covenants in which the leverage ratio and interest cover ratio are adjusted. The interest rate is made dependant of the achieved leverage ratio.

Definitions:
- Leverage ratio: Net debt / EBITDA on 12 months rolling basis
- Interest cover ratio: EBITDA / net interest expense on 12 months rolling basis

Covenants	**Leverage ratio**	**Interest cover ratio**
As at 31 December 2009	< 4.5	> 3.0
As at 30 June 2010	< 4.0	> 3.0
As at 31 December 2010	< 3.5	> 3.0
As at 30 June of each year thereafter	< 3.5	> 3.0
As at 31 December of each year thereafter	< 3.0	> 3.0

At year-end the requirements in the covenants are met as stated below.

Realised covenant ratios	**2009**	**2008**
Leverage ratio	3.4	2.9
Interest cover ratio	5.8	6.0

	Bank borrowings	Finance leases	Total
As at 1 January 2009	**627,538**	**29,934**	**657,472**
New borrowings	58	131	189
Repayments	(80,437)	(2,647)	(83,084)
Translation differences	2,065	(13)	2,052
As at 31 December 2009	**549,224**	**27,405**	**576,629**
Current portion of non-current borrowings	(106,172)	(2,070)	**(108,242)**
Non-current borrowings as at 31 December 2009	**443,052**	**25,335**	**468,387**

The current portion of non-current borrowings amounts to EUR 108,242 (2008: EUR 84,623) and is presented within the current liabilities. The carrying amount approximates the fair value; the effective interest rate approximates the average interest rate. The average interest rate for bank borrowings was between 2.3% and 6.0%.

16.1 Bank borrowings

The maturity of bank borrowings is as follows:

Maturity bank borrowings	2009	2008
Within 1 year	106,172	82,383
Between 1-5 years	401,756	435,061
Over 5 years	41,296	110,094
Total	**549,224**	627,538

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

Bank borrowings	2009	2008
Euro	475,836	499,713
US dollar	61,325	76,213
British pound	2,084	35,207
Other currencies	9,980	16,405
Total	**549,224**	627,538

16.2 Finance leases

Maturity finance leases	2009	2008
Minimum lease payments:		
Within 1 year	3,471	3,886
Between 1-5 years	14,088	17,054
Over 5 years	25,432	29,219
	42,991	50,159
Future finance charges:		
Within 1 year	1,401	1,647
Between 1-5 years	5,351	7,930
Over 5 years	8,834	10,648
	15,586	20,225
Present value of finance lease:		
Within 1 year	2,070	2,240
Between 1-5 years	8,737	9,124
Over 5 years	16,598	18,570
Present value of finance lease in the balance sheet	**27,405**	29,934

16.3 Current borrowings

Current borrowings are short-term credit facilities given by a number of credit institutions. The total of these facilities at year-end 2009 amounted to EUR 379 million (2008: EUR 364 million), of which EUR 54 million was used (2008: EUR 108 million). The carrying amount approximates the fair value.

17 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Particularly in Germany, Aalberts Industries has carry-forward tax losses amounting to some EUR 21.7 million. The related deferred income tax assets have not been recorded, since future usage is depending on, among other things, profit-earning capacity and the outcome of pending tax audits. Deferred income tax assets mainly relate to pensions and capitalised losses. Deferred income tax liabilities mainly relate to temporary differences on other intangible fixed assets which arose from acquisitions and temporary depreciation differences on property, plant and equipment.

	Tax losses	Intangible assets	Plant and equipment	Provisions	Working capital and other	Off-setting	Net asset / liability
Asset	6,450	119	2,088	8,184	3,818	(4,349)	16,310
Liability	–	11,297	9,918	1,591	5,081	(4,349)	23,538
As at 1 January 2008	(6,450)	11,178	7,830	(6,593)	1,263	–	7,228
Acquisitions	–	14,867	69	(45)	(3,424)	–	11,467
Income statement	(7,027)	(1,050)	1,914	(1,025)	2,269	–	(4,919)
Direct to equity	–	–	–	–	(1,180)	–	(1,180)
Currency translation	216	372	(779)	(300)	9	–	(482)
Movements 2008	(6,811)	14,189	1,204	(1,370)	(2,326)	–	4,886
Asset	13,261	100	1,726	8,773	6,491	(4,850)	25,501
Liability	–	25,467	10,760	810	5,428	(4,850)	37,615
As at 31 December 2008	(13,261)	25,367	9,034	(7,963)	(1,063)	–	12,114
Acquisitions	–	–	997	(459)	(87)	–	451
Income statement	2,289	(1,673)	2,563	1,388	265	–	4,832
Direct to equity	–	–	–	–	1,082	–	1,082
Currency translation	1	216	260	(195)	(322)	–	(40)
Movements 2009	**2,290**	**(1,457)**	**3,820**	**734**	**938**	**–**	**6,325**
Asset	10,971	119	1,308	8,122	3,712	(4,489)	19,743
Liability	–	24,029	14,162	893	3,587	(4,489)	38,182
As at 31 December 2009	**(10,971)**	**23,910**	**12,854**	**(7,229)**	**(125)**	**–**	**18,439**

18 Provisions

18.1 Retirement benefit obligations

	Germany	France	United Kingdom	Other	Total
Present value of funded obligations	1,719	4,006	91,167	2,222	**99,114**
Fair value of plan assets	(1,373)	(205)	(62,791)	(1,592)	**(65,961)**
	346	**3,801**	**28,376**	**630**	**33,153**
Present value of unfunded obligations	8,594	3,375	–	329	**12,298**
Unrecognised actuarial gains and losses	107	387	(18,022)	(278)	**(17,806)**
Unrecognised past service cost	–	301	–	–	**301**
Liability in the balance sheet	**9,047**	**7,864**	**10,354**	**681**	**27,946**

Amounts recognised in income statement	Germany	France	United Kingdom	Other	Total
Current service cost	88	518	1,142	192	**1,940**
Interest cost	552	297	4,346	105	**5,300**
Expected return on plan assets	(52)	(16)	(4,459)	(72)	**(4,599)**
Net actuarial losses recognised	(198)	(99)	–	40	**(257)**
Past service cost	–	(133)	–	–	**(133)**
Curtailments and settlements	–	(289)	–	–	**(289)**
Total, included in personnel expenses	**390**	**278**	**1,029**	**265**	**1,962**

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

Actuarial assumptions 2009	Germany	France	United Kingdom
Discount rate	5.50%	5.00%	5.80%
Expected return on plan assets	4.00%	4.00%	8.11%
Rate of inflation	1.75%	2.00%	3.40%
Future salary increases	1.75%	2.00%	3.90%

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

Movement of liability recognised on the balance sheet	(Partly) funded obligations	Plan assets	Net liability	Unfunded obligations	Un-recognised actuarial gains and losses	Un-recognised past service cost	Total
As at 1 January 2008	103,402	(84,680)	18,722	10,135	3,110	338	32,305
Acquisitions	204	(80)	124	215	–	–	339
Current service cost	1,893	–	1,893	248	–	–	2,141
Interest cost	5,602	–	5,602	598	–	–	6,200
Contributions by employer	–	(2,741)	(2,741)	–	–	–	(2,741)
Contributions by participants	558	(558)	–	8	–	–	8
Expected return on plan assets	–	(5,866)	(5,866)	–	–	–	(5,866)
Actuarial gains and losses	(16,936)	17,580	644	(400)	(377)	–	(133)
Benefits paid	(4,596)	4,596	–	(838)	–	–	(838)
Past service cost	(43)	–	(43)	(42)	–	(32)	(117)
Curtailments and settlements	(846)	–	(846)	735	–	–	(111)
Currency translation	(20,737)	17,696	(3,041)	(63)	(375)	–	(3,479)
As at 31 December 2008	68,501	(54,053)	14,448	10,596	2,358	306	27,708
Acquisitions	–	–	**–**	835	–	–	**835**
Current service cost	1,554	–	**1,554**	386	–	–	**1,940**
Interest cost	4,705	–	**4,705**	595	–	–	**5,300**
Contributions by employer	–	(2,092)	**(2,092)**	–	–	–	**(2,092)**
Contributions by participants	413	(413)	**–**	–	–	–	**–**
Expected return on plan assets	–	(4,599)	**(4,599)**	–	–	–	**(4,599)**
Actuarial gains and losses	23,392	(4,464)	**18,928**	1,311	(20,496)	–	**(257)**
Benefits paid	(3,994)	3,994	**–**	(1,394)	–	–	**(1,394)**
Past service cost	(76)	–	**(76)**	(24)	–	(33)	**(133)**
Curtailments and settlements	(86)	2	**(84)**	(205)	–	–	**(289)**
Currency translation	4,705	(4,336)	**369**	198	332	28	**927**
As at 31 December 2009	**99,114**	**(65,961)**	**33,153**	**12,298**	**(17,806)**	**301**	**27,946**

The actual return on plan assets was positive EUR 9,063 (2008: negative EUR 11,714). The expected return on plan assets for bonds is based upon long bond yields at balance sheet date, for equities, long bond yields are added with an appropriate risk premium based upon the market conditions at balance sheet date.

The plan assets consist of following categories:

Plan asset categories	2009	2008
Equities	62%	58%
Bonds	30%	31%
Other net assets	8%	11%
Total	**100%**	100%

18.2 Other provisions

	2009	2008
As at 1 January	**5,907**	7,052
Additions	1,225	1,691
Acquisitions	1,378	499
Used during year	(2,228)	(2,224)
Currency translation	41	(235)
Unused amounts reversed	(626)	(876)
As at 31 December	**5,697**	5,907

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

19 Other current liabilities

	2009	2008
Social security charges and taxes	16,692	17,680
Value added tax	5,956	2,831
Accrued expenses	25,286	28,484
Amounts due to personnel	30,836	33,795
Derivative financial instruments	4,316	8,331
Other	4,904	5,792
Total	**87,990**	96,913

The carrying amount approximates the fair value.

20 Personnel expenses

	2009	2008
Wages and salaries	(325,994)	(374,028)
Social security charges	(59,102)	(63,422)
Pension expenses:		
Defined benefit plans	(1,962)	(2,115)
Defined contribution plans	(11,454)	(12,781)
Other expenses related to employees	(13,553)	(14,391)
Total	**(412,065)**	(466,737)

In the year under review, the average number of full-time employees amounted to 10,241 (2008: 11,530). The remuneration of the Management and Supervisory Board is disclosed as part of the company financial statements.

21 Other operating expenses

	2009	2008
Production expenses	(131,274)	(159,039)
Selling expenses	(40,894)	(49,680)
Housing expenses	(26,770)	(30,706)
General expenses	(53,972)	(63,147)
Warranty costs	(1,829)	(417)
Other operating income	7,994	6,471
Total	**(246,745)**	(296,518)

Production expenses comprise mainly energy costs, repair and maintenance costs and freight and packaging costs.

Other operating income is income not related to the key business activities of the Group or relates to incidental and/or non-recurring items, like government grants for an amount of EUR 1,428 (2008: EUR 1,600), insurance amounts received for an amount of EUR 2,201 (2008: EUR 594).

22 Net finance cost

	2009	2008
Interest income on short term bank deposits	**5,543**	7,842
Interest expenses:		
Bank borrowings	(36,798)	(50,415)
Finance leases	(1,005)	(1,586)
Dividend on cumulative preference shares	–	(281)
Total interest expense	**(37,803)**	(52,282)
Net interest expense	**(32,260)**	(44,440)
Foreign currency exchange results	**(2,835)**	(7,212)
Fair value results on financial instruments:		
Interest rate swaps	(436)	(4,682)
Foreign currency exchange contracts	(310)	626
Metal price hedge contracts	1,197	(462)
Total fair value results on derivative financial instruments	**451**	(4,518)
Net finance cost	**(34,644)**	(56,170)

During 2009 a waiver fee is paid to the banks for an amount of EUR 2.8 million of which EUR 0.6 million is reported as finance cost. The remaining amount will be expensed in the years 2010 and 2011.

23 Income tax expenses

	2009	2008
Current tax:		
Current year	7,180	26,569
Prior years	(2,511)	(2,400)
	4,669	24,169
Deferred tax	4,832	(4,919)
Tax charge	**9,501**	19,250

	2009	2008
Profit before tax	**51,506**	113,085
Tax calculated at domestic rates applicable to profits	13,701	30,759
Expenses not deductible for tax purposes	1,701	1,876
Tax relief facilities	(3,937)	(5,207)
Use of unrecognised tax losses	(1,964)	(8,178)
Tax charge	**9,501**	19,250
Effective tax burden	18.4%	17.0%

The weighted average applicable domestic tax rate decreased due to changes in the country mix and decreasing tax rates mainly in Europe. For 2009 the weighted average applicable domestic tax rate amounted to 26.6% (2008: 27.2%).

24 Earnings and dividends per share

	2009	2008
Net profit before amortisation	54,209	104,999
Weighted average number of ordinary shares in issue (x1)	106,060,577	103,353,408
Basic earnings per ordinary share before amortisation	**0.51**	1.02
Net profit before amortisation	54,209	104,999
Weighted average number of ordinary shares in issue (x1)	106,060,577	103,353,408
Diluted earnings per ordinary share before amortisation	**0.51**	1.02

The dividends paid in 2009 were EUR 0.28 per share (2008: EUR 0.32 per share). A dividend in respect of the year ended 31 December 2009 of EUR 0.13 per share will be proposed at the Annual General Meeting to be held on 22 April 2010. These financial statements do not reflect this dividend payable.

25 Contingencies

The Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business. It is not anticipated that any material liabilities will rise from the contingent liabilities. The Group has given guarantees in the ordinary course of business amounting to EUR 10,284 (2008: EUR 11,231) to third parties.
Contrary to the expectations of the Management Board and its legal advisors, on 20 September 2006 Aalberts Industries and two of its Group companies were fined EUR 100.8 million for an alleged infringement of EU competition regulations. After a thorough legal analysis of the arguments and in view of the opinion, based on the facts, that Aalberts Industries had not infringed any competition regulations, the Management Board, in consultation with its legal advisors, lodged an appeal with the Court of Justice in Luxembourg. The hearing took place on 2 February 2010 and the judgement is expected later this year. As the Management Board is of the opinion that no competition regulations were infringed, no provision has been formed for this matter. In January 2007 Aalberts Industries provided the European Commission with a bank guarantee that in January 2010 was extended for two years.

26 Operational lease and rent commitments

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

Operational lease and rent commitments	2009	2008
Due in less than 1 year	16,479	15,854
Due between 1 and 5 years	38,503	33,419
Due from 5 years or more	27,431	14,558
Total commitments	**82,413**	63,831

27 Business combinations

On 13 November 2008, the Group announced it has acquired the heating and sanitary activities of Alphacan, a subsidiary of the French Arkema Group. The acquired assets and business are integrated into the French group company Comap. The activities fit very well within Aalberts Industries' strategy to provide its customers a complete portfolio of heating, sanitary and water quality solutions. The acquired business is active throughout the French market, manufacturing and selling cross-linked polyethylene tubes and systems to the building, professional and DIY channels. The business, which is based principally in Nevers, France, employs approximately 85 people generating annual revenues of EUR 25 million. The current management team will remain with the company. The acquisition has been consolidated as of 1 January 2009 and was financed from own resources.
An amount of approximately EUR 1.8 million is paid for both the business activities and the assets and liabilities (mainly comprising of real estate, equipment, inventories and long term liabilities).

28 Related parties

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

29 Company balance sheet

before profit appropriation

(in EUR x 1,000)	notes	31-12-2009	31-12-2008
Fixed assets			
Intangible fixed assets			
Other intangible fixed assets	31	135	254
Tangible fixed assets			
Other tangible fixed assets	31	33	72
Financial fixed assets			
Investments in subsidiaries	31	714,369	723,964
Loans to group companies		236,070	192,000
		950,607	916,290
Current assets			
Debtors			
Other debtors, prepayments and accrued income		5,182	19,402
		5,182	19,402
Total assets		**955,789**	935,692
Equity and liabilities			
Shareholders' equity	31		
Issued capital		26,515	25,838
Share premium account		201,946	202,623
Other reserves		383,129	301,123
Currency translation and hedging reserve		(37,404)	(45,327)
Retained earnings		41,471	92,753
		615,657	577,010
Non-current liabilities			
Non-current borrowings	31	180,000	200,000
Deferred taxation		3,100	4,441
		183,100	204,441
Current liabilities			
Credit institutions		131,367	147,124
Current portion of non-current borrowings		20,000	–
Trade creditors		241	98
Taxation and social security charges		49	25
Other payables, accruals and deferred income		5,375	6,994
		157,032	154,241
Total equity and liabilities		**955,789**	935,692

30 Company income statement

(in EUR x 1,000)	2009	2008
Profit from subsidiaries after tax	41,373	92,692
Other income and expenses after tax	98	61
Profit of the Group	**41,471**	92,753

31 Notes to the company financial statements

31.1 Accounting principles

The company financial statements of Aalberts Industries N.V. are prepared in accordance with Generally Accepted Accounting Principles in the Netherlands and compliant with the requirements included in Part 9 of Book 2 of the Netherlands Civil Code. As from 2005, Aalberts Industries N.V. prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS) as adopted by the European Union.
Use has been made of the possibility to apply the accounting policies used for the consolidated financial statements to the financial statements of the company. The company income statement has been drawn up using the exemption of article 402 of Part 9, Book 2 of the Netherlands Civil Code.
The subsidiaries are stated at net asset value, based upon policies applied in the consolidated financial statements.
The average number of employees amounts to 11 full time equivalents (2008: 10), at year-end 11 (2008: 11).

31.2 Fixed assets

	Other tangibles fixed assets	Software
As at 1 January 2009		
Cost	538	410
Accumulated depreciation	(466)	(156)
Net book amount	**72**	**254**
Movements 2009		
Depreciation	(39)	(119)
	(39)	**(119)**
As at 31 December 2009		
Cost	538	410
Accumulated depreciation	(505)	(275)
Net book amount	**33**	**135**

31.3 Financial fixed assets

	Investments in subsidiaries
As at 1 January 2009	**723,964**
Share in 2009 profit	41,373
Increase in capital and acquisitions	8,118
Dividends paid	(67,010)
Currency translation and fair value changes after tax	7,924
As at 31 December 2009	**714,369**

31.4 Shareholders' equity

(in EUR x 1,000)	Issued capital	Share premium account	Other reserves	Currency translation and hedging reserve	Retained earnings	Total
As at 1 January 2008	25,510	202,951	197,689	(14,392)	118,690	530,448
Dividends 2007	328	(328)	–	–	(15,256)	(15,256)
Profit appropriation	–	–	103,434	–	(103,434)	–
Profit for the period	–	–	–	–	92,753	92,753
Exchange rate differences	–	–	–	(27,084)	–	(27,084)
Fair value changes derivate financial instruments	–	–	–	(5,031)	–	(5,031)
Deferred taxes on fair value changes	–	–	–	1,180	–	1,180
As at 31 December 2008	25,838	202,623	301,123	(45,327)	92,753	577,010
Dividends 2008	677	(677)	–	–	(10,747)	**(10,747)**
Profit appropriation	–	–	82,006	–	(82,006)	**–**
Profit for the period	–	–	–	–	41,471	**41,471**
Exchange rate differences	–	–	–	5,563	–	**5,563**
Fair value changes derivate financial instruments	–	–	–	3,442	–	**3,442**
Deferred taxes on fair value changes	–	–	–	(1,082)	–	**(1,082)**
As at 31 December 2009	**26,515**	**201,946**	**383,129**	**(37,404)**	**41,471**	**615,657**

The authorised share capital amounts to EUR 61 million divided into:
- 122,000,000 ordinary shares of EUR 0.25 par value each
- 30,499,900 preference shares of EUR 1.00 par value each
- 100 priority shares of EUR 1.00 par value each

As at 31 December 2009, 106,060,577 (2008: 103,353,408) ordinary shares and 100 priority shares were issued. The issued share capital increased in the course of the year under review by 2,707,169 ordinary shares as a result of payment of stock dividend for the year 2008.
The currency translation and hedging reserve are not to be used for profit distribution.

31.5 Profit appropriation

In accordance with the resolution of the General Meeting of Shareholders held on 20 April 2009, the profit for 2008 has been appropriated in conformity with the proposed appropriation of profit stated in the 2008 Financial Statements. The net profit for 2009 attributable to the ordinary shareholders amounting to EUR 41,471 shall be available in accordance with Article 30, paragraph 3 of the articles of association.
The Management Board proposes to declare a dividend of EUR 0.13 in cash per ordinary share of EUR 0.25 par value, or, at the discretion of the shareholders, in ordinary shares. At the shareholder's option, payment in shares will be charged to the retained earnings or to the tax-exempt share premium account. Any residual profit shall be added to reserves.

31.6 Non-current borrowings

For the purpose of financing acquisitions, in 2008 the company took up a 7 year loan issued by a Dutch credit institution against a floating interest rate based upon Euribor plus an agreed margin.

31.7 Audit fees

The following amounts are paid as audit fees and included in other operating expenses

2009	PricewaterhouseCoopers Accountants N.V.	Other PricewaterhouseCoopers Accountants network	Total PricewaterhouseCoopers Accountants network
Audit of annual accounts	266	1,284	1,550
Other audit services	–	–	–
Tax advisory services	–	–	–
Other non-audit services	–	–	–
Total	**266**	**1,284**	**1,550**

2008	PricewaterhouseCoopers Accountants N.V.	Other PricewaterhouseCoopers Accountants network	Total PricewaterhouseCoopers Accountants network
Audit of annual accounts	313	1,637	1,950
Other audit services	–	–	–
Tax advisory services	–	–	–
Other non-audit services	–	–	–
Total	**313**	**1,637**	**1,950**

The fees listed above relate to the services applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

31.8 Remuneration of the Management and Supervisory Board

In 2009, total remuneration of the Management Board amounted to EUR 1,835 (2008: EUR 750).
Mr. J. Aalberts received a salary of EUR 505 (2008: EUR 505) and a bonus amounting to EUR 150 (2008: EUR 245). At year-end he held a total of 14,092,968 ordinary shares (2008: 13,721,456) in Aalberts Industries N.V.
Mr. J. Eijgendaal received a salary of EUR 441, a bonus amounting to EUR 130 and a pension contribution of EUR 68. At year-end he held a total of 75,000 ordinary shares in Aalberts Industries N.V. and 40,000 conditional share awards.
Mr. W.A. Pelsma received a salary of EUR 363, a bonus amounting to EUR 130 and a pension contribution of EUR 48. At year-end he held a total of 30,538 ordinary shares in Aalberts Industries N.V. and 15,000 conditional share awards.

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

(in EUR x 1,000)	2009	2008
C.J. Brakel	50	50
A.H. Land	–	20
A.B. van Luyk	40	40
H. Scheffers	40	40
W. van de Vijver	40	40
Total	**170**	190

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

31.9 Liability

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

Langbroek, 24 February 2010

The Management Board
Jan Aalberts, *President & CEO*
John Eijgendaal, *CFO*
Wim Pelsma, *COO*

The Supervisory Board
Dries van Luyk
Henk Scheffers, *President*
Walter van de Vijver

32 Special controlling rights under the articles of association

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

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

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

33 Auditors' report to the General Meeting

Report on the financial statements

We have audited the accompanying financial statements 2009 of Aalberts Industries N.V., Langbroek as set out on pages 43 to 81. 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 changes in equity and consolidated cash flows 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 of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Management Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Aalberts Industries N.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.

Auditors' report

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Aalberts Industries N.V. as at 31 December 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 of the Management Board is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 24 February 2010
PricewaterhouseCoopers Accountants N.V.

P. Jongerius RA

List of group companies

Aalberts Industries N.V.
Sandenburgerlaan 4, 3947 CS Langbroek
P.O Box 11, 3940 AA Doorn
Netherlands

(t) +31 (0) 343 565 080
(f) +31 (0) 343 565 081
(e) info@aalberts.nl
(w) www.aalberts.com

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

Industrial Services

Company name	Country	City	Website (www)
Industrial Products			aiis-group.com
Adex B.V.	NLD	Venlo	adex-dies.com
Machinefabriek Dedemsvaart B.V.	NLD	't Harde	mfdedemsvaart.nl
Eurocast B.V.	NLD	Apeldoorn	eurocast.nl
Fijnmechanische Industrie Venray B.V.	NLD	Cuijk	fivbv.nl
Germefa B.V.	NLD	Alkmaar	germefa.nl
Hartman Fijnmechanische Industrie B.V.	NLD	Groenlo	hfibv.nl
Integrated Dynamics Engineering GmbH (80%)	DEU	Raunheim	ideworld.com
Integrated Dynamics Engineering, Inc.	USA	Randolph MA	ideworld.com
Integrated Dynamics Engineering Ltd.	JPN	Tokyo	ideworld.com
Kluin Wijhe B.V.	NLD	Wijhe	kluinwijhe.com
Machinefabriek Van Knegsel B.V.	NLD	Vessem	vanknegsel.nl
Leco Products B.V.	NLD	Ede	lecoproducts.nl
Mifa Aluminium B.V.	NLD	Venlo	mifa.nl
Mogema B.V.	NLD	't Harde	mogema.nl
Overeem B.V.	NLD	Ede	overeembv.nl
Machinefabriek Technology Twente B.V.	NLD	Hengelo	technologytwente.nl
Metalis			
Cotterlaz Jean S.A.S.	FRA	Marnaz	cotterlaz.com
Cotterlaz Connectors Shenzhen Ltd.	CHN	Shenzhen	cotterlaz.com
Cotterlaz Connectors Slovakia spol.s.r.o.	SVK	Presov	cotterlaz.com
Metalis S.A.S.	FRA	Chaudefontaine	metalis.fr
Metalis Genlis S.A.S.	FRA	Genlis	metalis.fr
Metalis HPS S.A.S.	FRA	Montbrison	metalis.fr
Metalis Polska Sp. z.o.o.	POL	Dzierzońiów	metalis.fr
Nowak S.A.S.	FRA	Pancé	nowak.fr
Material Technology			groupmt.com
Acorn Surface Technology Limited	GBR	Nottingham	acornst.com
Accurate Brazing Corporation	USA	Goffstown NH	accuratebrazing.com
AHC Benelux B.V.	NLD	Eindhoven	ahcbenelux.com
AHC Italia srl (90%)	ITA	Opera MI	ahc-surface.com
AHC Oberflächentechnik Ges. m.b.H.	AUT	St. Pantaleon	ahc-surface.com
AHC Oberflächentechnik GmbH	DEU	Kerpen	ahc-surface.com
AHC Oberflächentechnik GmbH	DEU	Burg	ahc-surface.com
AHC Polska Sp. z.o.o.	POL	Gorzyce	ahc-surface.com
AHC Special Coatings GmbH	DEU	Kerpen	ahc-surface.com
AHC Surface Technology S.A.S.	FRA	Faulquemont	ahc-surface.com
Duralloy AG	CHE	Härkingen	ahc-surface.com
Duralloy Süd GmbH	DEU	Villingen-Schenningen	ahc-surface.com
Hærderiet A/S	DNK	Skanderborg	haerderiet.dk
Härterei Hauck GmbH	DEU	Remscheid	haerterei-hauck.de
Härterei Hauck Süd GmbH	DEU	Gaildorf	haerterei-hauck.de
Heat & Surface Treatment B.V.	NLD	Eindhoven	h-st.nl

Company name	Country	City	Website (www)
Ionic Technologies Inc. (94%)	USA	Greenville SC	ionic-tech.com
Mamesta B.V.	NLD	Lomm	mamesta.nl
Métatherm S.A.S.	FRA	Vermondans	metatherm.fr
RIAG Oberflächentechnik AG	CHE	Wängi TG	ahc-surface.com
SGI Société de Galvanoplastie Industrielle S.A.S.	FRA	Plaisir	galvanoplastie.fr
Stålservice Värmebehandling Nordic AB	SWE	Värnamo	stalservice.se
T. Térmicos Metasa, S.A. (92.75%)	ESP	Zaragoza	trateriber.es
T. Térmicos Sarasketa Elgoibar, S.L.U.	ESP	Elgoibar (Guipuzcoa)	trateriber.es
T. Térmicos Sohetrasa, S.A. (88.82%)	ESP	Amorebieta	trateriber.es
T. Térmicos Tey Atxondo, S.L.	ESP	Atxondo (Vizcaya)	industriastey.net
T. Térmicos Traterh, S.A.U.	ESP	Pinto (Madrid)	trateriber.es
TTI Group Limited	GBR	Luton	ttigroup.org.uk

Flow Control

Company name	Country	City	Website (www)
Flow Control Germany			
Conti Sanitärarmaturen GmbH	DEU	Wettenberg	conti-armaturen.com
DSI Getränkearmaturen GmbH	DEU	Hamm-Rhynern	dispensegroup.com
Meibes System-Technik GmbH	DEU	Gerichshain	meibes.de
Meibes, Inc.	USA	Randolph, MA	meibes.us.com
Meibes s.r.o.	CZE	Prague	meibes.cz
Meibes Metall-Technik Sp. z.o.o. (60%)	POL	Gorzów	meibes.pl
PUZ Meibes Sp. z.o.o. (80%)	POL	Leszno	meibes.pl
Meibes RUS OOO (80%)	RUS	Moscow	meibes.ru
Meibes SK s.r.o.	SVK	Rimavská Sobota	meibes.sk
Melcher & Frenzen Armaturen GmbH	DEU	Velbert	melcher-frenzen.de
Roßweiner Armaturen und Meßgeräte GmbH & Co. OHG	DEU	Roßwein	rossweiner.de
Seppelfricke Armaturen GmbH	DEU	Gelsenkirchen	seppelfricke.com
Seppelfricke-Simplex Armaturen Austria Ges.m.b.H	AUT	Salzburg-Gnigl	seppelfricke.com
Simplex Armaturen & Systeme GmbH	DEU	Argenbühl/Allgäu	simplex-armaturen.de
Flow Control Northern Europe			
BROEN A/S	DNK	Assens	broen.com
BROEN Armaturen GmbH	DEU	Gernsheim	broen.de
BROEN Finland OY	FIN	Espoo	broen.com
BROEN Valves Ltd.	GBR	Tipton, West Midlands	broen.co.uk
BROEN Valves (Beijing) Co., Ltd.	CHN	Beijing	broen.com
BROEN S.A.	POL	Dzierzońiów	broen.pl
BROEN Singapore Pte Ltd	SGP	Singapore	broen.com
BROEN, Inc.	USA	Birmingham AL	broen.us
BROEN Ltd.	RUS	Moscow	broen.ru
BROEN Raufoss AB	SWE	Gothenburg	broen.se
BROEN SEI SRL	ROU	Bucharest	broen.com
BROEN-Zawgaz Sp. z.o.o.	POL	Suchy Las k. Poznania	zawgaz.com
Clorius Controls A/S	DNK	Ballerup	cloriuscontrols.com
Holmgrens Metall AB	SWE	Gnosjö	holmgrensmetall.se
HSF Samenwerkende Fabrieken B.V.	NLD	Duiven	hsfbv.nl
Hydro-Plast Sp. z.o.o. (85%)	POL	Warsaw	hydroplast.com.pl
Isiflo S.A.S.	FRA	Molsheim	isiflo.fr
KAN Sp. z.o.o. (51%)	POL	Kleosin	kan.com.pl
OOO KAN-term Bel	BLR	Minsk	kan.com.pl
KAN-therm GmbH	DEU	Troisdorf	kantherm.de
OOO KAN-R	RUS	Moscow	kan.com.pl
TOB KAN (88%)	UKR	Kiev	kan.com.pl
Raufoss Water & Gas AS	NOR	Raufoss	isiflo.com
Raufoss Metall GmbH	DEU	Hemer	isiflo.com
VSH Fittings B.V.	NLD	Hilversum	vsh-fittings.com

List of group companies

Company name	Country	City	Website (www)
VSH Flow Control N.V.	BEL	Wijnegem	vsh-flowcontrol.eu
Flow Control United Kingdom & Middle East			
Pegler Limited	GBR	Doncaster	pegleryorkshire.co.uk
Pegler Yorkshire Group Limited	GBR	Leeds	pegleryorkshire.co.uk
Pegler (Jiangmen) Plumbing and Heating Equipment Co. Ltd.	CHN	Jiangmen City, Guangdong	pegleryorkshire.co.uk
Yorkshire Fittings Gyártó Kft.	HUN	Budapest	yorkshirefittings.hu
Flow Control United States			
Elkhart Products Corporation	USA	Elkhart IN	elkhartproducts.com
Elkhart Products Limited	CAN	Burlington ON	elkhartproducts.com
LASCO Fittings, Inc.	USA	Brownsville TN	lascofittings.com
Taprite-Fassco Mfg., Inc.	USA	San Antonio TX	taprite.com
Flow Control Southern Europe			
Aqua-Touch (Pty) Ltd.	ZAF	Randburg	comap-aquatouch.co.za
Clesse Industries S.A.S.	FRA	Cournon d'Auvergne	clesse-industries.fr
Clesse Industries (Shanghai) Co. Ltd.	CHN	Shanghai	ccifc.org
Clesse (UK) Limited	GBR	Wolverhampton	clesse.co.uk
Comap S.A.	FRA	Lyon	comap.fr
Comap N.V.	BEL	Dworp	comap.be
Comap Adria d.o.o.	SVN	Komenda	comap-group.com
Comap do Brasil Ltda	BRA	Sorocaba, est. de Sao Paulo	comap.com.br
Comap Handelsgesellschaft m.b.H.	AUT	Vienna	comap-group.com
Comap Hellas S.A.	GRC	Athens	comap.gr
Comap Hungaria Kft.	HUN	Budaörs	comap.hu
Comap Industria SPA	ITA	Roncadelle	comapitalia.com
Comap Industries S.A.S.	FRA	Abbeville	comap.fr
Comap Italia S.r.l.	ITA	Torbole Casaglia	comapitalia.com
Comap Nordic AB	SWE	Vellinge	comap-group.com
Comap Polska Sp. z.o.o.	POL	Warsaw	comap.pl
Comap Praha s.r.o.	CZE	Jesenice u Prahy	comappraha.cz
Comap RUS OOO	RUS	Moscow	comap.ru
Comap Westco. Ltd	GBR	Leigh Lancashire	comap.co.uk
Grupo Hidroaplicaciones Y Gas, S.L.	ESP	Madrid	hidroaplicaciones.com
Nova Comet, S.r.l.	ITA	Torbole Casaglia (BS)	clesse-industries.com
Standard Hidráulica S.A.	ESP	Barcelona	standardhidraulica.com
Henco Industries			
Henco Floor N.V.	BEL	Herentals	hencofloor.nl
Henco Industries N.V.	BEL	Herentals	henco.be
VTI			
VTI Automotive GmbH	DEU	Hamm	vti.de
VTI Ventil Technik GmbH	DEU	Menden	vti.de