



**Saint-Gobain Nederland B.V.**

**Annual Financial Report**

**December 31, 2006**

Goedgekeurd door de  
algemene vergadering  
van aandeelhouders  
op: 11 oktober 2007

Saint-Gobain Nederland B.V.

Regeeradres: Postbus 10000, 1000 AA Amsterdam • P.O. Box

R.V., au capital de 37.431.520 N.G. - Coordonnées de l'entreprise: 24.522.144

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18-02-2008

## **Annual report of the directors**

18-02-2008

## Annual report of the directors 2006

The management hereby presents to the shareholder the annual financial report for the year ended December 31<sup>st</sup>, 2006.

The net profit for the year, after taxation, amounts to EUR 874,547. During the year the company continued its activities as a finance and holding company.

No major post-balance sheet events affecting the accounts, herewith presented, have occurred to date.

Sas van Gent, September 4<sup>th</sup>, 2007

D. Biarneix

B. Bazin

## Annual accounts

18-02-2008

## Balance sheet as at December 31, 2006

(before proposed appropriation of results)

		31 December 2006		31 December 2005	
		EUR	EUR	EUR	EUR
<i>Assets</i>					
<b>Financial Fixed assets</b>					
Long term loans to group companies	5	3,037,407,440		3,454,174,930	
Bond issue expenses	6	<u>26,657,651</u>		<u>32,981,026</u>	
			3,064,065,091		3,487,155,956
<b>Current assets</b>					
Loans to group companies	7	627,300,683		545,239,481	
Other receivables from group companies	8	150,736,615		134,734,677	
Income tax		0		289,611	
Other taxes		0		5,066	
Banks		<u>290,186</u>		<u>4,343</u>	
			778,327,484		680,273,178
Total		<u>3,842,392,575</u>		<u>4,167,429,134</u>	

		31 December 2006		31 December 2005	
		EUR	EUR	EUR	EUR
<i>Shareholders' equity and liabilities</i>					
<b>Shareholders' equity</b>					
Issued share capital	9	12,447,872		12,447,872	
Retained earnings	10	6,581,878		6,581,320	
Profit for the year		874,547		678,744	
			19,904,297		19,707,936
<b>Long term debts</b>	11		3,088,816,749		3,508,155,068
<b>Current liabilities</b>					
Loans from third parties	11	379,650,721		508,603,882	
Loans from group companies		250,000,000		0	
Income tax	13	237,121		82,333	
Payables and accrued expenses	12	103,783,487		130,879,915	
Bank overdraft		200		0	
			733,671,529		639,566,130
<b>Total</b>			3,842,392,575		4,167,429,134

The accompanying notes form an integral part of the annual accounts.

## Profit and loss account for the year ended December 31, 2006

	2006		2005	
	EUR	EUR	EUR	EUR
<b>Financial income</b>				
Interest and similar income	190,452,899		256,042,494	
Exchange gain	0		54,429	
<b>Financial expenses</b>				
Interest and similar expense	(189,073,737)		(255,081,744)	
Exchange loss	(38,522)		0	
<b>Net financial income</b>		1,340,640		1,015,179
<b>Other operating expenses-net</b>		(99,707)		(25,802)
<b>Operating profit before taxation</b>		1,240,933		989,377
<b>Taxation</b>		(366,386)		(310,633)
<b>Net profit after tax for the year</b>		874,547		678,744

The accompanying notes form an integral part of the annual accounts.



## Cash flow statement for the year ended December 31, 2006

	2006		2005	
	EUR	EUR	EUR	EUR
<b>Cash flow from investment activities</b>				
Net profit after tax	874,547		678,744	
Decrease capitalized bond issue expenses	6,323,375		6,819,043	
Net cash provided by investment activities		7,197,922		7,497,787
<b>Cash flow from financing activities</b>				
In-/decrease other receivables and other assets	(15,707,261)		19,627,000	
Decrease other payables and other liabilities	(26,941,640)		(18,677,889)	
Dividend paid	(678,186)		0	
Decrease long term receivables	416,767,490		376,303,562	
Decrease long term debts	(419,338,319)		(377,608,595)	
In-/ decrease short-term loans to group companies	(82,061,202)		467,949,280	
Decrease short-term loans from third parties	(128,953,161)		(475,087,724)	
Increase short-term loans to group companies	250,000,000		0	
Net cash provided by financing activities		(6,912,279)		(7,494,366)
Net Increase in cash		285,643		3,421

18-02-2008

## **Notes to the account as at December 31, 2006**

### **1 General**

Saint -Gobain Nederland B.V. is a wholly owned subsidiary of Compagnie de Saint-Gobain SA, Courbevoie, France. The principal activity of the company is that of a finance company. Compagnie de Saint-Gobain SA has confirmed its intention to continue to render financial support to the company when and to the extend needed.

### **2 Notes to the cash flow statement**

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks and in hand and the bank overdraft forming part of the current liabilities. Cash flows in foreign currencies have been translated at estimated average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Income and expenses in respect of interest, dividends received and taxation on profits are included in the cash flow from operating activities.

### **3 Functional currency**

The financial statements of the company are presented in Euro with effect from January 1, 1999, the official date of introduction of that currency. All amounts expressed in currencies other than Euro have been translated at the rates of exchange prevailing at the balance sheet date. All transactions denominated in foreign currencies have been translated into Euro at rates of exchange approximating those ruling at the date of the transaction. Resulting exchange gains and losses are taken to income.

### **4 Summary of significant accounting policies**

#### **Accounting policies for the valuation of assets and liabilities**

The consolidated annual accounts were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet, profit and loss account and cash flow statement include references to the notes.

#### **Financial fixed assets**

Long-term loans in the form of bonds are stated at cost less provision for diminution in value, if required. Bond issue expenses are capitalised at cost and depreciated over the duration of the loans.

#### **Current assets**

Current assets include mainly short-term loans and investments relating to financing activities. Other investments are valued at the lower of cost or market value.

#### **Cash**

Cash represents cash in hand, bank balances and deposits with a maturity of less than twelve months.

#### **Principles for determination of result**

The result for the year is calculated in accordance with the going-concern principle. Income and expenditure as reflected in the profit and loss account are accounted for on an accruals basis.

#### **Interest expenses**

Interest income and expense is recognised on a pro-rata basis, taking account of the effective interest rate of the assets and liabilities concerned.

#### **Taxation**

Tax on result is calculated by applying the current rate to the result for the financial year in the profit and loss account.

## 5 Long term Loans to group companies

This caption consists of unsecured loans granted to the company's parent company, which are partly denominated in foreign currencies.

	2006		2005	
	EUR	EUR	EUR	EUR
Balance at January 1	3,454,174,930		3,830,478,492	
Transfer to current loans	(377,300,683)		(506,608,460)	
Translation differences	(39,466,807)		130,304,898	
Balance at December 31		3,037,407,440		3,454,174,930

## 6 Bond issue expenses

	2006		2005	
	EUR	EUR	EUR	EUR
Balance at January 1	32,981,026		39,800,069	
Amortisation for the year	(6,278,128)		(7,064,922)	
Translation difference	(45,245)		245,879	
Balance at December 31		26,657,651		32,981,026

## 7 Loans to group companies (current)

This caption consists of unsecured short-term loans to group companies.

## 8 Other receivables from group companies

This amount relates to the interest receivable on long term and short-term loans to group companies.

## 9 Authorised and issued share capital

The authorised share capital consists of 100,000 shares of NLG 415 each of which 66,100 shares have been issued and fully paid up. These shares are held of record by Compagnie de Saint-Gobain SA.

## 10 Retained earnings

The movement in retained earnings can be specified as follows:

	2006		2005	
	EUR	EUR	EUR	EUR
Balance at January 1	6,581,320		6,581,320	
Addition prior year's profit	678,744		0	
Dividend distribution	(678,186)		0	
Balance at December 31		6,581,878		6,581,320

## 11 Long-term debts

Long-term debts fully consist of bonds issued to third parties. The short-term part of the long-term debts is included in loans from group companies.

Long-term debts are unconditionally and irrevocably guaranteed by Compagnie de Saint-Gobain SA and may be summarised as follows:

### Short term

Nominal value		Interest rate	Year of redemption	2006	2005
USD	600,000,000	6.375 %	2006	0	508,603,882
USD	500,000,000	5.375 %	2007	379,650,721	0
				379,650,721	508,603,882

### *Long-term*

Nominal value	Interest rate	Year of redemption	2005	2005
EUR 364,588,517	5.125%	2008	364,588,517	364,588,517
EUR 1,000,000,000	4.75%	2009	1,000,000,000	1,000,000,000
GBP 150,000,000	6.25%	2008	223,380,492	218,882,242
USD 500,000,000	5.375%	2007	0	423,836,569
EUR 1,000,000,000	5%	2010	1,000,000,000	1,000,000,000
EUR 500,847,740	5%	2014	500,847,740	500,847,740
			<hr/>	<hr/>
			3,088,816,749	3,508,155,068
			<hr/>	<hr/>

## **12 Payables and accrued expenses**

Included under this heading is the interest payable on long term and short-term liabilities.

## **13 Taxation**

The taxable amount for the year is EUR 1,240,933. The income tax payable amounts to EUR 366,386. The effective tax rate is in line with the applicable tax rate.

## **14 Directors**

Both the board of directors and the supervisory board of directors did not receive any remuneration in their capacity.

## **15 Number of staff**

The company has no employees.

Sas van Gent, September 4<sup>th</sup>, 2007

**Board of Directors**

D. Biarneix  
B. Bazin

**Supervisory Board of directors**

A. Dalmas  
G. Du Boucheron  
J.L. Ramirez  
P. Thomson

## **Other information**

### **1 Auditors' report**

The report of the auditors, PricewaterhouseCoopers Accountants N.V., is set forth on page 16.

### **2 Appropriation of Results**

In accordance with Article 19 of the Articles of Association of the company the general meeting of shareholders decides about the appropriation of the profit for the year under review and determines, based on a proposal thereto of the supervisory board of directors, the dividend and the date of payment thereof.

### **3 Proposed appropriation of profit**

It is proposed to add EUR 44 of the profit to the Retained earnings and to pay a dividend of EUR 874,503.



To the Board of Directors  
of Saint-Gobain Nederland B.V.

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## Auditor's report

### Report on the financial statements

We have audited the accompanying financial statements 2006 of Saint-Gobain Nederland B.V., Sas van Gent as set out on pages 4 to 14 which comprise the balance sheet as at 31 December 2006, the profit and loss account and the cash flow statement for the year then ended and the notes.

#### *The directors' responsibility*

The directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the annual report of the directors, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Saint-Gobain Nederland B.V. as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

PricewaterhouseCoopers is the trade name of among others the following companies: PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287) and PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289). The services rendered by these companies are governed by General Terms & Conditions, which include provisions regarding our liability. These General Terms & Conditions are filed with the Amsterdam Chamber of Commerce and can also be viewed at [www.pwc.com/nl](http://www.pwc.com/nl)

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, 5 October 2007  
PricewaterhouseCoopers Accountants N.V.

H.J.M. Quadregg R.A.

18-02-2008