HAL Trust

Annual Report 2008

The history of HAL dates back to April 18, 1873, when the Nederlandsch-Amerikaansche Stoomvaart-Maatschappij (N.A.S.M.) was founded in Rotterdam, the Netherlands. The Company continued its activities under various names and is now operating as HAL Holding N.V., a Netherlands Antilles company. All the shares of HAL Holding N.V. are held by HAL Trust and form the Trust's entire assets. HAL Trust was formed on October 19, 1977, by a Trust Deed which was last amended on May 28, 2001. The shares of the Trust are admitted to the official listing of Euronext Amsterdam N.V.

HAL Holding N.V.'s annual report is included herein. A translation of this report is published in the Dutch language. Only the report in the English language is submitted to the General Meeting of Shareholders for approval.

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Corporate Administration

HAL Holding N.V.

Board of Supervisory Directors:
S.E. Eisma, *Chairman*
T. Hagen
P.J. Kalff
A.H. Land
M.P.M de Raad

Executive Board:
M. van der Vorm, *Chairman*
M.F. Groot

Chief Financial Officer:
A.A. van 't Hof

Highlights and Financial Calendar

In euros	**2008**	2007
Income *(in millions)*		
Net sales	**3,562.5**	3,186.9
Earnings from marketable securities and deposits	**(0.2)**	29.7
Capital gains on sale of assets	**11.8**	19.8
Earnings from associates	**188.9**	426.5
Earnings from other financial assets	**(0.3)**	47.8
Earnings from real estate activities	**7.7**	9.7
Net income	**383.1**	735.7
Balance sheet		
Total assets (in millions)	**4,793.7**	4,403.4
Shareholders' Equity (in millions)	**2,807.5**	2,716.2
Shareholders' Equity (as a percentage of total assets)	**58.6**	61.7
Numbers of Shares (in thousands)	**63,531*****	63,508***
Average number of Shares outstanding (in thousands)	**63,521*****	63,499***
Per Share		
Net income	**6.03**	11.59
Shareholders' Equity	**44.19**	42.77
Net asset value at market value of quoted associates	**52.58****	68.56**
Closing price Shares	**51.45**	82.45
Cash dividend declared	**2.00***	3.25
Exchange rates – December 31		
U.S. dollar per euro	**1.40**	1.46

Financial calendar

Shareholders' meeting HAL Trust and interim statement	May 19, 2009
Ex-dividend date	May 21, 2009
Dividend payment date	May 28, 2009
Publication half year results	August 28, 2009
Interim statement	November 16, 2009

* Proposed
** Based on the market value of the quoted associates and the liquid portfolio and on the book value of the non-quoted investments
*** Net of treasury shares

Report
of the Trust Committee

HAL Trust

HAL Trust was formed in 1977.
The Trust holds all the outstanding shares of HAL Holding N.V.

For further details of the organization see page 61.

In accordance with the instructions issued on May 22, 2008 the Trust paid a dividend of □ 3.25 per share on June 2, 2008.

On December 31, 2008 and 2007, 63,686,850 shares were issued.

On December 31, 2008, HAL Holding N.V. owned 156,023 shares HAL Trust.

The Trust Committee
HAL Trust Committee Ltd.

Hamilton, Bermuda, March 25, 2009

Report of the Board of Supervisory Directors HAL Holding N.V.

The Board of Supervisory Directors supervises the Executive Board and provides advice to the general meeting of shareholders. In discharging its role, the Board of Supervisory Directors is guided by the interest of HAL Holding N.V. and its business. The composition of the Board was unchanged in 2008 and consisted of five members. Their names, nationality and other relevant information are mentioned on page 65 of this report. The general meeting of shareholders reappointed Mr. M.P.M. de Raad, who had resigned in accordance with the rotation schedule, as a member of the Board on May 30, 2008.

The Board exercised its supervisory task by having in-depth discussions with the Executive Board during five meetings which were attended by all supervisory board members. Based on written and verbal information provided by the Executive Board, the status of the Company was discussed and evaluated. More specifically, the following subjects, among others, were addressed during these meetings: the strategy, the development of the results, the remuneration policy, potential investments and divestitures, the dividend policy and the risks associated with the Company and the design and implementation of the systems of internal control. In this respect, the Board was provided with the results of the risk management review in relation to the financial reporting of the Company, which was conducted during 2008. The results of this review were discussed with the Executive Board. For further information relating to this subject, we refer to the relevant paragraph in the report of the Executive Board on page 15.

The Board had discussions with PricewaterhouseCoopers during two meetings. Subjects for discussion were the report on the first half year of 2008, the systems of administrative and internal controls, impairment testing and the financial statements.

The Board of Supervisory Directors also met in the absence of the Executive Board to discuss, among other matters, the functioning and composition of the Board. All members of the Board of Supervisory Directors were present during the Shareholders' meeting of HAL Trust on May 22, 2008, in Rotterdam.

The Board did not form any committees. Between the meetings of the Board of Supervisory Directors the Chairman of the Board maintained more intensive contacts with the Chairman of the Executive Board. Individual members of the Board provided their views with respect to specific matters relevant to the Company.

The financial statements for 2008 were prepared by the Executive Board and discussed by the Board in the presence of the external auditor. After the review of the unqualified opinion provided by PricewaterhouseCoopers Bermuda, as well as the findings of the external auditor as summarized in a report to the Board of Supervisory Directors and the Executive Board, the financial statements were signed by all members of the Board of Supervisory Directors. The Board approved the amounts reserved as proposed by the Executive Board.

The Board recommends that the Shareholders of HAL Trust instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on May 27, 2009, for the approval of the financial statements for 2008 as per the documents submitted and the proposed distribution of profits.

It should be noted that the Dutch Corporate Governance Code is not applicable to HAL Holding N.V. in view of the fact that HAL Holding N.V. is not a Dutch company. Other Corporate Governance Codes are neither applicable to HAL Holding N.V. Pages 62 through 64 of this report provide a description of HAL Holding N.V.'s Corporate Governance structure.

In accordance with the rotation schedule, Mr. P.J. Kalff will resign this year. He is available for a new term. We propose that the Shareholders instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on May 27, 2009, for the re-election of Mr. P.J. Kalff.

On behalf of the Board of Supervisory Directors,

S.E. Eisma, *Chairman*

March 25, 2009

Report of the Executive Board HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2008 amounted to □ 383.1 million (□ 6.03 per share) compared with □ 735.7 million (□ 11.59 per share) for 2007. This decrease is due to lower capital gains on the sale of investments (□ 295 million) and higher impairment charges (□ 41 million).

In 2008 the Company's net asset value decreased by 19% or □ 809 million (2007: increase of □ 962 million). After deducting the dividend over 2007 (□ 206 million) and taking the sale of treasury shares (□ 2 million) into account, the net asset value decreased from □ 4,354 million (□ 68.56 per share) on December 31, 2007, to □ 3,341 million (□ 52.58 per share) on December 31, 2008. The decrease in the share price of the quoted associates, taking into account dividends received, had a negative effect on the net asset value of □ 975 million in 2008. The net asset value is based on the market value of the quoted associates and the liquid portfolio and on the book value of the unquoted investments.

On December 31, 2008 estimated value of the unquoted investments, based on the principles and assumptions set out on pages 51 and 52 of this report, exceeded the book value by □ 1,174 million (□ 18.47 per share) compared to □ 1,287 million (□ 20.26 per share) on December 31, 2007.

The policy is, barring unforeseen circumstances and sufficient liquid assets, to base the dividend on 4% of the average December share price of HAL Trust in the year prior to the year of the dividend payment. In accordance with the dividend policy, it will be proposed to distribute a cash dividend of □ 2.00 per share over 2008 (2007: □ 3.25).

Prospects

During the period from December 31, 2008, to March 20, 2009, the value of the quoted associates and the liquid portfolio decreased by □ 5 million (□ 0.08 per share).
As a result of the current economic recession it is likely that the net income of the consolidated subsidiaries for 2009 will be lower than for the year before. In view of the fact that a significant part of the Company's net income is determined by the results of the quoted associates, developments in the financial markets, capital gains and losses and the timing of potential investments and divestitures, we do not express an expectation as to the net income for 2009.

Strategy

The Company's strategy is focused on acquiring significant shareholdings in companies, with the objective of increasing long-term shareholders' value. When selecting investment candidates the Company emphasizes, in addition to investment and return criteria, the potential of playing an active role as a shareholder and/or board member. The Company does not confine itself to particular industries. Given the emphasis on the longer term, the Company does not have a pre-determined investment horizon.

HAL also invests in real estate. The real estate investment activities are concentrated in the greater Seattle metropolitan area with an emphasis on the development and rental of multi-family properties and office buildings.

Risks

There are a number of risks associated with the investment strategy and with its implementation. Financial risks are described in the financial statements on pages 31 through 33. Besides risks which are specific to individual investee companies (these risks are not managed by HAL Holding N.V.), important risk factors are summarized below.

Market value risk
At the end of 2008 the Company had, based on market values, □ 1.3 billion invested in quoted associates. In addition, as part of the liquid portfolio, □ 171 million were invested in publicly traded entities. The value of these investments can be subject to significant fluctuations as a result of the volatility of the stock markets.
In 2008 the market value of these investments decreased by □ 1,035 million. The decrease in market value of the quoted associates does not have an impact on the valuation in the financial statements as these investments are accounted for using the equity method.

Interest rate risk
Investments in fixed income instruments are exposed to fluctuations in interest rates. However, due to the very short duration (less than one month) of the portfolio of fixed income instruments, the effect of an increase in interest rates is limited. In addition, the risk of an increase in interest rates exists with respect to the Company's consolidated debt position. This debt position is almost entirely at the level of the consolidated subsidiaries. The interest rate risk on this position is detailed in the financial statements on page 33. Of the □ 1,011 million bank debt outstanding at the end of 2008, □ 650 million was at fixed rates for an average period of 3.8 years.

Currency risk
HAL's most significant currency risk as a result of translation of balance sheet positions to Euros is associated with the fluctuations in the value of the U.S. dollar.
At the end of 2008 the book value of the net assets denominated in U.S. dollars amounted to $ 202 million (□ 145 million). The currency exposure with respect to these investments was fully hedged with forward exchange contracts. GrandVision S.A. had, as at December 31, 2008, net assets denominated in British Pounds of GBP 110 million (€ 115 million). Although this currency exposure was not hedged by GrandVision S.A., HAL hedged this currency exposure for 90% by forward exchange contracts. HAL also has an exposure to Japanese Yen of □ 27 million. This risk is fully hedged by forward exchange contracts.
The use of forward exchange contracts has an impact on the size of the liquid portfolio when exchange rates change.

In addition, currency translation risk exists with respect to the translation of balance sheet positions of consolidated subsidiaries in Northern and Eastern Europe, South America, Asia and Switzerland. At the end of 2008 capital invested in the consolidated subsidiaries located in these regions amounted to □ 250 million at year-end rates. The maximum exposure in an individual country was □ 40 million. These risks are further explained on page 32 of the financial statements.

Credit risk
HAL is subject to credit risk with respect to financial instruments and liquid assets. This risk relates to the possibility that a counterparty is unable to comply with its contractual obligations. To reduce the Company's exposure to credit risk, transactions are generally only entered into with counterparties having a strong credit rating. At the end of 2008 the liquid assets amounted to □ 559 million of which € 344 million was part of the 'corporate' liquid portfolio. These assets are almost exclusively short term deposits which are held with banks with a S&P credit rating varying from A/A-1 to AAA/A-1+. The weighted average credit rating was AA/A-1+.

Liquidity risk
Liquidity risk relates to situations where a company is unable to comply with its financial obligations. As HAL Holding N.V. does not have any net bank debt at the parent company level, these financial obligations only relate to the consolidated subsidiaries. The liquidity risk of the consolidated subsidiaries is detailed on page 31 of the financial statements.

Concentration risk
Concentration risk exists with respect to the non-quoted investments, the quoted investments and the real estate portfolio.

Non-quoted investments

At the end of 2008 HAL had, based on book values, □ 1,424 million invested in a portfolio of non-quoted long term investments. An estimate of value of this portfolio, based on the principles and assumptions set out on pages 51 and 52 of this annual report, amounted to € 2,598 million. Estimates of value can fluctuate significantly from year to year. In addition, values as realized upon sale may be materially different from these estimates. The optical retail activities represent 76% of this amount. Accordingly, there is concentration risk with respect to the optical retail industry. A decrease in revenue of the optical retail activities, for example due to an economic recession, may have a significant impact on the profitability of HAL. A 10% decrease in revenue could, everything else being equal, affect the profit before tax by as much as € 100 million.

Quoted investments

At the end of 2008 HAL had invested, based on market values, € 1.3 billion in two quoted associates, namely Koninklijke Vopak N.V. (□ 809 million, 2007: □ 1,160 million), and Koninklijke Boskalis Westminster N.V. (□ 452 million, 2007: □ 1,135 million). Accordingly, HAL is exposed to concentration risk, also with respect to these investments. A change in the stock price of these companies may have a significant effect on the net asset value of HAL.

Real Estate

At the end of 2008 HAL had invested, based on book values, □ 73 million in a real estate portfolio. As these assets are exclusively located in and around Seattle, unfavourable economic developments in this geographical area can have a negative impact on the value of these properties. Moreover, the value of these properties can be affected by changes in interest rates.

Investment risk
In the process of acquisitions (or divestments), the Company makes hypotheses, assumptions and judgements about possible future events. Actual future developments may turn out to be significantly different. In addition, errors of judgement in due diligence and contract negotiations could result in (opportunity) losses for the Company.

Other
In addition to the above mentioned risk factors, it should be noted that the profitability and the net asset value of the Company are susceptible to a downturn in the economy. Demand for the products and services of the subsidiaries or their profitability may decline as a direct result of an economic recession, inflation, changes in the prices of raw materials, consumer confidence, interest rates or governmental (including fiscal) policies as well as geopolitical developments. We also refer to the paragraph administrative organization, risk management systems and financial reporting on page 15 of this report.

Investments in 2008

During the past year the optical retail activities were further expanded. Pearle Europe (98.2% HAL) entered into an agreement with Reliance Retail, a subsidiary of Reliance Industries Ltd., to establish a joint venture for the optical retail market in India. Pearle also acquired optical retail chains in Bulgaria (12 stores) and Luxembourg (4 stores).
In May, GrandVision S.A. (99.7% HAL) acquired the activities of the G C Bateman Group, an optical retail chain in England. Bateman operates 68 stores and has annual sales of approximately € 30 million. In June GrandVision acquired the MasVision Group, a Spanish optical retail chain. MasVision operated 14 own stores and a network of 252 'partner' stores. Partner stores are stores with a short, flexible franchise contract, generally less than one year. GrandVision rebranded its existing 14 stores and currently operates under the MasVision brand some 280 stores in Spain. The total systemwide sales of these stores amount to approximately € 80 million.
In August, HAL acquired the Chilean optical retailer Rotter y Krauss. The company is located in Santiago and currently operates 45 own stores and 78 points of sale within department stores throughout the country. Rotter y Krauss reported 2008 net sales of approximately € 26 million. In December HAL transferred its optical retail activities in Brazil and Chile to Pearle Europe.
In 2008 the Company's ownership interest in the Moscow based optical retailer Lensmaster was increased from 32% to 81%. The optical retail activities in Turkey were expanded through the acquisition of two optical retail chains (13 stores). HAL currently operates 29 stores in Turkey.

The optical retail companies currently operate approximately 4,000 optical stores (including approximately 1,300 franchise and partner stores) in 37 countries with total pro-forma systemwide annual sales (defined as sales including sales of franchise and partner stores) of approximately € 2.6 billion. The optical retail sales, as reported in the financial statements for 2008, amounted to □ 1,977 million (2007: □ 1,842 million) and the operating income (for the purpose of this report defined as earnings before interest, exceptional and non recurring items, taxes and amortization of intangible assets) amounted to □ 278 million (2007: □ 269 million). In 2008, the same store sales of the company owned stores, based on constant exchange rates, increased by 0.5% (2007: 4.4%).

The hearing aid retail activities were also expanded during 2008 through the acquisition of 73 stores in Europe. The aggregate annual sales of these stores amount to approximately □ 20 million.

In July the acquisition of a 100% ownership interest in Applicazioni Rivestimenti Plastici Affini A.R.P.A. S.p.A. (‘Arpa’) was completed. Arpa is an Italian manufacturer of High-Pressure Laminate products (HPL) and reported sales of approximately € 80 million in 2008.

In April HAL increased its stake in AMB i.t. holding B.V. from 30% to 100%.
In October, a 100% ownership interest in the ChampionChip Group was acquired. This company operates globally and is active in the development and production of identification and timing equipment for sports events such as running and cycling. The annual sales are approximately € 8 million. The activities of the ChampionChip Group will be combined with those of AMB i.t. Holding B.V. AMB is also active in the field of timing solutions and equipment, focussing predominantly on motorized sports events.

Consolidated subsidiaries

Pearle Europe B.V. (98.2%) owns and operates optical retail chains in 24 countries and had 2,587 stores at the end of 2008 (2007: 2,198), of which 670 operated under franchise agreements (2007: 631). The total annual systemwide sales of these stores amounted to approximately □ 1.5 billion. At the end of December three optical retail chains in Brazil and Chile with a total of 221 stores were transferred from HAL. At the end of 2008, Pearle Europe employed approximately 10,400 people. Its head office is located at Amsterdam Airport, the Netherlands. Sales for 2008 increased by □ 64 million to □ 1,102 million due to an increase in same store sales by 1% (2007: 4.4%) and store openings. Operating income amounted to □ 196 million (2007: □ 190 million).
Increased sales in the Netherlands had a positive effect on operating income. In anticipation of a change in Dutch fiscal legislation, effective January 1, 2009, with respect to the tax deductibility of certain health costs, an important increase in sales was realized in December 2008.

GrandVision S.A. (99.7%) owns and operates optical retail chains in France, the United Kingdom and sixteen other countries with a total of 1,235 stores at the end of 2008 (2007: 770), including 622 franchise and partner stores (2007: 319). GrandVision also owns a 30% interest in the Swiss optical retail chain Visilab. In 2008 the number of stores increased by 465 (including 252 ‘partner’ stores), mainly as a result of the acquisition of optical retail chains in England and Spain.
The total annual systemwide sales (including franchise and partner stores) amounted to approximately € 1 billion.
GrandVision is based in Paris, France, and employs approximately 7,450 people. Sales for 2008 amounted to □ 783 million (2007: □ 787 million). Sales decreased by □ 29 million due to the sale in 2007 of the Swiss optical retail stores and the wholesale activities of the Visual organisation. In addition, the decrease in value of the British Pound had a negative effect on sales of □ 40 million. These negative factors were offset by an increase in sales amounting to □ 68 million due to store openings, higher franchise fees and the acquisitions in England and Spain. Same store sales decreased by 0.4% (2007: increase of 4.4%). Operating income for 2008 amounted to □ 83 million (2007: □ 80 million).

PontMeyer N.V. (57.9%) located in Zaandam (the Netherlands), is one of the leading suppliers of timber products and building materials in the Netherlands with 52 outlets and approximately 1,000 employees. Sales decreased by □ 33 million to □ 411 million. This decrease was due to lower timber prices, slightly lower volumes and the sale of the rental activities at the end of 2007. The operating income amounted to □ 12 million (2007: □ 19 million).

Broadview Holding B.V. (97.4%) is located in ’s-Hertogenbosch (the Netherlands) and owns Trespa International B.V. (‘Trespa’) and A.R.P.A. S.p.A. (‘Arpa’). Trespa is located in Weert (the Netherlands) and produces High-Pressure Laminate (HPL) products, mainly for exterior applications. The company employs approximately 700 people. Sales for 2008 decreased by □ 12 million to □ 199 million. The operating income amounted to □ 29 million (2007: □ 36 million).
Arpa also produces HPL-products, mainly for interior applications, and is located in Bra

(Italy). The company employs approximately 450 people and reported 2008 sales of approximately € 80 million.

Koninklijke Ahrend N.V. (80%) is based in Amsterdam (the Netherlands) and employs approximately 1,400 people and is active in the office furniture industry. Sales for 2008 amounted to □ 274 million which is at the same level as the year before (□ 270 million). However, operating income decreased by □ 13 million to □ 6 million. This decrease was due to an unfavourable change in currency exchange rates, an unfavourable product mix, an autonomous decrease in sales and higher operating costs.

AudioNova International B.V. (95.8%) is a Rotterdam (the Netherlands) based retail company that sells hearing aids via its European subsidiaries. At the end of 2008 the company employed approximately 1,300 people. The activities expanded in 2008 through the acquisition of 73 stores in Europe. The aggregate annual sales of these stores are approximately € 20 million. In addition, 30 new stores were opened and 28 stores closed during the year. At the end of 2008, the company operated 439 stores in seven European countries. Sales for 2008 increased by □ 36 million to □ 165 million. This increase was mostly due to the above mentioned acquisitions, store openings and the acquisition of stores in 2007. Same store sales for 2008 increased by 3.9% (2007: 13%). Operating income increased by □ 5 million to □ 14 million.

Mercurius Groep B.V. (100%) is a publisher and communication specialist based in Wormerveer (the Netherlands) and employs approximately 700 people. Mercurius has activities throughout Europe and produces and distributes plant labels, announcement cards and calendars. The company also provides communication services for the financial industry such as financial prospectuses and virtual data rooms. Sales for 2008 amounted to □ 135 million (2007: □ 137 million). This decrease is mainly due to lower sales of plant labels and announcement cards as well as the disposal of Inmerc, a specialty book publisher. Sales relating to financial communication increased. Operating income for 2008 decreased when compared to the year before.

Intersafe Trust B.V. (95.5%) is a distributor of personal protection equipment such as safety clothing for factory workers, located in Dordrecht (the Netherlands). The company employs approximately 450 people. Sales for 2008 increased by □ 50 million to □ 127 million. This increase is almost fully attributable to the acquisition of the French distributor Abrium S.A. in December 2007. Abrium reported 2008 sales of approximately □ 48 million. Operating income for 2008 was significantly lower than for the previous year due to an operating loss at Abrium. In 2008 HAL's ownership interest increased by 4.5% due to the purchase of shares from the management.

Anthony Veder Group N.V. (64.2%) is a Rotterdam (the Netherlands) based shipping company which, at the end of 2008, operated eighteen gas tankers and had one vessel under construction. The company employs approximately 350 people. Sales for 2008, including the gross sales of shipping pools managed by Anthony Veder and on-charged expenses, increased by $ 14 million (€ 10 million) to $ 124 million (□ 89 million). This change is mainly due to the increase in the number of vessels under management. Operating income (excluding capital gains on sale of vessels) decreased by $ 2 million (□ 1 million) to $ 18 million (□ 13 million). In 2008 no capital gains on the sale of vessels were realised (2007: □ 6 million).

Delta Wines B.V. (63%), an importer and distributor of wine, is located in Waddinxveen (the Netherlands) and employs approximately 40 people. Sales in 2008 amounted to □ 87 million (2007: □ 86 million). Operating income was at the same level as in 2007. In 2008 HAL's ownership interest decreased by 6% due to the sale of shares to the management.

Orthopedie Investments Europe B.V. (89%) sells and assembles orthopaedic devices and is located in Haarlem (the Netherlands). The company operates in the Netherlands under the name Livit B.V. and employs approximately 500 people. Livit operates a network of 39 specialised care centers and over 200 fitting locations throughout the Netherlands. Sales for 2008 amounted to □ 45 million (2007: □ 44 million). Operating income for 2008 was lower than for the year before. In 2008 HAL's ownership interest decreased by 11% due to the sale of shares to the management.

Lensmaster (81%) is a Moscow (Russia) based optical retail company operating 69 stores at the end of 2008 (2007: 57 stores), primarily in the Moscow and St. Petersburg areas. The company employs approximately 800 people. Total sales for 2008 amounted to RUB 1,827 million (€ 43 million) compared to RUB 1,507 million (€ 42 million) for 2007. Operating income also increased. HAL's ownership interest will be increased over the period 2011-2013 to almost 100%. The price will be based on the results of these years.

Sports Timing Holding B.V. (100%), located in Haarlem (the Netherlands), is the holding company of AMB i.t. Holding B.V. and the ChampionChip Group. Both companies are active in the development and production of identification and timing equipment for sports events. The company employs approximately 100 people. In 2008 the ownership interest in AMB was increased from 30% to 100% and full ownership of the ChampionChip Group was acquired. The combined 2008 sales of these two companies amounted to approximately € 20 million. Combined operating income for 2008 was lower than the year before.

Flight Simulation Company B.V. (70%) is based at Amsterdam Schiphol Airport (the Netherlands) and provides training for pilots using full flight simulators. The company employs approximately 30 people and operated 11 simulators at the end of December 2008. Sales for 2008 amounted to approximately € 15 million (2007: € 6 million). Operating income for 2008 was at break-even level.

Shanghai RedStar Optical Co. Ltd (78%) operates a chain of optical retail stores in Shanghai (China). At the end of 2008 the company operated 76 stores of which 46 under franchise contracts. Redstar employs approximately 300 people. Sales for 2008 decreased by RMB 10 million (€ 1 million) to RMB 86 million (€ 9 million). This decrease was mainly the result of the closure of 9 loss making stores. Same store sales for 2008 increased by 8.3%. Operating income for 2008 remained at break-even level.

Publicly traded associates

In addition to the consolidated subsidiaries described above, HAL has minority interests in the following public companies which are listed on the Euronext Amsterdam Stock Exchange:

Koninklijke Vopak N.V. (47.74%) is the world's largest independent tank terminal operator specializing in the storage and handling of liquid and gaseous chemical and oil products. Vopak also provides logistic services. The company operates a network of 80 tank terminals with a combined storage capacity of 27 million cbm in 32 countries and had 3,669 employees at the end of 2008. The market value of Vopak at the end of 2008 amounted to approximately € 1.7 billion. On December 31, 2008, HAL owned 47.74% of the common shares and 13% of the preferred shares. Sales for 2008 increased by 8% to € 924 million. Net income for holders of ordinary shares amounted to € 212 million (2007: € 181.1 million).

For additional information on Vopak please refer to the company's annual report and its website www.vopak.com.

Koninklijke Boskalis Westminster N.V. (31.75%) is a global services provider operating in the dredging, maritime, infrastructure and maritime service segments. The core activities of Boskalis are the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. Boskalis has a fleet of over 300 units, operates in over 50 countries across five continents and has approximately 10,000 employees (including its share in partnerships). On December 31, 2008, the market value of Boskalis was approximately € 1.4 billion. Sales for 2008 increased by 12% to € 2,094 million. Net income for 2008 amounted to € 249.1 million (2007: € 204.4 million). The order book of the company at the end of 2008 amounted to € 3,354 million compared to € 3,562 million at the end of 2007.

For additional information on Boskalis please refer to the company's annual report and its website www.boskalis.com.

Other minority interests

At the end of 2008 HAL had minority interests in the following non-quoted companies:

N.V. Nationale Borgmaatschappij (47.5%), is an Amsterdam (the Netherlands) based insurance company that specializes in bank guarantees, the reinsurance of bank guarantees and in credit insurance. The company operates in the Netherlands and Belgium and has an A-rating from Standard & Poor's (November 2008). Total gross premium revenue for 2008 amounted to □ 62 million (2007: □ 63 million). HAL's ownership interest increased in 2008 by 5% following the purchase of shares from the management.

FD Mediagroep B.V. (46.8%) is located in Amsterdam (the Netherlands) and publishes the Dutch financial newspaper "Het Financieele Dagblad". FD Mediagroep also operates the radio station "BNR Nieuwsradio" and internet sites such as fd.nl and Z24.nl. Sales for 2008 amounted to □ 59 million (2007: □ 59 million). Operating income for 2008 decreased due to increased costs and lower sales from advertisements, especially in the last quarter of 2008.

InVesting B.V. (12.1%) is a Hilversum (the Netherlands) based company with a focus on debt collection activities and the purchase of bad debt portfolios.
At the end of 2008 the book value of these portfolios amounted to □ 23 million. HAL provided the company with a □ 7.5 million loan to partially finance the purchase of the portfolios. Revenue for 2008 increased by € 18 million to □ 38 million. This increase is mainly due to the acquisition of two debt collection companies in November 2007 and September 2008. Operating income also increased.

Private equity partnerships
At the end of 2008 HAL had invested in five private equity partnerships. The total book value of the investments amounted to □ 27 million. These partnerships are managed by Navis Capital Partners Ltd. ("Navis"), in which HAL has a 25% ownership interest. At the end of 2008 the partnerships managed by Navis had □ 600 million invested in a portfolio of companies, located in South-East Asia, India and Australia.

Real estate

At year end 2008 the Company's investment in real estate consisted of three office properties, with a total of 765,000 square feet of rentable space, and three development parcels, totalling 91,000 square feet. All of these assets are located in the Seattle area. At the end of 2008 the three office properties were almost fully leased at 98% compared to 94% at the end of 2007. At the beginning of 2009 a major tenant of one of the properties defaulted on its lease, six months before its expiry. Accordingly, the entire portfolio was 87% leased as of the beginning of 2009. The average rent per square foot increased by 9% compared with 2007.

In May, a 13,000 square feet development site was purchased for $ 5 million (□ 4 million). The company is currently applying for entitlements to develop 359 residential units on this site. We expect the entitlement process to be completed in two years.

With respect to estimated value of the real estate portfolio, reference is made to page 34 of the financial statements.

Liquid portfolio

The corporate liquid portfolio decreased in 2008 from □ 679 million to □ 515 million. The portfolio decreased as a result of the payment of the dividend over 2007 and the payments for the acquisitions made. Dividends received and the proceeds from the transfer of the ownership of the Latin-American optical retail activities to Pearle Europe had a positive impact on the size of the liquid portfolio. On December 31, 2008, the liquid portfolio consisted for 67% (2007: 88%) of fixed income instruments, amounting to □ 344 million (2007: □ 594 million), and for 33% (2007: 12%) of equities, for an amount of € 171 million (2007: € 85 million). The fixed income portfolio provided a return of 3.9% (2007: 4.2%). The duration of this portfolio at the end of 2008 was less than one month. The equity portfolio provided a return of negative 29.5% (2007: 3.8% positive).

Results

Net income for 2008 was □ 383.1 million (□ 6.03 per share) compared to □ 735.7 million (□ 11.59 per share) for 2007.

The increase in *net sales* by □ 376 million to □ 3,563 million was primarily due to the increase in optical retail sales by □ 135 million and the –non optical retail related– acquisitions in 2007 and 2008. The effect of these acquisitions on net sales was € 188 million. Net sales of Anthony Veder also increased. Effective January 1, 2008, gross shipping pool revenues and on-charged expenses are included in sales. The effect of the change is an increase in sales of approximately € 43 million and a corresponding increase in *other operating expenses*. Net income was not affected by this change.

Earnings from marketable securities and deposits decreased by □ 30 million to □ 0 million. This decrease was primarily the result of capital losses on the equity portfolio (including impairment charges).

Earnings from associates decreased by □ 238 million to □ 189 million. This decrease was primarily the result of lower capital gains (□ 247 million), offset by higher earnings from Boskalis and Vopak.

Amortization and impairment of intangibles increased by □ 23 million due to an increase in goodwill impairment charges of □ 19 million.

Interest expense increased by □ 18 million to □ 54 million, primarily as a result of the acquisitions in 2007 and 2008.

Administrative organization, risk management systems and financial reporting

The administrative procedures, the risk management and internal control systems associated with the Company's strategy, its implementation, financial reporting and compliance are designed to provide a reasonable degree of assurance that the significant risk factors are identified, their development is monitored and, where appropriate, action is taken on a timely basis. (See also the paragraph risks on page 8). The Board of Supervisory Directors is regularly informed about these matters.

The investments of HAL differ in industry, size, culture, geographical diversity and stage of development. HAL has therefore chosen not to institute a centralized management approach. Each investment has its own financial structure and is responsible for its own risks. The investments generally have a supervisory board of which the majority of members are not affiliated with HAL. This corporate governance structure allows the operating companies to fully concentrate on developments which are relevant to them and to assess which risks to accept and which risks to avoid. Accordingly, in addition to risks associated with HAL's investment strategy and its implementation as described above, there are specific risk factors associated with each individual investee company. It is the responsibility of each investee company to evaluate these specific risks. HAL has a management reporting system to monitor its performance as well as that of its non-quoted investee companies on a monthly basis. This system comprises a set of tools including portfolio analysis, budgeting and the reporting of actual results as well as projected results, balance sheet and cash flow information and operational performance indices.

HAL's objective is, in the context of the inherent limitations of an investment company and the decentralized management approach described above, that its internal and external financial reporting is complete, accurate, valid and timely. Financial reporting risk can be defined as any event that impedes HAL to achieve its financial reporting objectives. Although HAL is aware that no risk management and internal control system can provide absolute assurance to the achievement of its objectives and to prevent errors, losses, fraud or the violation of laws and regulations, the Company aims to further improve its risk management and internal control systems. In this context the risk management and internal control systems with respect to financial reporting were reviewed during 2008. For the most important financial processes (internal and external reporting, information technology, treasury and taxation) risks were identified as well as the control measures designed to mitigate these risks. These controls were tested in order to conclude on their operating effectiveness during the year.

Several improvements to the risk management systems were implemented during 2008. These improvements mainly related to information technology, treasury operations and taxation matters. The risk management review did not cover the key financial processes of HAL's investee companies for the reasons described above. The risk management and internal control systems, as well as plans for further optimization and improvement, were discussed with the Board of Supervisory Directors.

Accordingly, based on the above and taking into account the inherent limitations referred to above, we are of the opinion that the risk management and internal control systems with respect to financial reporting of HAL Holding N.V. provide reasonable assurance that the financial reporting does not contain material inaccuracies and that these systems operated properly during 2008 and we declare that, to the best of our knowledge:
1°. the financial statements give a true and fair view of the assets, liabilities, financial position and net income of the consolidated entities taken as a whole;
2°. the report of the Executive Board gives a true and fair view of the situation on the balance sheet date and the developments during the year of the entities included in the financial statements taken as a whole, and
3°. that this report includes a description of the principal risks HAL Holding N.V. is facing.

Executive Board HAL Holding N.V.

M. van der Vorm *(Chairman)*
M.F. Groot

March 25, 2009

Financial Statements
HAL Trust

Consolidated Balance Sheet

As at December 31

In millions of euros before proposed distribution of income	*Notes*	**2008**	2007
Assets			
Non-current assets:			
Property, plant and equipment	1	**668.9**	501.4
Investment properties	2	**72.6**	65.8
Intangible assets	3	**1,493.8**	1,344.2
Investments in associates	4	**828.0**	737.3
Other financial assets	5	**-**	0.3
Deferred tax assets	14	**49.2**	32.2
Other non-current assets	6	**74.4**	81.9
Total non-current assets		**3,186.9**	2,763.1
Current assets:			
Marketable securities and deposits	7	**569.7**	698.0
Receivables	8	**312.9**	305.0
Inventories	9	**379.6**	322.0
Other current assets	10	**184.2**	131.5
Cash and cash equivalents		**160.4**	183.8
Total current assets		**1,606.8**	1,640.3
Total assets		**4,793.7**	4,403.4
Equity			
Share capital		**1.3**	1.3
Other reserves		**(23.3)**	63.5
Retained earnings		**2,829.5**	2,651.4
Capital and reserves attributable to equity holders		**2,807.5**	2,716.2
Minority interests		**94.2**	86.4
Total equity		**2,901.7**	2,802.6
Non-current liabilities:			
Provisions	11	**65.5**	63.6
Long-term debt	13	**590.5**	453.4
Deferred tax liabilities	14	**116.8**	78.8
Total non-current liabilities		**772.8**	595.8
Current liabilities:			
Short-term debt	15	**420.1**	358.7
Income tax payable		**14.0**	23.1
Accounts payable		**271.9**	265.2
Accrued expenses		**413.2**	358.0
Total current liabilities		**1,119.2**	1,005.0
Total equity and liabilities		**4,793.7**	4,403.4

Consolidated Statement of Income

For the year ended December 31

In millions of euros	*Notes*	**2008**	2007
Net sales		**3,562.5**	3,186.9
Earnings from marketable securities and deposits	16	**(0.2)**	29.7
Capital gains on sale of assets	20	**11.8**	19.8
Earnings from associates	17	**188.9**	426.5
Earnings (losses) from other financial assets	18	**(0.3)**	47.8
Earnings from real estate activities	19	**7.7**	9.7
Total income		**3,770.4**	3,720.4
Raw materials, consumables used and changes in inventories		**1,317.6**	1,180.6
Employee expenses	21	**956.0**	866.3
Depreciation property, plant, equipment and investment properties	1,2	**114.5**	103.2
Amortization and impairment of intangibles	3	**45.1**	22.4
Other operating expenses	22	**845.1**	699.3
Total expenses		**3,278.3**	2,871.8
Operating result		**492.1**	848.6
Interest expense		**(53.8)**	(35.8)
Profit before taxes		**438.3**	812.8
Income taxes	23	**(43.5)**	(57.2)
Profit for the year		**394.8**	755.6
Attributable to:			
Equity holders		**383.1**	735.7
Minority interests		**11.7**	19.9
		394.8	755.6
Average number of outstanding Shares *(in thousands)*		**63,521**	63,499
Earnings per Share for profit attributable to the equity holders during the year *(in euros per share)*			
- basic and diluted		**6.03**	11.59
Dividend per Share *(in euro)*		**2.00***	3.25

* Proposed

Consolidated Statement of Changes in Equity

In millions of euros	Attributable to equity holders of the Company				
	Share capital	Retained Earnings	Other Reserves	Minority Interest	**Total Equity**
Balance on January 1, 2007	1.3	2,089.8	110.6	51.5	**2,253.2**
Change in accounting policy *		24.7			**24.7**
Balance on January 1, 2007 – as restated and revised	1.3	2,114.5	110.6	51.5	**2,277.9**
Movement cum. valuation reserve:					
- marketable securities	-	-	(7.5)	-	**(7.5)**
- other financial assets and associates	-	-	(55.2)	-	**(55.2)**
- interest rate derivatives and other	-	-	2.9	-	**2.9**
Translation of foreign subsidiaries and financial fixed assets	-	-	(20.4)	(1.1)	**(21.5)**
Realized currency translation of foreign subsidiaries	-	-	9.1	-	**9.1**
Revaluation of assets of associates	-	-	6.1	-	**6.1**
Effect of hedging instruments	-	-	17.9	-	**17.9**
Net profit 2007	-	735.7	-	19.9	**755.6**
Total recognized for the year	-	735.7	(47.1)	18.8	**707.4**
Acquisitions and disposals	-	-	-	16.1	**16.1**
Treasury shares	-	1.6	-	-	**1.6**
Dividend paid	-	(200.0)	-	-	**(200.0)**
Other	-	(0.4)	-	-	**(0.4)**
Balance on December 31, 2007	1.3	2,651.4	63.5	86.4	**2,802.6**
Balance on January 1, 2008	1.3	2,651.4	63.5	86.4	**2,802.6**
Movement cum. valuation reserve:					
- marketable securities	-	-	(41.1)	-	**(41.1)**
- other financial assets and associates	-	-	(2.3)	-	**(2.3)**
- interest rate derivatives and other	-	-	(30.9)	-	**(30.9)**
Translation of foreign subsidiaries and financial fixed assets	-	-	(41.1)	1.0	**(40.1)**
Revaluation of assets	-	-	7.4	-	**7.4**
Effect of hedging instruments	-	-	21.2	-	**21.2**
Net profit 2008	-	383.1	-	11.7	**394.8**
Total recognized for the year	-	383.1	(86.8)	12.7	**309.0**
Acquisitions and disposals	-	-	-	(4.9)	**(4.9)**
Treasury shares	-	1.8	-	-	**1.8**
Dividend paid	-	(206.4)	-	-	**(206.4)**
Other	-	(0.4)	-	-	**(0.4)**
Balance on December 31, 2008	1.3	2,829.5	(23.3)	94.2	**2,901.7**

As at December 31, 2008, the Company had issued 63,686,850 shares with a par value of □ 0.02 per share. During 2006, 198,886 HAL Trust shares were acquired for € 11.6 million. In 2007, 19,778 shares were sold for □ 1.6 million. In 2008, 23,085 shares were sold for □ 1.8 million. All issued shares are fully paid.
The ‘other reserves’ relate to unrealized appreciations and diminutions of other financial assets, certain associates and marketable securities and deposits, interest rate swaps, currency differences from the translation of the net investments in foreign entities and of borrowings and other currency instruments designated as hedges of such instruments.

* Prior period amounts have been restated to reflect a change in accounting policy related to pensions (see Note 12)

Other reserves

In millions of euros	Cumulative valuation reserve	Cash flow hedge reserve	Cumulative currency translation reserve	**Total other reserves**
Balance on January 1, 2007	64.7	7.2	38.7	**110.6**
Movement cum. valuation reserve:				
- marketable securities	(7.5)	-	-	**(7.5)**
- other financial assets and associates	(55.2)	-	-	**(55.2)**
- interest rate derivatives and other	-	2.9	-	**2.9**
Translation of foreign subsidiaries and financial fixed assets	-	-	(20.4)	**(20.4)**
Realized currency translation of foreign subsidiaries	-	-	9.1	**9.1**
Revaluation of assets from associates	6.1	-	-	**6.1**
Effect of hedging instruments	-	-	17.9	**17.9**
Balance on December 31, 2007	8.1	10.1	45.3	**63.5**
Balance on January 1, 2008	8.1	10.1	45.3	**63.5**
Movement cum. valuation reserve:				
- marketable securities	(41.1)	-	-	**(41.1)**
- other financial assets and associates	(2.3)	-	-	**(2.3)**
- interest rate derivatives and other	-	(30.9)	-	**(30.9)**
Translation of foreign subsidiaries and financial fixed assets	-	-	(41.1)	**(41.1)**
Revaluation of assets	7.4	-	-	**7.4**
Effect of hedging instruments	-	-	21.2	**21.2**
Balance on December 31, 2008	(27.9)	(20.8)	25.4	**(23.3)**

Consolidated Statement of Cash Flows

In millions of euros	*Notes*	**2008**	2007
Cash flows from operating activities:			
Profit before taxes		**438.3**	812.8
Depreciation	1,2	**114.5**	103.2
Amortization and impairments	3	**45.1**	22.4
Profit on sale of property, plant and equipment and investment properties	19,20	**(12.3)**	(23.6)
Profit on sale of financial assets	17,18	**-**	(294.3)
(Profit) loss on sale of marketable securities	16	**7.6**	(8.3)
Share in result associates	4,17	**(187.9)**	(179.5)
Interest expense		**53.8**	35.8
		459.1	468.5
Dividend from associates	4	**65.0**	51.0
Changes in working capital	24	**(11.7)**	11.0
Other movements in provisions and deferred taxes		**9.9**	11.6
Cash generated from operations		**522.3**	542.1
Interest paid		**(46.4)**	(44.0)
Income taxes paid		**(66.7)**	(80.9)
Net cash from operating activities		**409.2**	417.2
Cash flows from investing activities:			
Acquisition of associates and subsidiaries, net of cash acquired		**(284.5)**	(229.4)
Acquisition of other intangibles		**(18.0)**	(28.3)
Purchase of property, plant and equipment and investment properties	1,2	**(235.8)**	(174.6)
Divestment of associates		**7.9**	467.3
Divestment of other financial assets		**-**	67.0
Proceeds from sale of property, plant and equipment and investment properties		**35.7**	36.8
Proceeds from sale of assets held for sale		**-**	40.6
Change in marketable securities and deposits, net		**83.1**	(349.5)
Change in other non-current assets		**(6.4)**	16.7
Change in minority interests		**(6.8)**	13.1
Effect of hedging instruments		**19.4**	14.9
Net cash from (used in) investing activities		**(405.4)**	(125.4)
Cash flow from financing activities:			
Change in short-term debt		**50.4**	(54.7)
Change in long-term debt		**126.7**	14.1
Sale of shares HAL Trust		**1.8**	1.6
Dividend paid		**(206.4)**	(200.4)
Net cash (used in) financing activities		**(27.5)**	(239.4)
Increase (decrease) in cash and cash equivalents		**(23.7)**	52.4
Cash and cash equivalents at beginning of year		**183.8**	132.9
Effects of exchange rate changes on opening balance		**0.3**	(1.5)
Cash and cash equivalents retranslated at beginning of year		**184.1**	131.4
Net increase (decrease) in cash and cash equivalents		**(23.7)**	52.4
Cash and cash equivalents at end of year		**160.4**	183.8

The consolidated financial statements presented are those of HAL Trust ('the Trust'), a Bermuda trust formed in 1977. The Trust is listed at the Euronext Amsterdam Stock Exchange.

For the years presented, the Trust's only asset was all outstanding shares of HAL Holding N.V. ('the Company'), a Netherlands Antilles corporation. The financial statements of the Company are part of the consolidated financial statements.

The principal accounting policies adopted by the Company in the preparation of its consolidated financial statements, which are unchanged compared to last year, are set out below:

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of marketable securities and deposits, certain associates and other financial assets and the fair value recognition of derivatives financial instruments. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results ultimately may differ from those estimates. Accordingly, it is reasonably possible that outcomes within the next financial year that are different from the assumptions could have an impact on the carrying amount of the asset or liability affected.

This applies more specifically to pensions, purchase price allocations, deferred taxation, impairment of equity securities and goodwill. The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value calculations. These calculations require the use of estimates.

The Company has adopted in 2008 IFRIC 14, which allows, under certain circumstances, the recognition of previously unrecognized pension plan assets.

Certain new standards, amendments and interpretations to existing standards have been published, which will become effective in future years: IAS 1, 23 and 39 and IFRS 3, 7 and 8. The Company considered the amendments effective in future years and concluded that, if implemented, they would currently not have a significant impact on the consolidated financial statements except for IFRS 8. This new standard defines operating segments in a manner consistent with the internal reporting. The Company has considered the changes involved and will apply them in 2009.

Consolidation

Subsidiaries, which are those companies in which the Company, directly or indirectly, has an interest of more than 50% of the (potential) voting rights and/or otherwise has power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated as from the date the effective control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of the acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange, plus costs directly attributable to the acquisition. Identifiable assets and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets is recorded as goodwill.

Intercompany transactions, balances and unrealized results on transactions between group companies have been eliminated. Where necessary, the financial statements of subsidiaries have been changed to ensure consistency with the policies adopted by the Company. Minority interests are disclosed separately.

The Company's interest in jointly controlled entities are accounted for by proportionate consolidation.

A list of the Company's principal subsidiaries is set out on page 50.

Foreign currencies

(a) Functional and presentation currency: items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

(b) Transactions and balances: foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in shareholders' equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities classified as other financial assets or marketable securities, are included in the cumulative valuation reserve in shareholders' equity.

(c) Company's subsidiaries: the results and financial position of all the Company's subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction);
(iii) all resulting exchange differences are recognized as a separate component of shareholders' equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Financial assets

The Company classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at initial recognition.

Loans and receivables:
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
(a) those that the Company intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
(b) those that the Company upon initial recognition designates as available for sale; or
(c) those for which the holder may not recover substantially all of its initial investment and which shall be classified as available for sale.

Available for sale financial assets:
These are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables.
Fair value of financial assets and liabilities approximates their carrying amount, unless otherwise disclosed.

Reference is made to pages 51 and 52 which provides information relating to estimated value of the investment portfolio.

Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

(a) its value changes in response to the change in other variables such as a specified interest rate or a foreign exchange rate;
(b) it requires no initial net investment or an initial net investment that is significantly smaller than the value of the underlying notional amount; and
(c) it is settled at a future date.

Derivatives are initially recognized at fair value (external valuation performed by financial institutions or other valuation techniques) on the date a derivative contract is entered into, and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The Company designates certain derivatives as either: (1) hedges of highly probable forecast transactions (cash flow hedges); or (2) hedges of net investment in foreign operations (net investment hedge). The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

(a) Cash flow hedge: the highly effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in shareholders' equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in shareholders' equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when the projected transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a liability, the gains and losses previously deferred in shareholders' equity are transferred from shareholders' equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in shareholders' equity at that time remains in shareholders' equity and is recognized when the projected transaction is ultimately recognized in the income statement. When a projected transaction is no longer expected to occur, the cumulative gain or loss that was reported in shareholders' equity is immediately transferred to the income statement.

(b) Net investment hedge: hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in shareholders' equity; the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gains and losses accumulated in shareholders' equity are included in the income statement when the foreign operation is (completely or partially) disposed of.

(c) Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement.

The fair value of various derivative instruments used for hedging purposes are disclosed in the notes of these financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Property, plant and equipment and investment properties

Land and buildings comprise mainly factories, warehouses, retail and wholesale outlets, office and apartment buildings. All property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. Market valuations are performed internally for the Company's real estate operation and are subject as well to a valuation every three years by independent external valuation experts.

Depreciation is calculated using the straight line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

Buildings	20-50 years
Vessels	25 years
Equipment	2-12 years

Useful lives and residual values are reviewed and, if required, changed annually.

Land is not depreciated as it is deemed to have an indefinite life.

Whenever the carrying amount of an asset is greater than its estimated recoverable amount it is subject to an impairment charge immediately so that the value of the asset does not exceed its recoverable amount.

Gains and losses on disposal of property, plant and equipment and investment properties are determined by reference to their carrying amount and are taken into account in determining net income.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets and liabilities of the acquired investment in an associate or consolidated subsidiary at the date of obtaining control.

Goodwill is subject to an annual impairment test. It is carried at cost less accumulated impairment losses and accumulated amortization. If an impairment is recognized, it is not reversed in subsequent periods. Goodwill is allocated to groups of cash-generating units (CGU's) for the purpose of impairment testing.

Negative goodwill (badwill) arisen as a result of fair-valuing non-monetary assets is included in the income statement.

Rights of use and key money
Right of use is considered an identified intangible asset when it is separable and arises from contractual and legal right. This intangible asset is assumed to have an indefinite life as right of use can be renewed and resold. Therefore it is subject to an annual impairment test. Rights of use and key money in other situations are considered prepaid rent and recognized over the period of rental as operational leases.

Trademarks
The valuation of trademarks acquired in a business combination is based on the relief from royalty approach and is being amortized over its useful life on a straight line basis with no residual value.

Franchise contracts
The valuation of franchise contracts acquired in a business combination is based on the present value of estimated discounted future cash flows and is being amortized on a straight line basis over its useful life.

Computer software
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortized over their estimated useful lives (3 to 5 years).
Costs associated with developing and maintaining computer software are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding 3 years).

Waived rentals
Waived rental payments are capitalized on the basis of a discounted present value cash flow analysis and amortized over the related contract period on a straight line basis with no residual value.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. For quoted associated, the Company has made use of publicly available information.

The Company's investment in associates includes goodwill (net of any accumulated impairment loss and accumulated amortization) identified on acquisition. The Company's share of its associates' post-acquisition profits or losses is recognized in the income statement and its share of post-acquisition movement in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Significant unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Significant unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When an associate is disposed of, the gain/loss on disposal also includes any unrealized foreign exchange difference deferred in shareholders' equity (translation reserve) which becomes realized.

When a cash dividend is received from an associate, the carrying value of the investment is decreased by the same amount.

A list of the Company's principal associates is set out on page 50.

Other financial assets and marketable securities

Other financial assets are non-derivatives. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. They include equity interests up to 20% and equity interests in excess of 20% over which the Company has no significant influence.

Purchases and sales of investments are recognized on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs. They are derecognized when the rights to receive cash flows from them have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Other financial assets and marketable securities are subsequently carried at fair value. Quoted interests are accounted for at market value based upon stock exchange quoted selling prices at the close of business on the balance sheet date. Unrealized appreciation and diminution in value are recorded in other reserves in shareholders' equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are reported at cost.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value – is removed from shareholders' equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment losses, if any, are charged to the income statement. On disposal of an investment, the difference between the net disposal proceeds and its cost (less any impairment losses) is charged or credited to net income.

Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Additions to and releases from the provision are recognized in the income statement.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in first-out (FIFO) method or the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. A provision is established when the net realizable value of any inventory is lower than the value calculated above.

Other current assets

Other current assets include prepayments relating to the following year and income relating to the current year which will not be received until after the balance sheet date. These receivables are expected to be collected within twelve months from the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances which are available on demand. In the balance sheet, bank overdrafts are included in short-term debt. Short-term time deposits are classified as marketable securities and deposits.

Minority interests in consolidated subsidiaries

Third Party interests in consolidated subsidiaries are recorded at their share in the net asset value of the respective subsidiary, calculated in accordance with the accounting policies as specified in these financial statements. They are determined based on the fair values upon acquisition of the acquirees.

Provisions

Provisions are recognized if the Company and its subsidiaries have a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Pension obligations

The Company and its subsidiaries operate a number of defined benefit and defined contribution plans, the assets of which are generally held in separately administered funds. The pension plans are generally funded by payments from employers and employees. For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular costs over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans every year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government and corporate securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses are spread forward over the average remaining service lives of employees, only to the extent that their net cumulative amount exceeds 10% of the greater of the present value of the obligation or of the fair value of the plan assets. The Company's and its subsidiaries' contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate.

Long-term and short-term debt

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Short-term debt is due within a maximum period of one year, unless the Company has an unconditional right to defer settlement until at least twelve months after balance sheet date. Interest expense related to this debt is reported as Interest expense in the income statement.

Revenue

Sales are recognized at fair value upon delivery of products or performance of services, net of sales taxes and discounts, in the accounting period in which they occurred. If sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale. Intercompany sales are eliminated.

(a) Sales of goods – wholesale: sales of goods are recognized when a Company's entity has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
(b) Sales of goods – retail: sales of goods are recognized when a Company's entity delivers a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction.
(c) Sales of services: sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.
(d) Earnings from marketable securities and deposits: this includes realized capital gains (losses), impairment losses, interest, dividends and management fees. Realized capital gains (losses) are calculated on an average cost basis.

Interest is recorded using the effective interest rate method and on an accrual basis. Dividends are recorded when the right to receive payment is established.

Earnings from real estate activities

Earnings from real estate activities include rental income less related operation costs (excluding depreciation). The earnings also include realized results on the sale of real estate assets. Rental income is recorded on a straight line basis over the lease term.

Deferred income taxes

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 carrying amounts in the consolidated financial statements.
Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet data and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term debt. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases are charged to income on a straight line basis over the lease term.

Research and development

Research and development costs are charged to income in the year in which they are incurred. Costs incurred on development projects (i.e. internally developed software) are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and costs can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs with a finite useful life that have been capitalized are amortized from the commencement of the commercial production of the product on a straight line basis over the period of its expected benefit, not exceeding five years.

Related-party transactions

The related-party transactions concern the compensation of the members of the Executive Board and Board of Supervisory Directors.

Segmentation

Segmental information is based on two segment formats: the primary format reflects the Company's operations, whereas the secondary format is related to the geographical areas in which the Company operates. The primary segment format is divided into three segments: investments, real estate and liquid portfolio. The investment segment includes consolidated subsidiaries, associates and other financial assets. The secondary segment format is divided into three geographical areas: Europe, U.S.A. and other countries.

Financial risk management

Principles of financial risk management:

The Company is exposed to credit risk, liquidity risk and market risk. Market risk is primarily related to movements in exchange rates, interest rates and the market value of investments in equity securities. Financial risk management activities are carried out both on a central level as well as on the level of individual subsidiaries. For managing these risks the Company uses both derivative and non-derivative financial instruments. Derivatives are exclusively concluded for economic hedging of open positions and not for trading or speculative purposes.

Credit risk

The Company is exposed to credit risk from its operating and investing activities. Credit risk from operating activities arises from the possibility that customers may not be able to settle their obligations as agreed, which can affect both outstanding receivables and committed transactions. This risk is monitored and managed on the level of each subsidiary and provisions for impairment are recorded when necessary. The Company is not exposed to any significant concentration of credit risk in its sales or receivables.

In addition, the Company is exposed to credit risk with respect to financial instruments and liquid assets. This risk consists of the loss that would arise should the counterparty fail to meet its contractual obligations. The aim is to mitigate this risk by only concluding transactions with counterparties that have a strong credit rating. At the end of 2008, the liquid assets amounted to € 559 million of which □ 344 million was part of the corporate liquid portfolio. This portfolio consisted mainly of short term time deposits. These deposits were held at banks with an S&P credit rating varying from A/ A-1 to AAA/ A-1+. The weighted average credit rating was AA/A-1+.

The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated to financial instruments. The approach to manage liquidity is to ensure, as far as possible, that there will always be sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The total bank debt as at December 31, 2008 amounted to □ 1,011 million. For 97% of the bank debt, the applicable covenants were complied with. The only breach in covenant relates to one consolidated subsidiary and has no cross default effects. The long-term debt involved was reclassified as short-term.

At the end of 2008, the net debt position, consisting of short and long-term bank debt less cash and cash equivalents and marketable securities and deposits, amounted to □ 281 million (2007: □ (70) million). This net debt position represents a ratio of 0.6 (2007: (0.1)) when compared to the operating result before depreciation and amortization and earnings from associates. In addition, at the end of 2008, unused credit facilities were available to an amount of □ 520 million (2007: □ 750 million) of which □ 200 million was committed by banks for a period exceeding one year.

The Company's contractually agreed (undiscounted) repayments of financial liabilities are shown in the table below.

In millions of euros

At Dec. 31, 2008	2009	2010	2011-2013	>2013
Long-term debt	-	252.0	270.4	68.1
Short-term debt	420.1	-	-	-
Interest on long term debt	23.9	24.0	25.5	10.3
Finance leases	1.3	1.3	1.0	0.3
Accounts Payable	279.9	-	-	-
	725.2	277.3	296.9	78.7

Short-term debt includes □ 230 million of bank loans drawn under a facility maturing in February 2012.

In millions of euros

At Dec. 31, 2007	2008	2009	2010-2012	>2012
Long-term debt	-	24.4	332.6	96.4
Short-term debt	358.7	-	-	-
Interest on long term debt	21.6	19.5	34.8	2.1
Finance leases	1.4	1.3	1.4	0.5
Accounts Payable	265.2	-	-	-
	646.9	45.2	368.8	99.0

Short-term debt includes □ 210 million of bank loans drawn under a facility maturing in February 2012.

The contractually agreed (undiscounted) cash flows for derivatives that settle on a gross basis and represented a liability as of the end of the year are shown in the table below.

In millions of euros

At Dec. 31, 2008	2009	2010	2011-2013	>2013
Forward Foreign Exchange contracts				
Outflow	149.1	-	-	-
Inflow	148.8	-	-	-

In millions of euros

At Dec. 31, 2007	2008	2009	2010-2012	>2012
Forward Foreign Exchange contracts				
Outflow	-	-	-	-
Inflow	-	-	-	-

Market risk

Currency risk
The main currency risk for HAL is the translation risk arising from the conversion of the results and balance sheet items into euros.

Translation risk arising from the conversion of balance sheet items into euros.

The major currency translation risks are related to changes in value of the U.S. dollar and the British Pound. At the end of 2008, the net assets denominated in U.S. dollars amounted to $ 202 million (□ 145 million) (2007: $ 212 million (€ 145 million)). The currency exposure with respect to these investments was almost fully hedged by forward exchange contracts. Net assets denominated in British Pound amounted to GBP 110 million (€ 115 million) as of December 31, 2008 (2007: GBP 120 million (□ 163 million)). This risk is hedged for 90% by forward exchange contracts. Barring unforeseen circumstances, the Company intends to continue this hedging policy.

The Company also has an exposure to Japanese Yen of € 27 million. This exposure is fully hedged by forward exchange contracts.

Currency translation risk also exists with respect to North and East European, South American and Asian currencies as well as the Swiss Franc. At the end of 2008, the book value of the net assets denominated in these currencies amounted to □ 250 million (2007: □ 138 million). This currency risk is unhedged. In 2008, the decrease in value of these currencies resulted in an unrealized loss of □ 17 million. This loss was recorded in the cumulative currency translation reserve. A further decrease in value of these currencies by 10% would result in an additional loss of □ 25 million for the year.

Translation risk arising from the conversion of the financial instruments into euros

The financial instruments subject to currency exposure would have been impacted as at December 31, 2008 to exchange rate fluctuations as follows:

Currency pair	Movement	P&L impact	Equity impact
EUR/USD	+10%	-	14.9
EUR/USD	-10%	-	(14.9)
EUR/GBP	+10%	-	10.6
EUR/GBP	-10%	-	(10.6)
EUR/YEN	+10%	3.0	-
EUR/YEN	-10%	(3.0)	-

As at December 31, 2007, the impact would have been:

Currency pair	Movement	P&L impact	Equity impact
EUR/USD	+10%	-	13.8
EUR/USD	-10%	-	(13.8)
EUR/GBP	+10%	-	-
EUR/GBP	-10%	-	-
EUR/YEN	+10%	-	-
EUR/YEN	-10%	-	-

Exposure also exists for other currencies but is deemed immaterial to the Company's financial statements.

The associates also have currency risks. These are not managed by the Company.

Interest rate risk
Fixed income investments are subject to interest rate risk. In view of the very short duration of the portfolio (less than one month), the interest rate risk is limited. If interest rates in 2008 had been 10% higher, the effect on net income for the year would have been approximately € 2 million positive and the effect on equity nil.
In addition, interest rate risk exists with respect to the Company's debt position. Of the □ 1,011 million bank debt outstanding at the end of 2008, € 650 million was at fixed rates for an average period of 3.8 years.

As part of interest rate management, increases in floating interest rates are hedged by the use of interest rate swaps. These swaps are generally included in hedge accounting relationships. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates, where the Company agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amount. These swaps are part of a cash flow hedge relationship. As per year end, interest rates were fixed for 64% (2007: 67%) of the borrowings.

If variable interest rates in 2008 had been 10% higher, the impact on the income statement for the year would have been negative □ 1 million. A change of 10% in interest rates underlying the calculation of the valuation of interest rate swaps would have had an effect on equity of □ 3 million.

Price risk
At the end of 2008, the Company had, as part of the liquid portfolio, investments in equities amounting to □ 171 million (2007: □ 85 million) based on quoted market prices at the balance sheet date. These investments are classified as available for sale. If at December 31, 2008, equity markets would have fallen 10% overall, the portfolio value could have decreased by 10%, which would have resulted in a negative impact of □ 17 million (2007: □ 9 million) in other reserves in shareholders' equity. Potentially the whole or a part of this amount would have required recognition through the income statement as an impairment charge.

Notes to the Consolidated Financial Statements

(All amounts in millions of euros, unless otherwise stated)

1. Property, plant and equipment

Movements for 2007 and 2008 are as follows:

	Land & Buildings	Vessels	Equipment	**Total**
Cost value	296.3	94.3	923.0	**1,313.6**
Accumulated depreciation	(152.3)	(14.6)	(690.3)	**(857.2)**
Book value on Dec.31, 2006	144.0	79.7	232.7	**456.4**
Investments	36.9	42.4	89.1	**168.4**
Consolidations	6.8	-	11.9	**18.7**
Disposals	(5.5)	(13.8)	(13.5)	**(32.8)**
Depreciation	(21.7)	(5.0)	(72.1)	**(98.8)**
Exchange differences	(1.0)	(7.4)	(2.1)	**(10.5)**
Book value on Dec. 31, 2007	159.5	95.9	246.0	**501.4**
Cost value	320.0	109.6	924.4	**1,354.0**
Accumulated depreciation	(160.5)	(13.7)	(678.4)	**(852.6)**
Book value on Dec. 31, 2007	159.5	95.9	246.0	**501.4**
Investments	61.1	42.5	123.7	**227.3**
Consolidations	37.5	-	42.3	**79.8**
Reclassification	15.0	-	(15.0)	**-**
Disposals	(10.0)	(8.5)	(4.9)	**(23.4)**
Depreciation	(24.7)	(7.0)	(77.9)	**(109.6)**
Exchange differences	(6.1)	8.5	(9.0)	**(6.6)**
Book value on Dec. 31, 2008	232.3	131.4	305.2	**668.9**
Cost value	419.0	152.9	1,074.1	**1,646.0**
Accumulated depreciation	(186.7)	(21.5)	(768.9)	**(977.1)**
Book value on Dec. 31, 2008	232.3	131.4	305.2	**668.9**

2. Investment properties

Investment properties are part of the Company's real estate activities.

Movement for 2007 and 2008 are as follows:

	Land & Buildings	Equipment	**Total**
Cost value	87.6	4.4	**92.0**
Accumulated depreciation	(20.3)	(0.9)	**(21.2)**
Book value on Dec.31, 2006	67.3	3.5	**70.8**
Investments	5.9	0.3	**6.2**
Depreciation	(4.1)	(0.3)	**(4.4)**
Exchange differences	(6.5)	(0.3)	**(6.8)**
Book value on Dec. 31, 2007	62.6	3.2	**65.8**
Cost value	85.3	3.2	**88.5**
Accumulated depreciation	(22.7)	-	**(22.7)**
Book value on Dec. 31, 2007	62.6	3.2	**65.8**
Investments	8.0	0.5	**8.5**
Depreciation	(3.9)	(1.0)	**(4.9)**
Reclassification	0.3	(0.3)	**-**
Exchange differences	4.1	(0.9)	**3.2**
Book value on Dec. 31, 2008	71.1	1.5	**72.6**
Cost value	96.6	4.0	**100.6**
Accumulated depreciation	(25.5)	(2.5)	**(28.0)**
Book value on Dec. 31, 2008	71.1	1.5	**72.6**

Valuations of the investment properties are performed every three years by independent external valuation experts and updated internally in subsequent years. The latest external valuations were performed in November and December 2007. These valuations were based on the 'Sales Comparison' and 'Income Capitalization' approach. The Sales Comparison approach uses transactions in similar properties as a reference. The Income Capitalization approach uses a discounted cash flow model.

Based on these 2007 valuations, the estimated value of the investment properties would amount to approximately $ 226 million (€ 162 million). Due to the current economic situation in the United States, there are very few sales transactions with respect to comparable office properties. The real estate market for office properties in the Seattle area is essentially frozen. However, we have requested 3 brokers to provide estimates of value of the investment properties. The average of these estimates indicate a value of $ 151 million (□ 108 million) which represents a decrease of 33%.

3. Intangible assets

Intangible assets consist of:

	2008	2007
Goodwill	**1,076.2**	990.3
Other intangibles	**417.6**	353.9
	1,493.8	1,344.2

Movements for goodwill are as follows:

	2008	2007
Balance on January 1	**990.3**	848.2
Acquisitions	**155.3**	154.6
Disposals	**(3.7)**	(2.6)
Purchase price accounting reclassification	**(19.7)**	-
Impairment	**(22.6)**	(3.7)
Exchange and other adjustments	**(23.4)**	(6.2)
Balance on December 31	**1,076.2**	990.3
Cost value	**1,513.2**	1,404.8
Amortization and impairment	**(437.0)**	(414.5)
Book value on December 31	**1,076.2**	990.3

Investments in associates include goodwill for an amount of □ 26.6 million as follows:

Cost value	221.8
Amortization	(195.2)
	26.6

The acquired goodwill during 2008 can be specified as follows:

Purchase price, net of cash acquired	277.5
Net asset value acquired	(117.5)
Other	(4.7)
Total goodwill acquired	155.3

Major acquisitions

During 2008, the Company acquired optical retail companies located in Chile, Russia, Spain, the United Kingdom and Turkey, as well as additional stores across Europe.

Details are as follows:

Cash paid	129.9
Cash to be paid in future years	1.0
Other	(9.4)
Net asset value acquired	(42.9)
Goodwill	78.6

Details of the net asset value acquired:

Property, plant and equipment	26.7
Long-term assets	43.6
Inventories	20.5
Accounts receivable & others	13.7
Accounts payable and short-term liabilities	(31.7)
Long-term liabilities	(29.9)
Net asset value acquired	42.9

The Company also acquired various hearing aid retail companies in Western Europe.

Details are as follows:

Cash paid	28.3
Cash to be paid in future years	6.7
Net asset value acquired	(8.5)
Goodwill	26.5

Details of the net asset value acquired:

Property, plant and equipment	1.6
Long-term assets	9.7
Inventories	1.9
Accounts receivable & others	2.4
Accounts payable and short-term liabilities	(3.5)
Long-term liabilities	(3.6)
Net asset value acquired	8.5

The Company acquired an Italian manufacturer of High-Pressure Laminate (HPL) products.

Details are as follows:

Cash paid	22.2
Cash to be paid in future years	56.3
Net asset value acquired	(64.3)
Goodwill	14.2

Details of the net asset value acquired:

Property, plant and equipment	49.3
Long-term assets	5.6
Inventories	22.5
Accounts receivable & others	28.4
Accounts payable and short-term liabilities	(19.3)
Long-term liabilities	(22.2)
Net asset value acquired	64.3

The Company also increased its interest in AMB i.t. Holding B.V. from 30% to 100%, and acquired the ChampionChip Group. Both companies, now operating under a holding company named Sports Timing Holding B.V., produce and sell sport identification and timing systems.

Details are as follows:

Cash paid	28.1
Reclassification from associates	4.6
Net asset value acquired	(2.3)
Goodwill	30.4

Details of the net asset value acquired:

Property, plant and equipment	2.1
Long-term assets	4.1
Inventories	3.5
Accounts receivable & others	4.3
Accounts payable and short-term liabilities	(6.1)
Long-term liabilities	(5.6)
Net asset value acquired	2.3

The initial accounting for these acquisitions is provisional.
Last year provisional accounting was adjusted, resulting in a decrease in goodwill of □ 19.7 million and an increase in other intangibles of □ 29.9 million.

Impairment test

Goodwill has been tested for impairment losses at a level that reflects the way the operations are managed and with which the goodwill would naturally be associated.
The recoverable amount of cash generating units is generally determined based on value-in-use calculations. These calculations use cash flow projections covering a five-year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of nil. In certain circumstances, if the economic reality of a specific cash generating units justified it and lead to more accurate estimates, the recoverable amount determined was based on the cash-generating unit's fair value less costs to sell, based on market multiples of sales and earnings before interest and amortisation.

Key assumptions used for value-in-use calculations are as follows:

	Optical retail		Other	
	2008	2007	**2008**	2007
Weighted average increase in sales	**4.4%**	8.6%	**5.2%**	5.5%
Weighted average gross margin	**72.3%**	73.1%	**52.5%**	52.0%
Weighted average after tax discount rate	**9.0%**	9.1%	**10.4%**	10.7%

Goodwill is comprised of the following:

	2008	2007
Pearle Europe B.V.	**480.7**	463.8
GrandVision S.A.	**251.1**	242.9
Other optical retail	**53.8**	47.1
AudioNova International B.V.	**114.6**	83.0
Other	**176.0**	153.5
Total	**1,076.2**	990.3

The result of this process was that the carrying value of goodwill relating to three cash generating units was impaired for a total of □ 22.6 million. In addition, an impairment charge of □ 1 million was recorded on intangible assets with indefinite useful lives. The total impairment of □ 23.6 million is recorded under "amortization intangibles" in the statement of income. The recoverable amount of the cash generating units involved was based on market multiples of sales and earnings before interest and amortisation.

The impairment charge can be detailed as follows:

	2008	2007
Optical retail	**4.2**	3.7
Other	**18.4**	-
Total	**22.6**	3.7

The impairment with respect to optical retailing relates to the operations in China and results primarily from the closure of loss making stores. The impairment with respect to the other activities relates to two operating companies, one in France and one in the Netherlands and is, in general, due to a significant decrease in profitability compared to the expectations when the investments were acquired.

The valuation models include certain assumptions with respect to sales growth and gross margin. If the models included a 2% lower increase in sales or a 2% lower gross margin, and assuming an unchanged cost structure and capital expenditures, the calculations would result in a potential impairment charge of respectively □ 140 million and □ 70 million. A 2% increase in the discount rate would potentially result in an impairment charge of □ 75 million.

If the cash flows beyond the five year period were extrapolated using an estimated growth rate of 2%, the value in use of the cash generating units concerned would increase by □ 145 million.

Movements for other intangibles are as follows:

	Rights of use and key money	Trade-marks	Franchise contracts & other	**Total**
Book value on Jan.1, 2007	149.4	139.2	55.4	**344.0**
Investments	17.8	2.5	8.0	**28.3**
Consolidation	1.4	0.8	-	**2.2**
Amortization	(1.5)	(7.5)	(9.7)	**(18.7)**
Exchange adjustments	(0.1)	(1.4)	(0.4)	**(1.9)**
Book value on Dec. 31, 2007	167.0	133.6	53.3	**353.9**
At Dec.31, 2007				
Cost value	191.5	161.9	104.2	**457.6**
Accumulated Amortization	(24.5)	(28.3)	(50.9)	**(103.7)**
Book value on Dec. 31, 2007	167.0	133.6	53.3	**353.9**
Investments	12.9	0.3	4.8	**18.0**
Consolidation	5.3	41.9	13.0	**60.2**
Purchase price accounting adjustments	2.9	26.3	0.7	**29.9**
Amortization	(2.5)	(10.1)	(9.9)	**(22.5)**
Exchange adjustments	(2.8)	(15.2)	(3.9)	**(21.9)**
Book value on Dec. 31, 2008	182.8	176.8	58.0	**417.6**
At Dec.31, 2008				
Cost value	209.8	215.7	118.8	**544.3**
Accumulated amortization	(27.0)	(38.9)	(60.8)	**(126.7)**
Book value on Dec. 31, 2008	182.8	176.8	58.0	**417.6**

Trademarks are valued using a 3% royalty rate and are amortized over 15-25 years on a straight line basis with no residual value.
Franchise contracts are discounted at 12.5% and amortized over 15 years on a straight line basis with no residual value.
Waived rental payments are capitalized on the basis of a present value cash flow analysis discounted at 15%. They are amortized over the average lease term, on a straight line basis with no residual value.

4. Investments in associates

The composition of the investments in associates is as follows:

	2008	2007
Publicly traded	**727.6**	632.2
Other	**100.4**	105.1
	828.0	737.3

Movements are as follows:

	2008	2007
Book value on Jan. 1	**737.3**	743.6
Investments	**7.0**	67.7
Disposals	**(7.9)**	(217.7)
Share in results	**187.9**	179.5
Dividends	**(65.0)**	(51.0)
Revaluation of assets	**1.2**	6.1
Movement valuation difference	**(2.2)**	(7.9)
Reclassification	**(9.6)**	-
Exchange adjustments and effect of financial instruments	**(20.7)**	17.0
Book value on Dec. 31	**828.0**	737.3

The effect of the purchase of the controlling interests in Lensmaster and AMB is included in the line “Reclassification” as these entities are now fully consolidated.

Share in results is after tax and minority interest of associates.

The difference between the market value of the Company’s share in its publicly traded associates and the book value including goodwill is as follows:

	2008	2007
Market value	**1,260.6**	2,295.1
Book value	**(727.6)**	(632.2)
	533.0	1,662.9

At December 31, 2008, a total goodwill of □ 26.6 million (2007: □ 32.6 million) was included in the amount above. In 2008 □ 6.3 million was transferred to goodwill.

The Company’s financial summary of its main associates is as follows:

	Vopak	Boskalis	**Total**
2008			
Assets	2,634.3	2,551.4	**5,185.7**
Liabilities	1,625.3	1,683.7	**3,309.0**
Revenues	923.5	2,093.8	**3,017.3**
Profit/(losses)	212.0	249.1	**461.1**
% interest held	47.74%	31.75%	
2007			
Assets	2,133.1	2,200.1	**4,333.2**
Liabilities	1,253.2	1,423.3	**2,676.5**
Revenues	853.0	1,868.5	**2,721.5**
Profit/(losses)	181.1	204.4	**385.5**
% interest held	47.74%	31.75%	

All of the above associates are incorporated in the Netherlands.
A list of the Company’s principal associates is included on page 50.

Investments in associates include interests in five private equity partnerships for a total amount of □ 27 million (2007: □ 28 million).

5. Other financial assets

Movements are as follows:

	2008	2007
Book value on Jan. 1	**0.3**	66.9
Disposals	**(0.3)**	(19.2)
Exchange differences		(0.1)
Movement valuation difference	**-**	(47.3)
Book value on Dec. 31	**-**	0.3
Non-current	**-**	0.3
Current	**-**	-
	-	0.3

6. Other non-current assets

	2008	2007
Loans to associates	**8.9**	4.4
Other loans	**32.9**	40.4
Long-term deposits	**11.7**	15.5
Long-term receivables	**6.0**	4.9
Other	**14.9**	16.7
	74.4	81.9

The loans to associates bears interest ranging from 6% to 7% with a remaining duration of three to seven years.

7. Marketable securities and deposits

The specification is as follows:

	2008	2007
Time deposits and other receivables	**397.9**	612.7
Other fixed income securities	**0.4**	0.7
Equity securities	**171.4**	84.6
	569.7	698.0

The Company determined that the fair value of some equity securities had become lower than their cost price. Accordingly, an impairment of □ 22.3 million was recognized (2007: □ 0.0 million).

The analysis by segment as described on page 30 of the *'Time deposits and other receivables'* is as follows:

	2008	2007
Investments	**54.5**	19.2
Liquid portfolio	**343.4**	593.5
	397.9	612.7

The summary by currency of the *'Time deposits and other receivables'* is as follows:

	2008	2007
U.S. dollar	**13.9**	20.0
Euro	**382.6**	591.2
Other currencies	**1.4**	1.5
	397.9	612.7

On December 31, 2008, the average current yield of the time deposits and bonds denominated in U.S. dollars was 1.6% (2007: 4.6%) and those denominated in euros 2.1% (2007: 4.1%). All deposits are highly liquid.

The geographical allocation of the *'Equity securities'* is as follows:

	2008 %	2007 %
North-America	**19**	46
Europe	**58**	15
Other	**23**	39
	100	100

Realized gains (losses), impairment losses, interests, dividends and management fees are included in the line *'Earnings from marketable securities and deposits'* in the income statement.

8. Receivables

	2008	2007
Trade receivables	**331.5**	323.9
Allowance for doubtful receivables	**(18.6)**	(18.9)
	312.9	305.0

The ageing of these receivables is as follows:

	2008	2007
Up to 3 months	**280.9**	288.3
Between 3 and 6 months	**23.4**	17.0
Between 6 and 9 months	**10.2**	6.0
Over 9 months	**17.0**	12.6
	331.5	323.9

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The ageing analysis of the trade receivables that are past due but not impaired is as follows:

	2008	2007
Up to 3 months	**68.9**	67.9
Between 3 and 6 months	**11.3**	7.6
Between 6 and 9 months	**4.3**	2.2
Over 9 months	**6.7**	3.4
	91.2	81.1

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	2008	2007
Euro	**264.6**	260.7
U.S. dollar	**7.1**	7.7
British Pound	**20.2**	18.1
Other	**39.6**	37.4
	331.5	323.9

Movements on the provision for impairment of trade receivables are as follows:

	2008	2007
Book value on Jan. 1	**(18.9)**	(16.2)
Additions	**(8.8)**	(6.4)
Current year write-off	**7.7**	2.7
Releases	**1.4**	1.0
Book value on Dec. 31	**(18.6)**	(18.9)

9. Inventories

The composition of the inventories is as follows:

	2008	2007
Raw materials	**39.0**	25.1
Work in progress	**22.7**	19.6
Finished goods	**357.1**	307.7
Provisions	**(39.2)**	(30.4)
	379.6	322.0

The cost of inventory recognized as expense amounts to □ 1,311.6 million (2007: □ 1,178.0 million). The total write-down of inventories recognized as expense amounts to € 6.0 million (2007: □ 2.6 million).

10. Other current assets

The composition of the other current assets is as follows:

	2008	2007
Prepaid vendors	**34.7**	15.9
Other receivables	**83.5**	88.5
Value added tax	**19.2**	16.7
Forward contracts	**3.8**	0.7
Receivables from franchisees	**25.4**	9.2
Income tax receivable	**17.6**	0.5
	184.2	131.5

Other receivables include prepaid rent, key money and all other current assets not included in the other categories above.

11. Provisions

Provisions consist of:

	2008	2007
Pension obligations	**13.8**	20.1
Other	**51.7**	43.5
Total	**65.5**	63.6

The movement in the pension provision is disclosed in note 12.

The movement in other provisions is as follows:

	2008	2007
Balance on January 1	**43.5**	31.8
Provisions made in the year	**25.3**	21.7
Amounts used	**(12.5)**	(8.9)
Exchange differences	**(4.6)**	(1.1)
Balance on Dec. 31	**51.7**	43.5

Other provisions refer to warranties, fiscal and regulatory risks, onerous contracts and other risks. The current portion of the 'other' provisions amounts to □ 42.4 million and the non-current to □ 9.3 million.

12. Pension obligations

The Company and its subsidiaries have established a number of pension and early retirement schedules. The schemes are either funded or unfunded. The assets of the funded plans are held independently of the Company's and its subsidiaries' assets in separately administrated funds. These schemes are valued by independent actuaries every year, using the 'projected unit credit' method.

The latest actuarial valuation was carried out as of December 31, 2008.

The amounts recognized in the balance sheet are as follows:

	2008	2007
Present value of funded obligations	**268.5**	270.4
Fair value of plan assets	**298.0**	289.1
	(29.5)	(18.7)
Unrecognized actuarial results	**9.3**	17.7
Present value of unfunded obligations	**34.0**	21.1
Net liability in the balance sheet	**13.8**	20.1

The net liability consists of defined benefit assets of □ 59 million (2007: □ 30 million) and defined benefit liabilities of € 72.8 million (2007: □ 50.1 million).

The amounts recognized in the income statement are as follows:

	2008	2007
Current service costs	**7.4**	10.4
Interest costs	**15.6**	15.0
Expected return on plan assets	**(16.5)**	(14.4)
Actuarial results	**(1.1)**	(0.9)
Plan amendments	**(1.9)**	3.3
Other costs	**13.4**	11.7
Total, included in employee costs	**16.9**	25.1

Movements in the defined benefit obligations are as follows:

	2008	2007
Balance on January 1	**291.5**	328.5
Consolidations	**5.4**	-
Service cost	**7.4**	10.4
Interest cost	**15.6**	15.0
Employee contributions	**4.3**	3.9
Actuarial results	**(2.4)**	(36.2)
Plan amendments	**(2.1)**	(9.8)
Benefits paid	**(14.1)**	(14.5)
Reclassification	**-**	(4.1)
Exchange effect	**(3.1)**	(1.7)
Balance on Dec. 31	**302.5**	291.5

Movements in the plan assets are as follows:

	2008	2007
Balance on January 1	**289.1**	275.2
Restatement of pension asset	**-**	24.7
Balance on January 1, as restated and revised	**289.1**	299.9
Expected return on plan assets	**16.5**	14.4
Employer contributions	**16.2**	6.2
Employee contributions	**4.3**	3.9
Actuarial results	**(10.8)**	(6.3)
Plan amendments	**(0.2)**	(13.1)
Benefits paid	**(14.1)**	(14.5)
Exchange effect	**(3.0)**	(1.4)
Balance on Dec. 31	**298.0**	289.1

The restatement of pension asset relates to a pension asset previously not recognized but recognized as of January 1, 2007 in accordance with the interpretation of IAS 19 as set out in IFRIC 14.

The actual return on plan assets was □ 5.7 million (2007: □ 8.1 million).

The Company expects to contribute € 15.6 million to defined benefit plans in 2009.

The principal – weighted average – assumptions used were:

	2008	2007
Discount rates	**5.48%**	5.40%
Inflation rates	**2.03%**	2.01%
Expected returns on plan assets	**5.45%**	5.93%
Future salary increases	**3.18%**	2.77%
Future benefits increases	**1.92%**	1.87%

Mortality tables used were the latest available.

Plan assets include the following:

As of December 31, 2008

Equities	**68.9**	23.1%
Debt instruments	**175.7**	59.0%
Other	**53.4**	17.9%
	298.0	100.0%

As of December 31, 2007:

Equities	86.3	29.9%
Debt instruments	148.8	51.5%
Other	54.0	18.6%
	289.1	100.0%

Other assets mainly include short term deposits.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity reflect expected long-term rates of return.

Experience adjustments for the current and previous four periods are as follows:

	2008	2007	2006	2005	2004
Present value of defined benefit obligations	**302.5**	291.5	328.5	358.5	323.4
Fair value of plan assets	**298.0**	289.1	275.2	280.5	262.2
Deficit	**(4.5)**	(2.4)	(53.3)	(78.0)	(61.2)
Actuarial (Gains) losses on pension obligations	**(2.4)**	(36.2)	(31.4)	24.7	19.1
Actuarial Gains (losses) on plan assets	**(10.8)**	(6.3)	(1.0)	9.5	0.6

13. Long-term debt

	2008	2007
Mortgage loans	**129.0**	147.2
Other loans	**461.5**	306.2
	590.5	453.4

The summary per currency is as follows:

	2008	2007
U.S. dollar	**70.7**	62.2
Euro	**496.0**	386.9
Other currencies	**23.8**	4.3
	590.5	453.4

The maturity of the long-term debt is as follows:

	2008	2007
Between 1 and 2 years	**252.0**	24.4
Between 2 and 5 years	**270.4**	332.6
Over 5 years	**68.1**	96.4
	590.5	453.4

Mortgages are secured by pledges on vessels, real estate and receivables with a corresponding book value of □ 274 million. The other loans are secured to an amount of □ 86 million by pledges on machinery and equipment, receivables, inventories and other current assets. These are non-possessory pledges where, in case of default under the mortgage loan agreements, the lender would have the right to resell the vessels or real estate and receive the cash flows from the receivables.

Weighted average interest rate as of December 31, 2008 on the long-term loans was 4.9% (2007: 5.1%).

After taking into account interest rate swaps, the interest rate exposure relating to the long-term debt of the Company and its subsidiaries is as follows:

	2008	2007
Loans at fixed rates	**405.7**	308.6
Loans at floating rates	**184.8**	144.8
	590.5	453.4

14. Deferred taxes

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax entity) during the period is as follows:

Deferred tax liabilities:

	Property, plant and equipment	Inven- tories	Intangi- bles & Other	**Total**
As at Jan. 1, 2007	(4.9)	(11.9)	(86.8)	**(103.6)**
Credit/(charged) to net income	0.3	(0.5)	(8.4)	**(8.6)**
Charged to equity	-	-	(0.8)	**(0.8)**
Other movements	-	-	5.7	**5.7**
As at Dec. 31, 2007	(4.6)	(12.4)	(90.3)	**(107.3)**
Credit/(charged) to net income	(0.9)	(0.6)	1.1	**(0.4)**
Charged to equity	-	-	1.2	**1.2**
Other movements	-	-	(33.9)	**(33.9)**
As at Dec. 31, 2008	(5.5)	(13.0)	(121.9)	**(140.4)**

The current portion of the deferred tax liabilities amounts to □ 3.3 million and the non-current to □ 137.0 million. The other movements include □ 27.7 million related to 2008 and 2007 acquisitions.

Deferred tax assets:

	Derivatives	Goodwill	Other	**Total**
As at Jan. 1, 2007	-	4.6	46.7	**51.3**
Consolidation	-	-	0.3	**0.3**
Credit/(charged) to net income	-	0.5	14.0	**14.5**
Charged to equity	-	-	-	**-**
Other movements	-	-	(5.4)	**(5.4)**
As at Dec. 31, 2007	-	5.1	55.6	**60.7**
Consolidation				
Credit(charged) to net income	0.3	-	(3.0)	**(2.7)**
Charged to equity	-	-	(0.1)	**(0.1)**
Other movements	-	-	14.9	**14.9**
As at Dec. 31, 2008	0.3	5.1	67.4	**72.8**

The current portion of the deferred tax assets amounts to □ 6.1 million and the non-current to □ 66.7 million. The other movements include □ 9.1 million related to 2008 and 2007 acquisitions.

Deferred tax assets with respect to unused tax losses are included in other deferred tax assets. Unused tax losses which were not valued for the purpose of calculating deferred tax assets amounted to □ 259.5 million (2007: □ 236.1 million).

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 tax entity.

The following amounts, determined after appropriate offset, are shown in the balance sheet:

	2008	2007
Deferred tax assets	**49.2**	32.2
Deferred tax liabilities	**(116.8)**	(78.8)
	(67.6)	(46.6)

Deferred income taxes are shown under note 23 as follows:

	2008	2007
Deferred tax liabilities debited / credited to net income	**(0.4)**	(8.6)
Deferred tax assets credited to net income	**(2.7)**	14.5
	(3.1)	5.9

15. Short-term debt

	2008	2007
Bank overdraft	**61.9**	64.2
Bank loans	**312.3**	258.4
Current portion long-term debt	**45.9**	36.1
	420.1	358.7

Loans are secured to an amount of □ 153 million by pledges on machinery and equipment, receivables, inventories and other current assets. These are non-possessory pledges, where in case the Company defaulted under the loan agreements, the lender would have the right to resell the machinery and equipment or inventories and receive the cash flows from the receivables. Short term debt includes loans to an amount of □ 230 million which mature in 2009 but are drawn under a facility expiring in February 2012.

16. Earnings from marketable securities and deposits

	2008	2007
Capital gains (losses) including impairments	**(29.9)**	8.3
Interest income	**27.3**	22.1
Dividends	**3.3**	0.6
Management fees	**(0.9)**	(1.3)
	(0.2)	29.7

Capital gains (losses) for 2008 include an impairment of □ 22.3 million.

17. Earnings from associates

	2008	2007
Share in result	**187.9**	179.5
Capital gains	**-**	246.5
Interest from loans	**1.0**	0.5
	188.9	426.5

18. Earnings (loss) from other financial assets

Earnings from other financial assets in 2007 consisted mostly of capital gains due to the sale of the interest in Kempen & Co. N.V. of □ 47.3 million.

19. Earnings from real estate activities

	2008	2007
Capital gains	**0.5**	3.8
Net rental income	**11.3**	10.7
Operating expenses	**(4.1)**	(4.8)
	7.7	9.7

20. Capital gains on sale of assets

Capital gains on sale of assets (□ 11.8 million), consist of the sale of real estate. The amount involved is pre-tax and pre-minority interests.

21. Employee expenses

	2008	2007
Wages and salaries	**711.0**	634.8
Social security costs	**142.8**	129.2
Pension costs	**16.9**	25.1
Other	**85.3**	77.2
	956.0	866.3

The average number of persons employed by the Company and its subsidiaries during 2008 was 23,921 (2007: 20,279) on a full time equivalent basis.

22. Other operating expenses

Other operating expenses during 2008 include the following:

	2008	2007
Housing	**310.6**	274.1
Marketing and publicity	**138.1**	123.7
Other	**396.4**	301.5
	845.1	699.3

Research and development costs expensed amounted to □ 5.7 million (2007: □ 5.7 million).

The total amount of exchange differences recognized in the income statement (except financial instruments at fair value) amounted to a □ 6.8 million loss (2007: □ 3.2 million loss).

23. Income taxes

Income taxes are calculated based on the tax rates in the countries where the Company and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward.

	2008	2007
Current income taxes	**40.4**	63.1
Deferred income taxes	**3.1**	(5.9)
	43.5	57.2

Income taxes differ from the theoretical amount that would arise using the domestic tax rates applicable to profits of taxable entities in the countries concerned, as follows:

	2008	2007
Tax at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	**109.4**	219.5
Recognition of unused tax losses and temporary differences	**6.1**	(8.6)
Tax-effect on non-deductible expenses and on income not subject to tax	**(71.0)**	(158.9)
Effect of change in tax rate	**-**	3.3
Other	**(1.0)**	1.9
	43.5	57.2

The weighted average applicable tax rate was 25% (2007: 27%).

24. Changes in working capital

Changes in working capital in the consolidated statement of cash flows disregard exchange differences and the effect of acquisitions.

	2008	2007
Accounts receivable	**31.2**	(37.1)
Inventories	**(9.1)**	(11.0)
Other current assets	**(38.5)**	(16.9)
Accounts payable	**(28.8)**	(3.8)
Accrued expenses	**20.7**	70.9
Taxes payable	**12.8**	8.9
	(11.7)	11.0

Segmentation

The composition of the revenues by segment is as follows:

	2008	2007
Investments	**3,773.5**	3,687.5
Real estate	**7.7**	9.7
Liquid portfolio	**(10.8)**	23.2
	3,770.4	3,720.4

The composition of net income by segment is as follows:

	2008	2007
Investments	**393.5**	709.8
Real estate	**1.0**	2.9
Liquid portfolio	**(11.4)**	23.0
	383.1	735.7

The segment *'Investments'* includes the entire amount of intangibles amortization of □ 45.1 million (2007: □ 22.4 million).

The composition of the depreciation by segment is as follows:

	2008	2007
Investments	**109.6**	98.8
Real estate	**4.9**	4.4
	114.5	103.2

The composition of assets by segment is as follows:

	2008	2007
Investments	**4,197.3**	3,655.8
Real estate	**81.2**	68.8
Liquid portfolio	**515.2**	678.8
	4,793.7	4,403.4

The composition of liabilities by segment is as follows:

	2008	2007
Investments	**1,864.4**	1,574.4
Real estate	**27.3**	25.9
Liquid portfolio	**0.3**	0.5
	1,892.0	1,600.8

The composition of capital expenditures by segment is as follows:

	2008	2007
Investments	**227.3**	168.4
Real estate	**8.5**	6.2
	235.8	174.6

The composition of net sales of the consolidated subsidiaries by geographical area is as follows:

	2008	2007
Europe	**3,431.7**	3,125.4
North-America	**31.1**	24.4
Other countries	**99.7**	37.1
	3,562.5	3,186.9

The composition of assets by geographical area is as follows:

	2008	2007
Europe	**4,464.3**	4,115.9
North-America	**130.8**	131.8
Other countries	**198.6**	155.7
	4,793.7	4,403.4

The composition of tangible capital expenditures by geographical area is as follows:

	2008	2007
Europe	**227.3**	168.4
North-America	**8.5**	6.2
	235.8	174.6

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Dec. 31, 2008	Loans and receivables	Available for sale	Derivatives	**Total**
Assets per balance sheet				
Other non-current assets	56.2	-	-	**56.2**
Marketable securities and deposits	-	569.7	-	**569.7**
Other current assets	123.1	-	7.3	**130.4**
Receivables	312.9	-	-	**312.9**
Cash	160.4	-	-	**160.4**
Total	652.6	569.7	7.3	**1,229.6**

Dec. 31, 2008	Liabilities	Derivatives	Total
Liabilities per balance sheet			
Long-term debt	590.5	-	**590.5**
Short-term debt	420.1	-	**420.1**
Finance leases	3.9	-	**3.9**
Accounts payable	271.9	8.0	**279.9**
Total	1,286.4	8.0	**1,294.4**

Dec. 31, 2007	Loans and receivables	Available for sale	Derivatives	Total
Assets per balance sheet				
Other financial assets	-	0.3	-	**0.3**
Other non-current assets	61.7	-	-	**61.7**
Marketable securities and deposits	-	698.0	-	**698.0**
Other current assets	86.0	-	12.9	**98.9**
Receivables	305.0	-	-	**305.0**
Cash	183.8	-	-	**183.8**
Total	636.5	698.3	12.9	**1,347.7**

Dec. 31, 2007	Liabilities	Derivatives	Total
Liabilities per balance sheet			
Long-term debt	453.4	-	**453.4**
Short-term debt	358.7	-	**358.7**
Finance leases	4.6	-	**4.6**
Accounts payable	265.2	-	**265.2**
Total	1,081.9	-	**1,081.9**

Derivative financial instruments

On December 31, 2008 the Company owned open forward exchange contracts to sell U.S. dollars with a fair value of approximately € 0.3 million (2007: □ 0.7 million), a nominal amount of □ 162 million (2007: □ 150 million) and maturing within the next twelve months. The Company also owned open forward exchange contracts to sell British pounds with a fair value of approximately € 1.7 million (2007: € 0.0 million), a nominal amount of □ 115 million (2007: □ 0.0 million) and maturing within the next twelve months. The Company also owned open forward exchange contracts to sell Japanese yens with a fair value of approximately □ 0.1 million (2007: □ 0.0 million), a nominal amount of □ 30 million (2007: □ 0.0 million) and maturing within the next twelve months. The company also owned miscellaneous contracts with a fair value of □ 1.3 million (2007: □ 0.0 million), a nominal amount of □ 9 million (2007: □ 0.0 million) and maturing within the next twelve months.
The total fair value of the above instruments was □ 3.4 million (2007: □ 0.7 million)

These contracts, except for the Japanese yen contracts which are considered a fair value hedge, are included in net investment hedge relationships and are intended to protect the Company against currency risk on its investments in foreign entities and anticipated future cash flows in foreign currencies. In accordance with the accounting policies in respect of derivative financial instruments, the fair value on the forward exchange contracts is recognized as a part of the cumulative currency translation reserve within shareholders' equity. The fair value hedge resulted in a □ 2.5 million gain on the hedging instrument and a □ 2.4 million loss on the hedged item.

As per December 31, 2008, interest on loans to an amount of □ 508 million (2007: □ 460 million) are fixed by means of interest rate swaps. These instruments are intended to protect the Company from rising interest payments on its floating rate borrowings. Fair values on these instruments amounted to □ (4.1) million on December 31, 2008 (2007: □ 12.2 million). This amount is included under other current assets and accrued expenses in the balance sheet. On December 31, 2008 the fixed interest rates of the swaps vary from 2.91% to 6.38% (2007: 3.05% to 6.38%). The Company is mainly exposed to changes in Euribor and Libor. The fair value of these interest rate swaps is recognized as part of the cash flow hedge reserve, as far as they are included in a cash flow hedge relationship, within shareholders' equity and will be released continuously to the income statement until the repayment of the debts.

All hedge accounting relationships are highly effective. For amounts recognized in shareholders' equity and removed from shareholders' equity we refer to the schedule of movements in other reserves on page 21.

Fair value of financial assets and financial liabilities

The table below summarizes the fair value of financial assets and financial liabilities in comparison with their carrying amounts.

	Fair value 2008	Carrying amount 2008	Fair value 2007	Carrying amount 2007
Financial Assets				
Other financial assets	-	-	0.3	0.3
Other non-current assets	56.2	56.2	61.7	61.7
Marketable securities and deposits	569.7	569.7	698.0	698.0
Other current assets	130.4	130.4	98.9	98.9
Receivables	312.9	312.9	305.0	305.0
Cash	160.4	160.4	183.8	183.8
Total	**1,229.6**	**1,229.6**	1,347.7	1,347.7

	Fair value 2008	Carrying amount 2008	Fair value 2007	Carrying amount 2007
Financial Liabilities				
Debt	982.9	1,010.6	812.5	812.1
Finance leases	3.4	3.9	4.2	4.6
Accounts payable	279.9	279.9	265.2	265.2
Total	**1,266.2**	**1,294.4**	1,081.9	1.081.9

The fair value of the financial assets and liabilities has been determined using market prices. When these are not available, discounted cash flow techniques have been used to value these instruments. The discounted cash flow techniques use market interest and exchange rates as input.

The fair value of finance leases has been determined by reference to current market rates for comparable leasing agreements.

Capital risk management

The Company manages its capital to safeguard its ability to continue as a going concern and to provide an adequate return on its invested capital.

The capital structure per December 31 is summarized in the table below.

	2008	2007
Equity	**2,807.5**	2,716.2
Long-term debt	**590.5**	453.4
Short-term debt	**420.1**	358.7
Cash and cash equivalents	**(160.4)**	(183.8)
Total capital employed	**3,657.7**	3,344.5

Related-party transactions

Short-term and post-employment benefits for the Executive Board amounted to € 2.0 million (2007: □ 2.6 million) and □ 0.4 million (2007: □ 0.4 million) respectively.
The Supervisory Board approved in 2006 a one time allotment of 50,000 shares HAL Trust to Mr. M.F. Groot, member of the Executive Board, under the condition precedent that he is still employed with the Company on April 1, 2011. The shares then granted will be restricted for a five year period. In this respect € 0.6 million (2007: □ 0.6 million) was charged to the income statement.

The fixed remuneration for the Supervisory Directors of HAL Holding N.V. paid during 2008 in accordance with Art. 23 (5) of the Articles of Incorporation of HAL Holding N.V. was □ 0.1 million (2007: □ 0.1 million) in total.

The compensation payable to the Board of Supervisory Directors pursuant to Article 30 (1) of the Articles of Incorporation of HAL Holding N.V. is □ 0.5 million (2007: □ 0.9 million) which was limited to □ 0.3 million (2007: □ 0.4 million) by the Supervisory Board. Accordingly, the total 2008 compensation for the Supervisory Board amounted to □ 0.4 million (2007: □ 0.5 million)

Off-Balance Sheet Commitments

Capital commitments

On December 31, 2008 the Company and its subsidiaries had capital commitments in respect of buildings under construction of approximately € 19.4 million (2007: € 11.9 million).

Leases of assets under which all the risks and benefits of ownership are not retained by the lessor but are transferred to the lessee are classified as finance leases. They are capitalized as assets with the corresponding debts as liabilities.

Movements are as follows:

	2008	2007
Cost at beginning of the year	**31.4**	51.2
Acquisition	**1.3**	0.3
Disposals	**(5.7)**	(20.1)
Subtotal	**27.0**	31.4
Accumulated depreciation at beginning of the year	**(26.6)**	(44.5)
Disposals	**5.5**	19.4
Depreciation	**(1.5)**	(1.5)
Subtotal	**(22.6)**	(26.6)
Book value at Dec. 31	**4.4**	4.8

Minimum lease payments of the finance lease liabilities:

	2008	2007
No later than 1 year	**1.3**	1.4
Later than 1 year and no later than 2 years	**1.3**	1.3
Later than 2 years and no later than 5 years	**1.0**	1.4
Later than 5 years	**0.3**	0.5
Subtotal	**3.9**	4.6
Future finance charges	**(0.5)**	(0.4)
Present value of liability	**3.4**	4.2

The present value of the finance lease liabilities is as follows:

	2008	2007
No later than 1 year	**1.1**	1.3
Later than 1 year and no later than 2 years	**1.2**	1.3
Later than 2 years and no later than 5 years	**0.8**	1.1
Later than 5 years	**0.3**	0.5
Total	**3.4**	4.2

Financial commitments

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

The future minimum lease payments under non cancellable operating leases and other commitments are as follows:

	2008	2007
No later than 1 year	**232.1**	198.5
Later than 1 year and no later than 5 years	**663.5**	567.7
Later than 5 years	**230.2**	171.2
Total	**1,125.8**	937.4

The Company and its subsidiaries entered into various commitments to acquire minority and majority interests. On December 31, 2008 the total estimated amount of these commitments was □ 21 million (2007: □ 90 million).

List of Principal Investments

as at December 31, 2008

(Interest = 100%
unless otherwise stated)

Consolidated:

HAL Holding N.V., Curaçao
HAL International N.V., Curaçao
HAL International Investments N.V., Curaçao
HAL Investments N.V., Curaçao
HAL Real Estate Investments Inc., Seattle
HAL Investments B.V., Rotterdam
HAL Optik A.S., Istanbul
Sports Timing Holding B.V., Haarlem
Mercurius Groep B.V., Wormerveer
GrandVision S.A., Paris (99.7%)
Pearle Europe B.V., Schiphol (98.2%)
Broadview Holding B.V., s-Hertogenbosch (97.4%)
AudioNova International B.V., Rotterdam (95.8%)
Intersafe Trust B.V., Dordrecht (95.5%)
Orthopedie Investments Europe B.V., Haarlem (89.0%)
Lensmaster, Moscow (81.0%)
Koninklijke Ahrend N.V., Amsterdam (80.0%)
Shanghai Red Star Optical Co. Ltd., Shanghai (78.0%)
Flight Simulation Company B.V., Schiphol (70.0%)
Anthony Veder Group N.V., Curaçao (64.2%)
Delta Wines B.V., Waddinxveen (63.0%)
PontMeyer N.V., Zaandam (57.9%)

Associates:

	Interest	**Exchange**
Publicly traded		
Koninklijke Vopak N.V. (ordinary shares)	47.74%	Amsterdam
Koninklijke Boskalis Westminster N.V.	31.75%	Amsterdam
Other		
FD Mediagroep B.V.	46.80%	
N.V. Nationale Borg-Maatschappij	47.50%	
Sover Optica Shops S.r.l.	33.33%	
Visilab S.A.	30.00%	
Navis Capital Partners Ltd.	25.00%	
InVesting B.V.	12.10%	

Information relating to estimated value of the investment portfolio of HAL Holding N.V.

as at December 31, 2008

General

This enclosure provides additional information about the investment portfolio of HAL Holding N.V. ('HAL'). This information relates to the consolidated subsidiaries, the investments in associates and the other investments.

For the purpose of this enclosure, book value includes goodwill and loans to the investee companies. Amounts denominated in foreign currencies have been translated at year-end exchange rates.

We emphasize that, especially with respect to non-quoted investments, the estimated value is based upon a number of assumptions. Values as realized upon sale of an investment can be materially different from these estimates.

Portfolio valuation methodology

The valuation of HAL's portfolio for this disclosure is arrived at using a systematic process. The aim is to value the portfolio as a whole on a prudent and consistent basis.

Quoted investments

Quoted investments are valued at the closing price on the balance sheet date. In certain circumstances, for example in case of trading restrictions, an appropriate discount may be applied.

Unquoted common equity investments

Unquoted investments are valued subject to overriding requirements of prudence, according to one of the following basis:

- Cost (less any provisions required);
- Recent transactions in the investee company;
- Earnings multiple;
- Other.

Cost

New investments are generally valued at cost during the first 12 months or, if later, until the availability of the first set of audited financial statements post completion of the acquisition. However, provisions against cost will be made if the performance of the investment is significantly below the expectations on which the acquisition was based.

After this initial period, investments can also remain valued at cost in the following situations:

- If an investment is loss-making and therefore the use of an earnings multiple does not seem appropriate, an investment is valued at cost less a provision in case of a possible diminution of value.
- If comparable quoted companies are not primarily valued on an earnings basis, an investment is valued at cost including any adjustments deemed appropriate.

Recent transactions in the investee company

In case of a recent significant and at arm's length share transaction in an investee company, the share price involved in this transaction is used to value the investment.

Earnings multiple

In all other circumstances investments are valued on an earnings basis using the following method:

The EBITA (Earnings Before Interest, Tax and Amortization) of the current year is used, adjusted for non-recurring items when appropriate. The estimated value of the common equity of the investee company is determined by multiplying the (adjusted) EBITA with a multiple and subtracting the net debt and preferred shares of the investee company. The following factors may, among other things, be considered when selecting multiples:

- the multiple paid at the time of the investment;
- the multiples HAL generally would be prepared to pay for comparable investments;

- multiples of a meaningful sample of comparable quoted companies. When referring to multiples of comparable companies, a discount of at least 25% is taken into account for limited marketability, unless there is a strong possibility of a short-term realization.

Unquoted other investments

Unquoted preferred shares and loans to investee companies are generally valued at cost unless the investee company has failed or is expected to fail its payment obligations within the next 12 months. In these circumstances, these assets are valued at the lower of cost and net realizable value.

Valuation investments

	Book Value	Estimated Value	Cost price
Quoted investments	727.6	1,260.6	251.0
Unquoted investments	1,424.3	2,598.0	911.3
	2,151.9	3,858.6	1,162.3
Unquoted investments:			
Value based on a multiple of EBITA	1,172.1	2,322.2	576.2
Value based on recent transactions	38.6	45.7	37.2
Valued at cost less provisions	139.1	130.9	207.7
Valued at other methods	74.5	99.2	90.2
	1,424.3	2,598.0	911.3

Cost price represents the original purchase price, less dividends, interest received and return of capital. The EBITA multiples applied vary from 7 to 8. With respect to the optical retail activities, a multiple of 8 was applied to an EBITA amount of € 279 million. Recent acquisitions were valued at cost. Realized multiples may be materially different.

Quoted investments

	Interest in common shares	Price per share in €	Market value in € x 1,000
Koninklijke Vopak N.V.			
- ordinary shares	47.74%	27.00	804.9
- preferred shares			3.6*
Koninklijke Boskalis Westminster N.V.	31.75%	16.60	452.1
Total market value quoted investments			1,260.6

*Non-quoted at cost

No discount was applied to the above market prices.

Balance Sheet
HAL Trust

as at December 31

In millions of euros	**2008**	2007
Assets		
63,686,850 shares in HAL Holding N.V., at historical cost	**69.3**	69.3
Trust Property	**69.3**	69.3

Statement of Income
HAL Trust

In millions of euros	**2008**	2007
Dividend received from HAL Holding N.V.	**207.0**	200.6
Net Income	**207.0**	200.6

Notes to the parent entity Financial Statements *(in millions of euros)*

The shares in HAL Holding N.V. are accounted for at historical cost.

Trust Property
The movement for 2008 for the Trust Property is as follows:

Balance on January 1, 2008	**69.3**
Dividend received from HAL Holding N.V.	**207.0**
Distributed to Unit Holders	**(207.0)**
Balance on December 31, 2008	**69.3**

Cash flow statement

In millions of euros	**2008**	2007
Dividend received from HAL Holding N.V.	**207.0**	200.6
Distributed to Unit Holders	**(207.0)**	(200.6)
Net change	**-**	-

Distribution of Dividends

It is proposed to the Meeting of HAL Trust to instruct the Trustee to vote, at the General Meeting of Shareholders of HAL Holding N.V., in favor of the proposals to approve the Financial Statements for 2008 and to pay a cash dividend of □ 2.00 per Share outstanding. If it is decided to give this instruction the Trustee will receive a cash dividend of □ 127,373,700.

It is proposed to instruct the Trustee to distribute the amount of □ 127,373,700 in accordance with Article VIII, Section 8.1 of the Trust Deed. Upon approval of the resolution, Shareholders will receive a cash dividend at □ 2.00 per Share.

Holders of conventional Share certificates will be paid upon surrender of dividend coupon number 31 of the Shares. Holders of CF Shares (Centrum voor Fondsenadministratie) will be paid via affiliated banks and security brokers. To registered holders of Shares, for which no Share certificates are issued, payment of the dividend due is made directly, in accordance with the conditions agreed upon with the individual holders.

The text of Article VII, Section 7.1 of the Trust Deed reads:

<u>Profits of the Trust.</u> The profits of the Trust in respect of a Financial Year as they appear in the profit and loss account of the Trust as approved by an Ordinary Resolution as provided in Section 14.3 shall be applied as follows:

(A) FIRST: out of the profits such dividend as may be determined by Ordinary Resolution shall be distributed to the Trust Shareholders in proportion to the number of Units represented by the Shares held by such Trust Shareholders;

(B) SECOND: the remaining part of the profits, if any, shall be retained as Trust Property.

Auditors' Report

To the Trustee of HAL Trust, Bermuda

We have audited the accompanying consolidated and standalone parent entity financial statements (collectively the "financial statements") of HAL Trust, Bermuda. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2008, and the consolidated statement of income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The standalone parent entity financial statements comprise the balance sheet as at December 31, 2008, the statement of income for the year then ended and the notes.

Management's responsibility for the financial statements
The Executive Board of HAL Holding N.V. is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require 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 systems of internal control relevant to the entity's preparation and fair presentation of the consolidated 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 systems of 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 consolidated financial statements.

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

Opinion
In our opinion, the accompanying consolidated and standalone parent entity financial statements present fairly, in all material respects, the financial position of HAL Trust, Bermuda as at December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bermuda, March 25,2009

PricewaterhouseCoopers Bermuda

Five-Year Summary
Consolidated Balance Sheet

In millions of euros	**2008**	2007	2006	2005	2004
Assets					
Non-current assets:					
Property, plant and equipment	**668.9**	501.4	456.4	451.5	458.7
Investment properties	**72.6**	65.8	70.8	168.3	179.5
Intangible assets	**1,493.8**	1,344.2	1,192.2	1,079.6	820.9
Investments in associates	**828.0**	737.3	743.6	820.0	695.1
Other financial assets	**-**	0.3	0.8	24.7	25.1
Deferred tax assets	**49.2**	32.2	46.3	21.1	29.6
Other non-current assets	**74.4**	81.9	68.7	66.0	78.8
Total non-current assets	**3,186.9**	2,763.1	2,578.8	2,631.2	2,287.7
Current assets:					
Marketable securities and deposits	**569.7**	698.0	356.1	346.2	577.3
Receivables	**312.9**	305.0	241.5	207.0	248.3
Inventories	**379.6**	322.0	285.3	259.7	265.3
Assets held for sale	**-**	-	24.3	-	-
Other financial assets	**-**	-	66.1	-	-
Other current assets	**184.2**	131.5	110.5	100.9	104.0
Cash and cash equivalents	**160.4**	183.8	132.9	130.0	115.7
Total current assets	**1,606.8**	1,640.3	1,216.7	1,043.8	1,310.6
Total assets	**4,793.7**	4,403.4	3,795.5	3,675.0	3,598.3
Liabilities and shareholders' equity					
Shareholders' equity	**2,807.5**	2,716.2	2,201.7	1,901.7	1,695.1
Minority interests in consolidated subsidiaries	**94.2**	86.4	51.5	(9.9)	74.9
Non-current liabilities:					
Provisions	**65.5**	63.6	72.9	48.7	41.5
Long-term debt	**590.5**	453.4	424.9	751.1	953.4
Deferred tax liabilities	**116.8**	78.8	98.6	88.8	87.7
Total non-current liabilities	**772.8**	595.8	596.4	888.6	1,082.6
Current liabilities:					
Short-term debt	**420.1**	358.7	384.9	327.1	239.9
Income tax payable	**14.0**	23.1	36.2	44.3	29.9
Accounts payable	**271.9**	265.2	236.3	254.3	230.5
Accrued expenses	**413.2**	358.0	288.5	268.9	245.4
Total current liabilities	**1,119.2**	1,005.0	945.9	894.6	745.7
Total equity and liabilities	**4,793.7**	4,403.4	3,795.5	3,675.0	3,598.3
Shareholders' equity per Share *(in euros)*	**44.19**	42.38	34.68	29.86	26.62

Five-Year Summary
Consolidated Statement of Income

In millions of euros	**2008**	2007	2006	2005	2004
Net sales	**3,562.5**	3,186.9	2,778.6	2,652.7	2,403.3
Earnings from marketable securities and deposits	**(0.2)**	29.7	67.8	15.0	27.3
Capital gains on sale of assets	**11.8**	19.8	3.2	84.0	-
Earnings from associates	**188.9**	426.5	250.3	115.2	82.4
Earnings (losses) from other financial assets	**(0.3)**	47.8	2.2	4.6	73.2
Earnings from real estate activities	**7.7**	9.7	23.5	66.1	13.7
Total income	**3,770.4**	3,720.4	3,125.6	2,937.6	2,599.9
Raw materials, consumables used and changes in inventories	**1,317.6**	1,180.6	1,050.7	1,031.9	976.6
Employee expenses	**956.0**	866.3	761.4	736.7	668.0
Depreciation property, plant and equipment	**114.5**	103.2	104.2	106.3	99.3
Amortization and impairment goodwill	**22.6**	3.7	-	-	169.2
Amortization other intangibles	**22.5**	18.7	20.1	16.4	9.9
Other operating expenses	**845.1**	699.3	596.1	581.2	500.8
Total expenses	**3,278.3**	2,871.8	2,532.5	2,472.5	2,423.8
Operating result	**492.1**	848.6	593.1	465.1	176.1
Interest expense	**(53.8)**	(35.8)	(50.4)	(69.0)	(65.4)
Profit before taxes	**438.3**	812.8	542.7	396.1	110.7
Income taxes	**(43.5)**	(57.2)	(32.6)	(64.5)	(35.3)
Net income before minority interests in results of consolidated subsidiaries	**394.8**	755.6	510.1	331.6	75.4
Minority interests in results of consolidated subsidiaries	**(11.7)**	(19.9)	(13.3)	(20.0)	4.2
Net income	**383.1**	735.7	496.8	311.6	79.6
Net income per Share *(in euros)*	**6.03**	11.59	7.80	4.89	1.25
Dividends per Share *(in euros)*	**2.00***	3.25	3.15	3.00	1.80

* Proposed

Balance Sheet
HAL Holding N.V.

as at December 31

In millions of euros, before proposed distribution of income	**2008**	2007
Assets		
Fixed assets:		
Financial fixed assets	**2,594.7**	2,149.7
Current assets:		
Deposits	**215.9**	569.2
	2,810.6	2,718.9
Liabilities and shareholders' equity		
Shareholders' equity	**2,807.5**	2,716.2
Current liabilities:		
Accrued expenses	**3.1**	2.7
Total current liabilities	**3.1**	2.7
	2,810.6	2,718.9

Statement of Income
HAL Holding N.V.

In millions of euros	**2008**	2007
Income from financial fixed assets	**368.9**	726.5
Other income	**14.2**	9.8
Total income	**383.1**	736.3
Interest expense	-	(0.6)
Net income	**383.1**	735.7

Notes to the Company Financial Statements HAL Holding N.V. *(in millions of euros)*

For details concerning the accounting principles in respect of the balance sheet and statement of income, reference is made to the consolidated financial statements of HAL Trust except for financial fixed assets (excluding loans) which are carried at net equity values.

Financial fixed assets

Movements for 2008 are as follows:

Balance on January 1, 2008	**2,149.7**
Income	**368.9**
Increase (decrease) in loans, net	**184.1**
Exchange adjustments, valuation differences and equity adjustments	**(108.0)**
Balance on December 31, 2008	**2,594.7**

Shareholders' equity

The movement for 2008 of Shareholders' equity is included on pages 20 and 21.

On December 31, 2008 and 2007, 63,686,850 Shares were outstanding, with a nominal value of □ 0.02 each, and all were held by HAL Trust.
The Company may purchase HAL Trust Shares, when deemed appropriate, up to a maximum of 10% per year of the number of Shares outstanding at the beginning of the year. In 2006, 198,886 Shares were purchased by the Company for □ 11.6 million. In 2007, 19,778 Shares were sold for □ 1.6 million and in 2008, 23,085 shares were sold for □ 1.8 million. Accordingly, the Company owned 156,023 HAL Trust shares as at December 31, 2008. These Shares are to hedge the obligation to allot – under certain conditions – 50,000 Shares HAL Trust to a member of the Executive Board and may also be used in the context of a share participation plan for management (not being members of the Executive Board).

Supervisory Directors

The fixed remuneration for the Supervisory Directors of HAL Holding N.V. paid during 2008 in accordance with Art. 23 (5) of the Articles of Incorporation was □ 0.1 million in total. The compensation payable to the Board of Supervisory Directors pursuant to Art. 30 (1) of the Articles of Incorporation is □ 0.5 million. The Supervisory Board has limited this amount to □ 0.3 million. Accordingly, the total 2008 compensation for the Supervisory Board amounted to □ 0.4 million (2007: □ 0.5 million).

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2008 is as follows:

	(in millions of euros)
According to the Statutory Statement of Income, the net income is:	□ 383.1
In accordance with Article 30 (1) each Supervisory Director will receive 0.025% of total profits determined by the Annual Meeting, reduced or increased by the extraordinary gains and extraordinary liabilities which have been reported in the profit and loss statement. The Supervisory Board has limited this amount to □ 0.3 million.	□ (0.3)
Available for distribution to Shareholders	□ 382.8

Proposed distribution:

In accordance with Article 31 (1), □ 0.03 for each of the 63,686,850 Shares:	□ 1.9
Available to the General Meeting of Shareholders in accordance with Article 31 (2):	□ 380.9
Retained	□ (255.4)
Available for distribution	□ 127.4
After approval of the dividend proposal of □ 2.00 per Share by the General Meeting of Shareholders of HAL Holding N.V. the dividend shall be distributed to HAL Trust for 63,686,850 Shares at □ 2.00 per share:	□ 127.4

Article 30 (1) and (2) of the Articles of Incorporation read as follows:

1. From the profits, reduced or increased by the extraordinary gains or extraordinary liabilities, respectively, all as appearing from the annual statement of account approved by the general meeting of shareholders, each supervisory director shall receive every year an amount equal to one/fortieth percent (0.025%). The amount to be paid to each supervisory director shall be rounded off downwards to a full number of euros. If a supervisory director should not be in office a full year, he shall receive a proportionate share of the amount. The general meeting of shareholders may modify the aforesaid percentage of one/fortieth (0.025%).

2. With the approval of the Board of Supervisory Directors, the Managing Board shall fix each year the amounts that shall be reserved of the profits remaining after the application of the first paragraph of this article.

HAL Trust Organization

A Trust, which is quite common in Anglo-American law, is a property managed in accordance with a trust deed by a Trustee on behalf of the beneficial owners.

The Trust has the following three components:

The Meeting of Shareholders of HAL Trust

Except for the powers of the Trust Committee described below, control of the Trust rests with the Meeting of Trust Shareholders.

The Meeting of Trust Shareholders approves the annual accounts and decides on the distribution of profits.

Execution of the decisions of the Meeting of Trust Shareholders is the task of the Trustee. The Trustee therefore votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the outcome of the vote taken at the Meeting of Shareholders of HAL Trust.

The Annual Meeting of Trust Shareholders takes place in Rotterdam. The members of the Board of Supervisory Directors and the Executive Board of HAL Holding N.V. shall be present at the meeting in order to explain policies pursued.

The Trustee

The function of Trustee is exercised by HAL Trustee Limited, Hamilton, Bermuda.

The Board consist of Messrs. J.L.F. van Moorsel, *Chairman*, A.R. Anderson, J.C.R. Collis, H. van Everdingen and A.H. Land, *members*, C. MacIntyre, *alternate member*.

The Trustee is the legal owner of the assets of the Trust, which consist of all shares in HAL Holding N.V., Netherlands Antilles.

The powers of the Trustee are limited to execution of the decisions of the Meeting of Trust Shareholders of HAL Trust and of the Trust Committee.

The Trustee votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the instructions of the Meeting of Shareholders of HAL Trust.

The Trust Committee

The Trust Committee is HAL Trust Committee Limited, Hamilton, Bermuda.

The Board of HAL Trust Committee Limited consists of Messrs. P.J. Kalff, *Chairman*, A.R. Anderson, J.C.R. Collis, T. Hagen and M. van der Vorm, *members*, C. MacIntyre, *alternate member*.
This Board is appointed by the Stichting HAL Trust Commissie, shareholder of HAL Trust Committee Limited. The Board of the Stichting is appointed by the shareholders of HAL Trust and consists of Messrs. P.J. Kalff, T. Hagen and M. van der Vorm.

The Trust Committee is empowered to regroup the assets of the enterprise if, in special circumstances such as international political complications, it considers it necessary to do so in the interest of the shareholders and/or the enterprise. The objective of such regrouping is to replace HAL Holding N.V. with a company situated in another jurisdiction. To achieve this, HAL Holding N.V. may transfer its assets to that new company in exchange for a repurchase of shares. The Trust Committee also has the power to appoint another Trustee, if necessary. Finally, the Trust Committee has some duties of an administrative nature.

Description Corporate Governance HAL Holding N.V.

Netherlands Antilles public company

HAL Holding N.V. is a public company with its corporate seat in Curaçao. The Corporate Governance of HAL Holding N.V. is subject to the law of the Netherlands Antilles as well as the articles of association and regulations adopted in accordance with such law. HAL Holding N.V. reports its financial position in accordance with International Financial Reporting Standards.

HAL Holding N.V. is a holding company and parent company of a number of subsidiaries.

Share capital

HAL Holding N.V. has a share capital that is divided in shares with a nominal value of □ 0.02 each. All shares have the same rights. Each share carries the right to exercise one vote in the General Meeting of Shareholders. All shares are in registered form.

HAL Trust

All shares in the capital of HAL Holding N.V. are held by HAL Trust on behalf of the Trust Shareholders. For each share in the capital of HAL Holding N.V. one Trust Share has been issued by HAL Trust. All Trust Shares have the same rights. Each Trust Share carries the right to exercise one vote in the meeting of Trust Shareholders. All distributions made by HAL Holding N.V. in respect of its shares are distributed by HAL Trust to the Trust Shareholders.

HAL Trust is a trust under Bermuda law and is subject to a trust deed, the text whereof has most recently been changed on May 28, 2001. The function of Trustee is exercised by HAL Trustee Limited. In addition, the trust deed grants certain powers to HAL Trust Committee Limited. For further information on HAL Trustee Ltd. and HAL Trust Committee Limited, see page 61. The Trust Shares are admitted to the official listing of Euronext Amsterdam N.V.

Meetings of Trust Shareholders

In accordance with the provisions of the trust deed each year a meeting of Trust Shareholders is held in Rotterdam prior to the General Meeting of Shareholders of HAL Holding N.V. The meeting of Trust Shareholders has, inter alia, the power to direct the Trustee as to the exercise by the Trustee of its voting rights in the General Meeting of Shareholders of HAL Holding N.V. This means that the Trust Shareholders have de facto control in the General Meeting of Shareholders of HAL Holding N.V.

Neither the articles of association of HAL Holding N.V. nor the trust deed contain any protective provisions which limit the control of the Trust Shareholders. All resolutions of the General Meeting of Shareholders of HAL Holding N.V. require a simple majority of the votes cast. The same holds for the decision taking process in the meeting of Trust Shareholders.

Rights of Trust Shareholders

Each Trust Shareholder has the right to attend the meetings of Trust Shareholders, either in person or by written proxy, to speak at such meetings and to exercise his voting rights. In addition, Trust Shareholders who together represent at least 10% of all outstanding Trust Shares are entitled to request the Trustee to convene a meeting of Trust Shareholders.

Powers General Meeting of Shareholders

In accordance with the articles of association of HAL Holding N.V. the General Meeting of Shareholders of HAL Holding N.V. and therefore indirectly the meeting of Trust Shareholders, has the following powers:

1. appointment and dismissal of the members of the Executive Board and the Board of Supervisory Directors;
2. approval of the financial statements;
3. granting discharge to the members of the Executive Board and the Board of Supervisory Directors;
4. amendment of the articles of association, provided such amendment is proposed by the Executive Board and has been approved by the Board of Supervisory Directors;
5. remuneration of Supervisory Directors in addition to the profit percentage set by the articles of association;
6. appointment of the external auditor;
7. decisions about the distribution of profits following payment of the profit percentages

and the primary dividend on shares, each as set out in the articles of association, and after the taking of certain reserves by the Executive Board subject to the approval of the Board of Supervisory Directors;

8. all other powers which the articles of association do not grant to another corporate body.

Executive Board

The Executive Board of HAL Holding N.V. is responsible for the management of the Company, which means, among other things, that it is responsible for achieving the company's targets, strategy and policy. The Executive Board is accountable to the Board of Supervisory Directors and to the General Meeting of Shareholders. In discharging its role, the Executive Board is guided by the interests of the Company and its business, taking into consideration the relevant interests of all those involved in the Company.

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

The number of members of the Executive Board is determined by the Board of Supervisory Directors. At present the Executive Board consists of two members. Both members have been appointed by the General Meeting of Shareholders for an indefinite period of time. They can be dismissed by the General Meeting of Shareholders. In addition they can be suspended by the Board of Supervisory Directors.

With the approval of the Board of Supervisory Directors the Executive Board has adopted regulations which, inter alia, provide for additional rules in respect of the decision taking process within the Executive Board, the reporting to the Board of Supervisory Directors, the treatment of possible conflicts of interest and the fulfilment by members of the Executive Board of additional offices.

The Board of Supervisory Directors determines the remuneration of each member of the Executive Board. The remuneration consists of a fixed part and a variable part, the size whereof is determined by the Board of Supervisory Directors who also decides on additional benefits. The members of the Executive Board do not participate in any option scheme and do not receive any personal loans or guarantees from the Company.

Board of Supervisory Directors

The Board of Supervisory Directors is responsible for the supervision of the policies of the Executive Board and the general affairs of the Company and its business. It also assists the Executive Board by providing advice. In discharging its role the Board of Supervisory Directors is guided by the interests of the Company and its business and shall take into account the relevant interests of all those involved in the Company. The Board of Supervisory Directors is responsible for the quality of its own performance.

The Board of Supervisory Directors consists of at least five members. The Board of Supervisory Directors can determine that the Board consists of more members. At present the Board has five members which have been appointed by the General Meeting of Shareholders for an indefinite period of time. Each year at least one supervisory director resigns in accordance with a retirement schedule set by the Board. A supervisory director resigning in accordance with the retirement schedule is eligible for re-appointment.

The Board of Supervisory Directors has chosen a chairman from among its members.

All tasks and duties of the Board of Supervisory Directors are discharged of on a collegiate and full-board basis. The Board of Supervisory Directors has adopted regulations which, inter alia, provide for rules in respect of the providing of information by the Executive Board, the matters that in any case must be addressed each year, the manner of meeting and decision taking by the Board, the treatment of potential conflicts of interest, the individual investments by supervisory directors and the criteria which may possibly jeopardize the independent exercise of the position of supervisory director.

The Board of Supervisory Directors has prepared a profile for its composition. Each member is capable of assessing the broad outline of the overall policy. Together the supervisory directors have sufficient expertise to carry out the tasks of the Board of Supervisory Directors taken as a whole.

The General Meeting of Shareholders determines the remuneration of the members of the Board of Supervisory Directors. In addition the supervisory directors receive a profit percentage at a rate prescribed by the articles of the association.

Supply of information/logistics General Meeting of Shareholders

The Executive Board and the Board of Supervisory Directors provide the General Meeting of Shareholders, and the meeting of Trust Shareholders, with all relevant information that they require for the exercise of their powers, unless this would be contrary to an overriding interest of the Company.

The Executive Board and the Board of Supervisory Directors will provide all shareholders and other parties in the financial markets who find themselves in an equal position with equal and simultaneous information about matters that may influence the price of the Trust Shares.

Any possible contacts between the Executive Board on the one hand and the press and financial analysts on the other will be carefully handled and structured, and the Company shall not engage in any acts that compromise the independence of analysts in relation to the Company and vice versa.

Financial reporting

The Executive Board is responsible for the quality and completeness of publicly disclosed financial reports. The Board of Supervisory Directors sees to it that the Executive Board fulfils this responsibility.

The annual accounts of HAL Holding N.V. are prepared in accordance with International Financial Reporting Standards. The annual accounts and the annual reports are available in English as the prevailing language, as well as in a Dutch translation. In addition HAL Holding N.V. publishes interim reports in accordance with the relevant provisions of the law and the Euronext Amsterdam Listing requirements. All financial information is also published on the web site www.halholding.com. The annual accounts are signed by the members of the Executive Board and of the Board of Supervisory Directors. The Board of Supervisory Directors discusses the prepared annual accounts with the external auditor prior to signing of the accounts by the supervisory directors.

The General Meeting of Shareholders appoints the external auditor. Following receipt by the Board of Supervisory Directors of advice from the Executive Board, the Board of Supervisory Directors prepares a nomination for the appointment of the external auditor. HAL Holding has no internal audit function.

The remuneration for any instructions to the external auditor other than for auditing activities requires the approval of the Board of Supervisory Directors in respect of which the Board will consult with the Executive Board.

The external auditor is represented at the meetings of Trust Shareholders.

Information in respect of members of the Board of Supervisory Directors

S.E. Eisma (60) is a Dutch citizen. Mr. Eisma was appointed member/secretary of the Board of Supervisory Directors of HAL Holding N.V. in 1993. In 2006 he was appointed Chairman. His current term is from 2006-2011. Mr. Eisma is a lawyer in Amsterdam and associated with De Brauw Blackstone Westbroek N.V., which is one of the legal advisers of HAL Holding N.V. Mr. Eisma is not involved in the provision of legal services by De Brauw Blackstone Westbroek N.V. for HAL Holding N.V. Mr. Eisma is a member of the Supervisory Boards of Rabobank Nederland and Grontmij N.V.

T. Hagen (66) is a Norwegian citizen. In 1985 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2005-2010. Mr. Hagen is Chairman of the Board of Marine Investments S.A. and Viking River Cruises S.A.

P.J. Kalff (71) is a Dutch citizen. In 2006 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2006-2009. Mr. Kalff was Chairman of the Managing Board of ABN AMRO Bank N.V. from 1994-2000. Mr. Kalff is currently Chairman of the Supervisory Board of N.V. Luchthaven Schiphol and a member of the Supervisory Board of Concertgebouw N.V. He is also a member of the Board of Directors of Aon Corporation (Chicago). It will be proposed to re-elect Mr. Kalff this year

A.H. Land (69) is a Canadian citizen. In 1999 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2007-2012. Mr. Land was Chairman of the Executive Board of Hagemeyer N.V. from 1985-1999.

M.P.M. de Raad (63) is a Dutch citizen. In 2006 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2008-2013. Mr. De Raad was Chief Executive Officer of SHV Makro N.V. and member of the Executive Board of SHV Holdings N.V., Metro AG (Germany) and Royal Ahold N.V. Mr. De Raad is currently Vice Chairman of the Supervisory Boards of CSM N.V. and Hagemeyer N.V. (until March 2009) and member of the Supervisory Boards of Vion N.V., Metro AG (Germany) as from May 2009 and Vollenhoven Olie Groep B.V. He is also Chairman of the Supervisory Board of the Jeroen Bosch Hospital.

HAL Trust

established in Bermuda

Notice to Trust Shareholders

We hereby invite you to attend the meeting of Trust Shareholders of HAL Trust, which will be held on Tuesday, May 19, 2009, at 11.00 a.m. in the Le Jardin room of the Hilton Hotel, Weena 10, Rotterdam.

The agenda of the meeting is as follows:

1. Opening
2. Instructions for the Trustee to vote at the General Meeting of Shareholders of HAL Holding N.V., to be held on Wednesday, May 27, 2009, with regard to the following items on the agenda:
   a) Report of the Executive Board of HAL Holding N.V.
   b) Report of the Board of Supervisory Directors of HAL Holding N.V.
   c) Approval of the financial statements of HAL Holding N.V.
   d) Proposal for the distribution of profits.
   e) Election of Supervisory Directors. It is proposed to re-elect Mr. P.J. Kalff.
   f) Discharge of the members of the Executive Board in respect of their duties of management during the financial year 2008.
   g) Discharge of the members of the Board of Supervisory Directors in respect of their duties of supervision during the financial year 2008.
3. Approval of the financial statements of HAL Trust.
4. Making dividend available for distribution.
5. Report of the Trust Committee.
6. Other business.
7. Closing.

Bearer Shareholders who wish to attend the meeting must deposit their Bearer Shares, not later than May 13, 2009, at the offices in Amsterdam, Rotterdam or The Hague of ABN AMRO Bank N.V. or Fortis Bank (NL) N.V.; at the office of Conyers, Dill & Pearman, Clarendon House, Church Street, Hamilton, Bermuda or at the office of HAL Holding N.V., 5, Avenue des Citronniers, MC 98000 Monaco, against receipt of a certificate of deposit, which will at the same time serve as a permit providing admission to the meeting.

Attention is drawn to the fact that Shareholders who will not be able to attend the meeting but wish to be represented at the meeting must provide a written proxy. For the sake of good order it is pointed out that proxy holders will only be admitted to the meeting against surrender of the certificate of deposit (in case of Bearer Shares) together with a duly signed proxy statement.

This notice is enclosed with the 2008 Annual Report which is presented to you in accordance with Article 14, Section 4 of the Trust Deed.

HAL Trustee Ltd.

Hamilton, Bermuda, April 24, 2009