HAL Trust

Annual Report 2009

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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Contents

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	**2009**	2008
Income (in millions)		
Net revenues	**3,447.8**	3,562.5
Earnings from marketable securities and deposits	**22.9**	(0.2)
Capital gains on sale of assets	**2.8**	11.8
Earnings from associates	**199.0**	188.9
Earnings from other financial assets	**0.7**	(0.3)
Earnings from real estate activities	**7.7**	7.7
Net income	**347.2**	383.1
Statement of Financial Position		
Total assets (in millions)	**4,957.2**	4,793.7
Shareholders' Equity (in millions)	**3,132.4**	2,807.5
Shareholders' Equity (as a percentage of total assets)	**63.2**	58.6
Numbers of Shares (in thousands)	**63,571***	63,531*
Average number of Shares outstanding (in thousands)	**63,554***	63,521*
Per Share		
Net income	**5.46**	6.03
Shareholders' Equity	**49.27**	44.19
Net asset value at market value of quoted associates	**74.14****	52.58**
Closing price Shares HAL Trust	**71.50**	51.45
Volume weighted average December share price HAL Trust	**70.53**	49.53
Dividend per Share	**2.85*****	2.00
Exchange rates – December 31		
U.S. dollar per euro	**1.43**	1.40

Financial calendar

Shareholders' meeting HAL Trust and interim statement	May 19, 2010
Ex-dividend date	May 21, 2010
Delivery of shares and payment of cash dividend	June 18, 2010
Publication half year results	August 31, 2010
Interim statement	November 16, 2010
Publication of preliminary net asset value	January 24, 2011
Publication of 2010 annual results	March 24, 2011
Shareholders' meeting HAL Trust and interim statement	May 18, 2011

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

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 67.

In accordance with the instructions issued on May 19, 2009 the Trust paid a dividend of € 2.00 per share on May 28, 2009.

On December 31, 2009 and 2008, 63,686,850 shares were issued.

On December 31, 2009, HAL Holding N.V. owned 116,295 shares HAL Trust.

The Trust Committee
HAL Trust Committee Ltd.

Hamilton, Bermuda, March 25, 2010

Report of the Board of Supervisory Directors of 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 2009 and consisted of five members. Their names, nationality and other relevant information are mentioned on page 71 of this report. The general meeting of shareholders reappointed Mr. P.J. Kalff, who had resigned in accordance with the rotation schedule, as a member of the Board on May 27, 2009.

The Board exercised its supervisory task by having in-depth discussions with the Executive Board during nine meetings, of which three by telephone, which were attended by all supervisory board members with one exception due to illness. 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, 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 2009. 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 17. The Board had discussions with PricewaterhouseCoopers during three meetings. Subjects for discussion were the report on the first half year of 2009, 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 19, 2009, 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 2009 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, 2010, for the approval of the financial statements for 2009 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 68 through 70 of this report provide a description of HAL Holding N.V.'s Corporate Governance structure.

In accordance with the rotation schedule, Mr. T. Hagen 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, 2010, for the re-election of Mr. T. Hagen.

On behalf of the Board of Supervisory Directors,

S.E. Eisma, *Chairman*

March 25, 2010

Report of the Executive Board HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2009 amounted to € 347.2 million (€ 5.46 per share) compared with € 383.1 million (€ 6.03 per share) for 2008. This decrease was primarily due to lower earnings of the unquoted subsidiaries.

In 2009 the Company's net asset value increased by € 1,497 million (€ 23.56 per share) compared with a decrease of € 809 million (€ 12.74 per share) in 2008. This represents an increase of 45% (2008: decrease of 19%). After deducting the dividend over 2008 (€ 127 million) and taking into account the sale of treasury shares (€ 2 million), the net asset value increased from € 3,341 million (€ 52.58 per share) on December 31, 2008, to € 4,713 million (€ 74.14 per share) on December 31, 2009. Increases in share prices and dividends of the quoted companies had a positive effect on the net asset value of € 1,250 million in 2009. The net asset value is based on the market value of the quoted companies and the liquid portfolio and on the book value of the unquoted companies.

On December 31, 2009, estimated value of the unquoted companies, based on the principles and assumptions set out on pages 57 and 58 of this report, exceeded the book value by € 761 million (€ 11.96 per share) compared to € 1,174 million (€ 18.47 per share) on December 31, 2008.

Dividend

The dividend policy is, barring unforeseen circumstances and sufficient liquid assets, to base the dividend on 4% of the average share price of HAL Trust during December of the year prior to the year in which the dividend will be paid. Accordingly, the proposed dividend per share over 2009 amounts to € 2.85 (2008: € 2.00). In order to maintain sufficient financial flexibility for, among others, possible acquisitions, the intention is to propose in each of the next few years that the dividend (including the dividend over 2009) will be distributed in shares, unless a shareholder expressly requests for payment in cash.

Prospects

During the period from December 31, 2009, to March 19, 2010, the value of the quoted companies and the liquid portfolio increased by € 120 million (€ 1.89 per share).
In view of the fact that a significant part of the Company's net income is determined by the results of the quoted companies and potential capital gains and losses, we do not express an expectation as to the net income for 2010.

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. Given the emphasis on the longer term, the Company does not have a pre-determined investment horizon.

HAL also owns 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 this strategy and with its implementation. Financial risks are further described in the financial statements on pages 35 through 37.
Besides risks which are specific to individual companies (these risks are not managed by HAL Holding N.V.), important risk factors are summarized below.

Concentration risk
Concentration risk exists with respect to both the non-quoted companies and the quoted companies.

Non-quoted companies

Revenues of the consolidated subsidiaries for 2009 amounted to € 3,448 million. Optical retail activities represent 59% of this amount.

At the end of 2009 the book value of the non-quoted companies amounted to € 1,577 million. An estimate of value of these assets, based on the principles and assumptions set out on pages 57 and 58 of this annual report, amounted to € 2,338 million. Estimates of value can fluctuate significantly from year to year. In addition, values realized may be materially different from these estimates. The optical retail activities represent 73% of this amount. Accordingly, there is concentration risk with respect to the optical retail industry. A decrease in revenues 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 approximately € 100 million.

Quoted companies

At the end of 2009 the market value of the interests in quoted companies amounted to € 2.7 billion. This includes Koninklijke Vopak N.V. (€ 1,723 million, 2008: € 809 million), Koninklijke Boskalis Westminster N.V. (€ 867 million, 2008: € 452 million), Dockwise Ltd. (€ 78 million) and Safilo Group SpA (€ 3 million). In addition, HAL owns Senior Notes issued by Safilo Group SpA (€ 91 million). Accordingly, HAL is exposed to concentration risk, also with respect to these assets. A change in the stock price of these companies may have a significant effect on the net asset value of HAL.

Market value risk
At the end of 2009 the market value of the quoted companies amounted to € 2.7 billion. In addition, the equity part of the liquid portfolio amounted to € 111 million. The value of these assets can be subject to significant fluctuations as a result of the volatility of the stock markets. In 2009 the market value of these assets increased by € 1,310 million compared with a decrease of € 1,035 million for 2008. The change in market value (based on stock exchange prices) of the quoted companies where HAL's interest exceeds 20% does not have an impact on the valuation in the financial statements as these assets 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 (excluding the € 91 million interest in Safilo Senior Notes which mature in May 2013), 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 37. Of the € 902 million bank debt outstanding at the end of 2009, € 638 million was at fixed rates for an average period of 3.5 years.

Currency risk
Currency translation risk exists as a result of the translation of (net) balance sheet positions from a foreign currency to Euros.
At the end of 2009 the net assets exposed to currency translation risk amounted to € 668 million. The exposure with respect to the net assets in U.S. Dollars, British Pound and Japanese Yen (€ 388 million) was hedged for 90 % by forward exchange contracts. The hedge of the net assets in British Pound relates to the currency translation exposure of GrandVision S.A. which was not hedged by this company. The use of forward exchange contracts has an impact on the size of the liquid portfolio when exchange rates change.

Currency translation risks with respect to Northern and Eastern European, South American and Asian currencies as well as the Swiss Franc are not hedged. At the end of 2009 capital invested in the consolidated subsidiaries located in these regions amounted to approximately € 280 million at year-end rates. The maximum exposure in an individual country at year-end exchange rates was € 49 million. These risks are further detailed on page 36 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 2009 the liquid assets amounted to € 355 million of which

€ 123 million was part of the ‘corporate’ liquid portfolio. These assets consisted almost exclusively of short term deposits which were held with banks with a S&P credit rating varying from A/A-1 to AAA/A-1+. The weighted average credit rating was A+/A-1. In addition there is credit risk with respect to the investment in Senior Notes issued by Safilo Group SpA maturing in May 2013 (€ 91 million).

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 obligations only relate to the consolidated subsidiaries. The liquidity risk of the consolidated subsidiaries is detailed on page 36 of the financial statements.

Acquisition risk
In the process of acquisitions, the Company makes hypotheses, assumptions and judgements about possible future events. Actual developments may turn out to be significantly different. In addition, errors of judgement in due diligence and contract negotiations as well as non compliance with laws and regulations in the context of acquisitions, could result in (opportunity) losses and/or reputational damage 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 economic downturns. Demand for the products and services of the subsidiaries and minority owned affiliates 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, legislation, as well as geopolitical developments.

Investments

In May, a 32% (indirect) interest in the office furniture activities of Samas N.V. in the Benelux was acquired. The company operates under the ASPA name since July 2009 (www.aspa.nl).

During the fourth quarter, a 17.5% interest in Dockwise Ltd. was acquired for € 67 million. The company (www.dockwise.com) is active in the heavy marine transport industry and is quoted on the stock exchanges of Oslo and Euronext Amsterdam.
For 2009 Dockwise reported revenues of $ 478 million (€ 334 million) compared with $ 457 million the year before (€ 326 million). Net income for 2009 amounted to $ 37 million (€ 26 million) compared with $ 47 million (€ 34 million) for 2008. The market value of Dockwise at the end of 2009 amounted to approximately € 450 million.

In October an agreement was reached for the acquisition of a minority interest in Safilo Group S.p.A (www.safilo.com). Safilo is a Padua (Italy) based manufacturer and distributor of optical frames and sunglasses and is quoted on the Milan (Italy) stock exchange. The company reported 2008 revenues of € 1,147 million and an EBITDA (earnings before interest, depreciation, amortization, taxes and non-recurring charges) of € 126 million. The 2009 results are not yet available. Revenues for the nine-months period ended September 30, 2009 amounted to € 775 million (2008: € 866 million). EBITDA for the nine-months period ended September 30, 2009 amounted to € 55 million (2008: € 102 million).

The transaction consisted of the following steps:

- In December 2009 HAL acquired for € 60 million 50.6% of the outstanding $9^5/_8$% Senior Notes issued by Safilo which mature in 2013. The market value of these Notes amounted to € 91 million on December 31, 2009 (nominal € 99 million).
- In December 2009, HAL also acquired the optical retail activities of Safilo in Spain and Australia for € 13.7 million. These activities consist of 106 own stores with annual revenues of € 35 million. The Spanish activities will be combined with GrandVision. HAL also has the option to acquire Safilo’s 60% stake in its Mexican optical retail activities (59 stores with annual revenues of € 19 million).
- In February 2010, HAL acquired Safilo shares for € 13 million in a private placement.
- In February 2010, HAL participated in a € 250 million rights issue by Safilo.

The Safilo transaction required a total investment of € 222 million and HAL currently owns a 37.2 % interest in the company.

In December 2009 Boskalis issued new shares for an amount of € 230 million. HAL participated for 32.48% in this issue.

Also in December 2009, an agreement was reached to increase HAL's stake in FD Mediagroep from 49.1% to 98.25%. The transaction was completed in January 2010. FD Mediagroep publishes the Dutch financial newspaper "Het Financieele Dagblad" and operates the radio station "BNR Nieuwsradio". Revenues for 2009 amounted to € 55 million (2008: € 59 million).

In March 2010 an agreement was signed to acquire a 25% interest in the Mexican optical retail chain Grupo Opticó Lux, including an option for an additional 45%. The option to increase the shareholding to 70% can be exercised after two years.
Grupo Opticó Lux is located in Mexico City and operates 69 own stores, mainly in Mexico City and a number of other larger cities in Mexico. The company has approximately 830 employees and reported 2009 net revenues of approximately MXN 637 million (€ 37 million).
The transaction is expected to close in the second quarter of 2010.

Also in March 2010, HAL's hearing aid retail subsidiary AudioNova International acquired a 75% stake in GEERS, a Dortmund (Germany) based hearing aid retailer. GEERS operates approximately 450 company owned stores, mainly in Germany, Switzerland and Poland. As part of the transaction, AudioNova's existing German operations trading under the "HörGut" brand name, will be combined with the German operations of GEERS. The combination will operate approximately 580 company owned stores, with annual revenues of approximately € 130 million and will use the GEERS trade name.

Optical retail subsidiaries

HAL's optical retail subsidiaries are Pearle Europe B.V., GrandVision S.A., Lensmaster, Atasun Optik and Shanghai Redstar Optical Co. At the end of 2009 the optical retail companies were active in 39 countries and operated approximately 4,300 optical stores (2008: 4,000), including 1,300 franchise and partner stores (2008:1,300). The companies employed approximately 20,000 people. The total pro-forma system wide annual revenues (defined as revenues including revenues of franchise and partner stores) amounted to approximately € 2.6 billion. Optical retail revenues, as reported in the financial statements for 2009, totalled € 2,032 million (2008: € 1,977 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 € 250 million (2008: € 278 million). Currency exchange differences had a negative effect on revenues of € 59 million. Same store revenues of the own stores declined by 1.6% (2008: increase of 0.5%), based on constant exchange rates. Acquisitions had a positive effect on revenues of € 64 million.

Pearle Europe B.V. (98.8%) owns and operates optical retail chains in 27 countries and had 2,784 stores at the end of 2009 (2008: 2,587), of which 687 operated under franchise agreements (2008: 670). The total system wide revenues for 2009 amounted to approximately € 1.5 billion. At the end of 2009, Pearle Europe employed approximately 11,100 people. Its head office is located at Amsterdam Airport, the Netherlands. Revenues for 2009 amounted to € 1,168 million (2008: € 1,152 million, including the revenues of the stores in Brazil and Chile acquired from HAL in December 2008). Currency exchange differences had a negative effect on revenues of € 25 million. Same store revenues of the own stores declined by 2% (2008: increase of 1%). Revenues increased by € 60 million due to acquisitions and new stores. In 2009, the store network in South America was expanded by the acquisition of 72 stores in Brazil, Argentina and Uruguay. Pearle currently has 270 stores in South America with annual revenues of approximately € 88 million.
Operating income amounted to € 174 million (2008: € 196 million). This decrease was primarily the result of lower revenues in the Netherlands where in the last quarter of 2008 a significant increase in revenues took place in anticipation of a change in Dutch fiscal legislation, effective January 1, 2009, with respect to the tax deductibility of certain health

care costs. In addition, operating income was negatively affected by currency exchange differences for an amount of € 2 million. HAL has an interest in Pearle Europe since 1996.

GrandVision S.A. (99.8%), based in Paris (France), owns and operates optical retail chains in France, the United Kingdom and sixteen other countries. At the end of 2009 the company had a total of 1,298 stores (2008: 1,235), including 580 franchise and partner stores (2008: 622). The decrease in the number of franchise and partner stores was due to the termination of the contract with 81 partners in Spain. The total system wide revenues for 2009 (including franchise and partner stores) amounted to approximately € 1 billion. GrandVision also owns a 30% interest in the Swiss optical retail chain Visilab. GrandVision employs approximately 7,400 people.
At the end of December 2009 the company acquired 59 stores in Spain from Safilo Group S.p.A. The annual revenues of these stores were approximately € 18 million.
Revenues for 2009 increased by € 15 million to € 798 million. This increase was due to new stores, higher franchise fees and the 2008 acquisitions in England and Spain (€ 48 million). Revenues decreased however by € 28 million due to currency exchange differences. Same store revenues of the own stores declined by 0.8% (2008: decrease of 0.4%). Operating income for 2009 amounted to € 78 million (2008: € 83 million). This decrease is primarily due to lower results in Spain (€ 4 million) and currency exchange differences (€ 3 million). HAL has an interest in GrandVision since 2001.

Lensmaster (81%) is a Moscow (Russia) based optical retail company. At the end of 2009 it operated 74 stores (2008: 69 stores), located primarily in Moscow and St. Petersburg. The company employs approximately 900 people. Revenues for 2009 amounted to RUB 2,010 million (€ 46 million) compared to RUB 1,827 million (€ 43 million) for 2008. This increase was primarily due to store openings in 2008 and 2009. Same store revenues increased by 0.1% (2008: 17%). Operating income decreased. This decline was due to start up costs of new stores and higher rental costs (many rental contracts are denominated in foreign currency). HAL's ownership interest will be increased over the period 2011-2013 to almost 100%. The price will be based on the results of those years. HAL has an interest in Lensmaster since 2005.

Atasun Optik (100%) is an Istanbul (Turkey) based optical retail company. At the end of 2009 it operated 41 stores (2008: 29). The company employs approximately 260 people. Revenues for 2009 amounted to TRY 27 million (€ 13 million) compared with TRY 8 million (€ 4 million) for 2008. This increase was primarily due to acquisitions and new stores. Same store revenues increased by 2%. Operating income for 2009 was negative.
HAL has an interest in Atasun since 2007.

Shanghai Red Star Optical Co. Ltd (78%) operates a chain of optical retail stores in Shanghai (China). At the end of 2009 the company operated 68 stores (2008: 76) of which 40 under franchise contracts. Red Star employs approximately 200 people. Revenues for 2009 decreased by RMB 9 million (€ 1 million) to RMB 77 million (€ 8 million). This decrease was mainly the result of the closure of loss making stores and a decrease in same store revenues for 2009 by 12.2 % (2008: increase 8.3%). Operating income for 2009 was negative. HAL has an interest in Red Star since 2006.

Other unquoted subsidiaries

PontMeyer N.V. (57%) located in Zaandam (the Netherlands), is one of the leading suppliers of timber products and building materials in the Netherlands with 46 outlets and approximately 900 employees. Revenues for 2009 decreased by € 81 million (20%) to € 330 million. This decrease was primarily due to lower volumes as a result of reduced activity in the Dutch construction industry. The operating income decreased by € 15 million to negative € 3 million. In addition, the company incurred reorganisation expenses in 2009 of € 10 million.
HAL has an interest in PontMeyer since 1999.

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. Arpa also produces

HPL-products, mainly for interior applications, and is located in Bra (Italy). Broadview employs approximately 1,100 people. Revenues for 2009 increased by € 18 million to € 252 million. This increase was due to the consolidation of Arpa's results for the full twelve months in 2009 (Arpa was acquired in July 2008). Comparable revenues decreased by 9%. The operating income increased by € 3 million to € 29 million.
HAL has an interest in Broadview/Trespa since 1996.

Koninklijke Ahrend N.V. (79.2%) is based in Amsterdam (the Netherlands) and employs approximately 1,100 people. The company is active in the office furniture industry in the Benelux, Central and Eastern Europe, Germany, the United Kingdom, Spain, Russia, the United States and the United Arab Emirates. Revenues for 2009 decreased by 33% to € 185 million due to the unfavourable economic climate. Accordingly, operating income decreased by € 15 million to negative € 9 million. In addition, the company incurred reorganisation expenses in 2009 of € 6 million.
During 2009 HAL's interest decreased by 1% due to the sale of shares to management.
HAL has an interest in Ahrend since 2001.

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 2009 the company employed approximately 1,400 people. During 2009 the company expanded through the acquisition of 15 stores, primarily in Belgium and France. The aggregate annual revenues of these stores were approximately € 2.5 million. In addition, 31 new stores were opened and 17 stores closed. At the end of 2009, the company operated 468 stores in seven European countries. Revenues for 2009 increased by € 16 million to € 181 million. This increase was mostly due to the above mentioned acquisitions, store openings and the acquisition and opening of stores throughout 2008. Same store revenues for 2009 decreased by 5.9% (2008: increase 3.9%). Operating income increased by € 4 million to € 18 million.
HAL has an interest in AudioNova since 2001.

Intersafe Trust B.V. (95.5%) is a distributor of personal protection equipment such as safety clothing for factory workers and is located in Dordrecht (the Netherlands). The company employs approximately 400 people. Revenues for 2009 decreased by 7% to € 119 million. This decrease was almost fully attributable to lower revenues in France and caused operating income to decrease to a break-even level.
HAL has an interest in Intersafe since 2001.

Mercurius Groep B.V. (100%) is a publisher and communication specialist based in Wormerveer (the Netherlands) and employs approximately 700 people throughout Europe. The communication activities consist of services to the financial industry such as printing of prospectuses and providing virtual data rooms. The other activities mainly consist of the production and distribution of plant labels, announcement cards and calendars. Revenues for 2009 amounted to € 111 million (2008: € 135 million). All business units contributed to this decrease. Operating income for 2009 remained on the same level as the year before due to cost control measures.
HAL has an interest in Mercurius since 1999.

Delta Wines B.V. (63%), an importer and distributor of wine, is located in Waddinxveen (the Netherlands) and employs approximately 40 people. Revenues in 2009 amounted to € 85 million (2008: € 87 million). Operating income was lower than the year before due to lower gross margins and higher operational costs.
HAL has an interest in Delta Wines since 2007.

Anthony Veder Group N.V. (64.2%) is a Rotterdam (the Netherlands) based shipping company which, at the end of 2009, operated eighteen gas tankers of which twelve in (partial) ownership. The company employs approximately 350 people. Revenues for 2009, including the gross revenues of shipping pools managed by Anthony Veder and on-charged expenses, decreased by $ 13 million (€ 9 million) to $ 111 million (€ 77 million). This decrease was mainly due to lower on-charged expenses and lower freight rates. Operating income decreased by $ 5 million (€ 3 million) to $ 13 million (€ 9 million).
HAL has an interest in Anthony Veder since 1991.

Orthopedie Investments Europe B.V. (89%) manufactures and sells orthopaedic devices and is located in Haarlem (the Netherlands). The company operates in the Netherlands under the

name Livit B.V. and employs approximately 400 people. Livit operates a network of 40 specialised care centers and over 200 fitting locations throughout the country. Revenues for 2009 amounted to € 49 million (2008: € 45 million). Operating income for 2009 was on the same level as the year before.
HAL has an interest in Orthopedie Investments Europe since 2007.

Sports Timing Holding B.V. (95%), 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. In 2009 a new brand was introduced, MyLaps, which will replace the AMB and ChampionChip brands. The company employs approximately 100 people. Revenues for 2009 amounted to € 21 million (2008: € 20 million). Operating income for 2009 was at the same level as the year before. HAL's interest decreased in 2009 by 5% due to the sale of shares to management.
HAL has an interest in Sports Timing Holding/AMB since 1998.

Flight Simulation Company B.V. (70%) is based at Amsterdam Airport (the Netherlands) and provides training for pilots using full flight simulators. The company employs approximately 40 people and, at the end of 2009, operated fourteen simulators. Revenues for 2009 amounted to approximately € 12 million (2008: € 15 million). This decrease was due to lower activities in the airline industry during 2009 resulting in less training hours sold. Operating income for 2009 decreased.
HAL has an interest in Flight Simulation Company since 2006.

Non quoted minority interests

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 credit insurance. The company operates in the Netherlands and Belgium and has an A- rating from Standard & Poor's (December 2009). Total gross premium revenue for 2009 amounted to € 74 million (2008: € 62 million). Net income for 2009 increased, primarily as a result of improved results from the investment portfolio.
HAL has an interest in Nationale Borgmaatschappij since 2007.

FD Mediagroep B.V. (49.1%) 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. Revenues for 2009 amounted to € 55 million (2008: € 59 million). Despite the decrease in revenues, operating income for 2009 increased due to lower costs. In January 2010 HAL's ownership interest was increased to 98.25%.
HAL has an interest in FD Mediagroep since 1997.

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 for its own account and risk. Revenues for 2009 increased to € 44 million (2008:€ 38 million). Operating income also increased.
HAL has an interest in InVesting since 2006.

Private equity partnerships
At the end of 2009 HAL had invested in five private equity partnerships. The total book value of the investments amounted to € 36 million. These partnerships are managed by Navis Capital Partners Ltd. ("Navis"), in which HAL has a 25% ownership interest. At the end of 2009 the partnerships managed by Navis had approximately € 850 million invested in a portfolio of companies, located in South-East Asia, China, India and Australia.
HAL has an interest in Navis since 1999.

Publicly traded minority interests

HAL has minority interests in the following public companies which are listed on the Euronext Amsterdam Stock Exchange:

Koninklijke Vopak N.V. (48.15%) 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 79 tank terminals with a combined storage capacity of more than 28 million cbm in 31 countries and had 3,707 employees at the end of 2009. The market

value of Vopak at the end of 2009 amounted to approximately € 3.5 billion. On December 31, 2009, HAL owned 48.15% of the common shares and 13.64% of the preferred shares. Revenues for 2009 increased by 8% to € 1,001 million. Net income for holders of ordinary shares amounted to € 247.6 million (2008: € 212 million).
HAL has an interest in Vopak since 1999.

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

Koninklijke Boskalis Westminster N.V. (32.48%) is a global services provider operating in the dredging, maritime infrastructure and maritime service segments. Boskalis' activities include 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, 2009, the market value of Boskalis was approximately € 2.7 billion. Revenues for 2009 increased by 4% to € 2,175 million. Net income for 2009 amounted to € 227.9 million (2008: € 249.1 million). The order book of the company at the end of 2009 amounted to € 2,875 million compared to € 3,354 million at the end of 2008.
HAL has an interest in Boskalis since 1989.

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

Dockwise Ltd. (17.5%) provides transport services to the offshore, onshore and yachting industries as well as installation services of extremely heavy offshore platforms. The company owns a fleet of 20 vessels of different types and designs. The company employed approximately 1.200 people at the end of 2009. Dockwise is quoted on the stock exchanges of Oslo and Amsterdam and, at the end of 2009, had a market value of approximately € 450 million. Revenues for 2009 increased by 4.7% to $ 478 million (€ 334 million). Net income for 2009 amounted to $ 37 million (€ 26 million) compared to $ 47 million (€ 34 million) for 2008.
HAL has an interest in Dockwise since 2009.

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

Real estate

At year end 2009 the Company's real estate assets consisted of three office properties, with a total of 776,000 square feet of rentable space, and three development parcels, totalling 91,000 square feet. The book value of this portfolio amounted to € 66 million at the end of 2009. All of these assets are located in the Seattle area. Despite the very challenging real estate leasing market in the USA during 2009, two of the three office properties remained 97% occupied (2008: 97%). The average rent per rented square foot of these properties increased by 8% compared with 2008.
The third office property with a total of 100,000 square feet of rentable space was only 6% occupied at the end of 2009 following the expiration of a major lease during the year.

With respect to estimated value of the real estate portfolio, reference is made to page 38 of the financial statements.

Liquid Portfolio

The corporate liquid portfolio decreased in 2009 by € 281 million to € 234 million. This decrease was primarily due to investments in quoted minority interests (€ 212 million) and the payment of the dividend over 2008 (€ 127 million). On December 31, 2009, the liquid portfolio consisted for 52% (2008: 67%) of fixed income instruments, amounting to € 123 million (2008: € 344 million), and for 48% (2008: 33%) of equities, for an amount of € 111 million (2008: € 171 million). The fixed income portfolio provided a return of 0.7% (2008: 3.9%). The duration of this portfolio at the end of 2009 was less than one month. The equity portfolio provided a return of 43.1% (2008: 29.5% negative).

Results

The decrease in *net revenues* by € 115 million to € 3,448 million was primarily due to lower revenues from the other unquoted companies

(€ 170 million). Lower revenues were reported by PontMeyer N.V. (€ 81 million) and Koninklijke Ahrend N.V. (€ 89 million). Revenues from the optical retail companies increased by € 55 million (2.8 %) to € 2,032 million. Excluding adverse currency exchange differences (€ 59 million) and acquisitions (€ 64 million) the increase in revenues from the optical retail companies was 2.5%.

Earnings from marketable securities and deposits increased from nil to € 23 million. This increase was the result of higher capital gains on the sale of equities, partially off set by lower interest income due to both lower interest rates and lower average outstanding balances.

Earnings from associates increased by € 11 million to € 199 million primarily as a result of higher earnings from Vopak.

Amortization and impairment of intangibles increased by € 4 million to € 49 million as a result of higher impairment charges on intangible assets.

The results for 2009 include exceptional and non recurring costs of € 28 million of which € 10 million at PontMeyer N.V. and € 6 million at Koninklijke Ahrend N.V.

Administrative organization, risk management systems and financial reporting

The administrative procedures, the risk management and internal control systems associated with the Company's strategy and its implementation, the financial reporting and compliance are all 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 companies in which HAL has invested differ in industry, size, culture, geographical diversity and stage of development. Each company is subject to specific risks relating to strategy, operations, finance and (fiscal) legislation. HAL has therefore chosen not to institute a centralized management approach and not to develop a central risk management system. Each investee company has its own financial structure and is responsible for evaluating and managing its own risks. The companies 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 risks. These risks are therefore not managed by HAL.

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 as well as projected results, balance sheet and cash flow information and operational performance indices. In addition, management of the individual investee companies provide internal letters of representation with respect to the half year and year-end financial statements.
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 of 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 again reviewed during 2009. For the most important financial processes (financial reporting and consolidation, information technology, treasury, taxation and entity level controls), risks were identified as well as the control measures designed to mitigate these risks. These controls were also tested in order to conclude on

their operating effectiveness during the year. Several improvements to the risk management systems were implemented during 2009. 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 improvements, 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 2009 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 profit for the year of the consolidated entities taken as a whole; and
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°. 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, 2010

Financial Statements
HAL Trust

Consolidated Statement of Financial Position

As at December 31

In millions of euros before proposed distribution of income	*Notes*	**2009**	2008
Assets			
Non-current assets:			
Property, plant and equipment	1	**678.1**	668.9
Investment properties	2	**65.7**	72.6
Intangible assets	3	**1,521.1**	1,493.8
Investments in associates	4	**1,122.0**	828.0
Other financial assets	5	**256.7**	74.4
Deferred tax assets	14	**50.4**	49.2
Total non-current assets		**3,694.0**	3,186.9
Current assets:			
Marketable securities and deposits	6	**326.0**	569.7
Receivables	7	**266.3**	312.9
Inventories	8	**343.7**	379.6
Other current assets	10	**165.5**	184.2
Cash and cash equivalents		**139.9**	160.4
Assets held for sale	9	**21.8**	-
Total current assets		**1,263.2**	1,606.8
Total assets		**4,957.2**	4,793.7
Liabilities and Shareholders' equity			
Share capital		**1.3**	1.3
Other reserves		**79.7**	(23.3)
Retained earnings		**3,051.4**	2,829.5
Capital and reserves attributable to equity holders		**3,132.4**	2,807.5
Non-controlling interests		**72.2**	94.2
Total equity		**3,204.6**	2,901.7
Non-current liabilities:			
Provisions	11	**69.3**	65.5
Long-term debt	13	**388.4**	590.5
Deferred tax liabilities	14	**115.3**	116.8
Total non-current liabilities		**573.0**	772.8
Current liabilities:			
Short-term debt	15	**513.3**	420.1
Income tax payable		**35.6**	14.0
Accounts payable		**229.0**	271.9
Accrued expenses		**394.5**	413.2
Liabilities held for sale	9	**7.2**	-
Total current liabilities		**1,179.6**	1,119.2
Total equity and liabilities		**4,957.2**	4,793.7

Consolidated Statement of Income

For the year ended December 31

In millions of euros	*Notes*	**2009**	2008
Net revenues	16	**3,447.8**	3,562.5
Earnings from marketable securities and deposits	17	**22.9**	(0.2)
Capital gains on sale of assets	21	**2.8**	11.8
Earnings from associates	18	**199.0**	187.9
Earnings from other financial assets	19	**0.7**	0.7
Earnings from real estate activities	20	**7.7**	7.7
Total income		**3,680.9**	3,770.4
Raw materials, consumables used and changes in inventories		**1,227.8**	1,317.6
Employee expenses	22	**978.7**	956.0
Depreciation and impairment of property, plant, equipment and investment properties	1, 2	**130.4**	114.5
Amortization and impairment of intangibles	3	**49.3**	45.1
Other operating expenses	23	**853.7**	845.1
Total expenses		**3,239.9**	3,278.3
Operating result		**441.0**	492.1
Interest expense		**(47.5)**	(53.8)
Profit before taxes		**393.5**	438.3
Income taxes	24	**(51.4)**	(43.5)
Profit for the year		**342.1**	394.8
Attributable to:			
Equity holders		**347.2**	383.1
Non-controlling interests		**(5.1)**	11.7
		342.1	394.8
Average number of outstanding Shares *(in thousands)*		**63,554**	63,521
Earnings per Share for profit attributable to the equity holders during the year *(in euros per share)*			
- basic and diluted		**5.46**	6.03
Dividend per Share *(in euro)*		**2.85***	2.00

* Proposed

Consolidated Statement of Comprehensive Income

For the year ended December 31

In millions of euros	**2009**	2008
Profit for the period	**342.1**	394.8
Other comprehensive income, net of tax:		
Movement cum. valuation reserve	**94.0**	(43.4)
Revaluation of assets	**-**	7.4
Effect of hedging instruments	**(9.7)**	(9.7)
Translation of foreign subsidiaries and financial fixed assets	**17.9**	(40.1)
Other comprehensive income for the period, net of tax	**102.2**	(85.8)
Total comprehensive income for the period	**444.3**	309.0
Profit attributable to:		
- Equity holders	**450.2**	296.3
- Non-controlling interests	**(5.9)**	12.7
	444.3	309.0

Consolidated Statement of Changes in Equity

In millions of euros	Attributable to equity holders of the Company				
	Share capital	Retained Earnings	Other Reserves	Non-controlling Interest	**Total Equity**
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 comprehensive income for the period	-	383.1	(86.8)	12.7	**309.0**
Acquisitions and disposals	-	-	-	(4.9)	**(4.9)**
Treasury shares (footnote 1)	-	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**
Balance on January 1, 2009	1.3	2,829.5	(23.3)	94.2	**2,901.7**
Movement cum. valuation reserve					
- marketable securities	-	-	48.9	-	**48.9**
- other financial assets and associates	-	-	45.1	-	**45.1**
Interest rate derivatives	-	-	(4.0)	-	**(4.0)**
Translation of foreign subsidiaries and financial fixed assets	-	-	18.7	(0.8)	**17.9**
Effect of hedging instruments	-	-	(5.7)	-	**(5.7)**
Net profit 2009	-	347.2	-	(5.1)	**342.1**
Total comprehensive income for the period	-	347.2	103.0	(5.9)	**444.3**
Acquisitions, disposals and reclassifications	-	-	-	(16.1)	**(16.1)**
Treasury shares (footnote 1)	-	2.1	-	-	**2.1**
Dividend paid	-	(127.1)	-	-	**(127.1)**
Other	-	(0.3)	-	-	**(0.3)**
Balance on December 31, 2009	1.3	3,051.4	79.7	72.2	**3,204.6**

Footnote 1: as at December 31, 2009, 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. In 2009, 39,728 shares were sold for € 2.1 million. All issued shares are fully paid.

Footnote 2: 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.

Other reserves

In millions of euros	Cumulative valuation reserve	Cash flow hedge reserve	Cumulative currency translation reserve	**Total other reserves**
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)**
Balance on January 1, 2009	(27.9)	(20.8)	25.4	**(23.3)**
Movement cum. valuation reserve:				
- marketable securities	48.9	-	-	**48.9**
- other financial assets and associates	45.1	-	-	**45.1**
Interest rate derivatives and other	-	(4.0)	-	**(4.0)**
Translation of foreign subsidiaries and financial fixed assets	-	-	18.7	**18.7**
Revaluation of assets	-	-		
Effect of hedging instruments	-	-	(5.7)	**(5.7)**
Balance on December 31, 2009	66.1	(24.8)	38.4	**79.7**

Consolidated Statement of Cash Flows

In millions of euros	*Notes*	**2009**	2008
Cash flows from operating activities:			
Profit before taxes		**393.5**	438.3
Depreciation and impairments	1, 2	**130.4**	114.5
Amortization and impairments	3	**49.3**	45.1
Profit on sale of property, plant and equipment and investment properties	20, 21	**(2.8)**	(12.3)
(Profit) loss on sale of other financial assets and marketable securities	17, 18, 19	**(13.9)**	7.6
Share in result associates	4, 18	**(199.0)**	(187.9)
Interest expense		**47.5**	53.8
		405.0	459.1
Dividend from associates	4	**8.0**	65.0
Changes in working capital	25	**31.1**	(11.7)
Other movements in provisions and deferred taxes		**(1.0)**	9.9
Cash generated from operations		**443.1**	522.3
Interest paid		**(40.9)**	(46.4)
Income taxes paid		**(24.7)**	(66.7)
Net cash from operating activities		**377.5**	409.2
Cash flows from investing activities:			
Acquisition of associates and subsidiaries, net of cash acquired		**(131.3)**	(284.5)
Acquisition of other intangibles	3	**(20.9)**	(18.0)
Purchase of property, plant and equipment and investment properties	1, 2	**(137.2)**	(235.8)
Divestiture of associates	4	**1.5**	7.9
Changes in other financial assets		**(141.5)**	(6.4)
Proceeds from sale of property, plant and equipment and investment properties		**7.2**	35.7
Change in assets and liabilities held for sale	9	**(13.7)**	-
Change in marketable securities and deposits, net		**302.7**	83.1
Change in non-controlling interests		**(16.1)**	(6.8)
Effect of hedging instruments		**(0.2)**	19.4
Net cash from (used in) investing activities		**(149.5)**	(405.4)
Cash flows from financing activities:			
Change in short-term debt		**90.8**	50.4
Change in long-term debt		**(214.9)**	126.7
Sale of shares HAL Trust		**2.1**	1.8
Dividend paid		**(127.1)**	(206.4)
Net cash (used in) financing activities		**(249.1)**	(27.5)
Increase (decrease) in cash and cash equivalents		**(21.1)**	(23.7)
Cash and cash equivalents at beginning of year		**160.4**	183.8
Effects of exchange rate changes on opening balance		**0.6**	0.3
Cash and cash equivalents retranslated at beginning of year		**161.0**	184.1
Net increase (decrease) in cash and cash equivalents		**(21.1)**	(23.7)
Cash and cash equivalents at end of year		**139.9**	160.4

Accounting Policies

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 except for the implementation of IFRS 8, 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 derivative 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, goodwill and other intangibles. 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.

IFRS 8 "Operating segments", effective for reporting periods beginning January 1, 2009 replaces IAS 14 "Segment reporting" and requires that information be presented on the same basis as for the internal reporting provided to the chief-operating decision maker (CODM). The CODM has been identified as the Executive Board. Accordingly, additional segments were recognized.
Exposure Draft 9 (ED9), if it became effective, would supersede IAS31 "Interests in Joint Ventures". It would require an entity with joint arrangements to recognize its shared interests using equity accounting instead of having a choice of partial consolidation or equity accounting. Would the standard become effective, the effect will be considered.
Other new standards, amendments and interpretations of existing standards effective as from January 1, 2009 did not have a material impact on the Company. All other standards, amendments and interpretations of existing standards that were issued but not yet effective for reporting periods beginning after January 1, 2009 have not yet been adopted. It is anticipated that these standards, except for the revision of IFRS 3 (business combinations) and ED9 (joint arrangements) will have no material impact on the financial statements of the Company in future periods. Depending on the future business combination involved, application of IFRS 3 revised could have a material impact on the future financial statements.

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 (i.e. by shareholders agreement) 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. Non-controlling 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 56.

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 consolidated statement of income, 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 Statement of financial position presented are translated at the closing rate at the date of the Statement of financial position;
- (ii) income and expenses for each consolidated statement of income 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 consolidated statement of income 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.
Investments are initially recognized at fair value plus transaction costs directly attributable to the acquisition. Financial assets are derecognized when the rights to receive cash

flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.
Purchases and sales of financial assets are recognized on the trade-date (the date on which the Company commits to purchase or sell the asset).
Changes in the fair value of investments classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of income.

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.

Loans and receivables are measured at amortised cost using the effective interest method.
A provision for impairment of loans and 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. 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 loan/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 consolidated statement of income.

Available-for-sale financial assets:
These are 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.
All available-for-sale financial assets are measured at fair value based on quoted market prices in active markets.

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 based on external valuations performed by financial institutions. 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); (2) hedges of net investment in foreign operations (net investment hedge) or (3) hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedges). 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 consolidated statement of income.

Amounts accumulated in shareholders' equity are recycled in the consolidated statement of income 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 consolidated statement of income. 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 consolidated statement of income.

(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 consolidated statement of income.

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

(c) Fair value hedge: changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each Statement of financial position date.

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 consolidated statement of income.

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 and investment properties are shown at historical cost less accumulated depreciation and impairments. 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 repairs and maintenance costs are charged to the consolidated statement of income 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 consolidated statement of income.

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 associates, 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 consolidated statement of income 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 56.

Other financial assets and marketable securities

Other financial assets and marketable securities are non-derivatives. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of financial position date. They include time deposits, fixed income securities, equity interests up to 20% and equity interests in excess of 20% over which the Company has no significant influence and are initially recorded at fair value plus transaction costs directly attributable to the acquisition.

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 or amortized cost with respect to loans and receivables. Quoted equity and fixed income instruments are accounted for at market value based upon stock exchange quoted selling prices at the close of business on the Statement of financial position 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. These financial statements do not include any equity instruments measured at cost.

The Company assesses at each Statement of financial position 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 consolidated statement of income. Impairment losses recognized in the consolidated statement of income on equity instruments are not reversed through the consolidated statement of income. Impairment losses, if any, are charged to the consolidated statement of income. 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. 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 consolidated statement of income.

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.

Assets and liabilities held for sale

Assets and liabilities are classified as held for sale if they are to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets and liabilities must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and liabilities its sale must be highly probable. Assets and liabilities that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.
Financial assets and liabilities held for sale are classified separately in current assets and current liabilities.

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 Statement of financial position date. These receivables are expected to be collected within twelve months from the Statement of financial position date.

Cash and cash equivalents

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

Non-controlling 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 consolidated statement of income 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 consolidated statement of income 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 consolidated statement of income 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 Statement of financial position date. Interest expense related to this debt is reported as Interest expense in the consolidated statement of income.

Revenue

Revenues 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 revenues are eliminated.

(a) Sales of goods: sales of goods are recognized when a Company's entity has delivered the products to the customer, the customer has accepted the products and all significant risks and rewards of ownership of the goods are transferred and collectability of the related receivables is reasonably assured so that it is probable that the economic benefits associated with the transaction will flow to the Company. 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. Retail sales are only recognized when the earnings process is complete. Any prepayments by customers are not considered as revenue yet but are accounted for as deferred income. Revenue is only recognized when the costs associated with the transaction can be measured reliably.
(b) 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. Revenue is only recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the stage of completion of the transaction can be measured reliably as well as the costs associated with the transaction.

(c) Franchise fee income: Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. Franchise fees are recognized on an accrual basis in accordance with the terms of the respective agreements.

(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 Statement of financial position 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 financial lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term debt. The interest element of the finance cost is charged to the consolidated statement of income 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

The Company's reportable segments are defined as follows:
- Liquid portfolio
- Real estate
- Quoted minority interests
- Optical retail investments
- Other unquoted investments

These reportable segments were defined based on differences in products and services as well as differences in the nature of the respective assets.

The liquid portfolio consists of fixed income and equity securities generating interests, dividends and capital gains.

The real estate activities relate to the development and rental of multi-family properties and office buildings.

The quoted minority interests segment derives its income from its percentage of ownership in two publicly traded associates and dividends from publicly quoted companies where the ownership percentage does not exceed 20%.

Optical retail investments are majority-owned companies as well as minority interests in companies that derive their revenues from the sale of optical products.

Other unquoted investments are majority-owned companies as well as minority interests in companies that derive their revenues from various activities such as hearing aid, office furniture, personal protection equipment, construction products, printing, shipping, orthopaedic devices, wine distribution and other activities.

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 other 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 revenues 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 2009, the liquid assets amounted to € 355 million (2008: € 559 million) of which € 123 million (2008: € 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 A+.
In addition, the Company is exposed to credit risk with respect to its € 91 million interest in Senior Notes issued by Safilo Group S.p.A, maturing in 2013.

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, 2009 amounted to € 902 million (2008: € 1,011 million). For 100% of the bank debt, the applicable covenants were complied with (2008: 97%).
At the end of 2009, the net debt position, consisting of short and long-term bank debt less cash and cash equivalents and marketable securities and deposits, amounted to € 436 million (2008: € 281 million). This net debt position represents a ratio of 1.0 (2008: 0.6) when compared to the operating result before depreciation and amortization and earnings from associates. In addition, at the end of 2009, unused credit facilities were available to an amount of € 619 million (2008: € 520 million) of which € 507 million (2008: € 200 million) was committed by external financial institutions.

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

In millions of euros

At Dec. 31, 2009	2010	2011	2012-2014	>2014
Long-term debt	-	140.7	145.9	101.8
Short-term debt	513.3	-	-	-
Interest on long term debt	18.8	14.3	16.0	10.2
Finance leases	1.7	1.2	2.3	0.5
Accounts payable	229.1	-	-	-
	762.9	156.2	164.2	112.5

Short-term debt includes € 190 million of bank loans drawn under a facility maturing in February 2012.

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.

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, 2009	2010	2011	2012-2014	>2014
Forward Foreign Exchange contracts				
Outflow	326.9	-	-	-
Inflow	324.3	-	-	-

In millions of euros

At Dec. 31, 2008	2010	2011	2012-2014	>2014
Forward Foreign Exchange contracts				
Outflow	149.1	-	-	-
Inflow	148.8	-	-	-

Market risk

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

Translation risk arising from the conversion of Statement of financial position 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 2009, the net assets exposed to changes in the U.S. dollar amounted to $ 319 million (€ 223 million) (2008: $ 202 million (€ 145 million)). This risk is hedged for 95% by forward exchange contracts. Net assets denominated in British Pound amounted to GBP 126 million (€ 141 million) as of December 31, 2009 (2008: GBP 118 million (€ 124 million)). This risk is hedged for 82% 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 € 24 million (2008 € 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 2009, the book value of the net assets denominated in these currencies amounted to € 280 million (2008: € 250 million). This currency risk is unhedged. In 2009, the increase in value of these currencies resulted in an unrealized gain of € 13 million. This gain was recorded in the cumulative currency translation reserve. A further increase in value of these currencies by 10% would result in an additional gain of € 28 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, 2009 to exchange rate fluctuations as follows:

Currency pair	Movement	P&L impact	Equity impact
EUR/USD	+10%		21.0
EUR/USD	-10%		(21.0)
EUR/GBP	+10%		11.4
EUR/GBP	-10%		(11.4)
EUR/YEN	+10%	2.5	
EUR/YEN	-10%	(2.5)	

As at December 31, 2008, the impact would have been:

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)	

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 (excluding the € 91 million interest in Safilo Senior Notes which mature in May 2013). If interest rates in 2009 had been 10% higher, the effect on net income for the year would have been approximately € 1.3 million positive and the effect on equity nil.
In addition, interest rate risk exists with respect to the Company’s debt position. Of the € 902 million bank debt outstanding at the end of 2009, € 638 million was at fixed rates for an average period of 3.5 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 71% (2008: 64%) of the borrowings.

If variable interest rates in 2009 had changed by 10%, the impact on the consolidated statement of income for the year would have been € 1.0 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 € 2.4 million.

Price risk
At the end of 2009, the Company had investments in equities (included in the marketable securities and other financial assets) amounting to € 192 million (2008: € 171 million) based on quoted market prices at the Statement of financial position date. These investments are classified as available for sale. If at December 31, 2009, equity markets had fallen 10% overall, the portfolio value could have decreased by 10%, which would have resulted in a negative impact of € 19 million (2008: € 17 million) in other reserves in shareholders’ equity. Potentially the whole or a part of this amount would have required recognition through the consolidated statement of income as an impairment charge.

(All amounts in millions of euros,

1. Property, plant and equipment

Movement for 2008 and 2009 are as follows:

	Land & Buildings	Vessels	Equipment	**Total**
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 and impairment	(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 and impairment	(186.7)	(21.5)	(768.9)	**(977.1)**
Book value on Dec. 31, 2008	232.3	131.4	305.2	**668.9**
Investments	40.5	12.9	82.0	**135.4**
Consolidations	1.6	-	0.4	**2.0**
Reclassification	4.6	-	(4.6)	**-**
Disposals	(1.8)	-	(2.6)	**(4.4)**
Depreciation and impairment	(28.8)	(9.1)	(85.7)	**(123.6)**
Exchange differences	1.0	(1.9)	0.7	**(0.2)**
Book value on Dec. 31, 2009	249.4	133.3	295.4	**678.1**
Cost value	467.5	161.9	1,128.4	**1,757.8**
Accumulated depreciation and impairment	(218.1)	(28.6)	(833.0)	**(1,079.7)**
Book value on Dec. 31, 2009	249.4	133.3	295.4	**678.1**

Notes 13 and 15 detail information on pledges.

2. Investment properties

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

Movement for 2008 and 2009 are as follows:

	Land & Buildings	Equipment	**Total**
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 and impairment	(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 and impairment	(25.5)	(2.5)	**(28.0)**
Book value on Dec. 31, 2008	71.1	1.5	**72.6**
Investments	1.6	0.2	**1.8**
Depreciation and impairment	(6.2)	(0.6)	**(6.8)**
Exchange differences	(1.8)	(0.1)	**(1.9)**
Book value on Dec. 31, 2009	64.7	1.0	**65.7**
Cost value	91.9	3.9	**95.8**
Accumulated depreciation and impairment	(27.2)	(2.9)	**(30.1)**
Book value on Dec. 31, 2009	64.7	1.0	**65.7**

Valuations of the investment properties are generally performed every three years by independent external valuation experts and updated internally in subsequent years. In view of the market circumstances external valuations were performed in December 2009 (previous valuation was 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 2009 valuations, the estimated value of the investment properties amounts to approximately $ 171 million (€ 119 million) (2008: $ 151 million, € 108 million). The result of this valuation was that the carrying value relating to two development properties was impaired for a total of $ 3.5 million (€ 2.4 million). This impairment is included in "depreciation" in the above table.

In Notes 13 and 15 information on pledges is included.

3. Intangible assets

Intangible assets consist of:

	2009	2008
Goodwill	**1,100.8**	1,076.2
Other intangibles	**420.3**	417.6
	1,521.1	1,493.8

Movements for goodwill are as follows:

	2009	2008
Balance on January 1	**1,076.2**	990.3
Acquisitions	**35.4**	155.3
Disposals	**-**	(3.7)
Purchase price accounting reclassifications	**(1.1)**	(19.7)
Impairment	**(21.5)**	(22.6)
Exchange and other adjustments	**11.8**	(23.4)
Balance on December 31	**1,100.8**	1,076.2
Cost value	**1,559.3**	1,513.2
Amortization and impairment	**(458.5)**	(437.0)
Book value on December 31	**1,100.8**	1,076.2

Investments in associates include goodwill for an amount of € 37.0 million as follows:

Cost value	232.2
Amortization	(195.2)
	37.0

The acquired goodwill during 2009 can be specified as follows:

Purchase price	37.2
Net asset value acquired	(1.8)
Total goodwill acquired	35.4

Major acquisitions

During 2009, the Company acquired additional optical retail stores across Europe and South America.

Details are as follows:

Cash paid	26.7
Cash to be paid in future years	4.3
Net asset value acquired	(2.0)
Goodwill	29.0

Details of the net asset value acquired:

Property, plant and equipment	2.3
Long-term assets	1.8
Inventories	3.9
Accounts receivable & others	6.6
Cash	2.1
Accounts payable and short-term liabilities	(8.1)
Long-term liabilities	(6.6)
Net asset value acquired	2.0

The Company also acquired additional hearing aid stores located in Western Europe.

Details are as follows:

Cash paid	3.8
Cash to be paid in future years	1.2
Net asset value acquired	(0.4)
Goodwill	4.6

Details of the net asset value acquired:

Property, plant and equipment	0.3
Long-term assets	0.1
Inventories	0.3
Accounts receivable & others	0.4
Cash	0.1
Accounts payable and short-term liabilities	(0.3)
Long-term liabilities	(0.5)
Net asset value acquired	0.4

The initial accounting for these acquisitions is provisional. No significant differences between original book value and fair value existed in 2009 acquisitions.

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, representing 5% of the goodwill (2008: 3%), if the economic reality of a specific cash generating units justified it and lead to more accurate estimates, the recoverable amount was based on the cash-generating unit's fair value less costs to sell, based on market multiples of revenues and earnings before income tax, interest and amortization.

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

	Optical retail		Other	
	2009	2008	**2009**	2008
Weighted average increase in revenues	**5.2%**	4.4%	**5.7%**	5.2%
Weighted average gross margin	**71.6%**	72.3%	**56.1%**	52.5%
Weighted average after tax discount rate	**9.2%**	9.0%	**10.4%**	10.4%

Goodwill is comprised of the following:

	2009	2008
Pearle Europe B.V.	**541.6**	508.9
GrandVision S.A.	**257.3**	251.1
Other optical retail	**19.6**	25.6
	818.5	785.6
AudioNova International B.V.	**105.5**	114.6
Other unquoted investments	**176.8**	176.0
Total	**1,100.8**	1,076.2

The result of this process was that the carrying value of goodwill relating to three cash generating units was impaired for a total of € 21.5 million, which is recorded under "amortization and impairments of intangibles" in the statement of income.

The impairment charge can be detailed as follows:

	2009	2008
Optical retail investments	**8.5**	4.2
Other unquoted investments	**13.0**	18.4
Total	**21.5**	22.6

The impairment with respect to optical retailing relates to the operations in China and Turkey. The impairment with respect to the other activities relates to a hearing aid company located in Italy. These impairments are due to a decrease in profitability compared to the expectations when the investments were acquired as well as closure of stores.

The valuation models include certain assumptions with respect to revenues growth. If the models included a 2% lower increase in revenues, and assuming an unchanged cost structure and capital expenditures, the calculations would result in a potential impairment charge of € 8 million.

A 2% increase in the discount rate would potentially result in an impairment charge of € 38 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 € 298 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, 2008	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 and impairment	(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**
Investments	13.5	0.2	7.2	**20.9**
Reclassification	-	0.8	-	**0.8**
Amortization and impairment	(4.3)	(11.4)	(12.1)	**(27.8)**
Exchange adjustments	2.2	7.1	(0.5)	**8.8**
Book value on Dec. 31, 2009	194.2	173.5	52.6	**420.3**
At Dec.31, 2009				
Cost value	225.5	223.8	125.5	**574.8**
Accumulated amortization and impairment	(31.3)	(50.3)	(72.9)	**(154.5)**
Book value on Dec. 31, 2009	194.2	173.5	52.6	**420.3**

Right of use and key money are deemed to have an indefinite life and are not amortized but rather subject to an impairment test. As a result of the tests performed, an impairment charge of € 4.3 million was recorded under "amortization and impairment intangibles" in the statement of income.
The impairment was related to optical retailing operations in France.

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:

	2009	2008
Publicly traded	**1,009.4**	727.6
Other	**112.6**	100.4
	1,122.0	828.0

Movements are as follows:

	2009	2008
Book value on Jan. 1	**828.0**	737.3
Investments	**96.4**	7.0
Disposals	**(1.5)**	(7.9)
Share in results	**199.0**	187.9
Dividends	**(8.0)**	(65.0)
Revaluation of assets	**-**	1.2
Movement valuation difference	**4.5**	(2.2)
Reclassification	**1.2**	(9.6)
Exchange adjustments and effect of financial instruments	**2.4**	(20.7)
Book value on Dec. 31	**1,122.0**	828.0

The effect of the purchase of the controlling interests in Lensmaster and AMB in 2008 is included in the line "Reclassification" as these entities were then fully consolidated.

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

	2009	2008
Market value	**2,590.1**	1,260.6
Book value	**(1,009.4)**	(727.6)
	1,580.7	533.0

At December 31, 2009, a total goodwill of € 37.0 million (2008: € 26.6 million) was included in the book value above.

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

	Vopak	Boskalis	Total
2009			
Assets	3,136.0	2,803.6	**5,939.6**
Liabilities	1,803.2	1,498.7	**3,301.9**
Revenues	1,001.1	2,175.2	**3,176.3**
Profit	247.6	227.9	**475.5**
% interest held	48.15%	32.48%	
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	212.0	249.1	**461.1**
% 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 56.
The interest in Dockwise Ltd. is included under "Other financial assets".

Investments in associates includes interests in five private equity partnerships for a total amount of € 36 million (2008: € 27 million).

5. Other financial assets

The specification is as follows:

	2009	2008
Investment in quoted securities	**171.9**	-
Loans to associates	**16.4**	8.9
Other loans	**43.1**	40.2
Other	**25.3**	25.3
	256.7	74.4

Investment in quoted securities include:

	2009	2008
9 5/8% Senior Notes issued by Safilo Group maturing in 2013 par value € 99 million	**90.8**	-
2.08% equity interest in Safilo Group SpA	**3.4**	-
17.5% interest in Dockwise Ltd.	**77.7**	-
	171.9	-

Investments in quoted securities are recorded at fair value based on stock exchange quoted prices including accrued interest if applicable. If securities are not traded continuously, market prices are obtained from independent market vendors.

The loans to associates bear interest ranging from 6% to 8% with a remaining duration of two to five years.

The Other category mostly includes long-term deposits.

Prior year numbers have been reclassified after reclassification of financial assets that were previously included in other non-current assets.

6. Marketable securities and deposits

The specification is as follows:

	2009	2008
Time deposits and other receivables	**214.3**	397.9
Other fixed income securities	**0.4**	0.4
Equity securities	**111.3**	171.4
	326.0	569.7

The Company determined that the fair value of some equity securities previously impaired had become lower than their carrying value. Accordingly, an impairment of € 2.7 million was recognized (2008: € 22.3 million).

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

	2009	2008
Euro	**179.4**	382.6
U.S. dollar	**32.0**	13.9
Other currencies	**2.9**	1.4
	214.3	397.9

On December 31, 2009, the average current yield of the time deposits and bonds denominated in U.S. dollars was 0.3% (2008: 1.6%) and those denominated in euros 0.9% (2008: 2.1%). All deposits are highly liquid.

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

	2009 %	2008 %
Europe	**46**	58
North-America	**17**	19
Other	**37**	23
	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 consolidated statement of income.

7. Receivables

	2009	2008
Trade receivables	**287.0**	331.5
Allowance for doubtful receivables	**(20.7)**	(18.6)
	266.3	312.9

The ageing of these receivables is as follows:

	2009	2008
Up to 3 months	**242.1**	280.9
Between 3 and 6 months	**16.0**	23.4
Between 6 and 9 months	**10.1**	10.2
Over 9 months	**18.8**	17.0
	287.0	331.5

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:

	2009	2008
Up to 3 months	**44.0**	68.9
Between 3 and 6 months	**7.4**	11.3
Between 6 and 9 months	**3.7**	4.3
Over 9 months	**8.1**	6.7
	63.2	91.2

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

	2009	2008
Euro	**225.6**	264.6
British Pound	**16.2**	20.2
U.S. dollar	**7.0**	7.1
Other	**38.2**	39.6
	287.0	331.5

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

	2009	2008
Book value on Jan. 1	**(18.6)**	(18.9)
Additions	**(5.4)**	(8.8)
Current year write-off	**3.0**	7.7
Releases	**0.3**	1.4
Book value on Dec. 31	**(20.7)**	(18.6)

In Notes 13 and 15 information on pledges is included.

8. Inventories

The composition of the inventories is as follows:

	2009	2008
Raw materials	**30.5**	39.0
Work in progress	**18.8**	22.7
Finished goods	**332.5**	357.1
Provisions	**(38.1)**	(39.2)
	343.7	379.6

The cost of inventory recognized as expense amounts to € 1,220.0 million (2008: € 1,311.6 million). The total write-down of inventories recognized as expense amounts to € 7.8 million (2008: € 6.0 million).

In Notes 13 and 15 information on pledges is included.

9. Assets and liabilities held for sale

	2009	2008
Balance on January 1	**-**	-
Reclassification to assets	**21.8**	
Reclassification to liabilities	**(7.2)**	-
Balance on Dec. 31	**14.6**	-

Assets and liabilities held for sale include the followings:

	2009	2008
Optical retail	**13.7**	-
Property, plant & equipment	**0.9**	-
Total	**14.6**	-

Optical retail includes the optical retail activities in a country which is non-core to the Company. It is expected that these activities will be sold in 2010. This sale is not expected to generate a loss.

10. Other current assets

The composition of the other current assets is as follows:

	2009	2008
Prepaid vendors	**43.6**	34.7
Other receivables	**78.8**	83.5
Value added tax	**15.0**	19.2
Derivative financial instruments	**1.3**	3.8
Receivables from franchisees	**23.3**	25.4
Income tax receivable	**3.5**	17.6
	165.5	184.2

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

In Notes 13 and 15 information on pledges is included.

11. Provisions

Provisions consist of:

	2009	2008
Pension obligations	**8.6**	13.8
Other	**60.7**	51.7
Total	**69.3**	65.5

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

The movement in other provisions is as follow:

	2009	2008
Balance on January 1	**51.7**	43.5
Provisions made in the year	**39.6**	25.3
Amounts used	**(31.3)**	(12.5)
Exchange differences	**0.7**	(4.6)
Balance on Dec. 31	**60.7**	51.7

Other provisions refer to warranties, fiscal and regulatory risks, restructuring, onerous contracts and other risks. The current portion of the 'other' provisions amounts to € 55.3 million and the non-current to € 5.4 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, 2009.

The amounts recognized in the Statement of financial position are as follows:

	2009	2008
Present value of funded obligations	**292.8**	268.5
Fair value of plan assets	**323.4**	298.0
	(30.6)	(29.5)
Unrecognized actuarial results	**3.1**	9.3
Present value of unfunded obligations	**36.1**	34.0
Net liability in the Statement of financial position	**8.6**	13.8

The net liability consists of defined benefit assets of € 64 million (2008: € 59 million) and defined benefit liabilities of € 73 million (2008: € 73 million).

The amounts recognized in the consolidated statement of income are as follows:

	2009	2008
Current service costs	**6.3**	7.4
Interest costs	**16.8**	15.6
Expected return on plan assets	**(18.2)**	(16.5)
Actuarial results	**-**	(1.1)
Plan amendments	**(0.1)**	(1.9)
Other costs	**11.5**	13.4
Total, included in employee costs	**16.3**	16.9

Movements in the defined benefit obligations are as follows:

	2009	2008
Balance on January 1	**302.5**	291.5
Consolidations	**-**	5.4
Service cost	**6.3**	7.4
Interest cost	**16.8**	15.6
Employee contributions	**4.5**	4.3
Actuarial results	**14.1**	(2.4)
Plan amendments	**0.9**	(2.1)
Benefits paid	**(14.7)**	(14.1)
Reclassification	**(2.2)**	-
Exchange effect	**0.7**	(3.1)
Balance on Dec. 31	**328.9**	302.5

Movements in the plan assets are as follows:

	2009	2008
Balance on January 1	**298.0**	289.1
Expected return on plan assets	**18.2**	16.5
Employer contributions	**8.2**	16.2
Employee contributions	**4.5**	4.3
Actuarial results	**7.9**	(10.8)
Plan amendments	**1.0**	(0.2)
Benefits paid	**(14.7)**	(14.1)
Exchange effect	**0.3**	(3.0)
Balance on Dec. 31	**323.4**	298.0

The actual return on plan assets was € 26.1 million (2008: € 5.7 million).

The Company expects to contribute € 14.8 million to defined benefit plans in 2010.

The principal - weighted average - assumptions used were:

	2009	2008
Discount rate	**5.31%**	5.48%
Inflation rate	**2.08%**	2.03%
Expected return on plan assets	**5.27%**	5.45%
Future salary increases	**3.88%**	3.18%
Future benefits increases	**1.87%**	1.92%

Mortality tables used were the latest available.

Plan assets include the following:

As of December 31, 2009:

Equities	**91.9**	28.4%
Debt instruments	**185.7**	57.4%
Other	**45.8**	14.2%
	323.4	100.0%

As at December 31 2008:

Equities	**68.9**	23.1%
Debt instruments	**175.7**	59.0%
Other	**53.4**	17.9%
	298.0	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 Statement of financial position date. Expected returns on equity reflect expected long-term rates of return.

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

	2009	2008	2007	2006	2005
Present value of defined benefit obligations	**328.9**	302.5	291.5	328.5	358.5
Fair value of plan assets	**323.4**	298.0	289.1	275.2	280.5
Deficit	**(5.5)**	(4.5)	(2.4)	(53.3)	(78.0)
Actuarial (gains) losses on pension obligations	**14.1**	(2.4)	(36.2)	(31.4)	24.7
Actuarial gains (losses) on plan assets	**7.9**	(10.8)	(6.3)	(1.0)	9.5

13. Long-term debt

	2009	2008
Mortgage loans	**121.7**	129.0
Other loans	**266.7**	461.5
	388.4	590.5

The summary per currency is as follows:

	2009	2008
Euro	**281.8**	496.0
U.S. dollar	**62.0**	70.7
Other currencies	**44.6**	23.8
	388.4	590.5

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

	2009	2008
Between 1 and 2 years	**140.7**	252.0
Between 2 and 5 years	**145.9**	270.4
Over 5 years	**101.8**	68.1
	388.4	590.5

Mortgages are secured by pledges on vessels, real estate, inventory and receivables with a corresponding book value of € 263 million. The other loans are secured to an amount of € 76 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, 2009 on the long-term loans was 4.5% (2008: 4.9%).

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:

	2009	2008
Loans at fixed rates	**291.4**	405.7
Loans at floating rates	**97.0**	184.8
	388.4	590.5

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, 2008	(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)**
Credit/(charged) to net income	0.5	0.1	(5.3)	**(4.7)**
Charged to equity	-	-	1.5	**1.5**
Other movements	-	-	(1.0)	**(1.0)**
As at Dec. 31, 2009	(5.0)	(12.9)	(126.7)	**(144.6)**

The current portion of the deferred tax liabilities amounts to € 5.8 million and the non-current to € 138.8 million.

Deferred tax assets:

	Deriva- tives	Goodwill	Other	**Total**
As at Jan. 1, 2008	-	5.1	55.6	**60.7**
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**
Credit/(charged) to net income	(0.1)	-	5.4	**5.3**
Other movements	-	-	1.6	**1.6**
As at Dec. 31, 2009	0.2	5.1	74.4	**79.7**

The current portion of the deferred tax assets amounts to € 2.0 million and the non-current to € 77.7 million.

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 € 295.8 million (2008: € 259.5 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 Statement of financial position:

	2009	2008
Deferred tax assets	**50.4**	49.2
Deferred tax liabilities	**(115.3)**	(116.8)
	(64.9)	(67.6)

Deferred income taxes are shown under note 24 as follows:

	2009	2008
Deferred tax liabilities debited / credited to net income	**(4.7)**	(0.4)
Deferred tax assets credited to net income	**5.3**	(2.7)
	0.6	(3.1)

15. Short-term debt

	2009	2008
Bank overdraft	**59.9**	61.9
Bank loans	**242.6**	312.3
Current portion long-term debt	**210.8**	45.9
	513.3	420.1

Loans are secured to an amount of € 125 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 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 € 190 million (2008: € 230 million) which mature in 2010 but are drawn under a facility expiring in February 2012.

16. Net revenues

	2009	2008
Sale of goods	**3,272.5**	3,367.8
Services	**122.3**	141.8
Franchise fees	**53.0**	52.9
	3,447.8	3,562.5

17. Earnings from marketable securities and deposits

	2009	2008
Capital gains (losses) including impairments	**10.8**	(29.9)
Interest income	**9.7**	27.3
Dividends	**3.0**	3.3
Management fees	**(0.6)**	(0.9)
	22.9	(0.2)

Capital gains (losses) for 2009 include an impairment of € 2.7 million (2008: € 22.3 million).

18. Earnings from associates

Earnings from associates amounts to € 199.0 million (2008: € 187.9 million) mostly from the quoted associates.

Prior year numbers have been reclassified as income from loans to associates is now classified as earnings from other financial assets.

19. Earnings from other financial assets

	2009	2008
Interest from loans	**1.5**	1.0
Capital gains (loss)	**(0.8)**	(0.3)
	0.7	0.7

Prior year numbers have been reclassified – see note 18.

20. Earnings from real estate activities

	2009	2008
Capital gains	**-**	0.5
Net rental income	**12.5**	11.3
Operating expenses	**(4.8)**	(4.1)
	7.7	7.7

An impairment for a total of € 2.4 million was recognized on two properties under depreciation expense in the consolidated statement of income.

21. Capital gains on sale of assets

Capital gains on sale of assets of € 2.8 million (2008: € 11.8 million) have been recognized on the sale of property, plant and equipment. The amounts involved are pre-tax and pre-non-controlling interests.

22. Employee expenses

	2009	2008
Wages and salaries	**733.7**	711.0
Social security costs	**146.7**	142.8
Pension costs	**16.3**	16.9
Other	**82.0**	85.3
	978.7	956.0

The average number of persons employed by the Company and its subsidiaries during 2009 was 24,503 (2008: 23,921) on a full time equivalent basis.

23. Other operating expenses

Other operating expenses include the following:

	2009	2008
Rent	**342.1**	310.6
Marketing and publicity	**136.9**	138.1
Other	**374.7**	396.4
	853.7	845.1

Research and development costs expensed amounted to € 4.4 million (2008: € 5.7 million).

The total amount of exchange differences recognized in the consolidated statement of income (except financial instruments at fair value) amounted to a € 1.8 million gain (2008: € 6.8 million loss).

24. 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.

	2009	2008
Current income taxes	**52.0**	40.4
Deferred income taxes	**(0.6)**	3.1
	51.4	43.5

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:

	2009	2008
Tax at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	**107.5**	109.4
Recognition of unused tax losses and unrecognized tax losses	**15.2**	6.1
Tax-effect on non-deductible expenses and on income not subject to tax	**(70.5)**	(71.0)
Other	**(0.8)**	(1.0)
	51.4	43.5

The weighted average applicable tax rates was 27% (2008: 25%).

25. Changes in working capital

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

	2009	2008
Accounts receivable	**51.2**	31.2
Inventories	**40.1**	(9.1)
Other current assets	**15.6**	(38.5)
Accounts payable	**(46.8)**	(28.8)
Accrued expenses	**(23.7)**	20.7
Taxes payable	**(5.3)**	12.8
	31.1	(11.7)

Segmentation

The difference in presentation from prior years is due to the adoption of IFRS 8. Prior year figures have been restated.

Operating income (for the purpose of this report defined as earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets) can be detailed as follows:

	2009	2008
Liquid portfolio	**14.7**	(11.8)
Real estate	**(0.1)**	2.3
Quoted minorities	**193.4**	179.6
Optical retail investments	**250.4**	277.9
Other unquoted investments	**65.3**	95.0
	523.7	543.0
Reconciling items:		
- Amortization	**(49.3)**	(45.1)
- interest income consolidated subsidiaries	**8.1**	10.6
- Other	**(41.5)**	(16.4)
Operating result as per consolidated statement of income	**441.0**	492.1
Interest expense	**(47.5)**	(53.8)
Profit before tax as per consolidated statement of income	**393.5**	438.3

The “other” reconciling items represents mostly corporate overhead and exceptional and non-recurring items.
Amortization includes impairments of € 26.9 million of which € 13.9 million (2008: € 5.0

million) in the Optical retail investments segment and € 13.0 million (2008: € 18.6 million) in the Other unquoted investments segment.

The composition of depreciation expense by segment is as follows:

	2009	2008
Real estate	**6.8**	4.9
Optical retail investments	**78.9**	71.3
Other unquoted investments	**44.5**	38.1
Reconciling items	**0.2**	0.2
	130.4	114.5

Depreciation in 2009 includes impairments of € 2.4 million in the real estate segment.

The reconciling items represent corporate depreciation expense.

The composition of net revenues by segment is as follows:

	2009	2008
Optical retail investments	**2,032.5**	1,977.4
Other unquoted investments	**1,415.3**	1,585.1
	3,447.8	3,562.5

The composition of assets by segment is as follows:

	2009	2008
Liquid portfolio	**233.8**	515.2
Real estate	**84.1**	81.2
Quoted minorities	**1,181.3**	727.6
Optical retail investments	**2,111.4**	2,054.9
Other unquoted investments	**1,321.0**	1,381.7
Reconciling items	**25.6**	33.1
	4,957.2	4,793.7

The reconciling items represent mostly deferred tax and loans.

The composition of investments in associates by segment is as follows:

	2009	2008
Quoted minorities	**1,009.4**	727.6
Optical retail investments	**22.9**	23.5
Other unquoted investments	**89.7**	76.9
	1,122.0	828.0

The composition of capital expenditure by segment is as follows:

	2009	2008
Real estate	**1.8**	8.5
Optical retail investments	**135.2**	221.7
Other unquoted investments	**55.9**	178.1
Reconciling items	**0.6**	0.8
	193.5	409.1

Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.
The reconciling items represent corporate capital expenditure.

The composition of liabilities by segment is as follows:

	2009	2008
Liquid portfolio	**0.1**	0.3
Real estate	**22.9**	27.3
Optical retail investments	**1,012.6**	1,068.7
Other unquoted investments	**756.9**	837.1
Reconciling items	**(39.9)**	(41.4)
	1,752.6	1,892.0

The reconciling items represent mostly pension assets that are part of the overall pension liability and accrued expenses.

The composition of net revenues by geographical area is as follows:

	2009	2008
Europe	**3,309.8**	3,431.7
North-America	**36.5**	31.1
Other countries	**101.5**	99.7
	3,447.8	3,562.5

The composition of non-current assets by geographical area is as follows:

	2009	2008
Europe	**3,200.3**	2,910.7
North-America	**67.5**	76.0
Other countries	**119.1**	76.6
	3,386.9	3,063.3

Non-current assets consist of property, plant and equipment, investment properties, intangible assets and investments in associates.

Financial instruments by category

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

Dec. 31, 2009	Loans and receivables	Available for sale	Deriva-tives	Total
Assets per statement of financial position				
Other financial assets	84.8	171.9	-	**256.7**
Marketable securities and deposits	-	326.0	-	**326.0**
Other current assets	105.6	-	1.3	**106.9**
Receivables	266.3	-	-	**266.3**
Cash	139.9	-	-	**139.9**
Total	596.6	497.9	1.3	**1,095.8**

Dec. 31, 2009	Liabili-ties	Deriva-tives	Total
Liabilities per statement of financial position			
Long-term debt	388.4	-	**388.4**
Short-term debt	513.3	-	**513.3**
Finance leases	5.7	-	**5.7**
Accounts payable	229.0	13.5	**242.5**
Total	1,136.4	13.5	**1,149.9**

Dec. 31, 2008	Loans and receivables	Available for sale	Deriva-tives	Total
Assets per statement of financial position				
Other financial assets	74.4	-	-	**74.4**
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	670.8	569.7	7.3	**1,247.8**

Dec. 31, 2008	Liabili-ties	Deriva-tives	Total
Liabilities per statement of financial position			
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**

Derivative financial instruments

On December 31, 2009 the Company owned open forward exchange contracts to sell U.S. dollars with a fair value of approximately € (0.9) million (2008: € 0.3 million), a nominal amount of € 223 million (2008: € 162 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 € (1.5) million (2008: € 1.7 million), a nominal amount of € 116 million (2008: € 115 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 € 0.3 million (2008: € 0.1 million), a nominal amount of € 25 million (2008: € 30 million) and maturing within the next twelve months. The company also owned at the end of 2008 miscellaneous contracts with a fair value of € 1.3 million, a nominal amount of € 9 million and maturing within twelve months.
The total fair value of the above instruments was € (2.4) million (2008: € 3.4 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 € 1.3 million gain on the hedging instrument and a € 1.0 million loss on the hedged item.

As per December 31, 2009, interest on loans to an amount of € 535 million (2008: € 508 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 € (10.1) million on December 31, 2009 (2008: € (4.1) million). This amount is included under other current assets and accrued expenses in the statement of financial position. On December 31, 2009 the fixed interest rates of the swaps vary from 2.77% to 4.67% (2008: 2.91% 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 consolidated statement of income 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 24.

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 2009	Carrying amount 2009	Fair value 2008	Carrying amount 2008
Financial Assets				
Other financial assets	256.7	256.7	74.4	74.4
Marketable securities and deposits	326.0	326.0	569.7	569.7
Other current assets	106.9	106.9	130.4	130.4
Receivables	266.3	266.3	312.9	312.9
Cash	139.9	139.9	160.4	160.4
Total	**1,095.8**	**1,095.8**	1,247.8	1,247.8

	Fair value 2009	Carrying amount 2009	Fair value 2008	Carrying amount 2008
Financial Liabilities				
Debt	883.8	901.7	982.9	1,010.6
Finance leases	5.1	5.7	3.4	3.9
Accounts payable and derivatives	242.5	242.5	279.9	279.9
Total	**1,131.4**	**1,149.9**	1,266.2	1,294.4

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.

Summary by level of assets and liabilities measured at fair value

	Level 1	Level 2	Level 3	Total
Assets				
Available-for sale financial assets				
- equity securities	172.7	19.7	-	192.4
- fixed income instruments	90.8	0.4	-	91.2
Derivatives used for hedging	-	1.3	-	1.3
Total	263.5	21.4	-	284.9

	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives used for hedging	-	13.5	-	13.5
Total	-	13.5	-	13.5

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. The financial instruments traded in active markets through a money manager where the Company does not have the power to control sales and purchases are classified in level 2.
In the case of financial instruments that are not traded in an active market such as derivatives, fair value is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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.

	2009	2008
Equity	**3,132.4**	2,807.5
Long-term debt	**388.4**	590.5
Short-term debt	**513.3**	420.1
Cash and cash equivalents	**(139.9)**	(160.4)
Total capital employed	**3,894.2**	3,657.7

Related-party transactions

Short-term and post-employment benefits for the Executive Board amounted to € 2.3 million (2008: € 2.0 million) and € 0.3 million (2008: € 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 (2008: € 0.6 million) was charged to the consolidated statement of income and a liability of € 2.1 million (2008: € 1.5 million) has been recognized.

The fixed remuneration for the Supervisory Directors of HAL Holding N.V. paid during 2009 in accordance with Art. 23 (5) of the Articles of Incorporation of HAL Holding N.V. was € 0.1 million (2008: € 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 € 0.4 million (2008: € 0.5 million) which was limited to € 0.3 million (2008: € 0.3 million) by the Supervisory Board. Accordingly, the total 2009 compensation for the Supervisory Board amounted to € 0.4 million (2008: € 0.4 million).

Financial Commitments

Capital commitments

On December 31, 2009 the Company and its subsidiaries had capital commitments in respect of buildings under construction of approximately € 1.3 million (2008: € 19.4 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:

	2009	2008
Cost at beginning of the year	**27.0**	31.4
Acquisition	**4.8**	1.3
Disposals	**(1.7)**	(5.7)
Subtotal	**30.1**	27.0
Accumulated depreciation at beginning of the year	**(22.6)**	(26.6)
Disposals	**0.3**	5.5
Depreciation	**(1.9)**	(1.5)
Subtotal	**(24.2)**	(22.6)
Book value at Dec. 31	**5.9**	4.4

These assets represent mostly warehouse assets and laboratory equipment.

Minimum lease payments of the finance lease liabilities:

	2009	2008
No later than 1 year	**1.7**	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	**2.3**	1.0
Later than 5 years	**0.5**	0.3
Subtotal	**5.7**	3.9
Future finance charges	**(0.6)**	(0.5)
Present value of liability	**5.1**	3.4

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

	2009	2008
No later than 1 year	**1.6**	1.1
Later than 1 year and no later than 2 years	**1.1**	1.2
Later than 2 years and no later than 5 years	**1.7**	0.8
Later than 5 years	**0.7**	0.3
Total	**5.1**	3.4

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 consolidated statement of income 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:

	2009	2008
No later than 1 year	**265.5**	232.1
Later than 1 year and no later than 5 years	**656.7**	663.5
Later than 5 years	**265.3**	230.2
Total	**1,187.5**	1,125.8

Operating leases recognized in income amounted to € 258 million (2008: € 236 million).

The Company and its subsidiaries entered into various commitments to acquire minority and majority interests. On December 31, 2009 the total estimated amount of these commitments was € 268 million (2008: € 21 million).

Subsequent events

In February and March 2010 the Company acquired for € 148 million an additional 35.1% stake in Safilo Group S.p.A, an Italian quoted manufacturer and distributor of optical frames and sunglasses. The Company’s interest in Safilo Group S.p.A, as of the date of these financial statements is 37.2%.

List of Principal Investments

as at December 31, 2009

(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
Atasun Optik A.S., Istanbul
Mercurius Groep B.V., Wormerveer
GrandVision S.A., Paris (99.8%)
Pearle Europe B.V., Schiphol (98.8%)
Broadview Holding B.V., 's-Hertogenbosch (97.4%)
Audionova International B.V., Rotterdam (95.8%)
Intersafe Trust B.V., Dordrecht (95.5%)
Sports Timing Holding B.V., Haarlem (95.0%)
Orthopedie Investments Europe B.V., Haarlem (89.0%)
Lensmaster, Moscow (81.0%)
Koninklijke Ahrend N.V., Amsterdam (79.2%)
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 (57.0%)

Associates:

Publicly traded	**Interest**	**Exchange**
Koninklijke Vopak N.V. (ordinary shares)	48.15%	Amsterdam
Koninklijke Boskalis Westminster N.V.	32.48%	Amsterdam
Dockwise Ltd.	17.50%	Oslo/Amsterdam

Other	
FD Mediagroep B.V.	49.12%
N.V. Nationale Borg-Maatschappij	47.50%
Andreas Kantoor II B.V.	40.00%
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, 2009

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. Amount 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 Statement of financial position 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 after 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	1,181.3	2,762.0	484.3
Unquoted investments	1,577.0	2,337.6	831.2
	2,758.3	5,099.6	1,315.5
Unquoted investments:			
Value based on a multiple of EBITA	1,306.5	2,051.1	501.8
Value based on recent transactions	9.9	26.1	11.0
Valued at cost less provisions	130.3	130.9	207.7
Valued at other methods	130.3	129.5	110.7
	1,577.0	2,337.6	831.2

Estimated value less bookvalue amounts to € 761 million at the end of 2009.

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 € 255 million. This amount includes the negative EBITA of a Spanish optical retail subsidiary to an amount of € 8 million. Exclusion of this loss in the calculation of estimated value would result in an increase of estimated value of € 64 million. The optical retail subsidiaries in China and Turkey were valued based on one time annual revenue (approximately € 20 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	48.15%	55.50	1,707.9
- preferred shares			15.4*
Koninklijke Boskalis Westminster N.V.	32.48%	27.05	866.8
Dockwise Ltd.	17.50%	21.50	77.7
Safilo			
- shares	2.08%	0.58	3.4
- bonds	50.59%	908.35	90.8
Total market value quoted investments			2,762.0

*Non-quoted, at cost

No discount was applied to the above market prices.

Statement of Financial Position
HAL Trust

as at December 31

In millions of euros	**2009**	2008
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	**2009**	2008
Dividend received from HAL Holding N.V.	**127.4**	207.0
Net Income	**127.4**	207.0

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

The shares in HAL Holding N.V. are accounted for at historical cost in accordance with IAS27.37.

Trust Property
The movement for 2009 for the Trust Property is as follows:

Balance on January 1, 2009	**69.3**
Dividend received from HAL Holding N.V.	**127.4**
Distributed to Unit Holders	**(127.4)**
Balance on December 31, 2009	**69.3**

Cash flow statement

In millions of euros	**2009**	2008
Dividend received from HAL Holding N.V.	**127.4**	207.0
Distributed to Unit Holders	**(127.4)**	(207.0)
Net change	**-**	-

Distribution of Dividends

It is proposed to the Shareholders 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 2009 and to pay a dividend of € 2.85 per Share outstanding.

It is proposed to direct the Trustee:

- to issue by way of stock dividend distribution to each HAL Trust Shareholder: such number of Shares as shall be based on the Conversion ratio and the number of Shares held by such HAL Trust Shareholder (refer to the explanatory notes to the agenda items 2 and 4 of the Notice to Trust Shareholders);

- unless a HAL Trust Shareholder shall have requested (by no later than June 10, 2010 4:00 p.m. Dutch time) that the dividend payment to him be made in cash, in which case the Trustee shall pay such HAL Trust Shareholder the cash dividend of € 2.85 per HAL Trust Share:

and

- to convey to HAL Holding N.V. prior to June 18, 2010 for how many HAL Holding N.V. shares the dividend should be paid in cash (on the basis of the number of HAL Trust Shares for which the HAL Trust Shareholders have requested payment of the HAL Trust dividend in cash), it being understood that the remainder of the HAL Holding N.V. dividend shall be paid in the form of stock dividend.

Holders of conventional Share certificates will be paid upon surrender of dividend coupon number 32 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:

Profits of the Trust. 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 statement of financial position as at December 31, 2009, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in 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 statement of financial position as at December 31, 2009, 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, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bermuda, March 25, 2010

PricewaterhouseCoopers Bermuda

Five-Year Summary
Consolidated Statement of Financial Position

In millions of euros	**2009**	2008	2007	2006	2005
Assets					
Non-current assets:					
Property, plant and equipment	**678.1**	668.9	501.4	456.4	451.5
Investment properties	**65.7**	72.6	65.8	70.8	168.3
Intangible assets	**1,521.1**	1,493.8	1,344.2	1,192.2	1,079.6
Investments in associates	**1,122.0**	828.0	737.3	743.6	820.0
Other financial assets	**256.7**	74.4	82.2	69.5	90.7
Deferred tax assets	**50.4**	49.2	32.2	46.3	21.1
Total non-current assets	**3,694.0**	3,186.9	2,763.1	2,578.8	2,631.2
Current assets:					
Marketable securities and deposits	**326.0**	569.7	698.0	356.1	346.2
Receivables	**266.3**	312.9	305.0	241.5	207.0
Inventories	**343.7**	379.6	322.0	285.3	259.7
Assets held for sale	**21.8**	-	-	24.3	-
Other financial assets	**-**	-	-	66.1	-
Other current assets	**165.5**	184.2	131.5	110.5	100.9
Cash and cash equivalents	**139.9**	160.4	183.8	132.9	130.0
Total current assets	**1,263.2**	1,606.8	1,640.3	1,216.7	1,043.8
Total assets	**4,957.2**	4,793.7	4,403.4	3,795.5	3,675.0
Liabilities and Shareholders' equity					
Shareholders' equity	**3,132.4**	2,807.5	2,716.2	2,201.7	1,901.7
Non-controlling interests in consolidated subsidiaries	**72.2**	94.2	86.4	51.5	(9.9)
Non-current liabilities:					
Provisions	**69.3**	65.5	63.6	72.9	48.7
Long-term debt	**388.4**	590.5	453.4	424.9	751.1
Deferred tax liabilities	**115.3**	116.8	78.8	98.6	88.8
Total non-current liabilities	**573.0**	772.8	595.8	596.4	888.6
Current liabilities:					
Short-term debt	**513.3**	420.1	358.7	384.9	327.1
Income tax payable	**35.6**	14.0	23.1	36.2	44.3
Accounts payable	**229.0**	271.9	265.2	236.3	254.3
Accrued expenses	**394.5**	413.2	358.0	288.5	268.9
Liabilities held for sale	**7.2**	-	-	-	-
Total current liabilities	**1,179.6**	1,119.2	1,005.0	945.9	894.6
Total equity and liabilities	**4,957.2**	4,793.7	4,403.4	3,795.5	3,675.0
Shareholders' equity per Share *(in euros)*	**49.27**	44.19	42.77	34.68	29.86

Five-Year Summary
Consolidated Statement of Income

In millions of euros	**2009**	2008	2007	2006	2005
Net revenues	**3,447.8**	3,562.5	3,186.9	2,778.6	2,652.7
Earnings from marketable securities and deposits	**22.9**	(0.2)	29.7	67.8	15.0
Capital gains on sale of assets	**2.8**	11.8	19.8	3.2	84.0
Earnings from associates	**199.0**	187.9	426.5	250.3	115.2
Earnings (losses) from other financial assets	**0.7**	0.7	47.8	2.2	4.6
Earnings from real estate activities	**7.7**	7.7	9.7	23.5	66.1
Total income	**3,680.9**	3,770.4	3,720.4	3,125.6	2,937.6
Raw materials, consumables used and changes in inventories	**1,227.8**	1,317.6	1,180.6	1,050.7	1,031.9
Employee expenses	**978.7**	956.0	866.3	761.4	736.7
Depreciation and impairment property, plant and equipment	**130.4**	114.5	103.2	104.2	106.3
Amortization and impairment goodwill	**21.5**	22.6	3.7	-	-
Amortization other intangibles	**27.8**	22.5	18.7	20.1	16.4
Other operating expenses	**853.7**	845.1	699.3	596.1	581.2
Total expenses	**3,239.9**	3,278.3	2,871.8	2,532.5	2,472.5
Operating result	**441.0**	492.1	848.6	593.1	465.1
Interest expense	**(47.5)**	(53.8)	(35.8)	(50.4)	(69.0)
Profit before taxes	**393.5**	438.3	812.8	542.7	396.1
Income taxes	**(51.4)**	(43.5)	(57.2)	(32.6)	(64.5)
Net income before non-controlling interests in results of consolidated subsidiaries	**342.1**	394.8	755.6	510.1	331.6
Non-controlling interests in results of consolidated subsidiaries	**5.1**	(11.7)	(19.9)	(13.3)	(20.0)
Net income	**347.2**	383.1	735.7	496.8	311.6
Net income per Share *(in euros)*	**5.46**	6.03	11.59	7.80	4.89
Dividends per Share *(in euros)*	**2.85***	2.00	3.25	3.15	3.00

* Proposed

Statement of Financial Position
HAL Holding N.V.

as at December 31

In millions of euros, before proposed distribution of income	**2009**	2008
Assets		
Fixed assets:		
Financial fixed assets	**3,059.0**	2,594.7
Current assets:		
Deposits	**82.1**	215.9
	3,141.1	2,810.6
Liabilities and shareholders' equity		
Shareholders' equity	**3,132.4**	2,807.5
Current liabilities:		
Accrued expenses	**8.7**	3.1
Total current liabilities	**8.7**	3.1
	3,141.1	2,810.6

Statement of Income
HAL Holding N.V.

In millions of euros	**2009**	2008
Income from financial fixed assets	**347.9**	368.9
Other income	**1.3**	14.2
Total income	**349.2**	383.1
Interest expense	**(2.0)**	-
Net income	**347.2**	383.1

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

For details concerning the accounting principles in respect of the Statement of financial position 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 2009 are as follows:

Balance on January 1, 2009	**2,594.7**
Income	**347.9**
Increase (decrease) in loans, net	**7.7**
Exchange adjustments, valuation differences and equity adjustments	**108.7**
Balance on December 31, 2009	**3,059.0**

Shareholders' equity

The movement for 2009 of Shareholders' equity is included on pages 23 and 24.

On December 31, 2009 and 2008, 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. In 2008, 23,085 shares were sold for € 1.8 million and in 2009, 39,728 Shares were sold for € 2.1 million. Accordingly, the Company owned 116,295 HAL Trust shares as at December 31, 2009. 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 2009 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 € 0.4 million. The Supervisory Board has limited this amount to € 0.3 million. Accordingly, the total 2009 compensation for the Supervisory Board amounted to € 0.4 million (2008: € 0.4 million).

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2009 is as follows:

		(In millions of euros)
According to the Statutory Statement of Income, the net income is:	€	347.2
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	€	346.9
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):	€	345.0
Retained	€	(165.4)
Available for distribution	€	181.5
After approval of the dividend proposal of € 2.85 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 € 2.85 per share:	€	181.5

The dividend shall be payable in shares in the share capital of the Company, except and to the extent that prior to June 18, 2010 the Trustee on behalf of HAL Trust expressly requests that payment to the Trustee be made in cash. The conversion ratio for the dividend in shares will be determined on June 10, 2010 after the close of business of Euronext Amsterdam.

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 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 67. 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 (61) 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 is associated with De Brauw Blackstone Westbroek N.V., 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. to HAL Holding N.V. Mr. Eisma is a member of the Supervisory Boards of Rabobank Nederland and Grontmij N.V.

T. Hagen (67) 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 Ltd. It will be proposed to re-elect Mr. Hagen this year.

P.J. Kalff (72) 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 2009-2014. Mr. Kalff was Chairman of the Managing Board of ABN AMRO Bank N.V. from 1994-2000. Mr. Kalff is currently a member of the Supervisory Board of Concertgebouw N.V. He is also a member of the Board of Directors of Aon Corporation (Chicago).

A.H. Land (70) 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 (65) 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 Board of CSM N.V. and member of the Supervisory Boards of Vion Holding N.V., Metro AG (Germany), Vollenhoven Olie Groep B.V. and TiasNimbas Business School. 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 Wednesday, May 19, 2010, 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 Thursday, May 27, 2010, 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) Dividend payment against the profits of 2009 in the amount of € 2.85 per share as published in the Annual Report 2009, which dividend shall be payable in shares in the share capital of HAL Holding N.V., except and to the extent that prior to June 18, 2010 the Trustee expressly requests that payment to the Trustee be made in cash and, with the approval of the Board of Supervisory Directors, to direct and authorize the Executive Board to effectuate such share issue and cash payments.
   e) Election of Supervisory Directors. It is proposed to re-elect Mr. T. Hagen.
   f) Discharge of the members of the Executive Board in respect of their duties of management during the financial year 2009.
   g) Discharge of the members of the Board of Supervisory Directors in respect of their duties of supervision during the financial year 2009.
3. Approval of the financial statements of HAL Trust.
4. (i) To distribute a dividend against the profits of 2009 of € 2.85 per Share, subject to (ii) below;
   (ii) to direct the Trustee:
      i. to issue by way of stock dividend distribution to each HAL Trust Shareholder such number of HAL Trust Shares as shall be based on the Conversion ratio and the number of HAL Trust Shares held by such HAL Trust Shareholder;
      ii. <u>unless</u> a HAL Trust Shareholder shall have requested (by not later than June 10, 2010, 4:00 p.m. Dutch time) that the dividend payment to him be made in cash, in which case the Trustee shall pay such HAL Trust Shareholder the cash dividend of € 2.85 per HAL Trust Share:
      and
      iii. to convey to HAL Holding N.V. prior to June 18, 2010 for how many HAL Holding N.V. shares the dividend should be paid in cash (on the basis of the number of HAL Trust Shares for which the HAL Trust Shareholders have requested payment of the HAL Trust dividend in cash), it being understood that the remainder of the HAL Holding N.V. dividend shall be paid in the form of stock dividend.
5. Report of the Trust Committee.
6. Other business.
7. Closing.

Notes on agenda items 2 and 4 follow hereafter.

Bearer Shareholders who wish to attend the meeting must deposit their bearer Shares, not later than May 12, 2010, at the offices in Amsterdam, Rotterdam or The Hague of The Royal Bank of Scotland N.V. or Fortis Bank (Nederland) 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 2009 Annual Report which is presented to you in accordance with Section 14.4 of the Trust Deed.

HAL Trustee Ltd.
Hamilton, Bermuda, April 23, 2010

Explanatory notes to agenda items 2 and 4

It is proposed to distribute a dividend of € 2.85 per HAL Trust Share against the profits for 2009 and that this dividend will be paid in HAL Trust Shares unless a Shareholder expressly requests payment in cash.
The conversion ratio for the dividend in HAL Trust Shares will be determined on the basis of the volume weighted average share price during the period May 21, 2010 through June 10, 2010, representing 15 trading days (the "Conversion ratio") and will be announced on June 10, 2010 after the close of business of Euronext Amsterdam. The value of the stock dividend, at the above volume weighted average share price, will be virtually the same as the value of the cash dividend. Any fraction of a Share will be settled in cash. The newly issued Shares will carry dividend rights for 2010 and subsequent years.
Dividend rights will not be traded on Euronext Amsterdam.

The time-table is as follows:

2010	
May 21	Ex-dividend date
May 21 through June 10 (4:00 p.m. Dutch time)	Election period cash/stock (stock being default)
May 25	Dividend record date
June 10 (after close of trading)	Determination and publication Conversion ratio
June 18	Delivery of Shares and payment of cash dividend

Shareholders who wish to receive a cash distribution must notify within the election period The Royal Bank of Scotland N.V. accordingly via the bank or agent where their Shares are held in custody.
The distribution of dividend in Shares is free of charge for shareholders.
Holders of registered Shares will receive separate notification on the dividend due to them.