

Hunter Douglas N.V.

Unaudited interim condensed consolidated financial statements

30 June 2011

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Chairman's letter

To our shareholders

Sales: 10.2% higher to USD 1,283.3 million compared with USD 1,164.2 million in the first half of 2010.

Earnings before interest, tax, depreciation and amortization - EBITDA (before non-recurring restructuring expenses): USD 121.8 million, 11.5% higher than USD 109.2 million in the first half of 2010.

Income from Operations (before non-recurring restructuring expenses): USD 76.2 million, 18.0% higher than 64.6 million in the first half of 2010. Results were better in all areas except in Asia and Australia which were lower.

Non-recurring restructuring expenses in the first half of 2011 were USD 4.3 million in North America and Europe compared with none in the first half of 2010.

Net Result Investment Portfolio: USD 0.2 million (after deduction of imputed interest and expenses) compared with USD 0.4 million in the first half of 2010.

Total Net Profit: USD 76.1 million (per share EUR 1.52), 10.1% higher than USD 69.1 million in the first half of 2010 (per share EUR 1.46).

Net Result Investment Portfolio: The Portfolio's return in U.S. dollars (before imputed interest and expenses) was 1.0% compared with 1.6% in the first half of 2010. The Portfolio had a fair value per June 30, 2011 of USD 225 million compared with USD 143 million on December 31, 2010. Management of these assets is delegated to a widely diversified range of independent managers.

Capital expenditures were USD 46 million compared with USD 24 million in the first half of 2010, while depreciation was USD 43 million compared with USD 42 million in the first half of 2010. For the full year capital expenditures are expected to be approximately USD 125 million and depreciation USD 90 million.

Financing: All borrowings are covered by committed long term facilities.

Sensitivity to External Factors

The Company's results are sensitive to external factors of which the following are most influential:

- Overall economic activity and particularly consumer confidence which affects demand for consumer durables;
- Prices for raw materials, in particular: aluminum, steel, fabric, synthetics and other oil based products;
- Exchange rates: The majority of the Company's sales and profits are realized outside the Euro zone. Euro rates against the dollar and other currencies can therefore affect the Company's results. Hunter Douglas' policy is to generally hedge transactional exposures, to selectively hedge translation of earnings, and generally not to hedge balance sheet exposures.

Financial reporting

To the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

The chairman's letter gives a true and fair view of the important events of the past six-months period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-months period to come.

Interim consolidated statement of income for the first half year ended 30 June

Amounts in millions	USD	
	2011 (unaudited)	2010 (unaudited)
Net sales	1,283.3	1,164.2
Cost of sales	-780.1	-701.4
Gross profit	503.2	462.8
Gross profit metals trading	8.0	8.3
Total gross profit	511.2	471.1
Selling and marketing expense	-269.7	-238.3
General and administrative expense	-169.6	-168.2
Income from operations (EBIT)	71.9	64.6
Finance costs	-7.3	-7.5
Finance income	3.3	8.8
Income before taxes	67.9	65.9
Taxes on income	8.5	3.3
Net profit for the period	76.4	69.2
Net profit attributable to minority interest	0.3	0.1
Net profit attributable to equity shareholders	76.1	69.1
Earnings per share attributable to equity shareholders		
- basic for profit for the period	2.15	1.95
- fully diluted for profit for the period	2.15	1.95

Interim consolidated statement of comprehensive income for the first half year ended 30 June

Amounts in millions	USD	
	2011 (unaudited)	2010 (unaudited)
Net profit for the period	76.4	69.2
Other comprehensive income		
Currency translation differences	37.5	-56.1
Net movement in cash flow hedges	0.6	
Total comprehensive income for the period, net of tax	114.5	13.1
Attributable to equity shareholders	114.9	13.2
Attributable to minority interest	-0.4	-0.1

Interim consolidated statement of income for the second quarter ended 30 June

Amounts in millions	USD	
	<u>2011</u> (unaudited)	<u>2010</u> (unaudited)
Net sales	694.5	628.7
Cost of sales	-413.9	-377.6
Gross profit	280.6	251.1
Gross profit metals trading	4.1	4.7
Total gross profit	284.7	255.8
Selling and marketing expense	-140.3	-121.1
General and administrative expense	-83.0	-82.0
Income from operations (EBIT)	61.4	52.7
Finance costs	-5.4	-6.6
Finance income	0.8	4.7
Income before taxes	56.8	50.8
Taxes on income	4.1	4.4
Net profit for the period	60.9	55.2
Net profit attributable to minority interest	0.3	
Net profit attributable to equity shareholders	60.6	55.2
Earnings per share attributable to equity shareholders		
- basic for profit for the period	1.72	1.56
- fully diluted for profit for the period	1.72	1.56

Interim consolidated statement of comprehensive income for the second quarter ended 30 June

Amounts in millions	USD	
	<u>2011</u> (unaudited)	<u>2010</u> (unaudited)
Net profit for the period	60.9	55.2
Other comprehensive income		
Currency translation differences	10.8	-34.4
Net movement in cash flow hedges	-1.4	
Total comprehensive income for the period, net of tax	70.3	20.8
Attributable to equity shareholders	70.2	20.9
Attributable to minority interest	0.1	-0.1

Interim consolidated cash flow statement for the first half year ended 30 June

Amounts in millions	USD	
	2011 (unaudited)	2010 (unaudited)
Cash flow from operations		
Net profit attributable to equity shareholders	76.1	69.1
Adjustments for:		
Depreciation property, plant & equipment	42.6	42.1
Amortization patents & trademarks	3.0	2.5
Decrease provisions	-5.9	-10.7
Non-cash tax items	-2.0	
Unrealized result investment portfolio	-1.9	-2.1
Operating cash flow before working capital changes	111.9	100.9
Changes in working capital:		
-increase trade and other receivables and prepayments	-52.5	-48.6
-increase inventories	-46.5	-16.3
-(decrease) increase trade and other payables	-22.2	18.9
Operating cash flow	-9.3	54.9
Dividend paid	-63.0	-344.6
Net cash from operations	-72.3	-289.7
Cash flow from investing activities		
Investments subsidiaries, net of cash acquired		-33.8
Investment intangible fixed assets	-1.1	
Investment property, plant and equipment	-45.6	-24.2
Divestment property, plant and equipment	4.7	4.7
(Increase) decrease investment portfolio	-79.7	26.6
Decrease (increase) other financial non-current assets	1.7	-5.0
Net cash from investing activities	-120.0	-31.7
Cash flow from financing activities		
Increase interest-bearing loans and borrowings	197.0	317.1
Net cash from financing activities	197.0	317.1
Net increase (decrease) in cash and cash equivalents	4.7	-4.3
Change in cash and cash equivalents		
Balance at 1 January	60.5	68.6
Net increase (decrease) in cash and cash equivalents	4.7	-4.3
Exchange difference cash and cash equivalents	1.0	0.3
Balance at 30 June	66.2	64.6

Interim consolidated balance sheet as per

Assets

Amounts in millions	USD	
	<u>30-jun-11</u> (unaudited)	<u>31-dec-10</u>
Non-current assets		
Intangible fixed assets	309.7	301.6
Property, plant and equipment	598.9	579.3
Deferred income tax asset	85.9	55.2
Other financial non-current assets	21.2	29.0
Other non current assets	1,015.7	965.1
Current assets		
Inventories	694.5	627.2
Trade and other receivables	464.0	429.8
Prepaid income tax	35.5	35.2
Prepayments	169.0	141.3
Currency derivatives	1.1	8.6
Metal derivatives	18.4	23.0
Investment portfolio	224.5	143.0
Cash and short-term deposits	66.2	60.5
Total current assets	1,673.2	1,468.6
TOTAL ASSETS	2,688.9	2,433.7

Interim consolidated balance sheet as per

Shareholders' equity and liabilities

Amounts in millions	USD	
	30-jun-11 (unaudited)	31-dec-10
Equity attributable to equity shareholders		
Issued capital	12.3	11.4
Share premium	102.3	94.6
Treasury shares	-3.8	-3.8
Cash flow hedge reserve	-8.6	-9.2
Foreign currency translation	25.2	-13.0
Retained earnings	1,083.8	1,079.3
Total equity attributable to equity shareholders of the parent	1,211.2	1,159.3
Minority interest	3.8	4.2
Total equity	1,215.0	1,163.5
Non-current liabilities		
Interest-bearing loans and borrowings	713.9	494.2
Preferred shares	12.0	11.1
Provisions	36.7	32.7
Deferred income tax liabilities	16.8	22.5
Total non-current liabilities	779.4	560.5
Current liabilities		
Trade and other payables	546.8	532.4
Income tax payable	7.7	21.6
Restructuring provisions	4.4	6.0
Currency derivatives	18.9	12.9
Metal derivatives		8.0
Interest-bearing loans and borrowings	116.7	128.8
Total current liabilities	694.5	709.7
TOTAL LIABILITIES	1,473.9	1,270.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,688.9	2,433.7

Interim consolidated statement of changes in equity for the first half year 2011

Amounts in USD x millions

	Attributable to equity shareholders of the parent						Minority interest	Total Equity
	Issued capital	Share premium	Treasury shares	Cashflow hedge reserve	Foreign currency translation	Retained earnings		
At 1 January 2011	11.4	94.6	-3.8	-9.2	-13.0	1,079.3	4.2	1,163.5
Net profit						76.1	0.3	76.4
Other comprehensive income (expense)	0.9	7.7		0.6	38.2	-8.6	-0.7	38.1
Total comprehensive income (expense)	0.9	7.7		0.6	38.2	67.5	-0.4	114.5
Equity dividends						-63.0		-63.0
At 30 June 2011 (unaudited)	12.3	102.3	-3.8	-8.6	25.2	1,083.8	3.8	1,215.0

Interim consolidated statement of changes in equity for the first half year 2010

Amounts in USD x millions

	Attributable to equity shareholders of the parent						Minority interest	Total Equity
	Issued capital	Share premium	Treasury shares	Cashflow hedge reserve	Foreign currency translation	Retained earnings		
At 1 January 2010	12.3	101.8	-3.8	-5.4	4.4	1,263.0	3.9	1,376.2
Net profit						69.1	0.1	69.2
Other comprehensive income (expense)	-1.8	-14.8			-55.9	16.6	-0.2	-56.1
Total comprehensive income (expense)	-1.8	-14.8			-55.9	85.7	-0.1	13.1
Equity dividends						-344.6		-344.6
At 30 June 2010 (unaudited)	10.5	87.0	-3.8	-5.4	-51.5	1,004.1	3.8	1,044.7

Notes to the interim condensed consolidated financial statements

USD (millions, unless indicated otherwise)

1. Corporate information

The consolidated financial statements of Hunter Douglas N.V. for the half year ended 30 June 2011 were authorized for issue in accordance with a resolution of the directors on 10 August 2011.

Hunter Douglas N.V. has its statutory seat in Curaçao. Common shares are publicly traded at Amsterdam (HDG) and Frankfurt (HUD) for the common shares; the preferred shares are traded at Amsterdam (HUNDP).

The principal activities of the Group are described in note 3.

2. Basis of preparation and significant accounting policies

Basis of preparation

The consolidated financial statements of Hunter Douglas N.V. and all its subsidiaries have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Hunter Douglas' annual financial statements for the year ended December 31, 2010, except for the adoption of new standards and interpretations as of January 1, 2011 noted below:

- IAS 24, Related Party Disclosures.
- IAS 32, Financial Instruments: Presentation – Classification of Right Issues.
- IFRIC 14, Prepayments of a Minimum Funding Requirement.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.
- Improvements to IFRSs:
 - IFRS 3, Business Combinations.
 - IFRS 7, Financial Instruments: Disclosures.
 - IAS 1, Presentation of Financial Statements.
 - IAS 27, Consolidated and Separate Financial Statements.
 - IAS 34, Interim Financial Reporting.
 - IFRIC 13, Customer Loyalty Programmes.

The application of these standards and interpretations does not impact the comparative numbers.

3. Segment information

The Group's primary reporting format is business segments and its secondary format is geographical segments. The business segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The window coverings segment relates to sales and manufacturing of window coverings and architectural products for commercial and residential use. The investment segment relates to the Group's investment portfolio which is invested in marketable securities in a variety of asset classes, including hedged equities, arbitrage, financial trading and fixed income. The metal trading segment represents trading in metals mainly in contracts on bulk metals. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. The Group's geographical segments are determined by the location of the Group's assets and operations.

Business segments

The following table presents revenue and income information and certain asset information regarding the Group's business segments:

First half year 2011	<u>Window Coverings</u>	<u>Investment Portfolio</u>	<u>Metals Trading</u>	<u>Total</u>
Revenue				
Sales to external customers	1,283.3			1,283.3
Total revenue	1,283.3			1,283.3
Results				
Segment profit before tax	63.6	0.2	4.1	67.9
First half year 2010	<u>Window Coverings</u>	<u>Investment Portfolio</u>	<u>Metals Trading</u>	<u>Total</u>
Revenue				
Sales to external customers	1,164.2			1,164.2
Total revenue	1,164.2			1,164.2
Results				
Segment profit before tax	60.8	0.4	4.7	65.9
Segment assets				
At 30 June 2011	2,300.8	224.5	161.6	2,686.9
At 31 December 2010	2,134.7	143.0	156.0	2,433.7

4. Impairment testing of indefinitely lived goodwill, patents and licenses

An impairment analysis has been performed per the end of 2010. There are no impairment indicators that would require an updated calculation.

5. Cash and short-term deposits

Cash at bank and in hand earns interest at floating rates based on market conditions. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents at 30 June 2011 is 66.2 (30 June 2010: 64.6).

At 30 June 2011 the Group had available 86.5 of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 30 June:

Amounts in millions	<u>2011</u>	<u>2010</u>
Cash at bank and in hand	30.2	32.6
Short-term deposits	<u>36.0</u>	<u>32.0</u>
	<u>66.2</u>	<u>64.6</u>

Funds in certain countries in which the Group operates are subject to varying exchange regulations. No material restrictions exist for transfers of a current nature, such as dividends from subsidiaries. A few countries have more severe restrictions on remittances of a capital nature.

6. Investment portfolio

The investment portfolio with a fair value of 224.5 million is classified as level 3 (valuation techniques – non market observable) under IFRS 7 (Financial Instruments : Disclosure) in the Group's annual consolidated financial statements. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with this financial instrument.

The investment portfolio is reported separately on the balance sheet at fair value. Net results of the investment portfolio are taken through the consolidated statement of income. The individual investments held by the various investment funds are valued at fair value by their administrators, independent third parties and the funds. The net asset values reported by the administrators are adjusted (discounted) by management as a function of the liquidity of the individual funds.

7. Dividends paid and proposed

Amounts in millions	<u>2011</u>	<u>2010</u>
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2010: EUR 1.25 (2009: EUR 1.00)	63.0	43.1
Final extra dividend for 2010: EUR nil (2009: EUR 7.00)		301.5
	<u>63.0</u>	<u>344.6</u>

8. Capital commitments and other commitments

Capital commitments

At 30 June 2011, the Group has commitments for capital expenditures of 41 (31 December 2010: 19).

Rotterdam, 10 August 2011

Board of Directors