

Naarden, 25 July 2007

Press release

Stork: second quarter 2007 heavily influenced by major provision for NH90 helicopter

- **EBIT Q2, before NH90 provision € 36 million (Q2 2006: € 36 million)**
- **Additional provision of € 35 million due to previously announced major risks NH90 helicopter**
- **Net result Q2: € 0.3 million, eps: € 0.01 (Q2 2006: € 82 million, eps: € 2.55)**
- **Turnover 4% higher: € 555 million (Q2 2006: € 533 million)**
- **Orders up by 8%: € 560 million (Q2 2006: € 520 million)**
- **Order book up by 16%: € 1,161 million (Q2 2006: € 1,003 million)**

CEO Sjoerd Vollebregt: *“Apart from the problems with the NH90, overall our activities performed reasonably to well: turnover and orders both rose further. Technical Services performed very well.*

Operating results this quarter were severely overshadowed by a major provision in connection with considerable risks in the NH90 helicopter programme. The need to take this provision is not unexpected, but nonetheless remains disappointing. There are numerous configurations within the programme, leading to additional development costs. The overall programme has also suffered major delays. Because the qualification programme still has two years to go, there are still potential risks.

The proposed sale of Prints will be concluded in the third quarter; an agreement in principle has now been signed.”

Key figures

<i>(in € x million)</i>	Q2 2007	Q2 2006	Δ	Δ*	HY 2007	HY 2006	Δ	Δ*
Net turnover	555	533	4%	4%	1,052	1,012	4%	4%
EBIT**	1	36	(97)%	(106)%	27	65	(59)%	(68)%
EBIT	1	89	(99)%	(102)%	27	114	(77)%	(82)%
Net result	0.3	82	(100)%	(101)%	19	100	(81)%	(83)%
EPS (in €)	0.01	2.55	(100)%		0.63	3.12	(80)%	
Order book	560	520	8%	6%	1,010	1,028	8%	8%
Order portfolio	1,161	1,003	16%	13%	1,161	1,003	16%	13%

* Corrected for acquisitions and divestments. Percentages based on non-rounded figures

** For specials: costs of consultants, income from sale of WorkSphere in 2006

Operational developments

Results for **Aerospace Industries** were impacted by a major provision in connection with the previously announced technical and commercial risks and setbacks surrounding the NH90 programme. Fokker Elmo (wiring) once again performed well.

Aerospace Services remained behind expectations due to longer lead-times and resultant lagging results in the Aircraft Completions and Conversions unit.

Within **Food Systems**, poultry processing activities performed well, as did the Townsend activities acquired in 2006. This good performance however failed to compensate for the disappointing results at Food & Dairy Systems. The previously announced recovery programmes will not have a real impact until some time in 2008 and will probably require further realignment.

Within **Technical Services**, both **Industry Services** and **Industry Specialists** showed particularly good results due to continuous favourable economic conditions and a positive seasonal pattern.

Prints performed well due to a good mix of screens turnover and one-off effects. In addition, graphic activities are broadly developing well. The sale of Prints will be concluded in the third quarter; a Letter of Intent has now been signed.

Financial position

In the second quarter, the liquidity position decreased from € 97 million negative to € 119 million negative. The decrease in liquid assets was primarily caused by the payment of seasonal personnel costs (annual bonuses, profit-related payments, holiday pay).

The 'net debt' position (liquidities + long-term loans) increased in the second quarter from € 128 million negative to € 151 million negative.

Acquisitions and divestments

At the end of the first quarter **Industry Specialists** concluded the takeover of East-West Technology, included from the second quarter onwards. The acquisition amounted to approximately US\$ 12 million. At the start of July, **Industry Services** announced its intention to acquire 70% of the Colombian company Masa, a move that will strengthen the position in South America and the Caribbean area.

The process of selling Prints is approaching its conclusion. The sale will be completed in the third quarter; an agreement in principle has now been signed (see today's separate press release).

Prospects

The results for the second six months will be influenced by the traditional seasonal pattern in the third quarter, already identified concerns in Aerospace and Food Systems and the sale of Prints. In addition, expectations are that the current order book will form a solid basis for the operations.

Proposed bid Candover

In a separate press release also published today, it will be announced that good progress has been made with the offer memorandum and which is expected to be published by Candover in the first half of August.

Overview by group

Aerospace

<i>(in € x million)</i>	Q2 2007	Q2 2006	Δ	HY 2007	HY 2006	Δ
Net turnover	142.8	127.9	12%	276.2	267.1	3%
EBIT	(31.3)	10.0	(414)%	(27.0)	22.0	(223)%

Within **Aerospace**, the result at **Aerospace Industries** was very negative, and **Aerospace Services** remained below expectations.

Aerospace Industries realised a considerably negative result in the second quarter, due to a major provision of € 35 million that had to be taken for previously announced technical and commercial risks and delays surrounding the NH90 helicopter. The provision was for costs and risks relating to design optimisations, further delays and qualifications.

The NHI consortium, in which Stork is a 5.5% partner, currently finds itself in a remarkable situation. For the NH90 helicopter 495 orders have been received already. This is far more than predicted at the start of the 90's. Partly as a result, the programme now involves numerous configurations, leading to additional development costs. The overall programme is also experiencing considerable delays. Because the qualification programme still has two years to go, there are still potential risks. The suspension for an unspecified period of development of the cargo version of the Airbus A380 has no financial consequences for Stork. The activities at Fokker Elmo (aircraft wiring) are developing well. The wiring activities for the A320 and A380 cockpit have been launched in China. Further expansion of production capacity in China is taking place according to plan, and will be commissioned in the first quarter of 2008. Commissioning of the production facility in Turkey is planned for the second quarter of 2008.

The first orders from Goodrich for landing gear for the new Dash 8 programme from Bombardier have been received at SP Aerospace. Deliveries will start in the second half of 2007 and the programme will be fully up to speed in 2008. Also at SP Aerospace, production has been started for the arresting gear for the JSF. The arresting gear is designed by SP Aerospace, and is to be installed on all conventional JSF aircraft. As previously announced, SP Aerospace will be moving from Geldrop to Helmond earlier than expected so the related costs will be made in 2007 rather than 2008. The ground breaking ceremony for the new location was held on 23 May 2007.

Aerospace Services lags behind expectations due to longer lead times in the supply chain (partly as a result of additional customer specifications) in the conversion of a number of major aircraft, which have in turn contributed to disappointing results in the Aircraft Completions and Conversions unit.

In May, Fokker Services was certified as approved outfitter for Airbus Corporate Jetliners, following an extensive audit process. Also in May an agreement was signed for a VIP version of the new ('green') Airbus 318. In June, a CRJ700 was delivered having been fitted out with a VIP package.

The Components & Material Services unit saw a slight fall in turnover as compared with the second quarter of 2006. The Technical Services component performed according to plan.

The Fokker aircraft remains much in demand for numerous operational applications. The market share for the logistic programme Abacus for operational Fokker aircraft was further expanded. The integration of Airinc and Aerotron, both acquired in the USA, is developing according to plan.

Food Systems

<i>(in € x million)</i>	Q2 2007	Q2 2006	Δ	HY 2007	HY 2006	Δ
Net turnover	97.9	89.3	10%	186.4	157.0	19%
EBIT	6.3	6.8	(7)%	11.6	13.9	(17)%

Within **Food Systems**, poultry processing activities once again performed well, as did the Townsend activities. However, these positive developments failed to compensate for the disappointing results at Food & Dairy Systems. The previously announced recovery programmes will not have a real impact until some time in 2008, and will probably require further realignment, which could result in additional costs.

A major order for poultry processing was acquired in France, for a greenfield plant. The order is for the delivery of a complete production line from supply through to filleting, for the GLON group. Two RevoPortioners were also installed at ESCA in Germany, the largest supplier for a worldwide operating and well-known fast food chain. These machines produce nuggets.

A second QX sausage production machine was very recently delivered to Salm Partners (USA).

Technical Services

<i>(in € x million)</i>	Q2 2007	Q2 2006	Δ	HY 2007	HY 2006	Δ
Net turnover	263.5	226.3	16%	494.4	412.2	20%
EBIT	22.7	17.6	29%	37.6	26.3	43%

Within **Technical Services**, both **Industry Services** and **Industry Specialists** showed extremely good results due to continued favourable economic circumstances.

In addition to good economic conditions, **Industry Services** saw a favourable seasonal pattern. Turnover was above expectations in the second quarter, and results were excellent. Market developments are positive in practically all countries. The shortage of technical personnel in the Benelux is becoming increasingly urgent. To ensure that the work is still carried out, use must now be made of relatively costly insourced personnel. Sutherland Schulz, the Canadian subsidiary of Industry Services, completed a major 'design & build' project at the start of July, for electrical installations for the new William Osler Health Centre in Canada.

For AJS, the joint venture between Amec, Jacobs Engineering and Stork (37.5%), the number of man years has grown steadily. Performance was good, also in the field of safety. The AJS contract involves the provision of services in the field of management, engineering, projects, maintenance and operational support for all installations operated by NAM and Shell EP in the southern section of the North Sea, including the gas treatment installations in Den Helder and Bacton (England).

The result from **Industry Specialists** was particularly good. The trend set over the past five quarters was continued. In the markets Oil & Gas, Chemicals, Energy production and Aerospace, customers are maintaining their level of investments, although there was severe price competition in a number of segments. The Sales & Rental activities performed very well in the second quarter. Orders were at a high level and the order book represents an excellent starting position for the next quarter. At the end of March, the acquisition of East-West Technology (Florida, USA) was concluded within the Materials Technology unit. Turnover of the company Turbo-Service GmbH, acquired in the first quarter, made a solid contribution to the growth of Power Services activities. Power Services activities completed various successful projects in the second quarter. For Essent in Wijster, in collaboration with Industry Services, a 'shutdown' was undertaken, consisting of maintenance and optimisation of the boiler installations and the complete overhaul of the steam turbine. For a number of Biomass installations, boiler components were designed and manufactured. In the Middle East, the turbo blading activity was successful, with deliveries of blades for gas turbines.

Prints

<i>(in € x million)</i>	Q2 2007	Q2 2006	Δ	HY 2007	HY 2006	Δ
Net turnover	52.8	47.2	12%	100.9	92.1	10%
EBIT	7.7	4.7	64%	14.8	7.7	92%

Prints once again performed well, partly due to a good mix of screens turnover and one-off effects. In addition, graphic activities broadly developed well. The process of selling Prints is approaching its conclusion. The sale will be completed in the third quarter; an agreement in principle has now been signed (see today's separate press release).

Press information:

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Key figures for Stork*(in € x million, unless otherwise stated)*

	2nd quarter 2007	2nd quarter 2006	30-06 2007	30-06 2006
Net turnover	554.9	533.0	1,052.1	1,011.8
Result before depreciation (EBITDA)	28.7	103.1	68.5	140.9
Result after depreciation (EBIT)	1.3	89.4	26.7	113.6
Result after depreciation (EBIT) excl. specials *	n.a.	36.0	n.a.	65.2
Result before taxes (EBT)	-	88.7	22.7	113.5
Net result	0.3	81.5	19.0	99.8
Total assets	1,551.0	1,372.6	1,551.0	1,372.6
Capital employed	602.0	494.2	602.0	494.2
Equity attributable to equity holders	447.9	483.2	447.9	483.2
Long-term debts	30.5	29.4	30.5	29.4
Cash	(119.4)	21.7	(119.4)	21.7
Orders received	559.8	520.4	1,109.9	1,027.9
Number of employees	13,334	12,156	13,334	12,156

Key figures in € (including specials)**Per share of € 1**

Net result	0.01	2.55	0.63	3.12
Diluted net result	0.01	2.51	0.62	3.07
Cash flow	0.43	2.91	1.43	3.82
Equity attributable to equity holders	14.73	15.11	14.73	15.11
Number of shares paid up (x 1,000)	30,403	31,985	30,403	31,985
Average number of ordinary shares (x 1,000)	30,359	31,951	30,359	31,951
Average number of ordinary shares (diluted) (x 1,000)	30,690	32,517	30,690	32,517
Number of shares issued (x 1,000)	31,251	33,020	31,251	33,020

Ratios in %

Net result / net turnover	-	15.3	1.8	9.9
Net result / average equity	0.2	64.2	8.2	39.3
Interest coverage ratio	1.0	351.6	4.6	158.4
Gearing	33.5	1.7	33.5	1.7
Equity / balance sheet total	28.9	35.2	28.9	35.2

* Specials relates to advisory expenses and divestments of subsidiaries

Key figures of the groups*(in € x million)*

	2nd quarter 2007	2nd quarter 2006	30-06 2007	30-06 2006
Aerospace				
Net turnover	142.8	127.9	276.2	267.1
EBIT	(31.3)	10.0	(27.0)	22.0
Capital employed	206.2	263.2	206.2	263.2
Orders received	170.6	155.5	312.0	292.5
Order book position	852.2	704.1	852.2	704.1
Number of employees at end of period	3,552	3,404	3,552	3,404
EBIT as % of capital employed	(60.7)	15.2	(26.2)	16.7
EBIT as % of net turnover	(21.9)	7.8	(9.8)	8.2
Food Systems				
Net turnover	97.9	89.3	186.4	157.0
EBIT	6.3	6.8	11.6	13.9
Capital employed	130.6	104.6	130.6	104.6
Orders received	83.7	80.9	186.2	135.0
Order book position	70.5	69.1	70.5	69.1
Number of employees at end of period	1,709	1,627	1,709	1,627
EBIT as % of capital employed	19.3	26.0	17.8	26.6
EBIT as % of net turnover	6.4	7.6	6.2	8.9
Technical Services				
Net turnover	263.5	226.3	494.4	412.2
EBIT	22.7	17.6	37.6	26.3
Capital employed	156.1	133.7	156.1	133.7
Orders received	253.6	202.3	516.7	421.1
Order book position	223.5	212.5	223.5	212.5
Number of employees at end of period	6,694	5,656	6,694	5,656
EBIT as % of capital employed	58.2	52.7	48.2	39.3
EBIT as % of net turnover	8.6	7.8	7.6	6.4
Discontinued operations				
Net turnover	52.8	94.2	100.9	184.6
EBIT	7.7	70.6	14.8	74.2
EBIT excl. specials	n.a.	5.3	n.a.	8.9
Capital employed	58.0	45.6	58.0	45.6
Orders received	53.7	86.2	101.4	188.3
Order book position	14.6	17.1	14.6	17.1
Number of employees at end of period	1,267	1,349	1,267	1,349
EBIT as % of capital employed	53.1	619.3	51.0	325.4
EBIT as % of net turnover	14.6	74.9	14.7	40.2

Key figures of the groups (contd.)*(in € x million)*

	2nd quarter	2nd quarter	30-06	30-06
	2007	2006	2007	2006
Holdings and Others				
EBIT	(4.1)	(15.6)	(10.3)	(22.8)
EBIT excl. specials	n.a.	(3.7)	n.a.	(5.9)
Capital employed	51.1	(52.9)	51.1	(52.9)
Number of employees at end of period	112	120	112	120
Eliminations				
Net turnover	(2.1)	(4.7)	(5.8)	(9.1)
Orders received	(1.8)	(4.5)	(6.4)	(9.0)
Total for all groups				
Net turnover	554.9	533.0	1,052.1	1,011.8
EBIT	1.3	89.4	26.7	113.6
EBIT excl. specials	n.a.	36.0	n.a.	65.2
Capital employed	602.0	494.2	602.0	494.2
Orders received	559.8	520.4	1,109.9	1,027.9
Order book position	1,160.8	1,002.8	1,160.8	1,002.8
Number of employees at end of period	13,334	12,156	13,334	12,156
EBIT as % of				
capital employed	0.9	72.4	8.9	46.0
EBIT as % of net turnover	0.2	16.8	2.5	11.2

Condensed consolidated income statement second quarter 2007*(in € x million)*

	2nd quart. 2007 Cont. operations	2nd quart. 2007 Discont. operations	2nd quart. 2007	2nd quart. 2006 Cont. operations	2nd quart. 2006 Discont. operations	2nd quart. 2006
Net turnover	502.1	52.8	554.9	438.8	94.2	533.0
Cost of sales	(401.7)	(32.5)	(434.2)	(314.9)	(68.0)	(382.9)
Gross operating income	100.4	20.3	120.7	123.9	26.2	150.1
Sales costs	(31.5)	(5.8)	(37.3)	(27.6)	(7.9)	(35.5)
General administrative expenses	(69.7)	(5.1)	(74.8)	(71.1)	(11.2)	(82.3)
Research & development expenses	(6.4)	(1.4)	(7.8)	(5.3)	(1.5)	(6.8)
Other operating income (expenses)	(0.5)	-	(0.5)	(0.1)	-	(0.1)
	(108.1)	(12.3)	(120.4)	(104.1)	(20.6)	(124.7)
Operational result	(7.7)	8.0	0.3	19.8	5.6	25.4
Financial income	1.8	0.4	2.2	(0.6)	0.4	(0.2)
Financial expenses	(3.6)	(0.1)	(3.7)	(2.0)	(0.9)	(2.9)
Share of profit of associates	1.4	-	1.4	1.2	-	1.2
Result before taxes	(8.1)	8.3	0.2	18.4	5.1	23.5
Income tax expense	2.2	(1.9)	0.3	(5.6)	(1.6)	(7.2)
Result after tax	(5.9)	6.4	0.5	12.8	3.5	16.3
Book profit from discontinued operations after tax	-	-	-	-	65.3	65.3
Result from ordinary operations after tax	(5.9)	6.4	0.5	12.8	68.8	81.6
Attributable to:						
Equity holders of the company (net result)	(5.9)	6.2	0.3	12.7	68.8	81.5
Minority interest	-	0.2	0.2	0.1	-	0.1
				2nd quarter 2007	2nd quarter 2006	
- Weighted average number of issued shares (x 1,000)				30,359	31,951	
- Weighted average number of issued shares after dilution (x 1,000)				30,690	32,517	
- Basic earnings per share				0.01	2.55	
- Diluted earnings per share				0.01	2.51	

Condensed consolidated income statement 30 June 2007*(in € x million)*

	30-06 2007			30-06 2006		
	Cont. operations	Discont. operations	30-06 2007	Cont. operations	Discont. operations	30-06 2006
Net turnover	951.2	100.9	1,052.1	827.2	184.6	1,011.8
Cost of sales	(730.6)	(61.0)	(791.6)	(589.9)	(132.7)	(722.6)
Gross operating income	220.6	39.9	260.5	237.3	51.9	289.2
Sales costs	(59.4)	(11.6)	(71.0)	(52.0)	(16.2)	(68.2)
General administrative expenses	(135.6)	(10.2)	(145.8)	(137.0)	(23.6)	(160.6)
Research & development expenses	(14.0)	(2.9)	(16.9)	(9.4)	(2.8)	(12.2)
Other operating income (expenses)	(0.7)	-	(0.7)	1.2	-	1.2
	(209.7)	(24.7)	(234.4)	(197.2)	(42.6)	(239.8)
Operational result	10.9	15.2	26.1	40.1	9.3	49.4
Financial income	2.1	0.8	2.9	0.5	0.7	1.2
Financial expenses	(7.9)	(0.3)	(8.2)	(2.7)	(1.1)	(3.8)
Share of profit of associates	2.2	-	2.2	1.4	0.1	1.5
Result before taxes	7.3	15.7	23.0	39.3	9.0	48.3
Income tax expense	0.1	(3.8)	(3.7)	(11.2)	(2.5)	(13.7)
Result after tax	7.4	11.9	19.3	28.1	6.5	34.6
Book profit from discontinued operations after tax	-	-	-	-	65.3	65.3
Result from ordinary operations after tax	7.4	11.9	19.3	28.1	71.8	99.9
Attributable to:						
Equity holders of the company (net result)	7.4	11.6	19.0	28.0	71.8	99.8
Minority interest	-	0.3	0.3	0.1	-	0.1
				30-06 2007		30-06 2006
- Weighted average number of issued shares (x 1,000)				30,359		31,951
- Weighted average number of issued shares after dilution (x 1,000)				30,690		32,517
- Basic earnings per share				0.63		3.12
- Diluted earnings per share				0.62		3.07

Condensed consolidated statement of the recognised income and expense*(in € x million)*

	30-06 2007	30-06 2006
Equity at the end of the preceding period	468.6	546.6
Equity as at 1 January	468.6	546.6
Foreign exchange translation difference	1.4	(5.0)
Effective part of changes in fair value of financial instruments	(4.3)	11.8
Net result recognised directly in equity	(2.9)	6.8
Result for the period	19.0	99.8
Total recognised income and expense for the period	16.1	106.6
Purchase of own shares	(3.6)	(6.6)
Dividends	(33.6)	(35.1)
Share and option plan	2.8	3.7
Capital reduction	-	(127.8)
Other movements	-	(1.7)
Movements in minority interest	0.4	-
Equity at the end of period	450.7	485.7
Net result recognised directly in equity	(2.9)	6.8
Result for the period	19.3	99.9
Total result for the period	16.4	106.7
Total result attributable to:		
Equity holders of the company	16.1	106.6
Minority interest	0.3	0.1
	16.4	106.7

Condensed consolidated balance sheet*(in € x million)*

	30-06 2007	31-12 2006	
Non-current assets			
Property, plant and equipment	269.5	259.3	
Goodwill	114.8	52.2	
Other intangible fixed assets	119.9	115.6	
Investment in associates	15.4	15.9	
Long-term receivables from associates	0.2	0.1	
Deferred tax assets	3.7	1.3	
	523.5	444.4	
Current assets			
Financial instruments	52.9	59.8	
Inventories	223.9	208.9	
Due from customers	122.5	110.6	
Trade and other receivables	399.1	356.0	
Current tax assets	-	1.6	
Cash and cash equivalents	108.0	93.2	
Assets classified as held for sale	121.1	112.2	
	1,027.5	942.3	
Assets	1,551.0	1,386.7	
Equity			
Share capital	31.3	33.0	
Share premium	53.4	56.5	
Statutory reserves	124.7	135.3	
Other reserves	219.5	91.7	
Result book year	19.0	149.7	
Total equity attributable to equity holders of the company	447.9	466.2	
Minority interest	2.8	2.4	
	450.7	468.6	
Non-current liabilities			
Long-term debts	30.5	30.0	
Employee benefits	20.6	13.4	
Provisions	40.3	37.8	
Deferred tax liabilities	31.8	33.0	
	123.2	114.2	
Current liabilities			
Due to customers	250.1	202.3	
Trade and other payables	390.3	384.6	
Preference shares	-	7.6	
Current tax payable	16.0	-	
Bank overdraft	227.4	114.4	
Current liabilities for long-term debt	1.1	1.1	
Provisions	29.5	34.9	
Liabilities classified as held for sale	62.7	59.0	
	977.1	803.9	
Liabilities	1,551.0	1,386.7	

Condensed consolidated cash flow statement*(in € x million)*

	<u>30-06 2007</u>	<u>30-06 2006</u>
Operational Result	26.1	49.4
Adjustments for:		
Depreciation of property, plant and equipment	24.6	22.4
Amortisation of intangible fixed assets	17.1	4.8
Result from divestments of property, plant and equipment	-	(2.6)
Changes in provisions	<u>(9.1)</u>	<u>(8.2)</u>
Cash flow from ordinary operations before movements in operating capital	58.7	65.8
Movements in inventories	(11.3)	(3.9)
Movements in receivables	(36.9)	(22.3)
Movements in debts	<u>37.0</u>	<u>(25.7)</u>
	<u>(11.2)</u>	<u>(51.9)</u>
Cash flow from operational activities	47.5	13.9
Income tax paid / received	5.9	(14.0)
Interest paid	(6.4)	(0.7)
Finance costs	(0.4)	(0.6)
Financial instruments	<u>3.6</u>	<u>(2.6)</u>
	<u>2.7</u>	<u>(17.9)</u>
Cash flow from ordinary operations	50.2	(4.0)
Interest received	2.9	1.3
Dividend received	1.9	1.5
Proceeds from sale of property, plant and equipment	0.8	4.3
Proceeds from sale of subsidiaries	-	70.9
Investments in property, plant and equipment	(26.8)	(24.1)
Investments in other intangible fixed assets	(12.6)	(15.5)
Acquisition of subsidiaries	<u>(78.8)</u>	<u>(63.4)</u>
Cash flow from investment activities	(112.6)	(25.0)
Dividends paid	(33.6)	(35.1)
Reduction of capital	-	(127.8)
Repayments of long-term debts	(1.2)	(0.6)
Receipts from long-term debts	1.1	1.3
Exercise of option rights	1.8	10.1
Purchase of own shares	<u>(3.6)</u>	<u>(7.0)</u>
Cash flow from financing activities	(35.5)	(159.1)
Net cash flow	(97.9)	(188.1)
Exchange rate and translation differences on cash	<u>(0.3)</u>	<u>(1.2)</u>
Movements in liquidity	<u>(98.2)</u>	<u>(189.3)</u>
Cash position / bank overdrafts at 1 January	(21.2)	211.0
Cash position / bank overdrafts at 30 June	<u>(119.4)</u>	<u>21.7</u>

NOTES

This interim financial report has been prepared in accordance with IAS 34 and approved by the Board of Management on 23 July 2007.

Accounting policies

Stork reports in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. We refer to the 2006 Annual report for the accounting policies.

Estimates

In preparing these condensed consolidated interim financial statements, the significant judgements made by the Board of Management in applying the accounting policies of Stork N.V. and the key sources of uncertainty in estimates were the same as those that applied to the consolidated financial statements for the year ended 31 December 2006. Changes in estimates and assumptions may influence the amounts to be reported in subsequent years. Actual outcomes may differ from these estimates.

Summary by group

(in € x million)

	Net turnover		EBIT	
	30-06 2007	30-06 2006	30-06 2007	30-06 2006
Aerospace	276.2	267.1	(27.0)	22.0
Food Systems	186.4	157.0	11.6	13.9
Technical Services	494.4	412.2	37.6	26.3
Discontinued operations	100.9	184.6	14.8	74.2
Holdings and Others	-	-	(10.3)	(22.8)
Eliminations	(5.8)	(9.1)	-	-
Total for all groups	1,052.1	1,011.8	26.7	113.6

Discontinued operations

Based on IFRS 5 the Prints Division is classified as held for sale as of 31 December 2006. As a consequence the assets and liabilities of this division are presented separately in the balance sheet as held for sale. Based on IFRS regulation this division is also classified as discontinued operations in the income statement. The comparative figures have been restated for this purpose.

In addition to the Prints Division, the comparative 2006 figures of the discontinued operations consist of Stork WorkSphere, Stork Bronswerk Inc. (Montreal, Canada) and the activities of Stork Bouwtechniek.

Cash flow in the first half of 2007 in respect of discontinued operations amounted to approx. € 11 million from ordinary operations and approx. € (1) million from investment activities compared to € (5) million and € 77 million respectively, in the same period in 2006.

For the sake of completeness, the amounts for year end 2006 are also presented, since these were not disclosed in accordance with IFRS 5.33(c) in the explanatory notes to the financial statements for 2006. The net cash flow that can be allocated to the discontinued operations at year end 2006 totals approx. € 2 million from ordinary operations and approx. € 77 million from investment activities, including the proceeds from the sale of Stork WorkSphere. The cash flow from financing activities is mainly intercompany in character and has therefore not been taken into consideration.

Acquisitions of subsidiaries

In the first quarter, the acquisitions of Nijal Technologie Alimentaire (19 January 2007), Turbo-Service GmbH (13 February 2007) and Aerotron AirPower Inc. (26 March 2007) were recorded.

As per 1 February 2007 Stork Industry Services finalised the acquisition of Reda GmbH. The acquisition was recorded in the first half-year. Reda GmbH specializes in revisions of circuit breakers for mainly power stations. The company has an annual turnover of approx. € 4 million and employs around 40 people.

On 31 March 2007 Stork Industry Specialists finalised the acquisition of East West Technology Inc.. East West Technology Inc. (28 employees) is testing products for aerospace, military and government industries. The annual turnover is approx. € 5 million.

The cash out for the activities acquired in 2007 amounts to an approximate total of € 79 million. The purchase price includes goodwill, including acquisition costs and expected earn out schemes, to an amount of approx. € 62 million.

From the date of acquisitions until 30 June 2007, the contribution of these acquisitions to the consolidated EBIT for the financial year amounted to € 2.6 million with a turnover of € 37.4 million.

*Effect of acquisitions***Balance of assets and liabilities of the acquisitions
on the acquisition date (based on provisional accounting)**

(€ x million)	Recognised values	Fair value adjustments	Carrying amounts
Property, plant and equipment	10.8	4.9	5.9
Intangible assets	9.1	8.8	0.3
Other non-current assets	1.0	0.2	0.8
Deferred tax asset	0.6	-	0.6
Inventories	7.0	-	7.0
Trade and other receivables	24.3	0.2	24.1
Cash and cash equivalents and bank overdrafts	0.2	-	0.2
Interest-bearing loans and borrowings	(1.1)	-	(1.1)
Deferred tax liabilities	(4.9)	(4.8)	(0.1)
Provisions	(12.6)	-	(12.6)
Trade creditors and liabilities	(14.5)	-	(14.5)
Net identifiable assets and liabilities	19.9	9.3	10.6
Goodwill	61.8		
Purchase price	81.7		
Cash acquired	(0.2)		
Net cash outflow	78.8		
Recognised as liability	2.7		

The provisional goodwill can mainly be contributed to the expertise and technical qualities of the workforce of the acquired companies and the expected synergy benefit from integration. The effects of the acquisitions have been calculated provisionally, because the Purchase Price Allocation for some entities has not yet been finalised completely. The fair value adjustments and accompanying adjustment of goodwill will be finalised this year. Accordingly, these published figures are still provisional and may be subject to changes.

Provisions

As a result of technical problems, provisions were recognised in the second quarter amounting to € 35 million for the NH90 helicopter programme. This addition has been included in the cost of sales. These provisions refer to costs and risks relating to design optimisations, further delays and qualifications. Because the total qualification programme still has two years to go, potential risks still remain.

Taxation

The tax burden for the first six months of 2007 on the basis of the annual forecast amounts to 15%. The low tax burden is due to a compromise with the Dutch Tax Authorities in relation to fiscal pre-consolidated losses and the release of several provisions for tax risks.

Financial position

In the first half of 2007, the liquidity position decreased from € 22 million negative to € 119 million negative. The decrease in liquid assets was primarily caused by the payment of dividend (€ 34 million), acquisition of subsidiaries (€ 79 million) and the repurchase of the cumulative preference shares from the Stork Foundation (Stichting Stork) (€ 8 million).

The 'net debt' position (liquidities + long-term loans) increased in the first half of 2007 from € 52 million negative to € 151 million negative. For the financing of the negative liquidity position, Stork has taken up € 220 million from the credit facility of € 300 million.

Financial instruments

Stork applies cashflow hedge accounting to a large part of the foreign exchange contracts which are concluded with banks. These are Euro / US dollar forward contracts for the benefit of the Aerospace group. Applying cashflow hedge accounting impacted shareholders' equity by € 4.3 million as per 30 June 2007. The value of the financial derivatives decreased by € 6.9 million. The cashflow hedge reserve has also changed as a consequence of a provision for aircraft programmes, which would only incur a loss following Fair Value calculations. This € 16.9 million provision increased to € 19.7 million as a consequence of the decrease of the US dollar. Furthermore, the cashflow hedge reserve increased by € 1.5 million compared to year-end 2006 mainly due to a tax deferral.

Dividend

The cash dividend paid out in March 2007 was € 27.9 million. The accompanying dividend tax of € 5.5 million was paid in the second quarter.

Share Appreciation Rights

For costs of Share Appreciation Rights, an expense of € 1.0 million was recorded in the first half year of 2007.

Paid-up shares

There were 30,236,518 paid-up shares as per 31 December 2006. A number of 88,701 shares were repurchased in 2007 to cover the Share Appreciation Rights and shares granted under the Share Appreciation Rights.

During this year, option rights exercised resulted in 237,971 shares being transferred to option holders. Furthermore 17,635 shares were delivered for the previous years' granted shares. The total number of paid-up shares at the end of June 2007 thus amounted to 30,403,423.

Based on the granted option rights, the Stork Foundation (Stichting Stork) has decided to execute its rights to purchase preference shares B in Stork on 19 December 2006. On 17 January, the Enterprise Chamber of the Court of Appeal in Amsterdam has ordered to facilitate the withdrawal of the cumulative preference shares B that were issued at the request of the Stork Foundation. This order has been acted upon and the procedure was finalised on 11 May 2007.

Post balance sheet events

Stork N.V. and Bencis Capital Partners have reached a principle agreement on the sale of 60% of the interest in Stork Prints to Bencis. The transaction is expected to be concluded in the second half of 2007, and will not affect the figures of the first half year of 2007.

Naarden, 25 July 2007
Board of Management

To the shareholders

Review report

Introduction

We have reviewed interim financial information on pages 12 until 19 relating to the accompanying consolidated condensed balance sheet of Stork N.V. ("the Company") as of 30 June 2007, and the related statements of income, changes in equity and cash flows for the six month period then ended. We have not reviewed the quarterly figures for the period 1 April 2007 to 30 June 2007 as included in the interim financial information.

Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2007 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 25 July 2007

KPMG ACCOUNTANTS N.V.

A.S. Welling RA